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HOUSE OF COMMONS

Thursday, May 26, 1966

The house met at 2.30 p.m.

[*Translation*]

COMMITTEES OF THE HOUSE

FIRST REPORT OF STANDING COMMITTEE ON LABOUR AND EMPLOYMENT

Mr. G.-C. Lachance (Lafontaine) presented the first report of the standing committee on labour and employment.

[*Note: Text of the foregoing report appears in today's Votes and Proceedings.*]

FIRST REPORT OF STANDING COMMITTEE ON INDUSTRY, RESEARCH AND ENERGY DEVELOPMENT

Mr. Ovide Laflamme (Québec-Montmorency) in the absence of the chairman and with the consent of the house, presented the first report of the standing committee on industry, research and energy development, in both French and English.

[*Note: Text of the foregoing report appears in today's Votes and Proceedings.*]

• (2:40 p.m.)

[*English*]

PRAIRIE FARM ASSISTANCE ACT

AMENDMENT RESPECTING PAYMENT FOR HAIL DAMAGE

Mr. Eldon M. Woolliams (Bow River) moved for leave to introduce Bill No. C-187, to amend the Prairie Farm Assistance Act (hail damage).

Some hon. Members: Explain.

Mr. Woolliams: This bill proposes an amendment to the Prairie Farm Assistance Act. Under this act, where the average yield of wheat, etc. is under eight bushels per acre in an eligible block of land, the farmers in that area receive payment. This amendment proposes that when crop loss is due to hail the block provision will be eliminated and payment will be made on an individual basis to the amount of contributions made by the farmers.

Motion agreed to and bill read the first time.

TRANSPORT

SEAWAY AND CANAL TOLLS—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Mr. Reg Cantelon (Kindersley): Mr. Speaker, I ask leave, seconded by the hon. member for Dauphin (Mr. Forbes) to move the adjournment of the house under standing order 26 for the purpose of discussing a definite matter of public importance, namely the proposal of the St. Lawrence Seaway Authority to recommend the adoption of a new tolls tariff commencing in the 1967 navigation season, such tariff involving an increase in the present tolls of approximately 10 per cent on shipping on the seaway and an escalating lockage charge per vessel using the locks, which will have an adverse effect on Canada's exports. In particular it will lead, according to Mr. Gibbings, president of the Saskatchewan wheat pool, to a reduction in the returns to western wheat producers by 1¼ cents per bushel.

Mr. Speaker: I should like to invite hon. members to offer advice to the Chair on the question of urgency of debate.

Mr. Cantelon: In my view this matter is urgent since the board's decision may well be made known within a matter of a few days. The public hearings into the proposal, which started yesterday, I believe, were concluded this morning. It is a matter of importance since the inevitable effect of the tolls will be to increase transportation costs on everything entering and leaving western Ontario and western Canada. It is a matter of urgency since it is quite apparent there are only a few days left before the board will make its decision. It is important that this house should record its views on this matter, so that the feelings of the people in the country may be taken into account by the board prior to a decision being made.

We are concerned, and it is a matter of importance to us; because on two previous occasions I have introduced this matter into the house and have been unable to secure an assurance from the government that this question would be brought before the house for discussion. I consider it is urgent, therefore, and must be attended to immediately

because the government can introduce these changes by order in council without giving the house an opportunity to debate the matter.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, in so far as the question of urgency is concerned, the hon. member has referred to the fact that the hearings have taken place, and these hearings are a prerequisite to any decision being made in respect of a matter that is of great importance to all Canadians, particularly those who are engaged in the export trade. If any addition is granted to the present rates this would be a further interference with our export markets.

Mention was made of the fact that representations have been made; but the decision is a decision of the government, not of the St. Lawrence Seaway Authority. If you will turn to *Hansard* for May 9, Mr. Speaker, the Minister of Transport as reported at page 4866 stated:

> It is not a matter for decision by the authority at all; it is a matter for decision by the government, and the government is going to await the hearings.

Then the minister made reference to a statement by Mr. Delmer E. Taylor, a member of the St. Lawrence Seaway Authority, to the following effect:

> There has already been considerable support for the toll increases proposed by the authority.

To this the minister replied:

> But it does not seem to me that is any reason why a member of the authority should not point out what the law now is.

This is a matter, Mr. Speaker, that can be simply decided by the government without regard to parliament. The western provinces have already been struck a body blow by the reduction in the price of wheat during the last year of some 17 cents. As already pointed out Mr. Gibbings, president of the Saskatchewan wheat pool, has stated that over a period of time an increase in tolls of this size will mean 1½ cents per bushel. In other words, Mr. Speaker, in spite of objections taken to this increase by various organizations another body blow will be struck at the western farmer who is producing wheat, in addition to the effect on all other industries.

This question is urgent, Mr. Speaker. If the matter is not pursued by the house it can be determined by the government behind closed doors, and a determination will be made on an economic matter that is of first consequence. We should have been given the assurance that there would not be any increases without parliament being given an opportunity to discuss the question. That we have not had. Under the circumstances I suggest the matter is urgent, for any moment now the government can act.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, the members of this party believe that the question submitted by the hon. member for Kindersley is of the utmost urgency. As a matter of fact, if this matter is not of the utmost urgency I cannot conceive of any matter which is.

The situation briefly is that the seaway authority is today completing its hearings. Members of that authority have publicly advocated an increase in tolls, and in addition, the introduction of a lockage fee for that part of the Welland canal which is operated by the seaway authority. The effect of this has very serious economic implications for many sections of the Canadian people.

Mention has already been made of what it will do to the farmers by increasing their costs by something in the neighbourhood of 1¼ cents per bushel on wheat shipped through the seaway. This will mean a loss in income of very considerable proportion to the wheat growers of western Canada.

• (2:50 p.m.)

For the industries in central Canada it will also have serious implications. I am told it will mean a transfer of iron ore shipments in the neighbourhood of one million tons per year to United States seaports on the Atlantic coast, with a consequent reduction in employment opportunities for Canadians in central Canada. Inevitably, because of the increased cost of shipping goods, it will mean an increase in the price of goods to Canadian consumers and an increase in the cost of our exports which will have a harmful effect upon the growth of the export industry.

Mr. Speaker: Order, please. It seems to me that the hon. member is now debating the substance of the motion which the hon. member for Kindersley proposes to advance. I ask him to limit his remarks to the question of urgency of debate.

Mr. Douglas: Mr. Speaker, I simply endeavoured to point out that this matter is urgent because it affects such a large segment of the Canadian people. It affects the people in western Canada as well as those in central Canada. It will affect the industrial life of Canada, and will have very harmful effects upon the consumer.

As I understand the situation at the moment, when the hearings are concluded today the seaway authority will then be making its recommendations to the cabinet through the Minister of Transport. The cabinet then has the power, by order in council, to increase the tolls and impose the lockage fee which will have all the effects I have previously outlined.

It seems to me most imperative that parliament have an opportunity to express its opinion with respect to the effects which any increase in tolls would have. It is important that this question be discussed now rather than after the government has made a decision and has imposed these increased tolls, if the seaway authority makes such a recommendation, which preliminary statements indicate it is likely to do.

We in our party therefore feel that a discussion of this matter at this time is necessary, because this is probably the only opportunity we shall have of discussing this question before the cabinet meets in order to determine whether or not it will implement the recommendations of the seaway authority.

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, with respect to the motion moved by the hon. member for Kindersley invoking standing order 26, I suggest that that motion meets the several conditions laid down in citation 100 of Beauchesne's fourth edition.

The first condition the motion meets under standing order 26 is that the motion involves the administrative responsibility of the goverment. Second, I suggest that this motion meets the condition under paragraph 2 of the same citation, in that it is a matter so pressing that the public interest will suffer if it is not given immediate attention. I think the hon. member for Kindersley, the right hon. Leader of the Opposition and the hon. member for Burnaby-Coquitlam have already explained how the public interest will suffer if this matter is not attended to.

I further suggest that under paragraph 3 of citation 100, dealing with the matter of urgency of debate, this motion meets the conditions set out there also. That paragraph says that urgency within the rule does not apply to the matter itself, but means urgency of debate when the ordinary opportunities provided by the rules of the house do not permit the subject to be brought up for debate. Looking at the order paper, Mr. Speaker, and looking at the business that has been announced and the time available for that business, it does not seem that there will be an opportunity to debate this very important matter before the cabinet may make its decision.

I suggest if the government were to give an undertaking that it will provide an opportunity for this matter to be discussed in this house before authorizing an order in council which would increase these tolls, that would satisfy the matter of urgency of debate. However, in spite of a number of requests by members of the opposition, the government has not so far indicated whether an opportunity will be provided to discuss this matter in the house before the order in council authorizing an increase is made. Unless and until the government does give such an assurance I suggest the motion does meet all the conditions outlined in citation 100 of Beauchesne's fourth edition.

Mr. Raymond Langlois (Mégantic): Mr. Speaker, this is one occasion on which it may truly be said that an ounce of prevention is worth a pound of cure. The house is faced now with this motion put forward by the hon. member for Kindersley. We have heard the arguments advanced by the hon. member for Burnaby-Coquitlam and by the hon. member for Medicine Hat based on citations from Beauchesne. I do not see how an immediate discussion of this subject can be avoided unless the government can suggest an alternative means by which hon. members may make their views known. If it were possible to give an assurance to the house that such an opportunity would be forthcoming, we might possibly be able to dispense with the particular debate which is now being demanded.

It is my belief that the motion before us fulfils all the conditions laid down in the rules. The importance of the subject cannot be questioned, since it affects virtually the whole of the Canadian economy.

Hon. G. J. McIlraith (Minister of Public Works): This motion to adjourn the house under the terms of standing order 26 does not, in my view, meet the requirement of citation 100 of Beauchesne's fourth edition, for various reasons.

First, as to the question of the urgency of debate, let me say that the procedure with which we are concerned here is set out in the legislation enacted by parliament. The step now being taken is for public hearings to be

held by the authority. These public hearings have been going on for some time and are not yet complete. After they have been completed the procedure is for the authority to make its report. To attempt to debate the subject now, before there has been any opportunity for the report to be made, would constitute an unrealistic approach to this important matter.

I do not understand the proposal that this matter should be debated before the facts are known, or before the information obtained at the public hearings is made available to members of the House of Commons. I am at a loss to understand the argument that this house should set aside the business appointed for today in order to debate this matter without the information given at the public hearings being available to hon. members.

The procedure being followed is set out in section 15 of the St. Lawrence Seaway Authority Act and in section 53 of the Railway Act, where provision is made for the authority to take action in the manner I have indicated. Then the legislation provides that the matter shall go before the governor in council. Surely the governor in council cannot consider this question before the information has been made available, and surely we cannot debate the subject in this house in the absence of this information.

The Leader of the Opposition has suggested that, because the act sets out the procedure I have indicated, the act is a poor piece of legislation and should not be followed—

• (3:00 p.m.)

Mr. Diefenbaker: I never made any such suggestion.

Mr. McIlraith: —and that this house should have the governor in council bound by the wishes of the house in advance of any information coming before the governor in council on the subject.

In addition, there is another reason the subject matter is not proper for an adjournment motion under this standing order, namely that the opportunity for debate is adequately and fully provided in the proper forum on the estimates of the Department of Transport. The estimates of the department were referred to the standing committee on transport and communications on March 22. They are now before that committee, and when the evidence taken at the public hearing is available to hon. members I am quite sure they will wish to discuss the matter rather fully in that committee, and subsequently in the house when the minister is here to deal with his estimates.

[Mr. McIlraith.]

There being adequate opportunity for debate on the matter the proposed motion fails on that ground as well as the others.

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, there are two points which the Minister of Public Works has overlooked. The first is that he has not given us the assurance that this matter will be up for debate in the house before an order in council is passed by the government approving whatever recommendation comes from the seaway authority. A discussion on estimates after the matter has been decided is not satisfactory. The other, more important, point is that the seaway authority has publicly issued a summary of future traffic estimates and toll requirements, which is in our hands. It is in answer to that summary that representations are now being made and have been made to the seaway authority.

Our suggestion is that the opinion of the House of Commons should be made known to the seaway authority at this stage of its proceedings, so that when the members of that body come to make their final decision and presentation to the Board of Transport Commissioners and to the government, they will have the benefit not only of the submissions made to them by private firms throughout this country but of the opinion expressed by parliament itself. That is why we want to discuss the matter today.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I had thought the case was so clear that this would be one of those occasions when the government house leader would stand up and say he agreed with the points of view expressed from the opposition side of the house. Since he likes to save time, this would have been a good way to save it.

The Minister of Public Works argues that because this matter is being considered by the authority, therefore the house should wait until the authority has expressed its views. I submit, knowing this government, that if we waited until such time as we knew what the recommendations of the seaway authority were, and if we then tried to raise this matter in the house we would be told that we should wait until the government acted by order in council.

What is involved in this motion today is the right of parliament, through its members speaking for the whole country, to be heard on these issues that are under consideration. I submit that the arguments of the Minister of Public Works as to why parliament should

not debate this matter now, and should not debate it then, all add up to ways and means of preventing parliament speaking on this issue at a time when it may have some effect. The urgency of debate is that we should be given an opportunity to express our views at a time when their expression might have an influence.

The suggestion that this matter might be discussed when the estimates of the Department of Transport are before a certain committee is no guarantee that that will actually happen. I can see a member trying to raise this question on the estimates of the Department of Transport, and I can see an ingenious chairman saying that there is not an item in the estimates specifically relating to this, so that members seeking to raise this issue would find themselves out of court. I agree with those who have spoken from each of the parties on this side of the house that there is urgency of debate on this issue at this time, and I hope Your Honour will so find.

Mr. Speaker: Order, please. I would like to indicate to hon. members that after listening to both sides of the house I am now in a position to reach a decision on the motion submitted by the hon. member for Kindersley. There is, of course, merit in the proposition advanced by the Minister of Public Works to the effect that this matter might be considered by the appropriate committee dealing with the estimates of the Department of Transport, but to my mind this does not meet the situation entirely.

I believe a strong point has been made by the hon. member for Kindersley, supported by other hon. members; and, as a few hon. members have said, if standing order 26 is ever going to be used, if there is any time when it is to provide an opportunity to members to adjourn the proceedings of the house to consider a matter which in the opinion of a large number of members is of urgent importance and should be debated, then I believe this is the type of situation, and I would allow the hon. member to proceed.

Some hon. Members: Hear, hear.

Mr. Cantelon: Thank you, Mr. Speaker.

Mr. Speaker: Mr. Cantelon asks for leave to move the adjournment of the house under standing order 26 to discuss a definite matter of urgent public importance. Is it the pleasure of the house that the hon. member shall have leave to proceed?

Some hon. Members: Agreed.

Mr. Cantelon: First of all, Mr. Speaker, I want to thank you for the sense of justice which has led to your acceptance of this motion.

Mr. Speaker: Order, please. The hon. member knows he cannot comment on a decision of the Chair.

Mr. Cantelon: On February 10 and again on May 20 I had some comments to make on this particular matter. I said that the western Canadian sees the great lakes waterway as his doorway to the sea. I want to emphasize that point very strongly. This is indeed the way in which he looks upon the St. Lawrence seaway. It is true that he now moves a lot of goods through the Pacific ports, and some through Churchill, but he still thinks of the St. Lawrence seaway as the main route. So he is very concerned when he is faced with any thought that there are liable to be increases in the costs of what he ships and what he buys.

When Canada was being created throughout the nineteenth century the development of the St. Lawrence waterway system was undoubtedly one of the most important factors to tie the west to the rest of Canada. Cheap transportation through this system made it possible for western Canadians to market their grain at competitive prices on the world market. Also because of it, central Canada was able to ship its manufactured products to the west at cheap rates to meet the growing needs of that area of this great country. I question very much whether the prosperity that is so much in evidence now would be in existence without that waterway.

It is questionable whether the rapid development of the west which took place in the 1890's and the early 1900's which raised the population of the prairie provinces from something like 419,000 in 1901 to 1,328,000 in 1911, could ever have happened without the waterway. The western Canadian is not liable to forget this. Many people went to western Canada because of that waterway. They know the effect it has had on their development and the effect they hope it will have on their future.

• (3:10 p.m.)

However, they now feel that hope is imperiled by the suggestion that the waterway rates should be raised now and possibly raised again in the future. If they are raised on the grounds that we need the increase to meet rising costs, then we can be sure this will happen again some time in the future. So Canada's long held principle, when the waterway first went into operation, that it should be toll free will be gone by the board forever.

It is possible too that this imposition of tolls would lead to some restriction of traffic along the seaway. If it did it might force traffic into other methods of movement and this again would lead to an increase in the cost of living; not only in western Canada—let us not suffer from that delusion—but also it would lead to an increase in the cost of living in eastern and central Canada. Because the articles which you ship could not be sold as readily in western Canada, it would lead to a decrease in the quantity of business that would be done. Therefore the business that is left would have to charge more for its products, and the cost of living would be bound to rise.

People in all parts of Canada should view with suspicion any attempt to raise the tolls on the waterway. For a long time, while the seaway was being built, it was our traditional policy to have toll free waterways. Sixty-three years ago Canada abolished all tolls on the waterways. In 1909 the International Boundary Waters Treaty Act declared:

> All navigable boundary waters shall forever continue free and open for the purposes of commerce to the inhabitants, ships and vessels of both Canada and the United States.

But what do we find has happened? In 1959 we find that the seaway had tolls imposed, by the agreement of 1951. I know, and everyone knows, there were very powerful forces operating to see that these tolls should be charged, and those powerful forces still are in operation today. I do not need to name them; I would hesitate to do so, but I am sure those who are familiar with the situation—and I think everyone in this house is familiar with it—knows what areas and what types of persons would like to see these tolls increased.

If the tolls are increased these persons know it will help their business; but it will not help western Canada, and it will not help central Canada. I should like to say right here that I do not think it will help any part of Canada. It will not help the Atlantic provinces. The danger to the Atlantic provinces does not lie in seaway tolls or in a lack of tolls; the danger to the Atlantic provinces lies in the period during which this seaway operates, and in particular the time the port of Montreal operates. I do not think there is any loss to the maritime provinces through seaway tolls.

In 1959 these tolls were imposed in an attempt to do two things. First of all they wanted to recover the cost of operation of the seaway and, second, they hoped that in a period of 50 years they would be able to recover the cost of building the seaway. Forecasts seemed to indicate that this could be done, but they were much too optimistic. We find that the traffic has not been sufficiently heavy to do this. Nevertheless, whether or not this actually was successful, it avoids the main point. The main point is that there should be no tolls at all, and that so far as this nation is concerned it is greatly to our advantage to have a toll free waterway. As I hope I have to some extent indicated, it is to the advantage of all Canada that this should be so.

On more than one occasion in this house it has been pointed out what the cost of this will be to the farmer. Mr. Charles Gibbings has suggested it will be 1¼ cents a bushel. If this is true—and I do not see any reason that his figures would be very far out—then we can expect that the cost to the farmer will be something in the order of $5 million a year. The individual farmer who, after all costs are taken off, has been getting, about $1.40 will find he is not getting $1.40 but rather $1.39. He will be losing 1 per cent of his gross income in grain; and 1 per cent is a very serious matter, because actually when you take the net income that 1 per cent is magnified greatly.

These I think, Mr. Speaker, are some of the reasons it is so important that this matter should be debated and that the importance of this proposal should be emphasized for all to hear. Definite detailed arguments have been presented to the Board of Transport Commissioners, and I do not intend to reiterate those arguments. I am sure, however, that you will hear some of them as this debate continues this afternoon.

Mr. Frank Howard (Skeena): Mr. Speaker, I think this is one of the first occasions on which members of parliament will have an opportunity to express their views about some proposed action by an agency or commission which is responsible to or reports

through the government for its activities. I believe it is appropriate that today should be our opportunity to make comments in this regard because, as I understood the minister, he said the hearings of the seaway authority still are in progress, although I suspect perhaps today is the last day and that the hearings on the proposed toll increases are about to conclude. So it is fitting that we should be able to give the authority the benefit of the reaction Canadians have to the proposed toll increases.

As we all know, probably no one is more sensitive to the reactions of the Canadian public than a politician; because if he is worth his salt at all he must keep in touch with people, keep his finger on the pulse and find out what they think concerning the effect of any proposed action such as this.

The applause from all sides of the house when the hon. member for Kindersley first raised this matter indicates the deep concern Canadians have about this proposal. I hope today's discussion is more than an exercise in expressing views. I hope it will have an impact upon the seaway authority and cause the authority to reverse its decision. I hope at least it will leave the toll structure as it is at the moment, and take steps to reduce the toll structure to the point where we will have a toll free system. It is my understanding that this is the only place in North America where tolls are charged for—

• (3:20 p.m.)

Mr. McIlraith: Mr. Speaker, I wonder whether the hon. member would permit a question for clarification. I understood him to say that the seaway authority would reverse its decision. My understanding is that the matter had not yet come up for decision and that the seaway authority is conducting public hearings prior to making a decision and a recommendation.

Mr. Howard: In a technical sense this may be absolutely correct, but it is a fact that officials have been making quite a number of public declarations in support of their proposal to increase tolls. In view of the manner in which this organization operates there is no question in my mind that the authority has made up its mind about this particular proposed increase and is merely going through the motions of listening to argument before it formally announces the verdict.

In this regard I should like to quote from a telegram apparently sent on May 6 to Hon. J. W. Pickersgill, Minister of Transport. It says:

> The Canadian Press on May 5, 1966, carried a Winnipeg despatch quoting Mr. Delmer E. Taylor, a member of the St. Lawrence Seaway Authority, as saying: "There has already been considerable support for the toll increases proposed by the authority". In light of the numerous assurances you have given to parliament that no decision with respect to recommended seaway tolls and Welland ship canal lockage fees will be reached by the cabinet until after the conclusion of public hearings scheduled to commence on May 25, the Great Lakes Waterways Development Association vigorously protests this reported effort of an official of the authority to influence public opinion in favour of higher tolls.

That telegram is signed by Stuart Armour, president of the Great Lakes Waterways Development Association. It was for this reason that I said the authority had made a decision, and that perhaps this discussion in the house today will help it to reverse that decision and not recommend that the proposed tolls be put into effect.

In the last couple of days numerous corporate organizations and public spirited bodies such as chambers of commerce, and the union in one instance, have appeared at the hearings of the seaway authority and presented their opposition to the proposed increase in tolls. Of the many, many briefs which were presented, some merely filed with the authority and others presented orally, there was only one which favoured the increase in tolls. That brief was from the Railway Association of Canada. I think it is significant that this one group in Canada with a particular axe to grind would favour the proposal to increase tolls.

I submit that all that one exception does is underline and underscore the virtually unanimous opposition that exists in this nation to the proposal of the seaway authority to increase the tolls. The seaway authority published a document called "Summary of future traffic estimates and toll requirements" under date April 13, 1966, with respect to toll increases. I should like to quote from page 3 of this document a sentence that appears under the heading "Traffic forecasts and their relation to the proposed tolls increase":

> In order to examine as objectively as possible the tolls question prior to reporting to governments by July 1, 1966, the two seaway entities agreed that each would obtain the services of independent economic consultant firms to make estimates of traffic development on the Seaway and to assess the impact upon such development of possible increases in the existing level of tolls.

Those consultant firms carried out their studies and made reports to their respective

principals. I think it is significant to note that to date those economic surveys and studies have been kept secret by the seaway authority. I submit that they have been kept secret because the studies partially give reasons why tolls should not be increased and because they point out the potential detrimental economic effects of increasing the seaway tolls. The authority, on the one hand proposing an increase in tolls, did not want to release any information contained in these economic studies which would be deleterious to the proposal of the seaway authority.

However, sometimes such studies are not as secret as one would like them to be, because an extract from one of the economic surveys provided for the St. Lawrence Seaway Authority and the following to say with regard to the commodity studies. This was with respect to iron ore movement, and I wish to deal just briefly with this matter. The study deals with the impact of toll increases and whether they would affect the competitive position of hauling through the seaway as compared with hauling cargoes in some other fashion, and one comment is as follows:

> The one significant borderline situation is the ore movement through the seaway and lake Erie ports into the Pittsburgh area. This area can be supplied for about the same price via U.S. Atlantic ports and currently about one million tons of Canadian ore moves into this area through Conneault.

In the main conclusions of the study we find the following with respect to iron ore shipments:

> Currently, there is about one million tons of ore routed through the seaway for steel mills in the Pittsburgh region which could almost as easily use the Atlantic route.

In other words even a 10 per cent increase in toll charges could have the effect of diverting what is now about one million tons of iron ore from one route to another. As a consequence, not only would the seaway lose the income on the traffic but I do not know how many people would lose jobs because this particular method of carrying the ore would not be used.

The matter was gone into quite extensively by the hon. member for Kindersley and the hon. member for Burnaby-Coquitlam, my leader, when he spoke on the question of urgency of debate. It has been gone into extensively with regard to the movement of grain. Even an increase of 1¼ cents a bushel which will be extracted from the pockets of western grain farmers is a kick in the teeth to those farmers, who have a difficult enough time as it is.

I submit that the amount of money which may be realized by increasing the tolls on the movement of grain through the lakehead and the seaway is insignificant in itself in so far as the operation of the seaway is concerned, but means quite a bit to the individual farmer on the prairies who will have to dig up the extra money to pay these freight charges. After all, he is the one who pays in the long run.

• (3:30 p.m.)

There is the question of the secondary effect on manufacturers who will have to find the money to pay for the increased tolls. We all know that in our economy there is only one individual who pays for anything and that is the consumer. All of the industries whose operations hinge to a certain extent upon shipments through the seaway will pass on the increased toll charges to the consumer who will again be the victim. This may be an inflationary measure and another method of extracting purchasing power from the man on the street. In my view this is not compatible with our desire to develop our economy and make it as progressive and virile as we can. If this measure is adopted the seaway will be the only place in North America where tolls are charged for ship movements. I could make extensive additional references to the economic studies which the seaway authority has kept secret, and bring forth a variety of statistics to show that the proposed increases are not necessary.

Let me sum up in a few words. We have a tradition in Canada of toll free waterways. We now have the desire to return to that situation. If the seaway authority and the Canadian government had any real concern they would not be thinking now of increased tolls and increased charges to the consumer and the western grain farmer and the resulting potential loss of jobs for Canadian sailors and others. They would be thinking in terms of working out an arrangement whereby tolls could be decreased as quickly as possible and eventually eliminated. I submit that this is the only course which the seaway authority can take and, if it fails to take it, the only course which the Canadian government can take.

Mr. Olson: Mr. Speaker, I believe the reason for this debate today is to allow members of the house to have an opportunity to express the point of view of the people they

represent who are, of course, all the electors in Canada. We should like to consider this matter before the seaway authority makes a recommendation to the federal cabinet and it passes an order in council authorizing this increase in the tolls.

It is true that this matter is now being considered at a hearing taking place today in the nation's capital. I suppose it could be argued that neither this house nor the government should concern themselves with this matter before the completion of the hearings and before recommendations are made to the government. It has happened before that recommendations to the government were taken under advisement by the cabinet and nothing more was heard of them until a decision was taken and an order in council passed. I therefore hope that the government will take serious cognizance of the views expressed here today because of the widespread impact which such a measure might have on the whole economy and the whole price structure in Canada if in fact the tolls on the seaway are increased by 10 per cent.

As was pointed out by the hon. member for Kindersley (Mr. Cantelon) when he opened the debate, a great deal of discussion took place before the seaway became operative with regard to whether it should be a toll free system. It is interesting to look back on some of those discussions. For example, we find that in 1957 the hon. member for Northumberland (Mr. Hees), a former minister of transport, is reported to have made it clear that the Progressive Conservative government "believes the imposition of tolls on the St. Lawrence seaway is mandatory." That may have been the opinion of the government of the day but I suggest to you, Mr. Speaker, that a large number of organizations and individuals in Canada held the opinion that there should be no tolls on the St. Lawrence seaway.

I think this matter is urgent, as do most people who are acquainted with the cost-price squeeze affecting the western farmers. This is not the time to allow any changes which will further aggravate the cost-price squeeze. The Dominion Bureau of Statistics and several farm organizations have gathered information and compiled statistics to the effect that the cost of production in the field of agriculture in western Canada is going up much more rapidly than the returns to the farmers. To allow at this time a further decline in receipts from wheat in the amount of a cent and a quarter a bushel will certainly aggravate the cost-price squeeze.

Not very long ago we had a debate in the house regarding the effect which this might have on the farmer. I will not go over those statistics at present. However, I submit that it is not only the farmer who will suffer as a result of an increase in the tolls on the seaway. I am sure that every member in this house—and this has been mentioned almost every day—is aware of the concern of Canadian consumers respecting the rising cost of living. I know that my mail has contained far more letters during these past few weeks expressing concern about this matter than at any time since I became a member of this house.

The statistics provided to us by the Dominion Bureau of Statistics show an increase in the cost of living almost every month. In fact, it has gone up several percentage points in the past few months and certainly in the past year. Therefore, Mr. Speaker, if parliament and the government can do anything to slow down the increase in the cost of living, they certainly have an obligation to do so. I suggest that to allow an increase in the tolls on the St. Lawrence seaway will ultimately result in an increase in the tariffs charged for moving goods from the lakehead to Montreal and to all the places in between, which in turn will immediately result in a rise in the cost of living.

• (3:40 p.m.)

This is a matter of urgent public importance. It is one that concerns a very great number of the Canadian people, quite apart from the matter of costs in the agricultural sector. I suggest that if there is an increase in the tolls charged on cargoes carried by ships up and down the seaway, there will be a corresponding increase in the rates charged by competitive modes of transport. The result will be an immediate increase in the retail prices of the goods involved. The seaway, Mr. Speaker, is such an important link in our transportation system that I suggest these increases will cover almost all goods in the consumer market to a greater or lesser degree depending on what percentage the cost of transportation represents in the price of these goods.

This could set off another round of the inflationary spiral. I urge the government to consider this matter seriously, especially in view of their claim that they are concerned about the rising cost of living. In the budget

speech brought down by the Minister of Finance (Mr. Sharp) only a few weeks ago he claimed he was concerned about rising costs. In fact, in several places he mentioned that his paramount concern in drawing up the budget was to hold down rising prices. He claimed that the economy was going at such a rate that it was prudent at least to take our foot off the gas, if not necessarily to step on the brake. He suggested that the end result of failure to do this would simply be higher prices, a higher cost of living and more inflationary pressure.

I suggest to you, Mr. Speaker, that allowing action at this time that will result in higher prices for almost everything in Canada is certainly going to set off something that is undesirable. In conclusion I say again that this is no time to allow changes that will add to the cost of almost every item in Canada. It is not the time to allow changes that will further aggravate the cost-price squeeze on the farmers of Canada. I suggest that the government should carefully consider this situation if they are serious about trying to hold down the rising cost of living.

Mr. Joseph Macaluso (Hamilton West): I am pleased to be able to take part in this debate, Mr. Speaker. In April, 1965, during the throne speech debate I devoted a whole speech to the St. Lawrence seaway, the Welland ship canal and tolls on the seaway and canal. Since that time I have not changed the views I expressed in that speech, namely, that I am opposed to an increase in tolls and, furthermore, opposed to tolls on the St. Lawrence seaway and Welland ship canal. I for one would like to see not only this increase disallowed but the eventual abolition of tolls on the seaway.

Mr. Woolliams: Will the hon. member permit a question at this point?

Mr. Macaluso: Yes.

Mr. Woolliams: I was quite interested in the introductory remarks of the hon. member and his reference to his opposition. Can he tell us how many of his party take the same position, because if the majority take that position the government will veto any increase?

Mr. Macaluso: I do not understand the hon. member's question. Did he refer to the opposition or my opposition?

Mr. Woolliams: Your opposition. You are opposing an increase in tolls; at least, that is what I understood you to say.

[Mr. Olson.]

Mr. Macaluso: That is correct. I am.

Mr. Woolliams: I am asking the hon. member through you, Mr. Speaker, how many members of your party agree with you and if the majority agree with you will the government veto the increase?

Mr. Macaluso: I like to see the hon. member for Bow River in his seat. The question really is one that I am sure he knows has no sense to it. I am speaking for myself as a member of this party. I am sure that members on this side who agree with my view will take part in the debate if they wish to express their own personal views. I am not free to state what is in the mind of each individual in this house. So far as I personally am concerned, I oppose the increase and also oppose any tolls on the St. Lawrence seaway.

The hon. member for Kindersley (Mr. Cantelon) mentioned in his remarks the strong pressures from powerful lobbyists in the United States who are not only opposed to any tolls but were opposed to the construction of the St. Lawrence seaway from the beginning. In my speech in April, 1965, I named the people I knew were opposed to the construction of the seaway and I have no hesitation in renaming them. They have some very interesting names. The major opposition to a toll free St. Lawrence seaway from Montreal to lake Ontario was based on the premise that exemption from tolls was equivalent to a subsidy. The leaders of the opposition in the United States are bodies, as I suggested, that bear some very revealing names. They are the National Association for a Non-Subsidized Seaway, which is still in existence; the Maryland Committee for a Non-Subsidized seaway, which is still in existence; the New York and New Jersey Committee for a Self-Supporting Seaway, which is still in existence; also the United States North Atlantic, Gulf and Caribbean Ports Association as well as the Association of American Railroads. They have been long standing opponents of the seaway.

In its submissions to the government of Canada in 1963 and in its annual submissions since the national legislative committee of the International Railway Brotherhood has opposed any reduction in tolls on the St. Lawrence seaway. In fact, on occasion they have asked for an increase, which is surprising when you consider the extent to which the railways of this country have been subsidized.

Several members have spoken about the burden the proposed increase will place on the prairie farmer, and this is true. All the wheat pools are opposed to it. The Great Lakes Waterway Development Association, which represents a great number of industries and individuals in Canada, has indicated its opposition. As one who comes from an industrial centre of this country so far as the manufacture of steel is concerned, I certainly want to record my opposition to this increase.

I should like to quote briefly from a submission made to the St. Lawrence Seaway Authority at a public hearing by the vice president of the Steel Company of Canada, Mr. Norman J. Brown. He said in part that the low cost of water transportation has been an indispensable factor in the development of the steel industry in Hamilton. This cannot be denied, Mr. Speaker. I quote Mr. Brown:

> Continued growth of the industry will depend on its ability to meet competition which is becoming increasingly intense in both domestic and export markets.
>
> Higher tolls add to the costs of producing and shipping steel and impair Stelco's competitive position which is being maintained only by continuing massive investments in new plant and equipment.

This is a fact, Mr. Speaker. The Steel Company of Canada, has been investing great sums in the expansion of the steel industry and creating jobs in the city of Hamilton. The Steel Company of Canada accounts for 39 per cent of Canadian steel output. Steel, as you know, is a highly competitive product on a world wide basis. Mr. Brown also said:

> By using bulk carrier ships of up to 100,000 tons, Japanese steel mills received South American ore cheaper than Stelco can lay it down at its docks.
>
> United States steel mills on lake Erie and Michigan receive the bulk of their materials toll free.

• (3:50 p.m.)

Stelco and Dominion Foundries at Hamilton depend greatly on the seaway, especially on the Welland ship canal, for their raw materials and iron ore from their mines along the lower St. Lawrence valley and in Newfoundland and Labrador. Unless they are able to receive these raw products landed at their docks in Hamilton at a competitive rate they will be unable to be competitive in the market with their rivals in the United States and with the steel mills in other parts of the world. This will be result if we do not receive our domestic raw materials at a cheaper rate than industries in Europe and the United States.

In January of this year the Minister of Transport (Mr. Pickersgill) stated that tolls on the St. Lawrence seaway were required by an act of parliament and that parliamentary approval would be needed to make the waterway toll free. First of all, with all due respect to the minister, tolls were not exactly "required" by an act of parliament but by an agreement between the United States and Canada, which, of course, would have to be approved, I would think, by this parliament. So you might say that they were required by an act of parliament but that is not really so.

The minister also said that tolls were required by the act of parliament which permitted the building of the seaway, that parliament would have to make a change in the act and that there would be opposition from other forms of transportation if there was an attempt to have the seaway made toll free. He also said it would not be very easy to find a majority in parliament who would say that one form of traffic could be carried toll free but not others.

It is difficult for me, and I suggest also for others, to understand why other forms of transportation which are themselves subsidized should oppose a toll free seaway inasmuch as this facility has diverted considerable traffic from United States ports and railroads to the benefit of Canadian truckers and railroads. I feel that any increase in the cost of transportation of raw materials and finished products is certainly going to filter through to the consumer in the end. There is no doubt that the consumer will end up paying for any increase in tolls.

I do not believe that an increase in tolls is going to solve the financial problems of the St. Lawrence seaway. I think that at the beginning the estimate that was made was an erroneous one. The amortization period was too short; it should not have been 50 years. The present level of tolls, if maintained, is sufficient to pay for all operating and maintenance costs of the seaway itself.

I am also opposed to the St. Lawrence Seaway Authority imposing fees on the use of the locks by way of a lockage charge. This is another way of getting around the placing of tolls on the Welland ship canal. There really is no relationship between the two because the Welland ship canal was built and financed by Canadians. Why we should make it subject to tolls in agreement with the United States is beyond me, and I do not think it is necessary. In fact, I know it is not necessary. Any extension of the agreement between the United States and Canada with respect to tolls on the St. Lawrence seaway

should certainly not be applied to the Welland ship canal. However, they get around the problem by imposing a lockage fee.

I have stated before, as have others, that I do not think the public hearings will change the minds of the management of the St. Lawrence Seaway Authority. I certainly hope they do, but the speech made by one of the members of the St. Lawrence Seaway Authority in Winnipeg last week seemed to indicate that he was not thinking of changing his mind as a result of the public hearings.

In one sense I should have liked to see this matter debated by the standing committee on transport and communications. However, I cannot blame hon. members for bringing up the matter in the house because it is now 15 years since there was a debate on the St. Lawrence seaway. The first and last debate was in 1951.

If I may return to that debate for a moment, it is interesting to note that the then minister of transport, Hon. Lionel Chevrier, made a statement which is reported at page 1576 of *Hansard* for December 4, 1951. He said:

> Why is the project necessary from a navigation standpoint? . . . Now, it also promises to be the key that will unlock the future for the iron ore fields of Quebec and Labrador. It will open large new markets for these ores in the Great Lakes area, otherwise largely out of economic reach. And on the other side of the coin it will give those interior steel mills the best new source of ore at the lowest cost, a matter of serious concern at the moment.

If it was a matter of serious concern in 1951 to have low-cost water transportation, then it is even more important today if we are to compete in foreign markets and increase our export trade, especially in steel and other finished products.

Mr. Chevrier, whose remarks in 1951 apply equally strongly today, continued:

> What will be the effect on the railways of Canada? I do not think that the fortunes of the railways nor the economy of the railways would be materially affected by this project. For one thing, almost half the seaway traffic foreseen is in iron ore. That is traffic which does not exist at the moment in so far as the lower St. Lawrence is concerned, and in so far as the railways are concerned it is new traffic.

Then at page 1580 he concluded as follows:

> In conclusion, let me summarize the government's view in a very few words. We believe that Canada needs the St. Lawrence seaway and power development at the earliest possible date. We believe that it is important for economic development and urgent for national defence.

I am not interested at the moment in the national defence aspect, but the matter is just as important today, if not more so, from the point of view of the economic development of this country. I do not know where we would have been today, with the large sales of wheat we have made to Communist China, Russia and other countries, had the St. Lawrence seaway not been in operation.

As I said in April of last year, I feel that the Canadian government made a mistake and that it should have built the St. Lawrence seaway at its own cost without help from the United States. We did not really need their help. Facilities are now erected at Cornwall which would enable the seaway to be all-Canadian. I suggest that we should proceed to complete an all-Canadian seaway and be the masters of the seaway because it is more important to our economy than to that of the United States.

It is interesting to note that there is great opposition in the United States to the increase. In March of 1964 Senator Proxmire of Wisconsin wrote to commerce secretary Luther H. Hodges as follows:

> —any increase in . . . tolls will diminish revenues—

Of the seaway.

> —because shipping will drop off substantially.
>
> Increased shipping in the Great Lakes is vital to our entire economy.

Then Senator Proxmire went on:

> For many products, including grain from the midwest, the Great Lakes should be the most efficient route for distribution, especially to foreign markets. This efficient distribution should not be hampered by the excessive and unreasonable seaway tolls.

We are told, Mr. Speaker, that the tolls are not going to be excessive, that they are not unreasonable. I think we should revert to the Canadian tradition of toll free waterways in this country. I suggest that those who say the seaway if being subsidized look at the extent of discrimination in tolls on the seaway and canal traffic. I submit that no other form of transportation has ever been placed under an obligation to reimburse the national treasury for moneys which have been invested in it under a national development policy, because the seaway was constructed as a matter of policy to stimulate our economic development.

How great this discrimination is has been very interestingly documented in a submission by the Dominion Marine Association regarding seaway tolls of the St. Lawrence Seaway Authority. They give certain examples. For instance, the Canadian National Railways is subsidized. Then there are the

maritime freight rate subventions, the east-west bridge subsidies, the Hudson Bay railway, the trans-Canada highway, airports. None of these is being asked to carry its capital cost so why should the St. Lawrence seaway?

To say that there is a United States-Canada agreement is not enough. I think this is something the government should discuss in the very near future with the United States interests. I am sure that some arrangement could be arrived at that would be in the interest of this country. Then we ought to proceed with an all-Canadian seaway.

• (4:00 p.m.)

We know that traffic on the seaway is increasing but is not yet bringing in an adequate financial return. I believe that the secret of the economic success of the seaway lies in the development of maximum traffic movements of ships bearing additional cargoes. Unquestionably higher volumes of traffic movements, with a higher level of toll earnings, would automatically take care of the liquidation of assets. That liquidation would have to take place over a long period of time and not just within 50 years. I submit that the present levels of tolls, if tolls are to remain, must be considered to be at their maximum. As I said earlier, I think tolls should be abolished.

The director of the port of Chicago, Captain John J. Manley, recently called for abandonment of all tolls on the St. Lawrence seaway. I quote his words:

> The U.S. should return to the traditional policy of toll-free waterways and abandon, in the interests of national welfare, the idea of recovering the cost of construction of seaway through tolls.

I submit that applies equally to us. From 1848 to 1959 there was an all-Canadian seaway between Montreal and lake Erie. This seaway was toll free for the greater part of its 111 year history, to the great benefit of our national economy. Today Canada is by far the greatest user of the seaway. This body of water plays a great part in our national well-being. The St. Lawrence seaway, stretching from Montreal to lake Ontario, is the only waterway on the North American continent on which tolls are exacted. This fact places Canadian producers of manufactured and natural products at a competitive disadvantage in the domestic and world markets. I could elaborate on that but I do not think it is necessary. I dwelt at some length on this matter on April 12, 1965.

May I conclude my remarks by saying that although this debate may be somewhat premature I sincerely believe it is worth while. This subject has not been thoroughly debated for 15 years. I hope that the St. Lawrence Seaway Authority will consider very seriously any recommendations it wishes to make after its public hearings. I hope that the government will seriously consider the authority's recommendations in the light of the burden placed on the Canadian economy by tolls. I trust that hon. members may be given an opportunity, either in committee or when discussing estimates, to delve further into the proposed recommendation to increase tolls.

I have one more criticism. I wish to criticize the seaway authority for keeping confidential and not releasing the economic report it obtained. As hon. members will remember, a great hullabaloo was raised about having independent economists report to the authority. I called the authority and asked for a copy of the report. The secretary who answered me was very polite. He was under orders and was doing his job. He said that the report could not be released as it was considered highly confidential.

How in the world is one to make submissions properly if the economic facts backing up the submissions are not made public? I cannot understand, Mr. Speaker, why the authority is trying to hide this report. It will be made available to the government. I am sure that when the matter comes before the committee on transport and communications, the report will be before that committee. I sincerely urge the Minister of Transport (Mr. Pickersgill) and the acting or associate minister to discuss with the authority the releasing of this economic report in order that those wishing to make submissions may have all the facts. The authority has nothing to hide and is laying itself open to undue criticism.

Mr. Barnett: Would the hon. member permit a question?

Mr. Macaluso: Certainly.

Mr. Barnett: Could the hon. member inform the house whether the 1951 debate, from which he quoted certain remarks by the then minister of transport, had to do with whether Canada would construct a seaway on its own without the participation of the United States?

Mr. Macaluso: No, Mr. Speaker. The effect of the debate, as reported in *Hansard* on

December 4, 1951, was that if the United States was reluctant in the last analysis to join with Canada in the construction of the seaway Canada would then be prepared to "go it alone". Words to that effect were used in the debate of 1951 by the then minister of transport.

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, in rising to speak on this matter I should say at the outset that hon. members representing constituencies in western Canada, particularly farming constituencies, must take a strong stand in opposing increases in tolls on the St. Lawrence seaway. It was refreshing to hear the hon. member for Hamilton West (Mr. Macaluso) setting out clearly the position that has been reached by most of us on this side of the house. I hope that when the hon. member, either in confidence or in caucus or elsewhere, has the opportunity to speak to the Minister of Agriculture (Mr. Greene), who by the way is not here today, he will be able to influence him and thereby the cabinet in the very near future to adopt the hon. member's position.

It is true that the cabinet is an independent body and it is within its jurisdiction to make a ruling on this matter. That, however, should not prevent the cabinet from following the lead of the hon. member at the proper time because the executive has the power to say yes or no with respect to this matter. When the hon. member who has just spoken and others in the Liberal party who take the same position are required to vote on this question, I hope that if they are so required they will support their views with their votes instead of just with their voices.

This whole question is of particular importance to the economy of western Canada as well as to the economy of the whole country. I hope to put some facts before the house. In discussing this matter two questions arise: First, the question of increased costs of production and, second, the increased cost of living. Both these problems, and I say this with great sincerity, have not been solved by the present government. I see one hon. member shaking his head. I shall deal with the facts.

I want to deal with the increased costs of production especially as they affect producers in western Canada in their relationship to the export market. Only yesterday I asked the Prime Minister (Mr. Pearson) a question in reference to the high cost of farm machinery. Hon. members may remember that shortly after the Minister of Agriculture was appointed he made his first trip out west and on his return made favourable statements respecting western farmers. At the present time those statements have remained mere statements, because he said there would be an investigation into the high cost of farm machinery and such an investigation has not been undertaken.

When I asked the Prime Minister about this subject yesterday he said there would be a decision in a day or two. I brought to the attention of the Prime Minister the fact that the profits of the Massey-Ferguson Industries Limited have risen in the last six months from $8 million to $21 million and that the profit per share has risen from 54 cents to $1.34. I asked the Prime Minister whether there would be an investigation into these matters and he said there would be a decision in the very near future.

The high cost of machinery and the high cost of transportation make it very difficult for western farmers to compete successfully in the export market. Canada is probably the only big producer of wheat in the world which does not subsidize its wheat farmers in any way. They are on their own when it comes to competition and any increase in the cost of production threatens the success of our exports and makes the cost squeeze greater. That is why the present debate is necessary.

• (4:10 p.m.)

The hon. member for Hamilton West said there had not been a debate on the subject for 15 years. I agree. If hon. members will look at the St. Lawrence Seaway Authority Act they will find that section 15 contains the authority which parliament gave in 1951 for the imposition of tolls. Section 15(2) reads as follows:

> The tolls that may be charged by the authority pursuant to this section may be for the use of the canals and works administered by it as a whole or for the use of any particular part thereof—

In other words, in 1951 parliament gave authority for tolls to be charged for the use of the seaway.

When we are talking about grain it is well to remember that it is the port of Vancouver through which most of the grain from Alberta has found its way in the deals with China and other communist nations. Then we have the port of Churchill and the facilities along the St. Lawrence. In winter, when these are not in use, grain is moved by rail to other ports in Canada. There is a large difference between the sale price of wheat and

what the farmer actually receives. The export price at Vancouver several months ago was between $1.96 and $2 a bushel. The price at Fort William differs by a few cents. In negotiating deals such as were made with China the wheat board arrives at a contract price. Otherwise the price may be fixed under the international wheat agreement. What the farmer receives is a sum based on those three prices less costs. In the end he is lucky to get a cut amounting to about $1.20 at a time when wheat is selling at $2.00 a bushel.

Any increase in freight rates is bound to increase the cost of production and this in turn leads to an increase in the cost of living. The rapid rise in the cost of living constitutes one of the most important problems facing the government today. Yet no attempt has been made to curtail inflation and halt the rapid rise in the prices of the commodities Canadian consumers need.

Every member of this house must be getting a great deal of mail on this subject from Canadians right across the country. People realize that the government has done nothing toward solving this problem. The budget, which was supposed to help, has not done so. The cost of living continues to spiral. Hon. members opposite talk about boom times. You can go into homes in many areas where people are suffering as if we were in a depression. Even when the head of the family is working the situation so far as the value of the dollar is concerned is almost as serious as it was during the depression of the 1930's. Make no mistake about that.

The people who are concerned with sales and exports realize that there is a movement in the United States today to change the law affecting trade with communist nations, not only with respect to sales of commodities but with respect to the use of United States shipping to carry exports to such nations. If this movement succeeds Canada will be in serious competition with the United States in this field. Any increase in the cost of production which would mean an increase in the cost of grain exported in competition with other nations would have serious consequences for Canada.

I have just finished reading the new book by the hon. member for Davenport (Mr. Gordon), the former minister of finance. In his book the hon. gentleman admits that the imbalance of trade with the United States today amounts to $1,700 million. There is only one reason why it is not worse, only one reason why we have been able to avoid a financial crisis. It is the fact that the previous government negotiated wheat sales with the communist nations, an initiative for which they were criticized by members of the Liberal party and of the Social Credit group. The money derived from the sale of this wheat brought more than $2 billion into the economy of this country in one year, enabling us to avoid a worsening of the imbalance of trade between the United States and Canada.

When the hon. member for Davenport was financial critic for the Liberal party he told us that he and his friends were going to cure the imbalance, but in the last four years it has increased every year. Had it not been for the sales of wheat to which I have referred, had we not been able to produce wheat cheaper than any other exporting nation, the imbalance of trade between the United States and Canada today would be twice as great. Basically, it is the Conservative's sales policy which has bailed out the present government so far as this particular problem is concerned.

I emphasize that the farmer gets a pooled price. It may be that a bushel of wheat can be shipped through Churchill cheaper than through the seaway or in certain areas of western Canada it can be shipped more cheaply through Vancouver. All the prices are averaged and costs are deducted to arrive at the net price the farmer gets.

The reason the wheat board was set up was to arrive at a pooled price for the farmer. The last grain payment was between 10 and 20 cents less than the year before, depending on the grade.

Mr. Rapp: Seventeen cents on the average.

Mr. Woolliams: The hon. member for Humboldt-Melfort-Tisdale, which is one of the great agricultural areas of western Canada, says that the figure was 17 cents on the average. So the cost has been rising but the price the western farmers have been getting for their grain has been going down. Any increase in the cost of production, whether it amounts to a cent and a quarter or less, puts the farmer into a worse cost squeeze than before.

The only ones who want the tolls increased are the railroads. When the Minister of Finance (Mr. Sharp) was minister of trade and commerce he freely acknowledged that we had lost certain of our grain markets because we had been unable to get the grain to the ports on time. We in the opposition were badgering the minister continually to do

something about the tie-up of grain in western Canada. It is hard to explain why in 1966 a nation with a $2 billion industry cannot move its grain to the ports.

• (4:20 p.m.)

When farmers, under a quota, can only market a bushel of wheat per acre for several months, how can they pay their costs of production on time? This only adds to their cost of production. This was an important matter but the government did nothing. The government set up a commission but it did nothing for month after month while wheat was piled up on the western farms as it was in 1956 and 1957. During that time the government did nothing but talk and say that the matter was under consideration, an old, worn-out phrase used by cabinet ministers who are not doing anything. It is only their way of passing the buck.

It seems to me that the C.P.R. of late is almost governing this country. It has an obligation to move the wheat. It was given a charter in most of western Canada, particularly in southern Alberta where it has a monopoly. But the C.P.R. made excuses. It said it had cars in the United States moving other commodities. It should have been moving wheat, the main export of western Canada, which is capable of bringing $200 million into the economy of that region and this in turn is reflected throughout the whole economy of the country.

The recent increase in the profits of Massey-Ferguson and other firms has resulted from the fact that farmers have had to enlarge their production units in order to continue operating and in enlarging them they have had to buy bigger machinery. As a result the money they received for their grain went to the industrial centres of Ontario.

This is a national matter because the production of wheat and the prosperity of the wheat grower are still of primary concern to the country. It is not a regional question or a matter of selfishness. We are becoming an industrialized nation but behind the scenes wheat is still our major commodity and when there is prosperity on the wheat farm it is reflected throughout the whole Canadian economy.

I have dealt with the two main points I intended to cover. I hope that when this matter comes before the government it will take definite action. I hope it will make a decision and follow the suggestion of the hon. member for Hamilton West and other backbenchers on that side of the house who believe there should be no increase in tolls.

[Mr. Woolliams.]

As the hon. member for Hamilton West said, it is not only the grain industry which will be affected. All industries and commodities will be affected and as a result the cost of living. This is one place where the government can say no. The St. Lawrence seaway system is a national project. It was built for all Canadians and the greater part of the cost should not be placed on the wheat producers.

Therefore I say, let us not have any more answers of this type. If the government is not going to do anything, let it say so. If we did not have this debate today it would be too late tomorrow or the next day. Thanks to members from western and eastern Canada, this matter has been brought up before parliament. Now it is up to the government to do its job. We have done ours.

Mr. R. K. Andras (Port Arthur): Mr. Speaker, any member from Port Arthur, which constituency contains the western terminal of the St. Lawrence seaway system, would be missing a real opportunity if he did not add his voice to the opposition against any suggestion of increasing tolls on the seaway. During the last month or so I have talked to many people in northwestern Ontario and many people west of Ontario and there is no doubt about the fact that they are in agreement in their opposition to this suggestion.

I should like to take this opportunity to deal with some of the arguments presented in favour of increases in the tolls and even the imposition of tolls. The first one is that tolls are required by the act of parliament which enabled us to build the seaway. It is the opinion of many competent people that this is not a correct statement of the law.

It is my understanding that section 15 of the St. Lawrence Seaway Authority Act authorizes but definitely does not require the seaway authority to impose tolls. Section 16 of the same act provides that if a decision is made to impose tolls the level of those tolls should be sufficient to effect the purposes mentioned in that section, which implies that the total cost should be recovered and, of course, this is fallacious.

As a matter of fact, on reviewing the act it would appear that the only place where it purports to make mandatory the imposition of tolls is under section 17 in the event of an agreement existing between Canada and the

United States calling for the imposition of tolls. We have such an agreement, but international agreements of that kind are always open to renegotiation. In fact, there have already been several revisions of the original agreement between the two countries.

The existing tolls are imposed not by the parliament of Canada but by the 1959 agreement between the seaway authorities of Canada and the United States, and I would not want to pass over that without drawing attention to the significance of the date 1959. Many students who have studied this subject suggest that the 1959 agreement may not be valid at all.

The International Boundary Waters Treaty Act of 1911 provides as follows:

> —all navigable boundary waters shall forever continue free and open for the purposes of commerce to the inhabitants, ships and vessels—

Of both Canada and the United States.

Section 28 of the St. Lawrence Seaway Authority Act provides:

> Nothing in this act affects the operation of the International Boundary Waters Treaty Act . . . 1911.

In short, the Canadian parliament did not, although it could have done so, alter the rule that the waters should be free to inhabitants, ships and vessels of Canada and the United States. There is, therefore, support for the view that references to tolls in the St. Lawrence Seaway Authority Act must be construed as authorizing tolls only in respect of vessels, passengers or cargoes other than those of Canada and the United States.

A second argument that is presented is that it would not be easy to find a majority in parliament to say that one form of traffic should be free and not others. This sounds like a reasonable statement but it has no practical application to the tolls problem. In the first place, traffic on the seaway is by no means carried free, even if the tolls are ignored. Charges are imposed for the use of shore installations and services connected with the seaway. Second, the statement seems to imply that some forms of traffic are not carried free. The fact is that all forms of traffic are carried free to some extent. It is no secret to anybody that substantial subsidies are enjoyed by all forms of transportation in this country. It is really a question of degree, and the difficulty lies in assessing the degree of subsidy enjoyed by the various traffic media.

Before anyone could determine whether there should be any tolls at all and, if so, what those tolls should be, surely an analysis would have to be made of the subsidies available to all traffic media. Until that is done any consideration of tolls on the seaway is a blind consideration likely to result in inequities of a dangerous nature.

• (4:30 p.m.)

Another fallacious argument which is presented is that the seaway does not serve all of the country and therefore it would be unfair to support it through the public treasury. I think it is correct to say that such a statement ignores the true role of the seaway. Right Hon. Vincent Massey, one of the greatest statesmen of this country, in a speech in 1964 stated:

> If the maintenance of our east and west links is questioned as a national policy, the doubters are men who fail to understand the land in which they live.

Another great statesman said that this project is of national concern and will benefit Canada from coast to coast. If one takes a look at the trade handled by the seaway, it becomes very clear that the seaway serves all of Canada and not simply the areas contiguous to it. It is one of the main streets of the Canadian economy.

The record cargoes handled in 1965, which represent an increase of 115 per cent over 1959, covered the entire range of Canadian exports—forest products, grain and other farm products, iron ore and manufactured goods. They include large quantities of coal imported from the United States without which Canadian heavy and other industry could not function in the highly competitve world of today. Large shipments of coal from Cape Breton island to central Canada would not be economically feasible were it not for low transportation costs through the seaway. Exports in all major segments of Canada's export trade, emanating from points virtually all across Canada, pass through the seaway, and the low transportation costs are essential to keep our prices at competitive levels in world markets.

Before concluding I should like to bring out a few more points for the consideration of the house. First, the 124-mile St. Lawrence seaway, Montreal to lake Ontario, is the only waterway in Canada subject to tolls. Moreover, it is the only part of the 27,000 miles of navigable waterways in North America which is subject to tolls. Tolls on the seaway and the Welland ship canal mean higher raw material costs to Canadian manufacturers. Obviously this means that they increase prices, thus adding to inflation and making Canadian manufactured goods not

only less competitive in export markets but more costly to Canadian citizens and consumers.

Diversion of upbound traffic through the seaway and the Welland ship canal, because of tolls, inevitably would mean higher rates for downbound Canadian grain cargoes from the lakehead. It has been mentioned, and I wish to join in this, that wheat growers pay the transportation costs, a matter in which we at the lakehead are very keenly interested. Our storage capacity is some 110 million bushels a year and a great proportion of the Canadian wheat crop goes through there each year. Wheat growers do pay the shipping costs and therefore the seaway and Welland ship canal tolls also decrease the purchasing power of our prairie farmers and this in turn increases the cost of wheat so as to make it non-competitive.

One important point which should be recognized is that there is really no hope of recovering through tolls the capital cost of building the seaway from Montreal to lake Ontario and in my opinion it would be in the national interest if they were abolished forthwith. This whole subject is a matter of very grave worry to us in northwestern Ontario and I know our worry is shared in western Canada. For the reasons I have stated, together with many more which no doubt will be developed in the course of this debate, we most certainly wish to register our objection to an increase in tolls and ask for the complete elimination of these unprecedented tariffs.

Some hon. Members: Hear, hear.

Mr. A. D. Alkenbrack (Prince Edward-Lennox): Mr. Speaker, the greatest highways of the world are not the roads the world has built but the waterways which the world possesses, both natural and man-made. Water-borne commerce has made many nations great and influential. In fact, history shows that nations which do not have navigable waterways have not prospered. As a member representing the southern Ontario riding of Prince Edward-Lennox which is situated on Lake Ontario, I rise to support the proposition and principle that there should be no tolls or lockage fees of any kind in respect of ships of commerce on the Welland canal or on the St. Lawrence seaway.

Although I am one who is in favour of tariffs to protect our industry in certain cases and in vital areas and regions of our country, at the same time I will not support the restriction of international commercial traffic on our waterways. Since our early beginning our country was hampered by the rough and wild nature of our mighty river, the St. Lawrence, hampered by the inadequacy of a series of small canals bypassing the rapids which necessitated the use of smaller ships and then transshipment at sea level to ocean-going traffic. The building of the seaway with the taxpayers' money, however, changed all this. Canada's dreams came true and, with the commodious improvements made at the Welland Canal and at the Sault before the seaway improvements on the St. Lawrence were made, we now enjoy the benefits of a great international waterway and the economic benefits which slowly but surely are building a greater and more influential nation.

I make this last statement because out of it arises a point I wish to make. The St. Lawrence Seaway Authority has no right to place toll charges on vessels plying the Welland canal. The Welland canal existed before the building of the other navigational facilities on the river section of the seaway and its control should remain free and inviolate. The point has been mentioned elsewhere that the seaway is not paying its way and therefore an increase in tolls and navigational charges is required to bring the seaway out of the red. Mr. Speaker, I submit it is not the only public transportation entity in Canada or in the United States which is not paying. If the taxpayers can subsidize the C.N.R., and they are doing just that, the nation likewise can subsidize the St. Lawrence seaway. Another point is that there is no doubt that more than one United States railway company would like to see the seaway tolls increased because such action would indirectly benefit them by diverting transportation business to those railings.

The St. Lawrence seaway may be summed up in this manner: it is a financial failure and at the same time a commercial success. If business has not reached our expectations we should not be alarmed. The decades will take care of this. That which is and always will be the greatest and best form of transportation, the waterways, will accrue in the future to the benefit of Canada if we do not stultify and discourage it now by taxing the users by means of exorbitant fees and tolls. Additional tolls levied now will not only be a deterrent to our western grain trade but a deterrent also to our Ontario grown grain. We must not

forget that Ontario also produces a good deal of valuable grain and cereal products for export. Ontario grown grains are shipped through the Welland canal and the seaway to the port of Montreal for storage there awaiting export overseas. These include winter wheat, soybeans and Ontario corn.

• (4:40 p.m.)

Also, Mr. Speaker, tolls would not be good for the great heartland of Canada, southern Ontario. In my constituency we have a very valuable installation, the iron ore docks. Pelletized iron from Marmora is loaded into huge ore carriers at Picton harbour where Long Reach meets Picton bay and Adolphus Reach, leading to lake Ontario. Most of this iron ore goes up what one might term one flight of stairs through the Welland canal into the Erie basin to Ohio steel mills.

In our district we confidently look forward to the day when Canada will be populous enough to have more steel mills and secondary associated industry in our own heartland. But some of the Marmora iron which is made into steel is sold back to Canada in the form of iron castings and steel in all its forms and tolls on our waterways only increase the cost of these products that we require. In other words, our own action in this instance would only result in a further rise in the cost of living, which I believe is one of the most vexing problems we have to deal with today.

In addition, Mr. Speaker, right beside the iron ore loading docks we have the large and modern cement plant of the Lake Ontario Portland Cement Company producing a fine product for an international market. Much of this product is exported to the United States in direct competition with American cement plants. I will not support any measures that diminish the ability of any of our industries to compete internationally or otherwise with any of their competitors. This cement plant makes a vast contribution to meeting our balance of trade problem. As hon. members know, our trade position with the United States is very much in a state of imbalance. Tolls will only tend to increase this imbalance which for so long has been a source of embarrassment to Canadian governments.

Another point concerns the interests of our small manufacturers who are importing raw materials. Tolls on the seaway only increase manufacturing costs. They also increase feed grain costs to our Ontario farmers who feed western grains in their beef and milk producing activities.

We have no toll roads in Canada; they are a thing of the past. Let us likewise have no toll-charging waterways in Canada. The Trent canal system is free. The Rideau canal system is free. They are, of course, recreational in nature and use. Let us make our great commercial waterway free also. I remind the house that the St. Lawrence seaway will still pay for itself many times over in a different way, from the revenue derived from electric power of which it produces a great deal. Let us make its navigational facilities free to the commerce of the world. I urge the government and our committees to prevent the seaway authority increasing our current costs of doing business.

Mr. Robert McCleave (Halifax): Mr. Speaker, as a maritimer I think it is foolhardy courage that has impelled me to take part in this debate, because some of my views run contrary to those which have been expressed over and over again this afternoon by those dealing with the problem of tolls on the St. Lawrence seaway. But I think I have a suggestion that might solve the problem and I will present it at the end of a very brief contribution to the debate.

First, when I say that I enter this debate with a feeling of foolhardy courage it is because I am a representative from one of the two great seaports on the Atlantic coast, Halifax. I think I can speak for my colleague from Saint John-Albert in the province of New Brunswick as well as my colleague from Halifax in stating that maritimers have some considerable suspicion of the operations of the St. Lawrence seaway as they affect our particular area. We have seen in Saint John and Halifax the shipping season in the wintertime dwindling by weeks with every passing year; yet as maritimers we have to consider the practical effects of raising the tolls on the seaway.

In this connection I would refer first to item No. 48 of government orders which deals with the Canadian livestock feed board, something that seems to have the support of every party in this chamber and which before too many months will no doubt become an actuality. It would be useless to attempt to solve the problems of eastern Canadian livestock producers if at the same time we were to permit the cost of feed to be increased substantially by reason of raising tolls or any other reason. Therefore we do have an economic interest in seeing that the tolls are kept as low as possible.

Second, Mr. Speaker, there are substantial wheat and flour shipments from Halifax and Saint John. Of course most of this grain comes to us through the St. Lawrence seaway. So on the one side there is the problem of a fear by maritimers that the St. Lawrence seaway is draining us, and on the other side there are some very substantial economic reasons why we should support the ideas of all members who have taken part in the debate so far.

Complicating the problem still further from our standpoint is the delay in bringing in a new Railway Act. We in Atlantic Canada are therefore in the dark whether the subvention system will be continued and whether, if continued, it will be of such a size as to be of assistance to us. Finally, in summing up the problems that are running through the head of this particular maritimer I would refer to the fact that we do not want to appear to be parochial or regional in the opinions we present. We do not want all the advantages on our side. We have come here over a long period of time and made requests for help from other parts of Canada and have been accorded reasonably generous treatment. Therefore, as I say, we do not wish to appear always as suppliants forever asking but never willing to budge an inch from our own particular position.

My suggestion, therefore, is twofold: first, that the authority decide at this time to hold the line on the tolls and not increase them. After all, the amount of debt outstanding on the St. Lawrence seaway development is like a mortgage which really can never be paid off; it continues on and on. So that for the present my suggestion—I presume the authority will be reading today's *Hansard* to get the views of members of parliament—is to hold the line on the tolls. But I would suggest that the authority review them again after we have had a new Railway Act before us and have passed it.

• (4:50 p.m.)

I would also make the suggestion that the whole problem is bedevilled because we have not have spelled out in this country a transportation policy covering seaway, railway and other operations which have application to the economic problems involved here. Until the government grasps this many-sided nettle and comes up with a transportation policy, so necessary to Canada today, I believe that problems such as tolls on the St. Lawrence seaway will continue to cause trouble. I suggest, sir, that if the government comes up with a transportation policy dealing with the St. Lawrence seaway, the railways and the air lines, it should spell out for all parts of Canada something positive which will not set different parts of the country at loggerheads with each other.

In taking part in this debate today I suppose I was motivated by foolhardy courage. In brief, my suggestion is to hold the line on tolls until the new Railway Act is approved and until a transportation policy is developed by the government.

Mr. Diefenbaker: Mr. Speaker, I want to say at once that the speech made by the hon. member for Halifax (Mr. McCleave) to which this house has just listened is a tribute to his membership and to those qualities which it is so necessary for members of parliament to possess, namely, a desire to be co-operative, to bring together all parts of Canada and to do nothing that will be harmful to any one part of Canada, showing thereby in our policies and actions that whatever we support shall be for Canada as a whole.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: I compliment him, and I know his views are shared by the other member for Halifax (Mr. Forrestall) who has expressed similar views which have certainly merited the consideration of the house.

Having said that, I now want to deal in general with the matter before us. I congratulate the hon. member for Kindersley (Mr. Cantelon) for moving this motion. It was necessary, it was timely and I think the discussion has been most beneficial to all of us.

I am rather surprised that there are not more ministers in the house on a matter of such importance to Canada. The presence of only three ministers shows a lack of regard for the seriousness of this problem which I feel should have made their presence in the house obligatory.

I now want to refer in general to the circumstances connected with this matter. It goes back quite a while. The hon. member for Brandon-Souris (Mr. Dinsdale) brought this matter to the attention of the house in February and asked what action was going to be taken. Since then various members have asked the same question but have received no information. On March 24 I raised the question, and the answer of the Minister of

Transport (Mr. Pickersgill) appears at page 3086 of *Hansard*. It reads as follows:

> Mr. Speaker, as I indicated in response to a question a day or two ago, and as is required under the agreement with the United States, the St. Lawrence Seaway Authority has been carrying on discussions with the St. Lawrence Corporation, the United States entity, with regard to a possible revision of the existing tolls. I understand that the parties to this discussion now feel they are fairly close to agreement as to what they will be prepared to recommend to the two governments.

That is quite an amazing admission on the part of the Minister of Transport. However, no agreed recommendations have been made. He then said:

> If an agreed recommendation is made there willl be public hearings in both countries before any final decision is made; and at those public hearings, of course, I expect that all considerations, including the ones referred to by the hon. gentleman, will be gone into.

What is taking place here is that these two authorities seem to have come to an agreement that an increase in tolls is to take place. They have also agreed that certain lock charges are to be imposed. This is a serious matter for Canada. The government of Canada should stand up and be counted in connection with the strong objection that is widely felt in this country against the imposition of any additional tolls. When we were in office we removed the tolls on the Welland canal in 1962. We did that because we felt that the steel industry and other industries would suffer greatly unless everything was done to reduce costs so that these industries might compete in export markets.

As one hon. member said today, this does not affect the United States very much but it does affect Canada. I am not going to go over the arguments that have been advanced but they were generally to the effect that there should be no increase. We in this House of Commons have the right to take the strongest possible objection to the cavalier attitude exhibited by the St. Lawrence Seaway Authority in having prejudged what action should be taken, that prejudgment having been clearly revealed in the words of one of its members when speaking in Winnipeg. Surely this is a case in which we in Canada should not be subject to the suggestion of domination by the United States.

I mention that because it is just one element in the case. One hon. member referred to the strong interests in the United States which were opposed to the St. Lawrence seaway and which have not changed. In the last few days we have had further evidence of potential United States interference in Canadian business. I have before me the issue of the *Financial Post* of May 28. As you know, sir, it is always dated in advance. This is an article by Knowlton Nash headed "Canada Now A Prime U.S. Target In U.S. War On Dollar Drain". I mention it because I think the increase in these tolls is part and parcel of the ever increasing endeavour on the part of the authorities in Washington to control phases of economic development in Canada. The article reads as follows:

> Canada seems to be developing into the No. 1 target in President Johnson's drive for U.S. balance of payment equilibrium.

• (5:00 p.m.)

We have had enough of these guide lines telling Canada how the laws of the United States should be applied to Canadian corporations, subsidiaries of United States firms. Proposed increase in the seaway tolls is just another element in this picture. I believe this problem is increasing because we have a government in office that believes in diplomatically failing to face the issue of Canada's survival as a nation economically strong and independent.

The article goes on to say:

> United States companies operating in Canada are contributing the largest single-country share of improvements in the American balance of payments, and Canada has provided the largest return of United States short-term money from foreign nations.

This is the result of these guide lines. Then, we are told that a new message has gone out to Canadian subsidiaries of United States corporations as to what the United States would like them to do. In a letter to the presidents of the companies participating in a commerce department program, commerce secretary John Connor has outlined what he wants these companies to do in the future. These instructions, although not mandatory, are clear guide lines for United States owned companies in Canada.

This is interference in Canada's economic development. We have a government that sits idly by and refuses to stand up for this country. Ever since the month of February we have been asking for parliament to have the right to outline its views with regard the claim for additional tolls. If it had not been for the hon. member for Kindersley (Mr. Cantelon) we would have had no chance to deal with this matter. The attitude taken by the Minister of Transport was that he did not want to prejudge a thing until it was done.

Well, what would have happened had it not been for this debate, and it may happen yet because this government does not pay too much attention to the wishes of parliament, is that after whatever recommendations are made following the hearing the government would simply have gone ahead by order in council and imposed this extra load on industry in general and on western agriculturalists. It was obvious that the recommendation by the St. Lawrence Seaway Authority was going to be to increase tolls. This will impose a burden on industrial concerns that are striving to keep costs down, but they cannot do it in the face of action such as this.

I mentioned a letter. Can you imagine a letter being sent to these firms in Canada advising them as follows:

> Take greater care to assure that export sales efforts and export orders receive suitable priorities, even in the face of high domestic demand.
>
> Make greater effort to bring home overseas earnings of affiliates not needed in the conduct of their business.
>
> Make careful scrutiny of direct investment plans and postponement of those which are marginal even though permitted within the program formula.
>
> Make continued effort to borrow abroad to meet foreign investment needs where this is possible and feasible.
>
> Make continued effort to bring home any short term financial assets which are not reasonably needed for the conduct of business in other countries.
>
> Make greater use of American flag vessels and air lines.

What is this? The Secretary of Commerce of the United States sends a letter like this to Canadian corporations with United States parentage. Finally, they are advised, where practical, to hold company meetings in the United States rather than abroad. These revelations are to be found in the Nash article to which I made reference. If you ask this government what they are going to do, you get the stock answer that this matter is receiving the most careful and continuing consideration. One does not have to be bilingual to understand what that means. It simply means that nothing is going to be done. I feel that what is happening here in connection with the toll problem is just one more facet of the whole situation.

I should like to know whether or not there was any secret agreement with the United States in connection with this matter. We know that there was an agreement entered into by the former minister of finance, the hon. member for Davenport (Mr. Gordon), and apparently followed by his successor,

[Mr. Diefenbaker.]

which places on the Canadian consumer added costs in order to assist the United States in meeting its balance of payments problem. We will have a deficit of $1½ billion or more this year. If the United States had the same ratio of deficit instead of the deficit it has it would run to $20 billion or more.

I spoke in Montreal to the conference of American editors and newspapermen. I thought it was a fine thing for them to have their meeting in Canada. They listened to the arguments which were advanced and a number of them said to me after I had spoken: These are things about which we do not know. Nothing has been said about the economic situation in Canada. It is time for parliament to speak out. When I was in office I was condemned as anti-American because I dared to say that Canadian policies were to be made in Canada by Canadians. This has been Conservative policy throughout the years and it is the only policy that will preserve the independence of this country.

I resent action being taken by the Secretary of Commerce of the United States in writing such a letter to Canadians, for that is what these corporations are. We welcome foreign investment but we do not want immigrants with capital coming into our country who intend to follow the laws or even regard the laws of the land whence they came.

In so far as the motion today is concerned, I feel that the St. Lawrence Seaway Authority should know that we stand opposed to any increase in tolls. There has not been very much said to the contrary. This increase could only detrimentally affect Canada and will affect the United States but little. If perchance the St. Lawrence Seaway Authority has already made its decision even while hearing representations, and one does not have to be suspicious to come to that conclusion after the statement made by one of its members in Winnipeg, then the government of Canada should know what is expected of it. It is for this reason that I expected more ministers would have been here on a matter affecting the economy of this country in addition to the minister of manpower, the Associate Minister of National Defence (Mr. Cadieux) and, above all, the Minister of Forestry (Mr. Sauvé). I compliment them for being present, but where are the ministers who deal particularly with the economy? They were here for the orders of the day but have not been here since.

• (5:10 p.m.)

This, Mr. Speaker, has been a worth-while debate. It has enabled the House of Commons, in respect of one board which seems to operate in a vacuum and has the idea that nothing is going to be said about it by parliament, to let it know where we stand. The government did everything it could to prevent any discussion of this matter. The various ministers have refused since February to give any undertaking that the house would have any opportunity of discussing the matter before this decision was made.

Today, Mr. Speaker, the Minister of Public Works (Mr. McIlraith) opposed this motion on behalf of the government and produced such a specious argument that I think he must have laughed at it himself. It was so convincing that it convinced nobody. I am glad we are having this debate and I am pleased to see that sporadic participation by Liberal members is taking place. The hon. member for Hamilton West (Mr. Macaluso) spoke with the authority of knowledge and was able to quote what he said in April, 1965. It is apparent, Mr. Speaker, that what he said in 1965 has had no influence on the government. I hope some change is made as a result of the debate we have had today.

Hon. John N. Turner (Acting Minister of Transport): Mr. Speaker, I rise today in the absence of the Minister of Transport (Mr. Pickersgill) who is unavoidably out of the country representing Canada at the independence celebrations of the new member of the commonwealth, Guyana. I must say, in answer to a charge twice raised by the Leader of the Opposition (Mr. Diefenbaker) about attendance on this side of the house, that I observed when he made the charge how lonely he was in having so few companions on his own front bench in the house to hear a rather impassioned oration from this own lips.

Mr. Winkler: You look kind of lonely yourself.

Mr. Turner: I know how much comfort he would have derived had he been attended upon at the time he made his remarks by the opposition critic on matters of transportation, and how much better his argument as to the attendance of members in this house would have been had he been able to come to parliament with, as we used to say in court, clean hands.

Mr. Muir (Lisgar): Have you anything to say about the seaway?

Mr. Turner: I listened with great interest to the various representations made by members on all sides of the house, and it was no surprise to me to find a non-partisan view with regard to certain arguments. After all, transport is one of the crucial factors in the economic development of Canada and the subject provokes certain regional conflicts of interest. Certain parts of the country, no matter which political party may represent them at a particular time, may have certain views on a particular aspect of transportation or on the subsidies granted to a particular mode of transportation which may differ from views held in other regions of the country; and it is quite natural that representatives of political parties of whatever stripe they may be would tend to agree on those regional interests.

Therefore, Mr. Speaker, it struck me as somewhat surprising that the hon. member for Halifax (Mr. McCleave), to use his own term, had the foolhardy courage to speak on the question of tolls on the St. Lawrence seaway. I know, as do other members who were in the house when the question of the St. Lawrence seaway was first broached and negotiated, that the traditional attitude of the maritime provinces toward the original negotiation of the treaty and toward the imposition of tolls was adequately set out at the time by the late and highly esteemed member for Digby-Annapolis-Kings who was a member in 1951 and whose son we are now glad to see taking his place in the house.

That speech, Mr. Speaker, is fully set out in *Hansard* for the second session of 1951, page 1653 and following. I think his view at that time was one which was widely held in the maritime provinces, namely, that the institution of the seaway which would allow ships and sea commerce to penetrate into the interior of the continent might have a certain harmful effect on the commerce of the maritime provinces. As I say, that was the view taken then and, as I understand it, it is a view which is still widely held.

I have no quarrel with that, Mr. Speaker, because on matters of transportation members are entitled to represent the interests of their own localities and to reflect any conflict of interest in transportation rates across the country.

First of all, Mr. Speaker, I should like to say that despite the importance of the subject I regret that this debate was launched this afternoon by the hon. member for Kindersley

(Mr. Cantelon). I am not criticizing the merits of the motion but I am suggesting to him—and I do not in any way wish to comment on your decision, Mr. Speaker—that an adequate opportunity would have been given him, and indeed will be given him and other hon. members, before the standing committee on transport and communications when it discusses the estimates of the Minister of Transport.

Mr. MacInnis (Cape Breton South): You should not reflect on the Chair.

Mr. Turner: Mr. Speaker, I made it quite clear that I was in no way casting any reflection on your judgment, which I accept with all the grace I have at my command; but I do suggest to hon. members that under item F, which deals with the St. Lawrence Seaway Authority, there will be ample opportunity for members to make their case before the committee.

Mr. Winkler: But after the tolls are raised.

Mr. Turner: I will get to that in a moment too, Mr. Speaker. We had hoped that this debate, with the greatest of respect, could have taken place before that committee. I understand that one of the reasons for extending the committee system was to allow matters like this of great technical import and complication to be discussed by a committee where the facts could be brought before members in more detail. Members from all sections of the house could then question and comment on the basis of more facts than they would necessarily have before them in the House of Commons.

In any event, Mr. Speaker, as we are having a debate let me outline what I understand the state of the proceedings to be. It is my understanding that the two governing authorities with jurisdiction over tolls on the seaway, namely the St. Lawrence Seaway Authority of Canada and the Seaway Development Corporation of the United States, are jointly conducting hearings as to the state of tolls on the seaway system. The Canadian hearings were concluded today shortly before noon. At the Canadian hearings there was a representative of the U.S. Seaway Development Corporation in attendance. The hearings in Chicago before the Seaway Development Corporation of the United States will take place on June 8, 9 and 10. This, I might say, is fully in accord with the provisions of the international treaty of 1959 which sets out, among other things, the authority for the imposition and collection of tolls on the seaway.

• (5:20 p.m.)

Following the hearings and following a study by the two entities having authority over the seaway, a report must be made by July 1 of this year to the governments of the United States and Canada. Each of those governments will then make its own decision either to implement the recommendation of its own representative body, to rescind the recommendation, or to modify it in any way that that government sees fit. If, as a result of governmental decisions on each side of the border, the toll rates are changed, that fact would be confirmed by an exchange of notes. The changed rates would go into effect at the opening of the navigation season in 1967, so that from the point of view of time there cannot be any immediate or urgent problem because this matter will be amply—

Mr. MacInnis (Cape Breton South): On a point of order, Mr. Speaker. The hon. member refers to the fact that there is no emergency. He is putting forward that argument despite the ruling made by the Chair that there is an emergency and that this debate is to be considered an emergency debate. With all due deference, I submit that this argument is a reflection on the Chair.

Mr. Turner: With the greatest of respect, I am not commenting on the Chair's decision. I am merely replying to the question raised by the hon. member for Grey-Bruce (Mr. Winkler) a short time ago and by other hon. members with respect to whether there would be an opportunity when the estimates are being discussed before the standing committee on transport and communications to bring up this problem before a decision is finally made.

I am trying to show, on the basis of the timetable set out by the two government bodies, that there should be in the normal course of business ample opportunity for the matter to be raised before that standing committee.

Mr. Cantelon: Would the hon. member permit a question? Would he agree that until the minister made his statement this afternoon no statement was made to the house that this would be done?

Mr. Turner: I suggest to the hon. member for Kindersley that the facts are as I have

stated with respect to the timetable of proceedings. Because the estimates of the Department of Transport are now before the committee on transport and communications the facts speak for themselves and need no substantiation by any ministerial announcement.

Mr. Douglas: Would the hon. member permit a question? I do not want to interrupt his speech. May I ask him, has he authority to say on behalf of the government, first, that the report and recommmendations of the seaway authority to the Privy Council will be made public before a decision is made and, second, that an opportunity to debate such report and its recommendations will be provided in the House of Commons?

Mr. Turner: At this stage I can only say in answer to that question that the ordinary constitutional procedures will be followed in this case.

Mr. Churchill: What does that mean?

Mr. Turner: The same procedures will be followed as were followed in the past under the former Conservative administration.

Mr. Diefenbaker: You must defend yourselves and not the Conservatives.

Mr. Turner: Let me just recite if I may, Mr. Speaker, for the benefit of the house the legal provisions surrounding these tolls. I suggest to the house that the leeway allowed to the authority and to the government under the present wording of the statute is rather limited. The operative section of the St. Lawrence Seaway Authority Act, chapter 242 of the Revised Statutes of Canada, is section 16 which reads:

> The tolls that may be charged by the authority shall be fair and reasonable and designed to provide a revenue sufficient to defray the cost to the authority of its operations in carrying out the purposes for which it is incorporated, which costs shall include
>
> (a) payments in respect of the interest on amounts borrowed by the authority to carry out such purposes;
>
> (b) amounts sufficient to amortize the principal of amounts so borrowed over a period not exceeding fifty years; and
>
> (c) the cost of operating and maintaining the canals and works under the administration of the authority, including all operating costs of the authority and such reserves as may be approved by the minister.

Mr. Douglas: Read section 15 also.

Mr. Turner: Section 15, with the greatest of respect to the hon. member for Burnaby-Coquitlam, does not apply. It is section 17 which applies to international agreements. I am suggesting to the house in any event that the operative section of the act is section 16 which makes it mandatory on the St. Lawrence Seaway Authority to charge tolls at a rate sufficient to cover its operating expenses as defined within the section.

Mr. Douglas: What about if you act under section 15?

Mr. Turner: I admit there is an argument that in strictly technical terms section 16 would not apply to tolls enacted pursuant to a treaty between the United States and Canada. That treaty may fall under section 17 which reads as follows:

> Where the works have been constructed and are maintained and operated by the authority to provide, in conjunction with works undertaken by an appropriate authority in the United States, the deep waterway mentioned in section 10, tolls may be established pursuant to sections 15 and 16 or by agreement between Canada and the United States and, in the event of such an agreement, shall be charged by the authority in accordance with directions given by the governor in council.

There is a question whether section 16, providing for the sufficiency of tolls to cover operating expenses, would apply to an international treaty consummated under section 17. On the other hand, section 17 does say that tolls may be established pursuant to sections 15 and 16, thus bringing this question within the principle accepted in section 16. Indeed, the Auditor General of Canada has always interpreted that to be the case.

I refer hon. members to the 1964 annual report of the St. Lawrence Seaway Authority. I also refer to the Auditor General's report of 1964 in which, at page 121 the principle is set out that the Auditor General followed. He points out that section 16 of the St. Lawrence Seaway Authority Act requires that the tolls to be charged by the authority shall be fair and reasonable and designed to provide a revenue sufficient to defray the cost to the authority of its operations in carrying out the purposes for which it is incorporated, which costs shall include—and the section is recited. In other words, the Auditor General of Canada, in his analysis of the financial statements of the St. Lawrence Seaway Authority, has assumed that section 16 applies and that the St. Lawrence Seaway Authority has a mandatory duty under a statute of Canada to so adjust its tolls as to make it self-sufficient.

Mr. Diefenbaker: Would the minister permit a question? In his interesting analysis does he imply that if the St. Lawrence Seaway Authority recommends a toll increase in order to meet its responsibilities under the statute, which interpretation at the moment I am not accepting as correct, the cabinet has to follow the recommendation of the authority?

Mr. Turner: I am not suggesting that in any way whatsoever, Mr. Speaker. I am suggesting that the authority is under an obligation imposed on it by statute to adjust its tolls and that the government of Canada, this house, indeed, must take cognizance of the legislation under which the authority was set up.

• (5:30 p.m.)

Mr. Diefenbaker: I am not accepting the minister's interpretation at the moment but, if his interpretation is correct, do his last remarks indicate that whatever the recommendations of the authority may be the government is merely an automaton and must pass an order in council accordingly regardless of the feeling of parliament?

Mr. Turner: That is in no way a conclusion to be drawn from any statement I have made. The government will, of course, be guided by what has been said at the public hearings, by what the authority recommends to it, and by the climate of public opinion and the facts as established before any committee of this house.

In reply to the right hon. gentleman I think I can do no better than refer to the words of a former minister of transport, now the hon. member for Northumberland (Mr. Hees). That hon. gentleman, when he was minister of transport in 1958, advanced the argument I am now advancing in connection with the proposed tolls.

I quote now from *Hansard* of 1958, volume II, page 1382:

> The suggested tolls, according to the tolls committees, should be sufficient to meet all financial requirements as the anticipated traffic develops. It is believed by the members of the tolls committees that the revenue derived will provide for the annual costs of operation and maintenance of the new seaway facilities and of the Welland canal, and meet interest charges and amortize borrowed moneys over a period covering the next 50 years.

In other words, when the right hon. gentleman was prime minister of this country his own minister of transport took the position I am taking today.

[Mr. Turner.]

Mr. Diefenbaker: Oh, no. That interpretation is not the correct one.

Mr. Turner: Well, I simply cite his words.

Mr. Diefenbaker: I ask the minister, if I may, whether he can show me, in any part of what was said by the then minister of transport, a statement that the government must carry out the recommendations of the St. Lawrence Seaway Authority and increase the tolls should that body so recommend. Does the hon. gentleman suggest the minister said that?

Mr. Turner: Let me say in reply to the right hon. gentleman that the opposition of that day, now sitting on this side of the house, took the position that the proper recourse might have been to allow section 15 of the statute to operate, namely, that there should be the right of appeal to the Board of Transport Commissioners from any decision affecting tolls. In reply to a question by Mr. Chevrier, who was then the opposition critic on transport, the minister of transport of that day, now the hon. member for Northumberland, said, as found on page 1507 of *Hansard* for 1958, volume II:

> Section 15 of the St. Lawrence Seaway Authority Act provides, among other things, that the final tariff and any amendments shall be filed with the Board of Transport Commissioners and any person may, at any time, file a complaint alleging unjust discrimination in the tariff.

In other words, it was contemplated that appeals might be made to the Board of Transport Commissioners when this matter was under discussion in the house at a time when the right hon. gentleman was the head of the government.

This was not done. Instead, the treaty provided for a direct reference from the authority to the government rather than the filing of a tariff with the Board of Transport Commissioners and provision for public hearings protesting against any change in the rates at that stage. The position this party took at that time was that here should have been an avenue of appeal. But this view was rejected by the government of the day. I am reciting what the procedure has been ever since then.

The seaway authority in its best judgment, as I interpret it, on the basis of its duty under the statute, believes that rates should be raised an average of about 10 per cent. This is established in the document which announces the public hearings. The right hon. member has suggested, as have other hon.

members, that the authority prejudged the case in suggesting what the rate should be.

I think that is hardly a fair criticism because under the terms of recommendation six of the treaty, the authority as one of the advisory bodies contemplated must advise its government what the rates and tolls should be. In other words, the authority has a duty under the treaty to suggest what the tolls should be prior to the public hearings. This does not mean that the authority must take an inflexible attitude following the representations made on the Canadian side or when these measures are discussed on the United States' side in Chicago on June 8 and 9.

I wish to say also that the argument the right hon. gentleman used as a means of indicating that this was just another example of knuckling under to the Americans could not be more specious. There are no secret agreements. I am dealing with a public treaty which sets out the procedure clearly. Any raising of tolls, if one were to take place, would be of advantage to Canada in terms of revenue because the division of the tolls ensures that 71 per cent would go to the Canadian authority and 29 per cent to the United States corporation. In other words, any revenue derived from the raising of tolls goes primarily to the Canadian authority. So the inference that the issue is between the United States and Canada, and that influence is coming from the United States side of the border is completely irrelevant within the terms of the treaty.

An hon. Member: Nonsense.

Mr. Turner: I am pointing out that the prior benefit in terms of revenue goes to the Canadian side. I mention this merely because the right hon. gentleman brought it into his argument. I say again that this procedure is firmly established in a public international treaty.

I have set out the nature of the statutory authority and what the responsibility of the St. Lawrence Seaway Authority under the statute is. The freedom of operation enjoyed by the authority is to a large extent limited. But the issue which will have to be faced is this: are we to maintain the principle set forth in section 16 of the act, namely, that the authority should be self-sustaining in terms of meeting its own costs or is this theory of self-sufficiency to be abandoned, with tolls no longer covering the cost of operating the seaway? The seaway authority has made it clear that it has failed to earn sufficient revenue to meet its capital debt. It owes $354,800,000 including interest and deferred interest. Its United States partner has a debt of $141,700,000. For this reason the seaway authority estimated it would have to increase its revenues by raising tolls in order to meet its responsibilities under the statute.

• (5:40 p.m.)

I quite recognize that the government will have to make a decision within the statutory climate I have described with regard to whether these tolls should still be sufficient to cover the operating expenses of the seaway. We were invited by the hon. member for Medicine Hat (Mr. Olson) to take serious cognizance of the situation. I can undertake on behalf of the government that we will.

It may be that Canada should abandon the principle of recovering the costs of the seaway, but I think all hon. members should be aware of what the consequences would be in terms of an imbalance in the revenues of competing transportation media, such as railways and trucks, and as between the various regions, the maritimes, Quebec, Ontario and the west. The consequences of abandoning this principle would have effects on every region in the country and on every type of competing media.

The transportation systems, as I have said, are the umbilical line holding this country together, this country which has the major portion of its population stretching along a region about 100 miles deep parallel with the United States. The consequences of tolls and transportation charges and, on the other hand, of transportation subsidies have widespread ramifications, affecting not only the immediate localities in the region of the seaway and the great producing areas of the west but every area of the country.

I am sure the government will take cognizance of what was said at the public hearings, of what was said here in debate this afternoon, and of what I hope will be adduced by way of evidence before the committee on transportation and communications. With that the government rests its case for the moment, and I can do no better than recite precedents of the previous government which took a similar attitude.

Mr. Diefenbaker: Not at all. The interpretation that was made was wrong.

Mr. Turner: I suggest, until parliament decides differently on the principle it has applied to the St. Lawrence seaway since its

installation in 1958, that we are bound by certain precedents.

Mr. Diefenbaker: May I ask the hon. gentleman one more question? In view of the fact that the Secretary of State for External Affairs (Mr. Martin) is completely removed from politics and comes from an area which has the greatest ship traffic in all the world, does the minister think he could soften his heart in this regard and assure that there will be no increase in tolls?

Mr. Turner: In answer to that, Mr. Speaker, I can only say that the legislation and energies of this government have made Windsor one of the most prosperous and important commercial centres in the country, and I am sure the people there are very happy with the way they are represented by the Secretary of State for External Affairs.

Mr. Speaker: Do I understand that the hon. member for Rosthern wishes to ask a question?

Mr. Nasserden: No, I wish to speak.

Mr. Speaker: The hon. member for Halifax.

Mr. J. M. Forrestall (Halifax): Mr. Speaker, like my colleague, the senior member for Halifax (Mr. McCleave), who spoke earlier, I should like to say at once that my views are those of moderation. We understand the problem that has been raised this afternoon by the hon. member for Kindersley (Mr. Cantelon). We understand the ramifications, direct effects and implications of an increase in the tolls on the St. Lawrence seaway. We understand them from the point of view of maritimers, of people who have the honour to represent one of the great ports of the world.

As suggested earlier by the senior member for Halifax, the whole matter before us is simply symptomatic of the lack of clearly defined national transportation policies. We find this lack with regard to our rail facilities. There is no need for me to underline the absence of a regional air policy. Now we are getting down to the point where we have no agreement on our seaway policy. We have conflict. We have positions set up that are at once at odds and in conflict with regional interests.

Being from Halifax I must say that it might be pleasant to have a substantial increase in the tolls on the seaway. This would have the happy and beneficial effect of diverting substantial tonnage to Halifax which we in turn could transship by rail and truck to the rest of Canada, particularly to those areas that lie west of the St. Lawrence seaway system.

It would be very easy to stand up and support the declared intention of the seaway authority but, in response to a sense of fairness to all Canada and to those who must use the seaway, suffice it to say that I trust the government will act in a manner that is going to be most beneficial to all Canadians and at the same time will not in any way further retard our position in Halifax as a national port. I think the same can be said for Saint John because their problems are identical with ours.

The present difficulty appears to be the traditional one of any business that gets itself into trouble by owing more money than incoming revenues will meet.

In the "Notes to Financial Statements" contained in the St. Lawrence Seaway Annual Report for 1964, paragraph 4 on page 14 states:

> In accordance with the provisions of order in council PC 1964-2036 of December 23, 1964, the principal amount of interest-bearing loans received under section 25 of the St. Lawrence Seaway Authority Act to finance construction of the seaway, together with interest previously deferred and all other interest now accrued or accruing up to December 31, 1966, is to be repaid, together with current interest thereon, in 43 equal annual instalments commencing December 31, 1967.

The suggestion has already been alluded to by the acting minister that perhaps consideration should be given to forgetting about the capital cost of the seaway. He referred to the effects that this would have, and quite rightly so. There would be immediate and substantial effects, some of them not very enjoyable to those upon whom they would react.

The minister also referred to section 16. In the context of section 16 it is my thought that no matter how much lip service we pay to the capital debt of the seaway I very much doubt that it will ever be retired. Having this in the back of our minds perhaps one solution to the problem might be for the government to look again at section 16 of chapter 242 of the Revised Statutes of Canada, 1952. Section 16(b) reads as follows:

> Amounts sufficient to amortize the principal of amounts so borrowed over a period not exceeding 50 years.

If I am in business and I buy a piece of equipment it might be useful to write off that piece of equipment quickly if I have made a lot of money. But I am in the air transportation business and would prefer to write

things off over a long period of time in order to reduce the annual outflow of capital funds. Why could the government not amend this statute and any other agreement, international or otherwise, consequent upon it in order to extend the amortization period to 75 years and thus reduce the outgo of funds? Possibly the period might have to be 100 years. Why should one or two generations of Canadians bear the cost of something which is going to last in all likelihood for 1,000 years? I see nothing intrinsically wrong with spreading it over four or five generations. As I mentioned earlier, I am not at all convinced we will ever retire the debt. So wrong were the experts at the outset in their estimate of the volume of the traffic which would use the seaway that I now doubt anyone who would suggest that it is possible to retire the debt.

• (5:50 p.m.)

I do not know whether this would work but it seems to me, if there is a real case to be made against increased tolls on the St. Lawrence seaway, that notwithstanding the debatable question of whether or not the seaway must be self-sufficient the effect of extending the period would be such that it would resolve the present controversy. I believe the western point of view is a very valid one which cannot be overlooked at the expense of the entire region of Canada lying west of the system. It would be a procedure which would not necessarily be warmly welcomed by those people in the maritimes who must derive their livelihood from the ports, but on the other hand I am sure it would be a procedure which would not be vigorously opposed.

In the maritimes, particularly in Halifax, we rapidly are coming to the point of view that we no longer are apt to rise with a cudgel in our hands every time someone suggests some proposition which might reflect on the well-being of Halifax and Saint John. If an icebreaker goes to work on the St. Lawrence we protest, and I think with some justification, but what concerns us is whether the government is doing this to keep the river open or to open up channels for shipping. What we question is the sincerity of the government sometimes in paying lip service to the ports of Halifax and Saint John. If the government means to keep the river open, let them keep it open and tell us they are going to do it. I am sure they will then find us co-operative.

I know that the western members will appreciate that we are not out to belittle their position. Again I say that I recognize the impact of substantial increases in the tolls on the movement of their grain, but on the other hand I would remind them and the government that such a proposal would provide a wonderful opportunity for us to stand up and say: By all means go ahead and do it. However, this would be taking away from one sector of the economy and one region of the country at the expense of another area. This we are not about to do.

Times have changed. We are prepared to accept our role in Halifax and Saint John as east coast ports. In Halifax we now are coming to a point of view where we recognize that our great potential and our great future lie in the depth of our water. In ten years time I suggest it will matter not whether there are any tolls on the seaway. With the new thinking and new concept in respect of boats for the movement of our products and goods, today we are talking in terms of 150,000-ton ships or 300,000-ton ships. Indeed, I understand that some of the oil companies and other concerns in the world are now thinking seriously in terms of 500,000-ton ships. It is only a matter of time before general cargo will be carried around the world in vessels which not only will present no problem to us in Halifax in relation to the seaway but which indeed will not be able to get above Quebec.

If you want to know what our argument will be for the next 300 years, it will not be whether the seaway is doing anything to contribute to the well-being of Halifax and Saint John but rather it will be against any substantial dredging program and opening up of the seaway to accommodate the deep sea shipping that we hope to service in the future.

I should like to leave the one suggestion with the acting minister that perhaps he should have his colleagues look into the possibility and feasibility of extending the period of amortization from 50 to either 75 or 100 years.

Mr. Jim McNulty (Lincoln): Mr. Speaker, I shall be very brief. As most members are quite aware the Welland canal is in the riding of Lincoln and naturally is of great economic importance to our area. I should like to add my voice in opposition to the recommendation of the seaway authority for higher tolls on the St. Lawrence seaway from Montreal to lake Ontario and the imposition of new lockage charges on the Welland ship canal. In fact, I feel that the lower the

tolls the less damage will be inflicted on the Canadian economy. The seaway has been a major contributor to the high level of business activity enjoyed in Canada in recent years from one coast to the other. I believe that an increase of more than 10 per cent for the use of the St. Lawrence seaway is not, as has been stated, a moderate one. This certainly would initiate a move toward higher prices. The proposed increase in the seaway and Welland canal charges would encourage the diversion of export grain cargoes from Canadian St. Lawrence ports to Atlantic coast and gulf ports served by rail. Similarly I feel it would encourage the diversion of Canadian iron ore from Labrador to the United States Atlantic ports and shipment from there by rail.

Any increase in seaway tolls would be certain to increase the competitive difficulty of the iron ore producers in the lower St. Lawrence valley. Any resulting decline in upbound movement through the seaway would reflect indirectly on the shipping rates which would have to be charged for moving the grain downbound. Speaking in a local sense, there is much captive industry along the seaway and the Welland canal and many industries in my area need a toll free system in order to survive.

I support the view that the recommended toll increases and user charges in respect of the St. Lawrence seaway and the Welland canal respectively should not be adopted. I feel that the tolls currently applied should be abolished and we should return to the historic free situation which existed until 1960.

[*Translation*]

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED UNDER ADJOURNMENT MOTION

The Acting Speaker (Mr. Rinfret): It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at the time of adjournment tonight are as follows: The hon. member for Waterloo South (Mr. Saltsman): Immigration —Recognition of professional qualifications of Europeans; the hon. member for Villeneuve (Mr. Caouette): Dominion-provincial relations—Suggested establishment of office of information; the hon. member for Victoria, Ontario (Mr. Scott): Industry—Beaverton, Ont.—closing of auto parts plant.

It being six o'clock, the house will now proceed to consideration of private members' business as listed on today's order paper, namely notices of motions for production of papers.

• (6:00 p.m.)

[*English*]

COMMITTEES OF THE HOUSE

FINANCE, TRADE AND ECONOMIC AFFAIRS—CONCURRENCE IN EIGHTH REPORT OF STANDING COMMITTEE

Mr. H. E. Gray (Essex West): Mr. Speaker, I wonder whether I could have leave of the house to revert to motions?

The Acting Speaker (Mr. Rinfret): Does the house give unanimous consent to enable the hon. member to revert to motions?

Some hon. Members: Agreed.

Mr. Gray: I should like to present at this time the eighth report of the standing committee on finance, trade and economic affairs, in English and in French, and if the house is willing to give its consent I should like to move concurrence in the report at this time. If I might have the consent of the house I would be prepared to move, seconded by the hon. member for Joliette-L'Assomption-Montcalm (Mr. Comtois):

That the eighth report of the standing committee on finance, trade and economic affairs, presented this day, be now concurred in.

The Acting Speaker (Mr. Rinfret): Is there unanimous consent to enable the hon. member to present this motion?

Mr. Bell (Carleton): Mr. Speaker, may I ask the hon. gentleman whether this is a unanimous report of the committee?

Mr. Gray: It is a unanimous report of the committee and it is based on a report of the steering committee which was unanimously adopted in the committee itself.

The Acting Speaker (Mr. Rinfret): Is it the pleasure of the house to adopt the said motion?

Motion agreed to.

NATIONAL DEFENCE—CONCURRENCE IN FIRST AND SECOND REPORTS OF STANDING COMMITTEE

Mr. D. W. Groos (Victoria (B.C.)): Mr. Speaker, now that we are back on motions I should like to move, seconded by Mr. Walker:

That the first and second reports of the standing committee on national defence, presented to the house on Tuesday, May 17, be now concurred in.

The Acting Speaker (Mr. Rinfret): Does the house give leave to the hon. member to present this motion.

Some hon. Members: Agreed.

The Acting Speaker (Mr. Rinfret): Is it the pleasure of the house to adopt the said motion?

Motion agreed to.

MOTIONS FOR PAPERS

ALBERTA ELECTORAL BOUNDARIES COMMISSION

Mr. Eldon M. Woolliams (Bow River) moved:

That an order of the house do issue for a copy of all reports, records or documents indicating the places, dates, and times of public hearings held by the Electoral Boundaries Commission for Alberta and the members of the commission and staff attending each hearing; for a copy of the transcript of the proceedings of each hearing; for a return of the record of each hearing if no transcript was made; for the memorandum provided to members of the commission who were absent from any meeting; and for the résumé or other document prepared by the commission or any of its members setting out the reasons for changes made in the electoral boundaries for Alberta.

He said: Mr. Speaker, this motion was transferred for debate. In brief we are asking for a copy of the reports, records and other documents in reference to public hearings held by the Electoral Boundaries Commission for Alberta. This matter was before the house yesterday when the Secretary of State (Miss LaMarsh) outlined the situation and said that no minister was answerable to the house as far as the commission was concerned. The Secretary of State said that the commission was set up as a creature of law and therefore no one was responsible for giving us this information with regard to the Electoral Boundaries Commission.

It is rather surprising that after an act has been passed setting up these commissions to hold public hearings the Secretary of State should, as a minister of the crown take the position at this stage that we have created a creature by statute which is not responsible in any way to parliament. We are interested in obtaining the reports and records of these public hearings in order to ascertain what material was before the commission when it decided to create the constituency of Rocky Mountain which stretches 700 to 800 miles from north to south. We wish to ascertain what material the commission had before it in arriving at such a decision. I think all hon. members understand the reason for the minister referring this matter for debate. It is that by the time the debate is completed the report of the commission will have arrived confirming once and for all the boundaries so far as Alberta is concerned.

If this material had been before us at the time we were debating this matter, and according to the statute we had the right to debate it before the report was sent back for final disposition by the commission, we would have been able to come to grips with the matter and present a far better argument in this respect. All members from the province of Alberta, not only the Conservatives but the Social Crediters, took the position that the constituency of Rocky Mountain put the constituency map out of proportion so far as Alberta was concerned. We also took the position that Alberta was deserving of two more constituencies. We said that the population had risen in the cities of Calgary and Edmonton and that if you added the populations of Calgary South and Calgary North and divided this figure by three you would come up with a proper population formula. With regard to Edmonton we said that if you added the populations of the three constituencies and divided this figure by four you would come up with the proper formula so far as population was concerned. All the other constituencies fitted into the population formula and it was our opinion that this suggestion would keep together people with common interests and would not disrupt the constituency map.

We wanted to find out what was contained in the report and what were the recommendations of the representation commissioner. We wanted to find out if the material laid before the commission was completely ignored and it came to its own conclusion in this respect. Surely we are entitled to this information. This is an appalling, shocking situation. I wish some of the ministers were on this side of the house because I should like to have seen their reaction if we as the government had taken the position that no minister of the crown was responsible for giving this information to the house.

The first question that comes to mind is, what are they trying to hide? What is so secret about it? We set up independent commissions so we would have an independent redistribution, but we could not even get the facts in order to debate this issue intelligently prior to the report being sent back to the

commission. We do not have the facts even at this stage.

So far as I am concerned the minister has taken an untenable position in referring this matter of debate and has used the rules of the House of Commons to slough it off so that by the time the question is debated the final report will have been sent back to the house and the information contained therein will be useless to us. It would be useless to us even if received at this late stage. That is our position, Mr. Speaker. I do not think there is precedent anywhere to the effect that a minister of the crown is not answerable to the house for the actions of this commission. The minister's name is mentioned in the act and the minister is responsible for its administration and has certain responsibilities so far as the commission is concerned. Yet she has refused to give us this information.

• (6:10 p.m.)

She does not blame herself. She blames the representation commissioner who advised her what the law was and she accepts his view. She put herself in a ridiculous position. I am not going to take any more time of the house. That is our position. We think it is appalling that a minister of the crown would take such a stand. There are other members on this side and maybe some members on the other side who may want to say something. I have come to grips with the problem. So far as I am concerned the minister should give us the information so that we can look at it even at this late date, and the debate should be voluntarily adjourned.

[*Translation*]

Mr. Jean-Eudes Dubé (Restigouche-Madawaska): Mr. Speaker, I followed with interest the remarks made by the hon. member for Bow River (Mr. Woolliams). He is requesting that an order of the house do issue for a copy of all reports, records or documents, minutes, etc., concerning the hearings of the Electoral Boundaries Commission for Alberta.

Mr. Speaker, the Electoral Boundaries Commission for Alberta was established under the Electoral Boundaries Readjustment Act, 13, Elizabeth II, chapter 31.

That commission, duly constituted, submitted its report last December 13, as stipulated in section 12 of the act. It is obvious that this report does not please the hon. member. I think that he hopes to get a copy of the various documents, used by the commission to find out the reasons, factors or motives which might have inspired the commission's decision. That is a commendable objective. However, the house, and I say this quite plainly, does not have the authority to order the commission to file those documents.

Section 18 of the Electoral Boundaries Readjustment Act reads as follows:

> Each commission shall complete its report not later than one year after the receipt by the chairman from the representation commissioner of the copy of the return referred to in section 11, and upon the completion of such report shall cause two certified copies thereof to be transmitted to the representation commissioner.

Therefore, that section clearly stipulates that the commission must report to the commissioner.

Moreover, section 19 of the same act says:

> Upon receiving the certified copies referred to in section 18 of the report of any commission, the representation commissioner shall transmit one of the copies thereof to the Speaker who shall, subject to subsection (2), cause such copy to be laid before the House of Commons forthwith upon its receipt by him if Parliament is then sitting, or if Parliament is not then sitting, on any of the first five days next thereafter that Parliament is sitting.

And subsection (2) of section 19 says:

> (2) Where the copy referred to in subsection (1) of the report of any commission for a province is received by the Speaker during an interval between two sessions of parliament, the Speaker shall forthwith cause the same to be published in the *Canada Gazette* and a copy of the said *Canada Gazette* to be sent by mail to each of the members of the House of Commons representing electoral districts in that province.

That shows, Mr. Speaker, that the commissioner must submit his report to the Speaker who, in turn, must table it in the house.

Therefore, that commission is not in the same position as the C.B.C. or C.N.R. or any other crown corporation.

Besides, the precedent has already been set, and by none other than the leader of the hon. member who has just spoken, that is the former prime minister (Mr. Diefenbaker), as reported on page 1389 of *Hansard*, for June 18, 1958

It was question No. 17 put by Mr. Fisher:

> 1. What value and percentage of the grants of Canada Council awarded to universities in the last operational year went for residences or dormitories?
>
> 2. Is it a requirement set by Canada Council that such residences contain a library?
>
> 3. If so, what requirements are there as to size, type of bookstock and catalogue facilities?
>
> 4. Has Canada Council a classification of the kind of university capital expenditures to which it will consider awarding grants?
>
> 5. If so, what is the classification?

Mr. Speaker, I can quote the complete answer given by the then prime minister, the present Leader of the Opposition, which clearly creates a precedent. Here is his answer:

> Mr. Speaker, these questions have to do with the Canada Council. Last autumn, on November 27, a question was asked by the hon. gentleman respecting the Canada Council and I refer to the answer appearing in *Hansard* at page 1558, where these words in particular are found:
>
> Paragraph 23 of the act clearly specifies the manner in which the council is to report to parliament annually.
>
> I should like to remind the hon. gentleman that when he asked that question last fall concerning the Canada Council it was pointed out that the council is not an agent of Her Majesty and that the Canada Council Act clearly specifies the manner in which the council is to report to parliament annually. The hon. member communicated with my office in order to ascertain how the information that he desires to secure might be procurable. I felt that it would be possible to make the request for the information to the council and for the council to be able to furnish it. However, the government does not have in its records the information requested, nor does it consider that it has the power to request information from the council other than that which will appear in the annual report.

It is therefore clear that the then prime minister refused to insist upon an answer from the Canada Council, because the latter is not an agent of Her Majesty and it must report to the house in a certain manner.

• (6:20 p.m.)

However, section 23 of the Canada Council Act reads as follows:

> The chairman of the council shall, within three months after the termination of each fiscal year, submit to the member of the Queen's privy council for Canada designated by the governor in council for the purpose a report of all proceedings under this act for that fiscal year, including the financial statements of the council, and the auditor general's report thereon, and the member so designated shall cause such reports to be laid before parliament within fifteen days after the receipt thereof or, if parliament is not then sitting, on any of the first fifteen days next thereafter that parliament is sitting and provision shall be made for a review thereof by parliament.

Consequently, even if the Canada Council Act requires the council to report to the government through a minister, the then prime minister refused to demand the information from the council.

I suggest, Mr. Speaker, that this is all the more true as far as the Electoral Boundaries Commission is concerned; it is not in any way required to report to parliament through a minister. It must therefore be concluded that the government does not have and cannot demand from the commission the information supplied to the Speaker by the representation commissioner. The only information the government is in a position to require of the commission, as I have said, is information already in the hands of the members of the house, and which has been supplied to the Speaker by the representation commissioner.

On the other hand, it may be that some information pertaining to the operations of the commission are already in the hands of the government or of various government departments. I suggest that such information, if any, should be made available to the members.

In brief, the government is not empowered, does not have the authority to demand from the Alberta commission or from any other Electoral Boundaries Commission, any information other than that already turned over to the Speaker and which is already in the hands of the members.

[*English*]

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I have been trying to follow the interesting argument presented by the hon. member for Restigouche-Madawaska (Mr. Dubé). While his argument may have been logical in one sense I submit that the whole of it was based on a false premise inasmuch as he implied that the resolution says something which it does not. The notice of motion asks that an order of the house do issue for certain documents. It does not request that the government do anything. If it were a request to the government to table documents not in the possession of the government, I think his argument would then have some merit.

I make this comment because I listened to the earlier discussion that took place on this subject between the Secretary of State (Miss LaMarsh) and the hon. member for Edmonton West (Mr. Lambert). I felt at the time, and this is really what I am rising to say, that the point made by the hon. member for Edmonton West was very well taken. Even granting the argument of the Secretary of State that the members of the government do not have authority under the act to require the Boundaries Commission to provide these documents, these bodies are set up by an act of this parliament and are responsible to parliament. If we deem it advisable to require the tabling of certain documents, then in my view we are within our rights in so requesting.

Having said that, I feel I must add that perhaps what we have here is what one might call an unprovided for case. In other words, if at the time the legislation was before the house we had had the foresight to realize that such a request might be made, we could have made provision for it in the legislation. We should have required that the commissions maintain the kind of records requested in this motion. Since we did not do that, although we are quite within our rights in making such a request I think it is inadvisable that we should seek to require the commission to do something which we did not anticipate in the legislation. In other words, as I understand the legislation all that was required was for the commissions to submit their findings to this house in respect of the proposed redistribution of constituency boundaries.

It is for that reason only, Mr. Speaker, that I do not feel I can support the motion. At the same time I think that any argument advanced by members of the government or by any other hon. member that it is not within the power of parliament to make this request, is not founded on fact. The hon. member for Bow River (Mr. Woolliams) has pointed out that he and some of his colleagues from Alberta are concerned about getting more information on what appears to them to be a rather mysterious proceeding on the part of the commission in that province in the establishment of a certain constituency. Perhaps consideration should be given to some amendment of the act which would clarify this situation. Then, if it is desired by parliament, certain records and certain forms could be kept by the commissions in respect of their hearings. In addition, and this pertains to the point raised by the Secretary of State, if we are going to do that perhaps it might be desirable also to spell out in the amendment the channel by which such documents would be laid before parliament.

My own feeling is that if any such amendment were being considered by parliament, in view of the fact that these commissions are not bodies responsible in any way to the government of the day it would be more appropriate perhaps that the channel be through His Honour the Speaker rather than through a particular member of the government. I feel that in a sense these bodies are different from any other. I simply throw out this suggestion, although I can see no real obstacle to parliament selecting the Secretary of State as the channel of communication with commissions on matters of this kind. As I say, Mr. Speaker, while I agree we are within our rights I for one do not feel it desirable that we pass a motion at this time to do what is requested.

Hon. Marcel Lambert (Edmonton West): I have listened with interest, Mr. Speaker, to the arguments put forward by the hon. member for Restigouche-Madawaska (Mr. Dubé) and the hon. member for Comox-Alberni (Mr. Barnett). I feel that the hon. member for Comox-Alberni has adopted a bit of a humpty-dumpty attitude. I think if he examines the resolution he will find that some of the arguments he has advanced against the resolution would support the terms of the resolution. This motion does not directly order the Secretary of State (Miss LaMarsh) to produce any documents. It does not order the government to produce any documents. It does not order Mr. Speaker to produce any documents. It does not name any particular person. However, I would challenge anyone to assert that this house does not have legal authority to require the production of certain documents.

• (6:30 p.m.)

This house has not created any celestial body beyond the reach of a resolution of this house regarding any of the documents of the house. It has not been provided for in the statute that such production will not be the case. Therefore I find it most astonishing that the hon. member for Restigouche-Madawaska fell back—and this is a cardinal error for him as a lawyer—on a precedent in a matter that is totally different. He knows better than to cite the precedent of a case that is not on all fours with the present case. For that simple reason his argument falls to the ground.

The government is not being asked to do anything in particular as a result of this resolution. This resolution had its origin in two questions which I put on the order paper early this session and which the government, through the Secretary of State, delayed inordinately in answering, finally citing by way of reply the Canada Council precedent. That was a very arguable matter.

I put it to you, Mr. Speaker, that the Secretary of State was asked to reply to two questions, she being the normal channel for inquiries of this sort to be made in the house. It is not an inquiry which should be made of the Prime Minister (Mr. Pearson) or of any other minister. The reply may be a composite one and therefore comes through the Secretary of State who is the normal channel.

In further fact, it is improper to ask a question, whether oral or written, of Mr. Speaker. Therefore the other argument that was advanced to the effect that this information should be directed through Mr. Speaker is wrong. It is contrary to the rules of this house.

Mr. Barnett: Would the hon. gentleman permit a question?

Mr. Lambert: I will in a moment. It is wrong to say that we must act through Mr. Speaker. Therefore hon. members must have recourse to the only channel through which they may act, and this recourse was had. A reply was given. Frankly, I confess I received an informal intimation that the information was available and that if the request were put in the form of a notice of motion for production of papers there would be compliance.

Now, Mr. Speaker, low and behold I find that the Secretary of State, though she was not bound by the informal information, about which I make no suggestion—I do not even suggest it emanated from her department—taking this course. I say to her that it is not the wish or the desire of the representation commissioner which shall be binding in this matter. We are asking through the medium of this resolution to have an order of this house made that certain documents shall be produced. There is no official or commission in existence in this country, Mr. Speaker, which can oppose or deny an order of this house.

Now, Mr. Speaker, let us see what the motion seeks. It seeks what is a matter of public information—the places, dates and times of public hearings held by the Electoral Boundaries Commission for Alberta. The commission proposed that it should hold certain sittings. We are interested in finding out whether they did hold those sittings.

There is also the question of which members of the commission attended which hearings. After all, the Minister of Finance (Mr. Sharp) pays through the Treasury Board the members of the commissions, and to that extent we exercise control. If we are to authorize payment, since the commissioners are being paid on an attendance basis this house is therefore entitled to know who attended where and when.

We should like a copy of the transcript of the proceedings of each hearing. That would have been most pertinent to the last debate held regarding these commissions. But no, the government saw fit to delay the matter and delay it inexcusably. If no transcript were made, which is conceivable, then what were the minutes which were taken? Was there a sort of votes and proceedings of the hearings?

We should also like to know what advice was given. What information was provided any members of the commission who were absent from the hearings? We know that certain commissioners were absent. One of the commissioners in Alberta unfortunately had a rather serious heart attack part way through the hearings, and I would be interested to know whether he participated in the sessions in which they drew up the initial report. I would also be most interested to know whether he will sit during the present deliberations.

Another question which might be asked is whether the representation commissioner attended the various hearings and, if so, how many. These factors apply to Alberta and to every other province.

Without conducting a witch hunt with regard to this resolution, according to the Representation Act certain constituencies were drawn up in this country. Commissions were set up to amend the boundaries of those constituencies. These commissions are under the chairmanship of a superior court judge. Logically it is mandatory that he who would propose change must justify the change. These commission reports do propose changes. Surely to goodness the public of Canada, for whom we here are the spokesmen, are entitled to know the commissioners' proposals for certain changes. They have not been given an absolute mandate from on high to play ducks and drakes or tic-tac-toe across the map of this country and then to tell the people of Canada: we propose changes, you prove now that we are wrong, the burden is on you. This is not the purport of this legislation, and I believe that I would get general agreement in this regard from both sides of the house.

The legislation sets out the principles upon which redistribution is to take place. But what this house is entitled to know and what the people of Canada are entitled to know is whether these principles were followed. If so, why? If not, why not? The act does not give dictatorial powers to any commission which would render them not subject to justification. Certainly the people of Canada, whose spokesmen we are, are entitled to receive something better than they have received.

Motions for Papers

• (6:40 p.m.)

I am using my own province as a vehicle for this determination. It applies equally to all provinces. The results of the recent debate in this regard and the number of objections —there is a whole folio of them—with regard to almost every province indicate that there is a great malaise with respect to the reports. In some provinces, there is a reasonable measure of agreement. The commissions in those provinces are to be congratulated. Perhaps their problems were not quite so severe. But in other provinces—well, I will moderate my language and contain myself in my description of the results.

I repeat, in this particular motion there is no direction that the government shall provide anything. But an order of this house is sought to do certain things and whoever is responsible must provide what this house asks for. This is not to be some sort of Gaston and Alphonse performance. These documents and records exist. We must therefore have an affirmative reply.

I know that other hon. members wish to address themselves to this motion and I conclude by supporting most strongly the motion put forward by my colleague, the hon. member for Bow River.

Mr. Richard Cashin (St. John's West): Mr. Speaker, I am very fortunate that the previous speaker was the second and not the third to speak because he might have talked this matter out. I was glad to hear a good presentation of a Conservative viewpoint and I must say that in part I agree with much that the hon. member who preceded me said. I agree that the analogy used by the hon. member for Restigouche-Madawaska (Mr. Dubé) was not on all fours with what is before us but in my opinion it is nevertheless relevant. As hon. members versed in the law know, a judgment by a good judge is a precedent to follow. Such a judgment or opinion becomes an authority. I am sure that hon. members will not mind my quoting former prime ministers of this country because they are very good authority. I refer to *Hansard* for the 1957-58 session, page 1559. On that page, as on the previous page, there are slightly different authoritative statements.

In so far as these questions are concerned, we do not have in the records the information requested, and we have no power to direct the council to furnish that information. It will be recalled that when the now Leader of the Opposition (Mr. St. Laurent) moved the resolution he emphasized this aspect of the legislation, and stressed that the council should be made as free as possible of possible government interference.

[Mr. Lambert.]

This obviously must be good authority because it refers to two previous prime ministers.

As was pointed out by the previous speaker, many provinces and many hon. members are dissatisfied with things as they are. However, as was rightfully pointed out by the hon. member for Comox-Alberni (Mr. Barnett) I think that more desirable ways than that proposed are available to correct this situation.

We have set up such commissions before. We went into this with our eyes open. It is certainly clear that the government has no authority in this field. It has also been pointed out that perhaps the analogy drawn may not be on all fours—

Mr. Bell (Carleton): Would the hon. gentleman permit a question? Is he aware that this motion contains no order to the government?

Mr. Cashin: I agree with that. I merely say that the analogies which have been drawn are not on all fours with the present situation. The first opposition speaker gave the impression that he was not aware of the legitimate use of analogies. I think we all agree with the hon. member for Comox-Alberni that what is proposed is something that the government cannot do. As an alternative it is suggested that the house still has the right to pass this motion and that it in no way reflects on the government or anybody else. This I think is correct. Technically such an action could be taken.

Nevertheless, in view of the difference existing between such commissions as contemplated here and crown corporations, a difference that has been acknowledged by two former prime ministers, it seems to me that this motion affects members of parliament personally.

We must be careful not to do the wrong thing. If we were dealing with the Canada Council, to which a previous speaker on the government side referred, the government would have no authority to do anything but pass on the report. To do anything else, to go into greater detail, would be an undue interference with an independent commission.

In this country many people may feel they have been wronged in not receiving a grant when they have made application to the Canada Council. I know in my constituency, as in other constituencies, were the motion of

the hon. member for Bow River to carry they would have the right to look into such questions. A great many ramifications could flow from such a motion. I think this motion ought to be debated and looked into thoroughly.

I realize that when I refer to and perhaps adopt Conservative philosophy as propounded by the hon. member for Edmonton West it may be somewhat unusual. The hon. member said that he who proposes change must give a good and logical explanation for such change. In fact, the hon. member is proposing change because he is proposing that in our dealings with independent commissions we establish a difference between the Electoral Boundaries Commission and say the Canada Council.

Mr. Bell (Carleton): No, no.

Mr. Cashin: It is a change.

Mr. Bell (Carleton): Read the Canada Council Act.

Mr. Cashin: The hon. gentleman must have read the words of his own leader when he said that the government could not provide the information that was sought at that time. Section 23 of the act then referred to by the right hon. gentleman is similar to section 10 in the act we are now discussing. In that sense this is a completely analogous situation. The hon. member should be cautious about any change just as he would have cautioned his government against any change.

We were happy to listen to the hon. member for Edmonton West. We cannot really listen to the hon. member for Bow River when he advances arguments different from those advanced by the hon. member for Comox-Alberni. I submit that one cannot arrive at one position with respect to the Canada Council and at another with regard to the body affected by this motion.

• (6:50 p.m.)

There is an analogy here. We passed this legislation with our eyes open and it is a little early to say that we are not satisfied with the job we did. In some of these areas I believe certain things were done which would not have been done had redistribution been carried out by members of parliament.

Redistribution is never popular among members of parliament. But that is not the issue. The issue is whether we should now try to change the authority which has been given and enforce by means of a motion something which was not put in the original act. If the example given by the previous speaker is at all valid we need to examine the right of parliament to pass such a motion as this one. Before we alter our approach to independent commissions we should, as suggested by the hon. member for Comox-Alberni (Mr. Barnett), give the entire question more thought.

Underlying this motion is a certain dissatisfaction. I do not entirely disagree with the hon. member; it is a matter of individual judgment. But we all realized when this matter was decided that the machinery used could lead to unpleasant or illogical results. This is something we have to take together with the package. I would suggest that the hon. member for Edmonton West should follow his own advice and make a more logical argument before he proposes to make a change or else, like Humpty Dumpty, he too may fall.

Mr. B. S. Mackasey (Parliamentary Secretary to Minister of Labour): Mr. Speaker, my inferiority complex comes to the fore when I see so many lawyers taking part in a debate. I do not belong to the legal profession as does the learned gentleman who has just sat down and for that reason perhaps I find myself in disagreement with him. I see little wrong in making available to hon. members any information which the department has in its possession on this subject and I do not think this would necessarily interfere with the degree of independence we wish to grant to the commissioners. I do not believe the independence of the commission would be jeopardized by the tabling of such information if it is in the hands of the government. But I am only one voice in parliament and this is only my opinion.

What does concern me is what I believe to be the intent of this notice of motion. Regardless of whether such documents exist in the files of the government by virtue of its normal relationship with the commissioner, the point, as I see it, is that for the first time in history we have removed responsibility for redistribution from the hands of the politicians.

This move was heralded throughout the dominion with a great sigh of relief on the part of politicians and with unanimous approval on the part of editorial writers across Canada. If this debate were to continue—and it is almost ended, I see—we might create an unfortunate impression that once again, having on a rare occasion agreed regardless of our political affiliations that the question of redistribution should be removed once and

for all from the hands of politicians, too many of us were upset with the results obtained from the independent commission and wished to alter its findings.

This motion by inference criticizes the commissioners in Alberta. We might find ourselves dealing with separate notices of motion, similarly worded, concerning all the provinces in Canada, with just the name of the province being changed in each case. It creates the impression—and I do not want to have any part of it—that having taken this question out of the field of politics we as members of parliament are not big enough to stomach the inevitable results.

This is the first time redistribution has been carried out by independent commissions. Mistakes of commission and omission were bound to occur. In Alberta at least some of the commissioners sinned by omission. I would suggest to the hon. member for Edmonton West that we swallow our pride and anger in this instance and wait to see what happens in six years time when on the strength of the experience we have gained different conclusions will no doubt be reached. We should give the commissioners a vote of confidence rather than a vote of non-confidence as I take this motion to be. It is logical, I think, to say that at least we should have the grace not to criticize the role of the commission until it is complete.

Mr. Speaker: I regret I must interrupt the hon. member but the time allotted for the consideration of private members' business has now expired. The house will now resume the business which was interrupted at six o'clock.

TRANSPORT

SEAWAY AND CANAL TOLLS—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

The house resumed consideration of the motion (Mr. Cantelon) for the adjournment of the house under standing order 26.

Mr. Douglas: Mr. Speaker, in my opinion the hon. member for Kindersley (Mr. Cantelon) has rendered a valuable service in moving the adjournment of the house to discuss the question of higher tolls on the St. Lawrence seaway and the imposition of lockage fees on the Welland canal.

• (7:00 p.m.)

Let us make no mistake about this, there are great numbers of people in Canada who will be affected by any action taken as a result of the hearings held during the past few days in Ottawa by the seaway authority. I had hoped that a spokesman for the government would outline what the government's policy is with respect to tolls on the seaway and would have told the people of Canada and this house what it intends to do to cope with the problem of rising costs, and what it proposes to do to make it unnecessary to increase further the tolls on Canada's great inland waterway. Instead of that all we got from the Acting Minister of Transport (Mr. Turner) was a counsel of despair.

His argument was a weird and wonderful one. He told the house that under section 16 of the St. Lawrence Seaway Authority Act the authority was required by law to increase its tolls in order to be able to meet its obligations, and that the obligations set out in section 16 are that it must meet its payments with respect to operating costs, it must meet its amortization payments, and also meet the costs of interest and servicing for outstanding debt.

If that is the sum total of the government's case, and if the seaway authority has no option to do other than to increase its toll rates because of the fact that its costs have gone up, then I would like to ask why the seaway authority is holding hearings. Surely these hearings are a farce? If the minister is right, that the authority has no choice other than to impose increased tolls because of increased costs, then why the hearings? Also why is this matter then referred by the seaway authority to the governor in council, for if the statute requires the rates to be increased because of rising costs, then automatically the cabinet has no choice but to approve those increases.

Therefore we are simply going through a hypocritical farce in talking about public hearings and in having the government say that this matter is not decided because it has to come before the Privy Council. My contention, of course, is that the acting minister has overlooked section 15 of the act, because that section says that the authority may—

> —subject to sections 16 and 17, establish tariffs of tolls to be charged by it with respect to—

And it sets out the basis on which these tolls may be charged. Subsection (2) says:

> The tolls that may be charged by the authority pursuant to this section may be for the use of the canals and works administered by it—

And so on.

I maintain that section 15 gives the authority to the seaway to charge tolls but does not require it to charge tolls, and if the government decided not to apply tolls it has the authority under the act to do that. It is true that in section 17 there is a provision that the question of tolls is subject to any agreement with the United States. It is true that there is an agreement into which Canada has entered, requiring the charging of tolls; but this is an international agreement which is subject to renegotiation.

International agreements have previously been renegotiated. I submit that this international agreement can be renegotiated now and the government, if it wants to, has the power, subject to the renegotiation of the agreement with the United States, to change the basis entirely so that we could have toll-free service on the seaway, or some modified form of tolls that would cover only part of the cost. That of course would require amending section 16.

The most disappointing thing about this whole debate is that while hon. members, particularly backbenchers in all parties, have expressed their opposition to increasing the tolls on the seaway, the government has not come forth with some clear statement of policy, because this matter of the tolls on the seaway is much larger than the immediate issue before the house. It has to do with the entire concept of transportation. It calls for a clearly defined transportation policy on the part of the government, but the fact is that the government has not got a clearly defined and clearly stated transportation policy.

Someone has said that the history of Canada is a long and constant struggle with geography. Long before confederation our forefathers struggled with the problems of a young country, a population strung along the international boundary of the United States for a length of 4,000 miles, sparsely settled people who had two major problems, one, how to get their products to the world markets at prices that would be competitive and, two, how to bring in the commodities which they could not produce themselves at a figure that would enable them to be competitive and to maintain a decent standard of living.

Consequently transportation has been at the heart of almost every great parliamentary debate since confederation. It was early recognized that we had to decide in Canada whether the entire cost of transportation was to be borne by the users or whether, as a matter of national policy, some part of it should be borne by the country as a whole. This is why until recently, for over 60 years it has been a matter of government policy that our canals and waterways should be toll free.

As early as 1903 Hon. W. S. Fielding, who was himself a maritimer and a minister of finance in the Laurier government, said in the House of Commons:

> There is room for some doubt whether the tolls that are charged are large enough to be a serious obstacle to traffic. But while this doubt exists, we do not feel that they are such as would prevent us giving the proposal to abolish them a fair trial. The revenue, though considerable, is not large enough to prove a disturbing factor. We would gladly yield up this item of our receipts if we could feel assured that it would have the great effect of encouraging business. The government have therefore determined for a period of two years to suspend the charges for tolls and make the entire canal system of Canada absolutely free to all.

That policy was continued over a long period of years.

In 1934 Hon. R. J. Manion, who was minister of railways and canals in the Bennett government, said this:

> I entirely agree with those from the west who say that the western Canadian grain grower cannot stand (the proposed toll) added to his present cost. It is important that we should have the lowest possible rates in order that we may compete with countries whose grain fields are closer to the seaboards than are the fields of Canada.

• (7:10 p.m.)

Interestingly enough the head of the government of that day, Right Hon. R. B. Bennett, in the same year said in the House of Commons:

> The reason the government of Sir Wilfrid Laurier removed the tolls in 1904 was that they imposed an additional burden upon the grain growers of the west; that is the real reason . . . The real reason for this arrangement, one which some people thought was misunderstood philanthropy, was really an effort on our part to lessen the charges on the movement of wheat from Fort William and Port Arthur to Montreal, destined for export to the markets of the world.

So, for a long period of time traffic on the canals and waterways of Canada was toll free in recognition of the fact that our primary producers, who have been buying in a protected and costly market, might have the lowest possible transportation costs in order to get their goods to market at competitive prices and in order to give them a fair return for their produce.

We all know of the long and bitter opposition in the United States to the construction of the St. Lawrence seaway. It was opposed

by powerful interests in the United States, for long periods of years. It was only when the government of Right Hon. Mr. St. Laurent threatened to go it alone, and to have Canada assume the entire cost of building this great inland waterway, that President Eisenhower agreed to participate and the United States and Canada began this great project. When that project was nearing completion, and when it was suggested there should be tolls upon it, submissions were made from all over Canada asking that the policy of toll-free waterways be continued. In 1958 the government of Saskatchewan made a submission to the government of the day, headed by the present Leader of the Opposition (Mr. Diefenbaker). I have in my hand a copy of that submission, of which I think this paragraph sums up the case:

> The fact that economic development in Canada could proceed only as fast as provision was made for adequate transportation facilities has always been apparent. Canadian statesmen for more than a century have realized that because of the great distances and sparse population of the dominion, the resources of the state would have to be thrown into the task of assuring essential transportation improvements either directly by way of unremunerative state enterprise or in subsidies to private enterprise. This has been true of all transportation facilities whether roads, railways, river improvements or airlines.

May I just pause to point out that this statement can be documented with comparative ease. The taxpayers of Canada have subsidized every form of transportation, whether it be the publicly owned Canadian National Railways which has been subsidized by the taxpayers in order to provide transportation facilities to the people of the outlying areas of this country, whether it be the large sums of money and land grants which were given to the Canadian Pacific Railway, or whether it be the subsidization of air transportation in the form of many, many millions of dollars which have been put up by the taxpayers to build terminal facilities, airports, and airstrip facilities, or whether it be the large sums of money spent by both federal and provincial governments for the construction of highways for motor and automobile transportation.

No one can quarrel with a policy which recognizes that Canada's greatest problem is geography. If we are to get our goods to market at competitive prices, if we are to handle the transportation of a lot of our own goods in Canada rather than have them go through United States ports, it is necessary to subsidize much of our transportation. If this can be done, it should be done as a matter of national policy and not on a hit and miss haphazard basis.

The brief to which I just referred, which was presented by the government of Saskatchewan to the prime minister and cabinet in 1958, concluded its remarks by saying this:

> The Government of Saskatchewan looks at the whole question of tolls in the light of these facts and in constant awareness of certain conditions which must continue to be of vital importance to the welfare of the province. Among the latter the most prominent and persistent are the inescapable dependence of Saskatchewan on overseas markets for wheat, the intensity of competition which characterizes these markets, the distance of Canadian producers from consuming centres, and the consequent handicap of heavy transportation costs which must be borne by our wheat. The savings in transportation costs which may result from the seaway improvements are, as yet, uncertain, unproved, and theoretical.
>
> On the other hand, tolls will increase shipping costs by their full amount above the level which would be possible if tolls were not imposed. The resulting burden to the prairie producer will be certain, immediate, and real.

I can only regret, of course, that our plea in 1958 to have the St. Lawrence seaway made a toll free waterway was not acceded to, and that the agreement entered into with the United States required the collection of tolls, because the same powerful interests in the United States who had for decades opposed the construction of the St. Lawrence seaway then had moved to a second line of defence and demanded tolls which would cover not only the operating costs of the seaway, not only the servicing of the debt, but the amortization of that debt over a period of time which was the shortest period of time ever undertaken for any project of this kind anywhere in the world.

Even with the tolls, the farmers of western Canada, as a result of the St. Lawrence seaway being constructed, gained. Prior to the seaway being opened the cost of a ton of grain moving from the head of the lakes to the seaport was $5.33 a ton or 16 cents a bushel. When the seaway came into operation, even with the tolls, the cost was reduced to $4.43 a ton, a saving of 90 cents, and the cost per bushel was reduced to 13 cents, a saving of 3 cents per bushel. That meant a great deal to the farmers of western Canada, and particularly that part of Canada where their grain moves eastward rather than to the Pacific coast.

• (7:20 p.m.)

If the proposal which the seaway authority has made that the rates now be increased by

10 per cent is allowed to stand, then this will mean, as Mr. Charles Gibbings, president of the Saskatchewan Wheat Pool has stated, an increase in the shipping costs to the prairie farmer of roughly 1¼ cents per bushel. I do not need to detain the house by elaborating on the predicament in which the prairie farmer has been since 1951 when his costs have steadily mounted, whereas the general price index for the things he has to sell have remained more or less stationary. The farmer has been caught in a cost-price squeeze. His net income in relation to other economic groups in the community has not advanced. He has been caught in a cost-price squeeze and that squeeze will be further accentuated if the cost of shipping his grain to seaboard through the St. Lawrence seaway is increased by another 1¼ cents per bushel.

It is not only the western farmers who will be affected. This increase will affect industry in central Canada. As my colleague, the hon. member for Skeena (Mr. Howard), pointed out this afternoon, on the basis of information and research which has come to our attention there are about one million tons of iron ore with regard to which the cost of shipment is so close that any increase in the tolls on the St. Lawrence seaway could divert these one million tons of iron ore to United States ports on the Atlantic. The result would be that a good deal of business would be lost to the industries in central Canada and there would be a loss of job opportunities to Canadian workers.

Of necessity, since the traffic on the St. Lawrence seaway is a two-way proposition, the price of goods coming into the country, raw materials for industry and consumer goods, will go up. All this is bound to start another round of rising costs. We have all been deluged, I am sure, with the constant complaints of people in this country who find their living costs going up much more rapidly than their income. This means that their standard of living is being reduced. We have been trying to get the government to concern itself with this problem. Even if they are not going to tackle the problem of prices, they could at least alert themselves to what will happen if the tolls on the seaway are increased and living costs in this country go up further.

The cost of living has gone up by over 4 per cent in the last 12 months, and the Minister of Finance (Mr. Sharp) in his budget estimated it will go up at least another 3.5 per cent this year. My own opinion is that it will be more. All this sets in motion labour disputes and strikes, because wages inevitably lag behind the rising cost of living. The government here faces a very critical situation and one would expect they would have something more constructive to offer than what was presented to us this afternoon, when a minister merely told the house that under section 16 of the act the seaway authority has no choice but to raise the rates if their costs have gone up. I presume from this that the cabinet will have no choice but to approve that increase since they, of course, would not want to run counter to section 16 of the act.

There is another aspect of this problem, and that is the effect which increased tolls will have on the seaway itself. The seaway is not yet operating at full capacity. Some experts have said it will probably be 1980 or 1982 before it will reach the full capacity of ships which it can handle. Everyone knows of course that it is only when you have a project operating at full capacity that you get your per unit costs down and operate efficiently at the lowest possible cost. If tolls are increased, surely the tendency will be to reduce the traffic, or at least to prevent the traffic on the seaway increasing as rapidly as it would otherwise do; and it may well be that by raising the tolls 10 per cent the gross return to the seaway authority may not be any greater than if it had left them where they are now.

Therefore I think that the economic implications of the action being proposed by the seaway authority are so far-reaching that the government has to do a great deal more than anything they have indicated they are willing to do at the present time. As a long term view, of course, I think they ought to renegotiate the agreement with the United States and move steadily toward eliminating the tolls entirely. As a start they might base the tolls on the operating costs of the seaway and let the Canadian people as a whole assume responsibility for the outstanding debt and the servicing of that debt. But I recognize that this will take some time, and I do not expect the government to announce that it is going to start that tomorrow morning; I have never been alarmed about their showing too much haste on any critical matter.

However, I want to reiterate what we are asking for now. A few days ago on the orders of the day I asked the Minister of Transport (Mr. Pickersgill) if he would assure the house that when the seaway authority made its

recommendations to the government the latter would provide an opportunity for debate in this house before any decision was made by the cabinet with respect to increasing tolls. I was told by the minister that this was a hypothetical question. Of course, it is not a hypothetical question at all. Unless we receive some assurances from the government today or within the next few days, the following will be the course of events. The seaway authority completed its hearings this afternoon. It has already stated publicly that its increased costs make a 10 per cent increase in tolls mandatory. Therefore there can be little doubt about what it is going to recommend to the cabinet; and if one may judge from the statement made by the Acting Minister of Transport (Mr. Turner) this afternoon, the cabinet, looking at section 16 of the St. Lawrence Seaway Authority Act, is going to approve the increase. Then we will have an announcement some day on motions or on the orders of the day that the tolls on the St. Lawrence seaway have been increased.

This is not good enough, because these increases will be made by order in council and not by act of parliament, and there will be no opportunity for members of parliament to express their opinion or suggest any alternative course of action. The Acting Minister of Transport this afternoon said that this question can be discussed in the transport committee. That is a ridiculous proposal. In the first place, as my colleague the hon. member for Winnipeg North Centre (Mr. Knowles) pointed out, the chairman of the committee can, quite properly, say that the only items which appear in the estimates of the Department of Transport have to do with the servicing of certain loans and payment for the maintenance of certain canals, that these matters are not concerned with tolls and the committee has no authority to deal with tolls. In any event, the government has a majority on the committee. Even if the committee is permitted to discuss this question of increased tolls, and that is doubtful, can anyone assure this house that the discussion will take place in the transport committee before the order in council is passed increasing the tolls?

I think most members here would be willing to take a wager that the order in council will be passed long before the committee on transportation ever gets around to discussing estimates. Moreover, Mr. Speaker, this is not a matter just for a committee of the house; this is a matter for parliament itself. It is a matter of such vital importance to the economic well-being of Canada that the whole house should have an opportunity to discuss it, and discuss it from every conceivable angle.

• (7:30 p.m.)

Therefore I want again to ask the government the two questions which I asked the ministers this afternoon: First, will they assure the house, before the debate is finished, that when the seaway authority makes its report to the government, that report and its recommendations will be published. This would make it possible for us to know what the recommendations are. Most of us have a pretty good idea what the recommendations are likely to be, but I think we have a right to know definitely what those recommendations are and what arguments are advanced by the seaway authority for proposing an increase in the tolls. That report should be made public before the government reaches any definite conclusion. I think we have the right to ask the government for that assurance.

The second thing we have the right to ask is that, having had access to the report, the government will not act on it until this house has been given an opportunity to debate the report fully, and the effect which those recommendations would have on the welfare of the people of Canada and the economy of this country.

Mr. Speaker, I do not think I am making unreasonable requests. I think this is the very least the government can do. If it is not prepared to stand up at this time, as I had hoped it would be, and say to the house that because of the rapidly rising cost of living, because of the necessity of getting our goods to the world markets it can assure the house that it will find ways and means by which it can prevent an increase in tolls at this time, surely the very least it can do is, first, to let us have a copy of that report as soon as they receive it and before they make a decision and, second, to give the members of the house an opportunity to debate the whole question. We would rather see that done than have the cabinet make a decision in secret affecting the economy of this nation, and then tell the people of Canada what they have done.

I think it is not enough to use parliament merely as a place where we make protests. If democracy means anything, it means an opportunity to participate in the making of decisions. If parliament means anything at

all, it is a place where the government asks members—particularly in a house of minorities—to give their views and their suggestions before the government commits this country to a course of action which could have detrimental results for the Canadian economy.

Mr. D. R. Tolmie (Welland): Mr. Speaker, the recent announcement that the St. Lawrence authority and its United States counterpart are proposing increased tolls on the St. Lawrence seaway and new tolls on the Welland canal, was of great concern to many Canadians.

Although the Canadian and United States governments will make the final decision in this matter, this declaration of intent has caused alarm in many circles. Lack of time prevents me from giving you a detailed analysis of the conflicting arguments as to the desirability of tolls—and there are conflicting arguments. Basically, those who believe we should have tolls on the seaway contend that if we do not, foreign shipping will in effect be subsidized, and commerce which uses the waterway should pay for its construction and maintenance. However, there are many formidable arguments for a toll-free seaway and in my opinion they are conclusive.

The gist of my argument is that the St. Lawrence seaway is of national importance and benefits Canada from coast to coast as wheat from the prairies, general cargo from industries in central Canada, coal from Nova Scotia and iron ore from Newfoundland are carried through it and help this country to prosper and develop.

Those who oppose tolls argue that if tolls are increased, not only will industry be forced to increase prices, thereby causing domestic financial hardship, but that the goods will be priced out of foreign markets at a time when Canada is desperately striving to improve its export position. It is further argued that other national forms of transportation, the C.N.R., the trans-Canada highway and Air Canada, are heavily subsidized by the federal government, and a national water artery such as the St. Lawrence seaway should not be discriminated against.

Those who are in opposition to tolls cite the fact that the United States Association of Railways and the United States Eastern Ports Association have been lobbying continually in a determined effort to have tolls increased on the St. Lawrence seaway so as to place United States interests in a more competitive position to capture a greater share of the carriage of bulk cargo, especially wheat and iron ore, with a resultant benefit to the entire U.S. economy and a detriment to Canada.

Hundreds of industries, many located in the Niagara peninsula, are adamantly opposed to tolls, and many chambers of commerce across Canada have forwarded strong briefs to the government opposing any increase in tolls. The eventual government policy in this matter is of prime concern to all of us. The preponderance of evidence in my opinion clearly demonstrates that Canada's best interests will be served if any proposed increase in tolls is denied.

Mr. R. E. Forbes (Dauphin): Mr. Speaker, as seconder to the motion made by my colleague, the hon. member for Kindersley (Mr. Cantelon), to adjourn the business of the house to debate this urgent and important public question, I appreciate the excellent contributions that have been made by previous speakers on this important subject, and my comments will be brief. The urgency in this matter has indicated that if the request of the St. Lawrence seaway is granted, the new rates will come into effect on July 1, 1966. I cannot think of any other action by our transportation system that is as far reaching in its effect on the economy of Canada and particularly on the grain producers of western Canada.

It has been estimated by authorities that the proposed increase in tolls will cost the producers of grain one and a half cents per bushel at a time when wheat prices have been reduced by an average of 17 cents per bushel during the past year; and I wish to emphasize this point. Also at a time when the costs of production have risen to an all time high, if the increase in tolls is allowed on iron ore this extra cost will be reflected on the price of machinery purchased by farmers. The farmers have no way of passing on their increased costs to the purchasers of their products.

Much of the current high level of business activity in Canada is due to the building of the St. Lawrence seaway and the deepening of the Welland canal, for without these two vital transportation facilities, both largely due to Canadian initiative, it would not have been possible for the government of Canada to contract to supply Russia and other European countries with wheat on the enormous scale that has been evident in the past three years.

Seaway and Canal Tolls

• (7:40 p.m.)

If canal tolls are imposed, every one of the 200,000 or 300,000 grain producers on the prairies will have to accept lower prices for his wheat and other grains exported. Let us review very briefly the history of water transportation with respect to tolls. In 1904 Sir Wilfrid Laurier stated that if tolls were imposed they would be an additional burden on the grain growers of the west. This was interpreted as favouritism to the west, although it really was an effort to lessen the charges on the movement of wheat from Fort William and Port Arthur to Montreal, destined for the markets of the world. When George P. Graham was minister of railways and canals, he stated:

> It cannot be denied that every dollar you impose in tolls must come out of the produce or the cargo. There is no other way to pay for it.

I wish to quote again from the MacPherson report on transportation, volume 2, page 195:

> We would not wish, in other words, to encourage the Canadian public to believe that a country such as ours can expect to obtain the kind of transport facilities, designed to fulfil national policy objectives that transcend commercial consideration, without a continuing outlay of public funds of a considerable order of magnitude.

The seaway between Montreal and lake Ontario is the only section of over 27,000 miles of navigable waterways in North America upon which tolls are levied. If the St. Lawrence seaway is to achieve its proper status as Canada's sole means of access by water to her heartland, it must not be impeded by a crippling toll structure. Similarly the Welland ship canal, located in the very heart of Canada's major industrial zone, must be permitted to function without the obstacles of tolls.

I wish to impress upon hon. members once again the fact that low cost water transportation is essential to the continued progress and prosperity of Canada. Not only does it increase the movement of primary and manufactured goods from one part of the country to the other, but it also assists the sale of Canadian wheat and other exports in the highly competitive overseas market.

In further substantiation of my argument against the imposition of tolls, Mr. Speaker, I wish to refer to a statement made by the three western grain pools, and I quote:

> Another reason why farmers oppose seaway tolls is because the toll structure seeks to recover capital investment and this the farmers do not think is desirable for a publicly-owned transportation utility. Farmers do not find justification for the recovery of capital investment from seaway users by a government which through the years has made many kinds of public investment in transportation facilities without there being any direct obligation for the users to repay the investment. Consider, for example, the following list of public investment in transportation which was compiled by Mr. Justice W. F. A. Turgeon when he was chairman of a 1951 royal commission on transportation. The list included:
>
> (i) The construction of the National Transcontinental Railway to encourage the shipment of goods through Canadian ports;
>
> (ii) The construction in central Canada of an extensive canal system which became toll free, built at a cost of about $328 millions and maintained at government expense;
>
> (iii) The granting of substantial areas of land and subsidies to encourage and assist railway construction and the opening up of the country.
>
> (iv) The taking over by the country in the years between 1918-23 of the bankrupt railway lines and the welding of them along with government lines into the Canadian National Railway system;
>
> (v) The construction of Hudson Bay Railway and the development of the port of Churchill;
>
> (vi) The subsidization of coastal shipping services and large investments in harbors and other navigation facilities; and
>
> (vii) The large investment in and operation of Trans-Canada Air Lines and assistance given to other air lines.
>
> The learned jurist said this government activity in the transportation industry indicates "the continuous concern of parliament with Canada's transportation problems including the problem inherent in great distances and sparse population." The wheat pools do not believe the government sought recovery of its investment from the users in the previous instances and cannot support the attempt to recover Seaway investment through user tolls.

[Mr. Forbes.]

I am firmly convinced that any increase in tolls will be detrimental to the expansion of our international trade and should not be allowed.

Mr. E. Nasserden (Rosthern): First of all, Mr. Speaker, I should like to congratulate the hon. member for Kindersley (Mr. Cantelon) on bringing forward this motion today. During the three years he has been in the house he has become recognized, not only as a specialist on pension problems but also on transportation problems, so it is very fitting he should be bringing forward this motion today. The hon. member who preceded me in the debate, the hon. member for Dauphin (Mr. Forbes), has been in the house for a considerable time. He has won four consecutive general elections with good majorities, and all of us have a tremendous appreciation of his work on behalf of the people in agriculture. I congratulate him for seconding this motion.

When I look at you, Mr. Speaker, I cannot help but think of the great city of Cornwall,

sitting like a jewel on the St. Lawrence waterway in the midst of that great industrial complex of this nation. I am sure you are taking more than a passing interest in this debate.

Listening to the Acting Minister of Transport (Mr. Turner) this afternoon, I could not help but feel that I should congratulate him upon his acting. He was at his very best, in spite of the poor case he had to present. The members of this house witnessed a spectacle this afternoon that has been seen in this house with recurring frequency over the past three years, namely a government coming to the house without a national policy with regard to the important problem of transportation. The Minister without Portfolio told us, if he told us nothing else, that the government does not have a national transportation policy to offer parliament or the country at this time. Despite the fact they have been in power for three years, despite the fact that they came into office boasting that they were well prepared and the pigeon-holes were filled with plans to put this country back on the rails, we have no transportation policy. It is significant that at this time we should have from the Minister without Portfolio this admission of the failure of the present government to deal with this important matter.

One could almost think of that phrase, I do not recall whether it was decision or indecision, but I know that hon. gentlemen opposite know to what I am referring, as they have had reason to think back about the stand they took in that regard in the past. I was interested in noticing that the Minister of Finance (Mr. Sharp) has not graced us with his presence in this debate. Perhaps he has a good reason for being absent, and I would not want to do him an injustice. However, there is no more important matter that could come to the attention of the Minister of Finance than the one which is before us today. I contend, sir, that an increase in tolls of the order of 10 per cent could very well affect the balance of payments position with the United States. When I say that, I am not referring to the effect on grain growers but I am referring to the movement of iron ore to the United States of America. This is one of the reasons that I believe the Minister of Finance and the Minister of Trade and Commerce (Mr. Winters) should have been here to deal with this particular matter.

Canada is emerging today as an industrial nation. There is no factor more important than exports, to the growing industries of our country, but to hear the Minister without Portfolio and the Minister of Public Works (Mr. McIlraith) as they sought to deny this debate—

Mr. McIlraith: No, Mr. Speaker, I rise on a point of order. That is a misstatement of my position. What I sought to do today was to prevent the regular business of the house being taken up this afternoon on this matter, which could have waited to be discussed on interim supply, or the appropriate place.

• (7:50 p.m.)

Mr. Nasserden: All that the Minister of Public Works has done is to strengthen the argument that not only we in this party but those in other parties on this side of the house have maintained today. The minister sought to deny the House of Commons the opportunity to discuss—

Mr. Speaker: Order. I cannot allow the hon. member to continue this trend of thought. There is a motion before the house. A ruling was made by the Chair and the hon. member has no right to go behind the ruling and argue the question all over again.

Mr. Nasserden: I thank you very much, Mr. Speaker; I was just trying to answer the Minister of Public Works and I will not pursue the matter, I assure you.

We in western Canada are interested in the price of steel, of iron ore and of farm machinery which we purchase in Canada or from the United States of America. We buy a lot of farm machinery and production machinery not only in western Canada but in eastern Canada. To listen to ministers of the crown refer to a 10 per cent increase in such a cavalier manner as has been the case today of one of the factors which enter into the cost of production cannot help but make us question seriously whether they have read the budget presented by the Minister of Finance (Mr. Sharp) a few weeks ago, in which he drew attention to the important problems facing this country with regard to the cost of living, the costs of production and also the balance of payment problem with our friends to the south of us.

One of the most important factors in the production of grain in western Canada is the cost of farm machinery. Another important factor is the availability of men and women for work on farms in Canada. Only yesterday we had the spectacle of the government bringing forward a measure which would reorganize the departments of government. In

this legislation the department of immigration is relegated to third position. Almost as an after thought, responsibilities for immigration are included within the new department of manpower. Surely this is part of the entire problem we are facing today and is of some significance when we are thinking about the cost of production and the need for machinery, much of which is purchased today, even at inflated prices, in order to overcome the scarcity of labour in this country.

The Minister without Portfolio (Mr. Turner) referred to some of the statements which were made at the time the legislation governing part of the matter which is before us came before parliament in 1959. I would remind him that a great deal of what took place at that time was the result of the legacy passed on to us from the administration that preceded us. I cannot help but remember the glowing terms in which members of the party opposite during the election campaign at that time paraded before the public the benefits which would accrue not only to western Canada but to all of Canada with the construction of the seaway, proudly boasting and claiming as their right, part of the credit for the construction of the seaway in the first place. It is very strange indeed, Mr. Speaker, that the hon. gentleman should question part of that legacy which was passed on to the administration that followed.

I should like to congratulate the hon. member for Hamilton West (Mr. Macaluso), the hon. member for Lincoln (Mr. McNulty), the hon. member for Welland (Mr. Tolmie) and the hon. member for Port Arthur (Mr. Andras) for the contributions they have made in this debate. I think they have welcomed this opportunity, despite what their front benches said during the initial stages when we were trying to establish the merits of having a debate at this time. They showed that they came well prepared to fight the battle. If the decision of the Chair served no other purpose, it gave these backbenchers on the government side an opportunity to voice their opinions where they could be heard, and where they could serve some useful purpose in regard to bringing this question not only to the attention of the cabinet but also to the attention of the country and the people of their own constituencies.

I have said before, and I want to reiterate, that the proposed 10 per cent increase in tolls is a very serious one, particularly as it affects the export trade of our country. Grain sales during the last several years have been one

of the mainstays of our economy. All of us in western Canada have felt very downhearted at the reduction in the final payments for wheat during the past year. Hon. members in all parts of the house, whether or not they come from agricultural ridings, whether they are in business or in agriculture or just carry a dinner pail, cannot help but know something about what it means to chop off almost 15 per cent of the take-home pay which one has enjoyed in years previous. In view of a reduction of 13 to 17 cents per bushel, and being faced with the prospect of a further reduction which would almost cut in half the benefits brought about by the seaway when it first came into operation, the producers of grain in Canada cannot help but express their indignation and concern. In addition to this, Mr. Speaker, the grain producers are faced with tight money, higher interest rates and a high cost of living. This is reason enough for any parliament to concern itself with the problems before it.

I recommend to the cabinet the proposal put forward by one of the members from Halifax to amortize the capital costs of the seaway over a much greater period of time than is presently the case. The seaway has been in operation for only seven years, which is a mere drop in the bucket to the number of years we hope it will be in operation. I think with any business in the initial years of operation you must expect your returns will not be as great as they will be when the business is at full capacity. It is a fact that at the present time the seaway is operating at something less than two thirds full capacity. There is also the prospect that as the capacity is reached other avenues will open to increase the capacity of the seaway if traffic on the seaway so warrants. Those who brought forward the idea of an all-Canadian seaway were perhaps voicing something that will one day be a reality.

• (8:00 p.m.)

I do not think I can add anything else to the debate, but I should like the members on the treasury benches to give parliament an opportunity to discuss the decision reached in this matter before it is made final. I think this is an important matter that affects not only the cost of transportation, but the whole business cycle in our country, and also our trade with other nations. As such I feel that this matter deserves consideration by the cabinet and by parliament.

[*Translation*]

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, I am interested in the matter of tolls on the seaway, because I represent a municipality where grain elevators are located and which is involved in extensive shipping, even in winter, in spite of the objections of our colleagues from the Maritimes.

By the way, I must say that our winter shipping does not deprive them of anything; on the contrary, I think it helps to speed up the handling of goods in riverports and seaports. But the matter is not being discussed this evening.

After listening to earlier remarks, Mr. Speaker, I ask myself two questions, and I must say that I do not feel capable of settling the matter. If I take part in the debate, it is precisely because my district is involved and, as its representative in the House of Commons, I am interested in knowing what might be the effects of an increase in tolls on the Canadian economy.

I was amazed to note how strongly some members objected to increased tolls, especially the great number of government members who spoke freely, in a way which should be stressed and encouraged in this house as often as possible.

Today's papers report numerous protests against increased tolls on the seaway, protests which, according to a French language paper this afternoon, "submerged the public hearing". This means there were many.

I wonder where those protests come from. First of all, were they all made by people intent on protecting their business or by some who consider primarily the consequences of increased tolls on the Canadian economy, because, after all, this should be the main concern, in my opinion.

I have nevertheless observed that most insisted that they felt the Canadian economy was at stake and that tariff barriers should be brought down.

I was struck, Mr. Speaker, as doubtless all Canadians interested in this question are, by the fact that last year, the debt of the St. Lawrence seaway was about $24,700,000 and that the Canadian share was $18 million. I wondered: Who will be paying this debt, because someone will have to pay.

Some claim the ships using the seaway should not have to pay. I have no objection, mind you, Mr. Speaker, but I should nevertheless want this position to be demonstrated to me. Such are questions that I should like to put to those in a position to answer and I should like to be shown that it would be beneficial to have this paid by the Canadian people.

Is it true that rate increases will reduce traffic? Is that not a slight exaggeration? I wonder. Is it true that the rate increase will cause considerable loss of jobs here in Canada? Can anyone anywhere imagine that the full investments in the St. Lawrence seaway should not be reimbursed?

A colleague suggested a while ago that the refund of the debt should be extended over a period of 75 to 100 years. I am aghast at the thought of the interest that Canadians would have to pay, at current rates, if such amortization of capital were to be spread over a period extending from 75 to 100 years. There is obviously something out of kilter in that.

Finally, Mr. Speaker, someone will have to pay. Who will that be? That is the question.

While we were discussing these things just now, I read the editorial of a newspaper which, I believe, came out this afternoon, whose author seemed to be well-versed in maritime matters. I shall quote this article from the *Canadian Sailor*, which reads as follows:

> What irritates us—and should irritate any thoughtful Canadian—

And I quote:

> —is that almost 28 per cent of cargo on the seaway is carried by ships bearing flags other than Canadian or American, and almost all these foreign ships are subsidized by their respective governments. We have no such subsidies—

Mr. Speaker, if tariffs are to be kept low so as to allow ships operating under foreign flags to compete with our own, something is obviously wrong somewhere.

Therefore, I should like to ask the following questions. Who will pay this interest and this amortization of capital? Is it right to ask all Canadian taxpayers to do so? If so, it will have to be proved that this is an incentive or an encouragement for the Canadian economy. Otherwise, this would be unfair, and the cost should rather be borne by all those who use the seaway. It would have to be proved beyond doubt that these tariffs which we are going to impose on the national budget, which all Canadians will in fact have to reimburse, will stimulate the whole Canadian economy, not just a sector or an industry.

Once again, Mr. Speaker, I would like to stress the fact that I lack the necessary competence to settle the debate, but I might

be allowed to submit one thing to the attention of the house. I am not convinced that the solution proposed by the hon. member for Halifax is the right one, but if it can be shown to me that the Canadian government, in short the Canadian people, must help, give a boost to that sector of the Canadian economy, that is to the maritime traffic which uses the St. Lawrence seaway, I would like to submit the following.

Let the government increase those rates to the greatest extent possible and reasonable, but in order not to hurt Canadian shipping, ships which operate under the Canadian flag, not to create any deterioration in waterway or seaway transportation, which would probably have repercussions such as unemployment and possibly a slow down in the shipments of western grain, as well as some harmful consequences in our region of Trois-Rivières, I make a suggestion before quoting a statement in support of my argument. Would the government not be ready to study the possibility of giving reasonable and reasoned subsidies to ships registered in Canada, to allow them to compete with ships registered elsewhere and using the St. Lawrence seaway?

• (8:10 p.m.)

I see here in *Hansard* that on April 2, 1965, the present Minister of Transport (Mr. Pickersgill) said this:

> The seaway did better last year than it did the year before—

We were in 1965, therefore, he was talking about 1964.

> —and we hope it will do still better this year. We hope it will get into balance in due course. Traffic is increasing steadily.

That was on April 2, 1965, as I said before.

> I hardly dare hope for quite as big an increase this year as there was last year because we had this tremendous wheat traffic, but the prospects look very good.

If the prospects are very good and if eventually the seaway will be an economic operation, why not use grants to amortize the capital of $500 million plus the interests in order not to harm our maritime transportation and enable it to compete with foreign transportation?

Will the increase of rates drive away ships flying foreign flags? Once again, I do not claim to be an authority on the matter, but those ships come here because it is beneficial to them. Increasing the rates by 10 per cent will not prevent them from coming here to transact their business.

[Mr. Mongrain.]

Does this 10 per cent not correspond in general to an increase or decrease of the dollar value, to a sort of inflation which took place here since the building of the St. Lawrence seaway?

Mr. Speaker, you noted my suggestion. I believe it is valid and interesting. Once again, the whole economy of the area I represent and that of several neighbouring ridings are vitally affected by this seaway shipping. Our grain elevators represent an important asset in our economy.

This would perhaps be a temporary solution that should not last too long, if I can trust the statements of the minister. As I said, until this is economic, certain subsidies could be granted in the meantime to ships flying the Canadian flag, and this could serve as an outlet for our Canadian economy.

[*English*]

Mr. Eric A. Winkler (Grey-Bruce): I am pleased to have the opportunity to take part in the debate this afternoon concerning the possibility of increased tolls on the St. Lawrence seaway, and the increase of fees on the Welland canal. There has been a wealth of participation today, expressing views held across this nation. I have listened to the western members making a logical plea on behalf of the grain industry. I have heard Ontario members speak of the problems which higher tolls would create in central Canada. We have heard the point of view of members from Quebec and the maritimes. It is evident that this debate was extremely necessary and of importance to the Canadian economy.

The proposition for increasing revenues from the St. Lawrence system is twofold. First, there is to be a 10 per cent increase in tolls. We now understand that this was in the program when the initial legislation was passed. The secondary method of increasing revenues is to be the imposition of lockage fees in the Welland system, the Canadian-operated part of the system.

I think the authority, as well as the government, would be well advised to investigate the legality of imposing lockage fees in the Welland portion of the system. These fees will represent a considerable amount of money to shipowners. I believe they will cost some $160 a vessel next year, rising to $800 in 1971. It may be found that this secondary proposal for raising revenue is legal, but I am

sceptical about it. However, the revenue is raised it must all be considered as coming from increased tolls on the system. I feel that this method of raising revenue is unjust and, possibly, illegal. Since the projected sum involved amounts, roughly, to $100 millions, an investigation would certainly be worth while.

I understood from the words of the Minister without Portfolio (Mr. Turner) that we might expect an increase in tolls almost as a foregone conclusion. I was sorry to hear him give this impression. I was sorry to note the lack of hesitation with which he seemed to argue there was no other way of handling the situation.

It appears that the pleas made by two of the backbenchers on the other side, the hon. member for Hamilton West (Mr. Macaluso) and the hon. member for Welland (Mr. Tolmie) will go unheeded, though they put forward their arguments not from a parochial point of view but, it seemed to me, with the best interests of the entire Canadian economy at heart. Indeed it would have been odd had they spoken otherwise.

It is interesting to note that the Secretary of State for External Affairs, the hon. member for Essex East (Mr. Martin) was in the house for a short time, and then left. It would be interesting to hear his views on this question—to hear whether or not representations had been made to him on behalf of heavy industry in his part of Ontario. I am sure we all know what the answer would be. Anyone who is familiar with the situation knows what the effect will be on the Canadian economy as compared with the United States economy.

We heard the hon. member for Welland say that strong lobbies are being built up in the United States in favour of the institution of tolls. Why not? The benefit on the United States side would be felt largely on the upper great lakes. Those areas will be toll-free. But in southern Ontario, the area from Windsor eastward to lake Ontario, Canadian heavy and secondary industry will have to bear not only an increase arising from higher toll charges but also an increase arising from charges in connection with the Welland canal. Thus will Canadian industry be placed at a disadvantage and United States industry will once again have an advantage over us in a comparable field. This is an important and serious matter in so far as I am concerned.

• (8:20 p.m.)

I come from a part of southwestern Ontario where we are endeavouring to attract secondary industry, but much of the secondary industry we want to attract would be completely submerged if 1 per cent of the production of similar U.S. industry were allowed into the Canadian market. Why should the government, or any agency of it, be permitted to consider even a fractional increase where it disadvantageously affects Canadian industry? This is ridiculous, particularly under present circumstances.

At the present time in the province of Ontario an ambitious program for regional development is being undertaken. But in our part of the country we have witnessed the utter disregard of some ministers in the federal government for areas that need assistance and support. Now we have another instance of the government's failing to move into the area of common sense where Canadian industries are concerned.

The proposal to increase tolls will affect to a large degree development areas in western and northern Ontario, and particularly the shore areas along the seaway and the Welland canal, because the charges will be spread over small ships as well as large ships, and there is no question but that small industries and small centres will be affected in a detrimental way.

We would like an assurance from the government that it is cognizant of the effects of such action by the authority. The least it can do is defer any final decision by the authority. After having been here for some considerable time I am now coming to the opinion that the Canadian people are fed up with being governed by commissions, boards, authorities, and such things, with the ultimate responsibility being taken away from parliament. This is a view which is not held only on this side of the house. From what was said today I know it is also the view of some government supporters who know what the effect of increased charges will be. Surely, Mr. Speaker, it is a known fact that such arbitrary decisions are taken without the benefit of discussion in parliament and without the benefit of discussion by people from the areas directly affected. We should have something to say when this happens.

Not many weeks ago we sat here and listened to the Minister of Finance (Mr. Sharp) delivering his budget speech. He mentioned inflationary pressures and said we should cut out this and that. Yet if this

proposal is adopted the government will be placing a further harness on industries in southern Ontario, and to this I take exception. This afternoon we heard that this proposal will also affect the primary producers in western Canada. We are interested in every aspect of the Canadian economy and we must have something to say in regard to what the authority is going to do when its proposals affect our economy from coast to coast.

I noted in an article a day or so ago that this matter was discussed in the Ontario provincial legislature, and I agree totally with the views of the prime minister of that province who spoke in very strong terms against the proposal. The headline on the article read, "Robarts Denounces Seaway Proposal to Levy Tolls on Welland Lock Traffic." I object generally to the application of such a toll because of the effect it will have on the province of Ontario. If we had the opportunity to present the views of the western provinces, of the central provinces and the eastern provinces, in view of the economy as it stands today we could come to no other conclusion than that the lockage levies on the Welland canal should not be tolerated.

The other day when making a statement in this house a government minister said that a certain situation had to change because we are living in 1966. Simply because the initial levying of charges by the authority was authorized some years ago, in order to conform to a certain program, is no reason why we should continue with them today, particularly since we would be acting counter to some of the policies and programs launched this year by the government. This is a responsibility of the government.

I disagreed with what the government house leader had to say. I do not wish to speak on the urgency of debate or other things which have been determined, but I am not prepared to accept the contention that we could have treated this legitimately through some other method of debate. The government has a practice of waiting until it can pull the wool over our eyes, and I am very pleased that we had this opportunity to have this debate today.

I am not being proud or boastful, or anything of that nature, when I say that the province of Ontario contributes more to the coffers of this nation than any other province in the Dominion of Canada, and we in Ontario need every consideration to ensure that our competitive industrial position is not affected. The people in western Canada need the same protection. I have the same feeling with respect to secondary industries in the province of Quebec, although this proposal may not affect them to such a serious degree. I also welcome the contributions made to this debate by members from the maritimes.

We simply cannot tolerate to have any outside authority make arbitrary decisions on something that will affect the economy of this country in such a serious way as the proposed toll charge increases. I hope members of the government will have the intestinal fortitude to back policies that will assist our primary and secondary producers, instead of selling them out to someone else who then will have an advantage over us.

Mr. R. R. Southam (Moose Mountain): Mr. Speaker, coming from western Canada and representing a farm area I feel impelled to make my contribution to this very important debate this evening. Before continuing, however, I want to join with the hon. member for Rosthern (Mr. Nasserden) and other preceding speakers in congratulating my Saskatchewan colleague, the hon. member for Kindersley (Mr. Cantelon), for moving this motion, and its seconder, the hon. member for Dauphin (Mr. Forbes).

We are experiencing today a worth-while debate which is in the best interests of Canada as a whole. To emphasize the importance that I place on this question, for the sake of the record I would like to draw the attention of the house—even though I am always reluctant to quote myself—something which I said in this house on February 10, 1966, as reported at page 1042 of *Hansard*, during a debate on transport, when we were dealing with other matters such as box car shortages:

> I should like to mention in passing another matter which has exercised us in western Canada recently. This is the suggestion that the St. Lawrence tolls be increased. I am not going to deal with this but I do want to say this for the record in passing.
>
> The Canadian wheat producers see higher seaway tolls as a direct charge against the farmers' take home pay. Mr. Charles W. Gibbings, president of the Canadian Co-operative Wheat Producers and the Saskatchewan Wheat Pools made these views known as spokesman for 160,000 prairie farmers in a brief presented to the seaway authority recently.
>
> As I say, this is a matter of deep concern to western Canadians and I hope that the minister, when he is formulating his policy on this question, will take this into consideration, as well as what I have said with reference to the shortage of box cars, with particular emphasis on this excessive use in the United States.

• (8:30 p.m.)

The subject matter is important not only to the population of western Canada but to the whole Canadian economy. I wish to join with those who have gone on record in this debate as being opposed to the imposition of tolls and the general increase of 10 per cent on lockage fees, as well as the increase in tolls. In speaking this afternoon the right hon. Leader of the Opposition (Mr. Diefenbaker) pointed out something which is very important in respect of this debate. I refer to the fact that he pointed out to the house that it was necessary to have this debate at this time, and that the matter of urgency revolves around the fact that the present government, in its wisdom and if it so desired, could have agreed to these tolls by order in council. In this way the matter could have been dragged under the table without anyone taking due notice of it. He was supported in this contention by the hon. member for Winnipeg North Centre (Mr. Knowles).

I think we have done a service by discussing this very important matter this afternoon. My main concern is the fact that any increase in seaway tolls would directly and seriously affect the economy of all the farmers in eastern Saskatchewan and Manitoba. I should emphasize, as has been pointed out previously, that the people in western Saskatchewan and Alberta do have access to the Pacific port facilities, which is a help in relieving the congestion, but we in eastern Saskatchewan and Manitoba are affected very seriously by any proposed increases. This proposed increase would amount to approximately 1¼ cents per bushel on grain or, calculated on the basis of total grain movement, would cost the farmers of this country between $4 million and $6 million per year, depending on the total annual yield. Add this $4 million to $6 million to the loss incurred in the last crop year by reason of the 12 to 20 cent per bushel loss in the price of wheat, which amounted to some $75 million, and one can understand the concern expressed by our Canadian farmers in this government's indifference to their economic welfare.

Compare the farmers' position, in respect of the increased tolls, to the position of private industry. Industry is able to add this extra cost to the retail, wholesale or the manufacturing price, and pass its on to the consumer. The farmer however has to stand by helplessly and absorb the decrease in his income due to the seaway toll increase, and then absorb a double wallop through having to pay the increased consumer price on the products he purchases which are shipped through the seaway.

The hon. member for St. Lawrence-St. George (Mr. Turner), the Minister without Portfolio, referred to the right hon. Leader of the Opposition as having advanced a specious argument when he referred to possible United States influence in respect of the decision of the seaway authority to recommend the increase in tolls. The minister seemed to be the only speaker in the house today who threw sort of a storm cloud over this debate. I do not think he convinced any member that the right hon. Leader of the Opposition was making a specious argument. Rather the minister would be better advised if he and his cabinet colleagues, who have the responsibility for building a greater Canada, would pay more attention to Canada's interests in those areas of common economic development between our two great countries.

In view of what has been said in this debate so far, I cannot say I agree with the pessimistic outlook of the hon. member for Burnaby-Coquitlam (Mr. Douglas) to the effect it is a foregone conclusion that the government will accept the recommendation of the seaway authority to increase the seaway tolls by 10 per cent. After the strong argument made by members on this side of the house, plus the strong opposition in government ranks spearheaded by the hon. member for Hamilton West (Mr. Macaluso), I feel the government has no alternative but to hold in abeyance any decision on this matter until it can be brought before parliament for further consideration, and finally be decided by a vote of this House of Commons.

Mr. Norman Fawcett (Nickel Belt): After what has been said today, Mr. Speaker, I do not think there is a great deal left for me to say except to enlarge on a couple of points. One is the point my leader, the hon. member for Burnaby-Coquitlam (Mr. Douglas), raised with regard to the handling of iron ore. Since I come from a riding in northern Ontario which already is affected adversely by high transportation costs, naturally I am very much interested in anything which might increase transportation costs, even though this may be very minimal. I believe the hon. member for Burnaby-Coquitlam mentioned the fact that iron ore mines which could be considered marginal operations might find

themselves in difficulty with regard to this suggested increase in the tolls.

I come from an area in which we have what could be considered as a marginal iron ore mine. I know that they negotiate the rail rates for the shipment of this iron ore to the closest port on the great lakes where facilities for unloading it are available. They negotiate the rates with the Canadian National Railways. I am quite sure that if they were unable to obtain the rate which they feel they require, and which is acceptable to the Canadian National Railways, they would not be in operation today, because their profit or margin is so low that they are not in a position to pay high transportation costs. I do not wish hon. members to think I am suggesting that the increased toll rates would affect this particular company, because I do not think this is the case. They ship directly across the great lakes, and I do not think their shipments would be affected. I would be very fearful, however, that there are many of these so-called marginal iron ore mines which may be affected. These mines operate on an over-pit basis. It is possible for them to move great quantities of low-grade ore so long as their transportation costs are within reason.

Generally the people who are engaged in mining the ore are the same people who convert it into steel. They are satisfied with a very low profit on the ore, because they are in the position to make up for this in the production of the steel. I would be fearful that these suggested higher tolls could result in some of these mines being closed down, with the resultant loss of employment. I believe I speak for all of northern Ontario when I say there are a great number of potential iron ore mines in this area. I believe some of these would be in operation were it not for the fact that the rail haul is too long and therefore the transportation cost is too great.

While these additional tolls may not have any affect on this situation, there is the possibility that they could. Northern Ontario perhaps is affected more by automation than many people realize. The number of lumber workers has been reduced to a great extent; the railways are continuing with the process of automation, and this too is reducing employment. If there is any possibility that these potential mines might be put into operation, we do not want to do anything which will discourage them, since this would have an affect on employment and on the economy as a whole.

[Mr. Fawcett.]

• (8:40 p.m.)

I wish to say a few words about the movement of grain. At the outset I should like to say that the mover of the motion today represents a riding in which I was born and grew up, so grain is not entirely new to me; I do know a little about grain farming. I should like to make this point also. As a result of working on the railway I found that railwaymen generally assessed the economic situation of the western farmer by the business offering on the railway. If the western farmer had money to spend, the railroader was busy; if he did not have money to spend, the railroader was not busy. When I say this I do not mean that if the western farmer was not shipping grain over our line, we were not busy. The point I am trying to make is simply that even though we did not get a great portion of his grain, when the western farmer had the grain to sell, and when he had the dollars in his pocket, he was buying implements, automobiles, and everything else. As a result, the railroad was very busy.

Therefore even though this suggested 1¼ cents a bushel extra toll on grain appears small, on the whole I think it would have a very serious effect on our economy. I think we would certainly see its effects on the manufacturing industries, the transportation business and, I would say, the oil and petroleum industries as well. I do not intend to take up any more time, Mr. Speaker. I would just like to say that as far as I am concerned I thoroughly support everyone who has spoken in this house in opposition to any suggested increase of tolls on the seaway.

Mr. G. D. Clancy (Yorkton): Mr. Speaker, I do not propose to recapitulate the debate that has been going on this afternoon. I think all members of the house and the public are well aware of the history of the seaway and the reason for its being built. It was a dream 80 years ago. Let us look at what happened to it. We had to use a bit of blackmail. The Canadian government—and let me pay tribute to the Liberal government of the day—said to the Americans, "If you do not join us, we will go it alone." Frankly, Mr. Speaker, I am sorry we did not go it alone. We should have twinned the Eisenhower locks when they built them.

I am not going to argue about whether the western wheat farmer will lose 1¼ cents a bushel or whether our loss through not shipping iron ore will ultimately be borne by the consumer. The basic principle is simply that

this increase in tolls represents a lack of faith in our country. It is a 50-year write-off. If you think this country is going to stand still, you have less faith in it than I have; because it is not standing still and we are going to move forward. I had a speech written out, Mr. Speaker, but if I read it I would just be reiterating everything that has been said in the debate so far. So in conclusion I say, let us have faith in this country.

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Mr. Speaker, I am pleased that we have an opportunity to express our views on the proposed 10 per cent increase in tolls on the St. Lawrence seaway. I consider it the duty of as many members as possible to participate in this debate. The vital importance of the question is demonstrated by the fact that the regular business of the house has been adjourned so that the problem can be thoroughly discussed. I think we have had a very full discussion today, although there are probably enough speakers to continue the debate for another day.

Reference has been made to the public hearings in Ottawa in the past two days. As I understand it, the purpose of these hearings was to test the public attitude and public reaction to any toll increases. I believe the public attitude has been very clearly demonstrated in the two-day hearings, and it certainly has been demonstrated very clearly in the debate we have had today.

Earlier speakers expressed very clearly the viewpoint of western Canada. I do not believe it is necessary to repeat the arguments they have presented, but I should like to refer to the brief presented by the Canadian Co-operative Wheat Producers Limited at the hearing yesterday. Canadian Co-operative Wheat Producers Limited represent the farmer-owned wheat pools of the three prairie provinces and certainly this organization speaks for the majority of western farmers, particularly wheat farmers. Mr. Gordon L. Harrold, president of the Alberta Wheat Pool presented the brief, which recommended that the tolls cover operating costs only. In this regard he expressed the opinion that the present tolls were more than sufficient to cover the operating costs. The government of Saskatchewan also presented a brief which was placed before the hearing by the minister of highways and transportation of that province, Mr. Grant. It endorsed the stand put forward in the brief presented by the wheat pools.

I just want to re-emphasize the vital position of the prairies as the inland portion of Canada. I will not present the map to the house, but it shows how we are dependent on the seaway for a great deal of our traffic. I was happy to be on the first ship that passed through the seaway after the official opening on April 25, 1959. I should like to read what I reported to my constituents at that time:

> The seaway will bring huge freighters more than 2,500 miles inland to the lakehead.

That was at the beginning of my speech, and later on I said:

> It is not too clear, as yet, just how great will be the benefit to western Canada in having freighters calling almost at the west's doorstep. The saving in shipping costs for prairie wheat will be at least 5⅜ cents a bushel because this much has already been announced by the Canadian Wheat Board and has been added to the lakehead wheat price. This means extra cash to prairie wheat growers on wheat shipped from the lakehead.

It was encouraging to hear very strong views expressed by speakers on the government side of the house in support of our arguments against any increase in seaway tolls. I trust that these comments from his own colleagues will be drawn to the attention of the Minister of Transport (Mr. Pickersgill). In fact, the Minister of Transport himself made a statement in the house that I consider to be in support of our arguments against any increase in the cost of exporting wheat such as would result from higher seaway tolls. On September 14, 1964, the Minister of Transport made this statement as reported in *Hansard*:

> We consider, as every government has considered—at least for a generation—that one of the national interests of this country is to maintain the tremendous grain export business that has been one of the main sources of income for the Canadian people in the whole of the twentieth century.

• (8:50 p.m.)

It is true, Mr. Speaker, that he was referring at that time to the Crowsnest pass rate, and he stated that the government had no intention of removing these rates which helped the export of our wheat. However, I think that the argument is just as convincing for the seaway tolls.

Now, Mr. Speaker, I am speaking in particular for wheat exports and the movement of wheat. Other speakers have spoken for other exports and other movements through the seaway. I should like to refer to the annual report of the Canadian Wheat Board which states the following:

> The sales policy of the board was directed to obtaining the largest possible share of the reduced world import requirements.

Further on it states:

Pursuant to its obligation to promote the sale of grain produced in Canada in world markets the board endeavoured to keep its prices for export wheat competitive at all times—

The board quoted separate daily asking prices for wheat (a) in store Pacific ports, (b) in store Fort William/Port Arthur and (c) in store Churchill. Export selling prices c.i.f. St. Lawrence ports, c.i.f. Atlantic ports and, as required, in store at intermediate seaway ports were also announced by the board.

The purpose of regional pricing was to maintain the competitive position of export wheat in major commercial markets irrespective of the port of shipment.

Further on it states the following, and this applies to the 1964-65 crop year:

Shipments from Fort William/Port Arthur—380 million bushels.

As other speakers have stated, the president of the Saskatchewan Wheat Pool estimated that a 10 per cent increase in seaway tolls would mean an additional 1¼ cents a bushel in the cost of exporting wheat. Moving 380 million bushels of wheat through the lakehead at an extra cost of 1¼ cents a bushel would mean roughly $5 million out of the farmers' pockets. I think this is a very good argument against increasing the seaway tolls.

Mr. Speaker, I would like to refer to a statement made by the Canadian Federation of Agriculture. This statement was made in 1964 at which time there was pressure from U.S. interests to increase the seaway tolls. I think it should be put on the record because I do not believe that it has been put on the record so far. I will just read part of it:

The federation delegates took another look at the organization's policy position on St. Lawrence seaway tolls at this year's annual meeting. They resolved to strongly oppose any increase in tolls on the section of the seaway from Montreal to lake Ontario, to oppose any toll charges whatever on on the Welland canal, and to oppose the principle of recovering capital costs of the seaway through the collection of tolls.

This will strengthen the arguments of the member for Grey-Bruce (Mr. Winkler).

The report states further:

In making these decisions, the federation delegates had these considerations in mind. First, they recognized that the seaway was built to benefit all Canadians through lowering costs of products moving through the waterway for both the domestic and export markets. Second, it was pointed out that the Montreal to lake Ontario section of the seaway is the only waterway in North America which is subject to tolls. Third, that while there may be some obligation and justification for attempting to recover operating and maintenance costs by charging tolls, any attempt to recover capital costs in the same way would defeat the purpose of the seaway by making its utilization uneconomic for many users.

There is one more paragraph which stresses the point I am trying to make. It says:

Tolls on the seaway, of course, affect farmers in two ways.

Then, speaking for western grain farmers, it continues:

Export grain transported through the waterway loses some degree of competitiveness in world markets, or farmers receive less returns for their product. In the second place, the costs of goods that farmers buy stand to be higher, whenever such goods, or the materials from which they are made, are transported through the seaway.

That is the point which I was trying to emphasize, that any increase in seaway tolls would affect the prairies. Of course, it also affects other parts of the country. It would affect us in two ways.

As I stated at the outset of my remarks, this debate has been most necessary because it made it possible to put on the record arguments that must be carefully considered by the government and by the seaway authority. These arguments against increased seaway tolls must be pressed home now. The Minister of Transport (Mr. Pickersgill) has clearly stated that a decision will be made soon. I will read what he said as reported in *Hansard* on March 24 at page 3086. He is referring to discussions between the St. Lawrence Seaway Authority and the St. Lawrence Corporation of the United States. He speaks about the possibility of a revision of the existing tolls, and says:

I understand that the parties to this discussion now feel they are fairly close to agreement as to what they will be prepared to recommend to the two governments.

To me that indicates that a decision has been taken and a recommendation will be made to the government very shortly.

In briefs presented to the standing committee on transport and communications recommendations have been made for a transportation authority which would have the power to work out an over-all policy for all transportation by rail, by air, by bus and by water. I believe it is necessary to have such an over-all transportation policy. I believe such a policy will evolve eventually. In the meantime I support the arguments presented today against any increase in seaway tolls.

Mr. Lawrence E. Kindt (Macleod): Mr. Speaker, I wish to speak for a few moments

on the subject of the possibility of toll increases on shipping on the great lakes. Some time ago I asked the Minister of Transport what was the position of his government with respect to these increases. His reply was that in due course the St. Lawrence Seaway Authority would ask for briefs, brochures and other representations from various organizations. When the facts were made known to them, they would make a decision and inform the government of it. Nothing up to that point would become mandatory or operative until the government, in turn, passed an order in council implementing the recommendation.

• (9:00 p.m.)

The purpose of this debate today is to give parliament an opportunity to talk and make representations to the St. Lawrence Seaway Authority before they make their decision. It was extremely disturbing to me when the house leader on the government side tried to find some means of putting off this debate under standing order 26, by means of which we sought to discuss these tolls. I am glad that it has been going forward. I have listened to many of the speeches this afternoon and I must say that if these representations reach the ears of the St. Lawrence Seaway Authority, they should have the desired effect.

Who is going to make these representations to the authority? Well, it may be the wheat pools or it may be the United Grain Growers in so far as wheat is concerned. This dispute affects not only grain shippers but every type of shipper. What is the implication of an increase in rates? Anyone knows that when you set rates on the lakes or any other transportation system, that changes and moves a lot of other things. What formerly looked like a good market could now be out of reach of a particular industry simply because of the increase in rates. This could happen.

It is no wonder that many people are exercised about what is going to happen to the rate structure which has been in effect for a number of years. If these rates are to be increased, as is proposed, by a cent and a half or whatever it is, this would cost the farmers of western Canada roughly $5 million in extra transportation charges on their wheat going through Fort William or Port Arthur. This would be $5 million they would not get. The only way you can look at the situation is that this sum comes directly out of the pockets of the farmers of western Canada. It will be money they will not have to spend. It will reduce their standard of living, and many have incomes which will not stand this additional charge.

We hope that this discussion will cause the St. Lawrence Seaway Authority to pause and reconsider any recommendations which they might wish to make to the government. We would expect, therefore, when the decision is made it will be amply supported. If that is not the case, then it will be the duty of this government to ascertain the facts and decide what they intend to do. We do not feel like leaving it to this government because they do not have too good a reputation for taking action on matters of this kind in favour of the producers and people of western Canada.

There is another aspect to this entire question, namely, why not balance the raising of tolls on the great lakes against a possible reduction in volume, if you raise the rates If the rates are raised, someone is going to decide that he cannot afford to pay them and will not ship. What do you want? You cannot have it both ways. It would be better to leave the rates as they are and increase the volume. This would bring in a certain sum of money. If, on the other hand, you raised the rates and had less shipping you might end up with the same amount of money.

From an economic point of view, and from the point of view of the good of Canada as a whole, I think there is no question but what an increase in the volume of shipping and keeping the toll rates as they are would produce more money than the raising of rates and the curtailment of shipping. I hope therefore that this St. Lawrence Seaway Authority will take this point into consideration and think twice before they raise the rates on the great lakes system.

I am glad that this debate in parliament has given everyone who is concerned with this problem an opportunity to express his views. I do hope that in due course the St. Lawrence Seaway Authority will make their recommendations and that those recommendations will be of a nature which will not raise the tolls on the great lakes system.

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): I do not want to be repetitious, Mr. Speaker, but I feel I would be remiss in my duty if I did not speak on this matter of raising tolls on the St. Lawrence seaway. This proposal is made at a time when our farmers are caught in the price squeeze and when they are receiving less and less for their products. This threatened increase amounts to

about a cent and a half per bushel on the grain that is shipped through the St. Lawrence ports. On the other hand, this situation may be an eye opener for some of our farmers, particularly those in northern Saskatchewan who could make much greater use of the Hudson bay route for shipping grain to Europe. St. Lawrence tolls have no effect on grain shipped through Churchill. It is a saving for the grain growers in northern Saskatchewan, and more use should be made of this.

Long before this question came up in the house, I received many letters from my constituents. Every one of them drew my attention to the fact that this proposed increase in tolls would be a hardship on Canadian farmers who must ship their grain through St. Lawrence ports. A few years ago we only had to contend with wheat and flax, but now rapeseed is going through this route. At a time when we want to establish this industry strongly should we be faced with an increase in freight charges which may be a mortal blow to this new grain industry?

I am very pleased, Mr. Speaker, that you allowed this debate to take place today. It is a very important one and had to take place today for the simple reason that, if it had not, many millions of dollars would have been lost merely because our views would not have been brought strongly to the attention of the government.

• (9:10 p.m.)

Many of the Saskatchewan members stressed this point very strongly, for the simple reason that almost without exception our trade must be carried along the St. Lawrence seaway. I do not want to be repetitious or to delay this matter, because I know other hon. members from the west want to make a strong appeal to the government. I ask that they pay attention to our pleas and see that this increased toll does not come into being. I realize there are some areas of the country which would like to see an increase, but it would be a very serious matter for the western farmer who must ship his grain through the seaway.

I see Mr. Speaker, who made the decision to allow this debate, is now in the chair and I should like to direct my personal thanks to him for allowing us to discuss the matter.

Another matter I should like to bring to the attention of the house is that even though an increase in tolls on the seaway might be requested by the tolls commission, we should never allow matters to reach the point where the government alone would see fit to increase tolls.

That is all I have to say at the present time. Other members from the west wish to have an opportunity to express their views and the views of the people they represent here in parliament.

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): Mr. Speaker, in the debate this afternoon the Leader of the Opposition (Mr. Diefenbaker) in his usual fashion made an unwarranted attack on the members of the cabinet for, as he claimed, not being present during this important debate.

Mr. Churchill: Where were they?

Mr. Knowles: Yes, where are they?

Mr. Byrne: The hon. member for Winnipeg South Centre (Mr. Churchill) has asked, where are they?

Mr. Churchill: North Centre asked, where are they?

Mr. Byrne: I am about to ask the hon. member for Winnipeg South Centre, where were the front benchers of the former administration, the members of the cabinet of the former Conservative government, when the right hon. gentleman was speaking? Not one of those former cabinet ministers was sitting in the front benches. Significantly absent was the hon. member for Qu'Appelle (Mr. Hamilton) and a number of others who certainly should have been interested in this important debate.

Mr. Churchill: The hon. member has lost two cabinet ministers while he has been speaking. They walked out on him.

Mr. Byrne: There was a noticeable lack of western members on the front benches, and that cannot be denied. Furthermore the members of the opposition were forewarned that this debate was about to take place. However, members of the cabinet had made other commitments—

Mr. Churchill: Mr. Speaker, on a point of order, the hon. member said that members of the opposition were forewarned that this debate would take place. You, sir, had nothing at all to do with that. You did not tell us in advance. In fact, you took us by surprise.

Mr. Byrne: Mr. Speaker, I will have unquestionably to accept the statement by the hon. member. However, you will bear with

me if there are some lingering doubts in my mind on this question.

Mr. Churchill: That is a reflection on the Chair.

Mr. Byrne: It was not my intention to argue extensively the question whether tolls should be increased or whether there should be tolls of any description on the St. Lawrence river and its related facilities. However, I think it has been pointed out this afternoon by a number of speakers, and in particular by the Minister without Portfolio (Mr. Turner), that this development was the result of an international agreement which was finalized by acts of parliament and by Congress.

I should like to quote the words of a former minister of transport, the hon. member for Northumberland (Mr. Hees), when he answered a question in the house on November 7, 1957, which was posed to him by the then hon. member for Meadow Lake, as reported at page 847 of *Hansard*:

> With respect to the hon. member's reference to a decision to impose tolls, I should perhaps remind the house how this matter came about. It is well known that for many years the executive branch of the United States government was unsuccessful in obtaining approval from Congress for an agreement with Canada for the construction of navigation works in the international rapids section of the St. Lawrence river.

Then the hon. member went on to describe the difficulty the President was experiencing in getting this matter to Congress, and he concluded with these words:

> Both of these acts provide for the establishment of tolls to make the project self-liquidating.

I think the significant words there, Mr. Speaker, are the words "self-liquidating". This was and is an international agreement. The Leader of the Opposition in this abrogation of international agreements is following a pattern. We have the Columbia river treaty which he failed to consummate. Then there was the treaty on atomic weapons which he failed to carry out. We now have the suggestion that this agreement with the United States be not concluded.

• (9:20 p.m.)

As I said, it was not my intention to argue one way or another the need for an increase in tolls on the seaway.

Mr. MacInnis (Cape Breton South): We realize that.

Mr. Byrne: I have come across a number of inaccuracies which should be referred to. The motion states that Mr. Gibbings, president of the Saskatchewan Wheat Pool, indicates that the net return to western wheat producers will be reduced by $1\frac{1}{3}$ cents per bushel, should tolls be increased.

I am told that the increase in tolls amounts to 11 cents per ton. The total shipping charge from a point between, say, the midwestern prairie and Montreal is $18.43 per ton, this figure including handling at the lakehead, railway transportation and lake shipping. The figure will be increased by 11 cents per ton to $18.54. One will bear in mind that there are approximately 33 bushels to the ton. I note the hon. member for Rosthern (Mr. Nasserden) watching me carefully to see if I know anything about wheat.

When shipping began in 1959, with the advent of the St. Lawrence seaway as an operational project, the wheat board increased wheat prices at the lakehead by $5\frac{5}{8}$ cents a bushel. I will not get into too small fractions, but I think that we still have more than a 5 cent per bushel advantage as a result of the St. Lawrence seaway project—

Mr. Nasserden: Would the hon. member permit a question?

Mr. Byrne: Indeed, I would.

Mr. Nasserden: Would the hon. member not agree that this is an increase in the cost of production?

Mr. Byrne: There is no question about that, Mr. Speaker. In fact, the extra charge involves an additional $\frac{1}{3}$ of a cent per bushel in the delivery charges to Montreal. That is self-evident, and I am surprised that the hon. member asked such a simple question.

My principal reason for entering the debate is because this motion was introduced primarily for the protection, if you will, of the wheat growers of western Canada. It has been said by hon. members taking part in the debate that the government has no transportation policy, and that it has done nothing to assist the western farmers.

Because of the terms of the motion, I want to go somewhat into the history of the movement of wheat from western Canada to the lakehead; from the lakehead to Montreal and, of course, to the Atlantic coast. I point out that under the Liberal regime of the Right Hon. Mackenzie King in 1922, the grain delivery rates were first governed by statute.

An hon. Member: Was that 1922?

Mr. Byrne: The then prime minister set up a special committee of the house and the Senate.

An hon. Member: There was no seaway in 1922.

Mr. Byrne: That committee went into the then existing agreement known as the Crowsnest agreement, which among other things at that time provided that the shipment of grain from western Canada should be at the rate applying in 1897. Until 1922, under the Crowsnest agreement, the freight charges respecting many commodities were not by statute but by agreement with the Canadian Pacific Railway.

Included were 13 items which were practically all essential to the western farm community. This agreement to which I have referred applied to all commodities moving westward from the lakehead, while the rate applying to grain was on the eastward movement to the lakehead.

It was determined by the committee set up by Right Hon. Mackenzie King that the Canadian Pacific Railway could not continue to operate under such stringent regulations. In passing, may I point out that this rate applied to the rail lines which had been constructed prior to 1897, being approximately 7,300 miles in length. By 1922 the rate applied to approximately 13,000 miles of railway on the western prairies. It followed, therefore, that the rate could not apply to 7,000 miles of prairie railway, and not equally apply to the other 6,000 miles.

• (9:30 p.m.)

In the end result the railways were effectually required to make these rates effective on the additional 6,000 miles. The committee found that unless the government were to take over the railway line and operate it on the basis of those rates the company could not carry on. The committee recommended that the C.P.R. should be absolved from carrying the commodities named in the Crowsnest agreement, except in the case of wheat destined for export. This means and meant at the time, that the rate for shipping western Canadian wheat was held at the rate which was in existence in 1897. That of course is where it stands today.

I do not want hon. members to misunderstand me—

Mr. Churchill: You want to raise that rate, do you?

Mr. Byrne: I have lived on the prairies myself and my family has lived there for years. I know what the difficulties of farmers are. I simply want to make it plain that this administration and past Liberal administrations have been cognizant of the difficulties inherent in wheat growing in western Canada.

I said earlier that when the great lakes shipping channel was deepened to 27 feet and became operational in 1959, the price of wheat was increased by just under six cents a bushel. The increase now proposed, if it should come into effect, would amount to ⅓ cents a bushel. I believe the hon. member for Macleod (Mr. Kindt) said this would mean some $5 million loss to the western farmers. That is unquestionably a great deal of money but I would ask hon. members to consider with me whether the policy which was adopted by a former Liberal administration and which has, of course, become public policy since, that grain movement in western Canada which sometimes reaches a volume of half a billion bushels a year, moving at a rate which was set in 1897, does not bring some real benefit to the farmers of western Canada.

Take the rate from Lethbridge to Fort William.

An hon. Member: We do not ship wheat that way.

Mr. Byrne: I am reminded by the hon. member for Assiniboia that we do not ship wheat from Lethbridge to Fort William. This brings up another aspect of the Crowsnest rates which I am sorry I have neglected to relate. The agreement, as the hon. member well knows, provided that these rates should apply to eastern movement only. But after the statutory rates were put into effect in 1922 it became clear that the difficulties of hauling loads over vast mountains were not as great as had been predicted and that grain could move to ports of Vancouver and Prince Rupert. And, of course, a market developed in that area. It was therefore decided by government under the guise of the Crowsnest agreement that the same rates should apply to the western movement. Hence the shipments today from Lethbridge to the Pacific coast through the Crowsnest Pass and by way of the Columbia valley to the main line, thence, to Vancouver. This, of course, is another benefit of the initial agreement and

the statutory rates which were set in 1922 by a Liberal administration.

I was about to say when I was interrupted that I suspect the cost of shipping grain in Canada today as compared to the rates applying south of the border in the United States would be about one-third of that incurred by our neighbours.

I am not sure of the actual figures but when I inquired into this question some 15 years ago, this proportion applied. As a basis I took the freight charge from Coutts in Alberta to the lakehead. I believe it was 20 cents a bushel on the Canadian side. The comparable distance in the United States was from Sweet Grass, Montana, to Chicago. The rate there was about 60 cents a bushel. This is, of course, a significant differential, so much so that some enterprising American—I was about to say "Yankee" but I do not think that term is a complimentary one—began to purchase wheat in Sweet Grass, truck it to Coutts, ship by rail to the lakehead and from there to Chicago, making a handsome profit of some 35 to 40 cents a bushel. No doubt it would be interesting to hon. members if I were to relate what happened when the C.P.R. attempted to stop this movement by telling this enterprising individual that no cars could be provided. We often hear this complaint from members of the opposition —that cars are not available.

Mr. Nasserden: A question of privilege, Mr. Speaker. My question of privilege is this: I wish to ask when the hon. member intends to deal with the increase in tolls on the seaway. This ancient history concerning freight rates over the years is very interesting, but all we on this side of the house have been able to gather from it is that the Liberal party has changed a great deal since those days.

• (9:40 p.m.)

Mr. Byrne: Of course, Mr. Speaker, the Liberal party changed for the better as time went along and I want to assure the hon. member that the Liberal party has the very highest regard for the western prairie farmer and his problems.

Mr. Baldwin: It is not reciprocated.

Mr. Byrne: If you just look at the MacPherson commission report you will find that the public policy of the Crowsnest rates will continue to apply, as recommended. The hon. member has called this ancient history, but I do not think it is ancient history. I believe it is current history. It is important that these grain rates stay at a relatively low figure so that we can remain in the world market.

The hon. member raised the question of whether or not I was in order. That question need hardly arise, Mr. Speaker. Your Honour had the pleasure this afternoon of hearing the Leader of the Opposition (Mr. Diefenbaker) quote extensively from a report by Knowlton Nash, in the May 28 edition of the *Financial Post*, dealing with matters completely extraneous to the question of wheat movement which, after all, is the matter that is before the house, involving an increase in the cost of delivering wheat to Montreal of something like 1⅓ cents per bushel.

The Leader of the Opposition I submit went much further afield than I have. I am dealing essentially with the question of the rates on grain and whether or not the charges that have been made by members of the opposition, that the Liberal party does not have a policy with respect to freight movement and gives no thought to the western farmers, are correct.

When I was so rudely interrupted—I retract that statement because I have a high regard for the hon. member for Rosthern (Mr. Nasserden)—when I was so interestingly interrupted I was about to recall that the box car controller in the Canadian Pacific Railway Company at that time told these enterprisers that the company was unable to supply the box cars required for the movement of wheat from Montana to Chicago, but could provide them with cattle cars only. The company did not reckon with the ingenuity of one enterpriser in Montana who took delivery of the cattle cars, simply lined them with three ply, and went on about his business making something like 30 cents a bushel in the transaction.

As I said earlier, Mr. Speaker, the motion deals with the question of increased costs of producing and marketing a bushel of wheat. There is no doubt that other commodities will suffer in proportion. I do not have the figures of the proposed increased cost per ton on iron ore. If they are in the same proportion to the cost of moving a ton of wheat, then I hesitate to believe the suggestion that iron ore from Quebec and Labrador will be going over another route to New York and on into the industrial heart of the United States by rail.

There is no question but that the lowest possible shipping costs are obtained by movement on water, even though some lockage charges may be involved. I do not have all of

the evidence that was placed before the St. Lawrence Seaway Authority in its recent hearings. Perhaps some hon. members who have spoken today have had the benefit of reading some of the briefs that were presented, but I personally have not. I think we should wait until we hear the report of the St. Lawrence Seaway Authority, and when it has made its recommendations to the cabinet I am sure the government will act in the best interests of all Canada, and that includes the wheat growers of western Canada.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, the one remarkable statement I heard from the hon. member for Kootenay East (Mr. Byrne) was his expression of the high regard which the Liberal party had for the farmers of western Canada. I say that the good people of Canada should pause once in a while to see how fortunate it was for Canada that the farmers of western Canada do not have the same regard for the Liberal party. Today has been a pretty good illustration of that.

While this issue involves far more than the western farmers—and it does affect them intimately—we have had an illustration of member after member from the west rising, and with golden words of wisdom which, looking at the Minister without Portfolio (Mr. Turner) I am afraid fell on stony ears, indicating the reasons why this proposed increase in tolls should not be put into effcet.

The hon. member for Kootenay East said something about there being no member from western Canada in the chamber at one time. As one member from western Canada I should like to say I was attending the public accounts committee to salvage something out of the pitiful mess of overpayments, extravagance and waste flowing from the actions of the government. Now I come back to this chamber and find that our efforts are going to waste because the Minister without Portfolio, on behalf of the government, is going to impose this additional sum of money on the overburdened taxpayers of the country, either directly or indirectly.

Mr. Turner: That is not what I said at all.

• (9:50 p.m.)

Mr. Baldwin: I consider it is significant that the hon. member who just sat down did not in one sentence, if I heard him correctly—and we will look to see whether we can glean some golden nuggets tomorrow—indicates in any way his support for the position

[Mr. Byrne.]

taken by the Minister without Portfolio (Mr. Turner). There stands the minister like Horatio at the bridge, only for a very much worse cause. He is the only man who has seen fit to stand up and support this nefarious program of increased tolls. I say to the minister, after listening to what has been said on this side, that if he had tears surely he would be prepared to shed them now, but I doubt after the long list of errors, accidents and mistakes which have come from the government over there that he has any tears left.

In dealing with the issue for one moment, I should like to say that I would not have spoken at all had I looked across at the minister and seen some capability of bending or some indication that he is prepared to accede to these very reasonable requests. As I read the St. Lawrence seaway legislation I find it is very vague and ambiguous to some extent; but when the minister suggested earlier this afternoon that there might have been or could have been access to the Board of Transport Commissioners, I suggest this is entirely wrong. As it stands now, if under section 17 the tolls are imposed by the Canadian government acting through the seaway authority in conjunction with the government of the United States, through its corporate emanation, sections 15 and 16 have no application at all, and so far as the tolls established with regard to the deep water construction are concerned there is no opportunity for the Board of Transport Commissioners to function. But if they did function with regard to other tolls which were set, it would not be by way of hearing and appeal.

I may have misunderstood the minister, but in discussing what was said in 1958 by Mr. Chevrier at the time the announcement was made by the minister of transport, he made the suggestion that Mr. Chevrier had indicated this. I say this is not the case. Even if it were, all that the Board of Transport Commissioners can do is to consider the question of discrimination. The question of discrimination as applied to the Board of Transport Commissioners has had a long history. The board cannot consider the economic consequences but, as between two individuals or two corporations whose goods are being carried by this particular carrier, it can come to a decision in respect of whether or not there has been discrimination.

I think it is quite wrong to suggest that any time, under the legislation which was

brought in in 1951 by the then Liberal government, there could have been any opportunity for the Board of Transport Commissioners, in respect of the tolls, to do other than deal with the question of discrimination. I think this is what they are limited to. Quite recently in the public accounts committee we had the opportunity to have some of the officials of the seaway appear before us. I am not in a position to quote from the report of the committee, but I can act as a pipeline and give some of the impressions I received as a result of what was said. The tolls were established as a result of a projection made by a tolls committee which was set up I believe in 1957. This committee considered the matter. It was a joint committee established by the United States and Canadian governments. It made certain estimates as to the possible revenue and projected expenses. Their recommendation was made to the two governments and the tolls were then set. Since that time it has been discovered that this projection was so far out that over a period of years from the time the seaway came into operation there has been a shortfall of some $32 million.

Today it is proposed that the new tolls be established as a result of a projected economic review made by another committee. What is there in this projection for us to accept as assurance that their estimate will be any more accurate than that of the committee which made its report in 1958? It is suggested that this increase of 10 per cent in five or six years somehow will result in there being equalization of the expenses and the tolls. I doubt this very much. In the last few years, with an expanding economy it has been impossible to make the tolls meet the cost of operation and the interest charges which, under the act, must be taken into consideration.

Under these circumstances I suggest the sensible thing would be for the government to urge the seaway authority not to project these additional tolls at this time but rather to let the matter be delayed so that the whole issue may be brought into parliament and considered in connection with an over-all transportation policy for the good of Canada. I would suggest that this is a matter for this house, for parliament, and not for the government or any crown corporation. The proper thing to do is to put a stop to this proposal. Let us continue under the same rates which have been in effect, and then let the whole matter come to parliament to receive proper discussion so that we may be able to reach a proper decision.

Mr. Speaker: Order. It being ten o'clock I should like to bring to the attention of hon. members citation 100 paragraph 12 of Beauchesne's fourth edition:

> The debate on the urgent matter referred to in standing order 26 cannot be adjourned, as the motion actually before the chair is "that the house do now adjourn". Once the house rises, the motion is carried.

Normally, according to the standing order I should leave the chair now, but I believe I should bring to the attention of hon. members that there is a long list of questions which are pending now for the adjournment debate. If hon. members wish to give unanimous consent that the Speaker do not leave the chair at this moment, the three questions which have been placed on the program for the adjournment debate could be heard.

Some hon. Members: Agreed.

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, may I state the business for tomorrow. We will begin with an interim supply bill for one month. Then we will proceed to the estimates of the Department of Labour, the Department of Industry, the Department of Defence Production, Legislation and the Privy Council.

Mr. Knowles: In that order?

Mr. McIlraith: Yes.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

IMMIGRATION—RECOGNITION OF PROFESSIONAL QUALIFICATIONS OF EUROPEANS

Mr. Max Saltsman (Waterloo South): Mr. Speaker, on Thursday of last week I raised the question concerning immigrants in Canada who are forced to take menial work although they have professional qualifications. My question arose from an article which appeared in the *Globe and Mail* of Thursday, May 19, headed, "Graduate Becomes Sweeper." The article pointed out that university trained, professional men and women from Europe are working in Canada as dishwashers, labourers and technicians because professional associations will not accept

their credentials. The article says that an Ontario Welfare Council discussion group was told this in Toronto. The article gives some examples to this effect and continues:

> Zlata Bartol of the Family Service Association said she knows of New Canadians with double doctorates who have been forced to work in the woods. She said universities have refused admittance for qualifying or refresher courses.

• (10:00 p.m.)

I do not know whether the charges made in this article are true, but this is not the point in my participating in this adjournment debate. We have heard of many cases of this type in the past and my concern is that in view of the serious shortage of skilled professionals in Canada, the acknowledged shortage of the people who are so vital to keep our employment going, it is incumbent upon the department of manpower to look into these charges to see whether they are true. If they are true and people with special training and qualifications are being prevented from using their talents in this country, it is certainly a most serious matter and one that calls for an investigation on the part of the Department of Citizenship and Immigration. I should like to quote from an editorial that appeared the following day in the *Globe and Mail*. The heading of this editorial is, "A Waste" and it says:

> Immigrants with degrees from European universities are often reduced to working as dishwashers, labourers and lumberjacks—

Then it goes on to say:

> According to Mr. Sametz, immigrants who go through some suffering to regain their professional status benefit by feeling a sense of achievement—

Then Mr. Sametz made this great comment:

> —some people make it, but some have been broken in the process.

The editorial continues:

> Good stern stuff and straight from the shoulder. What would be better for a doctor or an engineer than a few tough years in the bush? Indeed, the idea might well be extended to include the graduates of Canadian universities. No doubt that some suffering would also increase their sense of achievement.

I do not know whether you need this kind of suffering to increase the sense of achievement, but I do know there is a serious shortage of skilled people. We have asked immigrants to come to this country and I would certainly hope we would honour their credentials and enable them to perform the functions for which they were trained, not only for their own sake but for the benefit of this country. I would ask whoever is to speak for the Department of Citizenship and Immigration to provide an answer as to why these charges have not been investigated in the past, and also what the department intends to do about some of the charges that are being made today.

Mr. J. C. Munro (Parliamentary Secretary to Minister of Citizenship and Immigration): Mr. Speaker, we have noted the comments of the hon. member for Waterloo South (Mr. Saltsman). The *Globe and Mail* article to which he referred does not, of course, mention names. The effort can be made, and will be made, by the department to ascertain the names of the people who are referred to but are not named in the article. I think the hon. member and the house should bear in mind, though, that this happens in respect of a relatively small minority of immigrants who come to this country. Even if it is a limited few, I agree we should do everything possible to avoid its occurrence.

The hon. member is no doubt also aware that recognition for professional qualifications is under the jurisdiction of provincial licensing bodies. Immigration officials overseas have comprehensive information on the requirements which must be met in each province for entry into all of the major professions and skilled trades, and immigrants are given thorough counselling about the difficulties they are likely to encounter if they do not meet these requirements.

Immigration officers overseas are instructed to give this type of information, to warn of difficulties in this regard, and I do believe they sincerely undertake that task. They are also given direction to enable the immigrants to find out the chances of meeting the requirements directly from the appropriate licensing body. Again I would remind the hon. member that this falls under provincial jurisdiction.

Professional people, even those who are likely to have difficulty in obtaining recognition in Canada, can normally qualify for admission as immigrants by reason of their general education and the availability of employment opportunities for persons with training related to their professional field. Such persons cannot be refused admission, but they are informed overseas that they must expect either to have to take further training before being accepted into a professional association in Canada, or be willing to accept alternative employment outside of their profession.

The *Globe and Mail* article mentions misinformation given by immigration officials about housing in Toronto. We do not want to make any particular reference to that tonight, other than to say that this is information given by immigration officials which is usually obtained from the Department of Labour publication "Living and Working Conditions in Canada", which the department has always found to be extremely reliable.

INDUSTRY—BEAVERTON, ONT.—CLOSING OF AUTO PARTS PLANT

Mr. W. C. Scott (Victoria (Ont.)): My question to the minister of manpower is as follows: Would the minister inform the house if he has received a telegram from Mr. Benson, international representative of the United Automobile Workers of America, in respect of the shut-down of Lake Simcoe Industries at Beaverton, Ontario, and if so what action will be taken to alleviate this serious situation set out in the telegram?

Lake Simcoe Industries is a small auto parts manufacturing firm owned by Attwood Vacuums of Rockford, Illinois. This industry employed directly approximately 225 people, and indirectly many more, such as transport employees, outside tool and die makers, as well as contributing largely to the economic life of this small community whose population is around 1,200 people. Its employees were both male and female, with many ranging from 45 to 60 years of age. These older people find it very hard to relocate in jobs of the nature to which they have been accustomed for the past 13 years while working for Lake Simcoe Industries, which has become a casualty of the free trade agreement in autos and auto parts.

A group of key personnel of this factory formed a company and endeavoured to purchase the now existing plant. In this effort they contributed a considerable amount of their own capital and applied to the Adjustment Assistance Board for a loan. This application was refused. They are now left in a situation where there is no possibility of this plant's carrying on operations after June of this year.

I request the minister to give consideration to this telegram sent by Mr. Benson and to use all the facilities in his department to assist these people to find suitable alternative employment.

Mr. J. C. Munro (Parliamentary Secretary to Minister of Citizenship and Immigration): The hon. member for Victoria (Mr. Scott) may be happy to hear certain facts which may allay his fears. Our information is that the major layoff is due to commence on June 13. In accordance with arrangements made earlier 182 employees, 92 male and 90 female, were registered for employment on May 9 and 10. Of these 132 have indicated they could travel to new employment. The applications of 126 of these employees, 74 male and 52 female, are currently under consideration for comparable jobs at Lindsay, which is within commuting distance of Beaverton. Other employment is also reported in prospect in the Parry Sound and Peterborough areas.

Following the official announcement of the impending closure of Lake Simcoe Industries on April 29, an officer of the regional office of the National Employment Service at Toronto met with Mr. Benson, the international representative, Canadian region, of the United Automobile Workers to discuss the arrangements that were being made to assist the workers, and the prospect of alternative employment with firms in nearby areas. The possibility of employment with these firms is being actively canvassed on behalf of the Lake Simcoe employees.

I think the information I have just given should be quite encouraging so far as most of these workers, if not all, are concerned. Certainly there is hope of a great number of them finding alternative employment within commuting distance of their present residence. The hon. member would be pleased also to learn that Mr. Benson is meeting with the minister, I believe this month, and it appears likely as a result of the work being done by the government that those workers prejudicially affected will be brought under the transitional assistance benefits program.

Motion agreed to and the house adjourned at 10.15 p.m.

HOUSE OF COMMONS

Friday, May 27, 1966

The house met at 11 a.m.

INQUIRIES ACT

AMENDMENT RESPECTING PUBLICATION OF EVIDENCE

Mr. Andrew Brewin (Greenwood) moved for leave to introduce Bill No. C-188, to amend the Inquiries Act.

Some hon. Members: Explain.

Mr. Brewin: Mr. Speaker, the purpose of this bill is to correct some of the deficiencies in the Inquiries Act. The bill provides that inquiries or royal commissions, as they are sometimes called, may continue to secure evidence from any available source in order to get at the truth of any matters into which they are inquiring, but it provides that material introduced at the inquiry, if it is defamatory of individuals, must not be published unless first of all—

Some hon. Members: Hear, hear.

Mr. Brewin: —unless it is relevant to the inquiry and would be admissible in a court of law. Recent episodes and the whole history of inquiries reveal the need for this type of legislation.

Motion agreed to and bill read the first time.

FARM MACHINERY

APPOINTMENT OF COMMISSION OF INQUIRY

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, I request permission to table order in council P.C. 1966-978 appointing Dr. Clarence L. Barber, head of the department of economics, University of Manitoba, as a commissioner under part I of the Inquiries Act to inquire into the cost of farm machinery and repair parts. The terms of reference of the commissioner are contained in the order in council.

Mr. Speaker: Has the minister leave to revert to motions for the purpose of tabling this document?

Some hon. Members: Agreed.

Mr. Speaker: Has the minister leave to table the document?

Some hon. Members: Agreed.

• (11:10 a.m.)

CANADIAN BROADCASTING CORPORATION

INQUIRY AS TO ACTION FOLLOWING REPORT OF MEDIATOR

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, may I ask the Prime Minister whether, since delivery to him of what might be described as Stuart Keate's commentaries, he has talked with the president of the Canadian Broadcasting Corporation or any of the senior executives. Have they given any indication that they are willing to compromise on their decision of dismissal in connection with the Leiterman program, and to bring about the suggested procedures to be followed in connection with dismissal of producers and other personnel?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the report which Mr. Keate submitted to me was referred by me at once to the president of the Canadian Broadcasting Corporation and a representative of the producers' association. I hope this report will assist in the parties concerned getting together and resolving the dispute between them. I know my right hon. friend will share my expression of appreciation for what Mr. Keate was able to do to help in this matter.

Mr. Diefenbaker: Mr. Speaker, I share it, and I only hope that the words ascribed to the poet John Keats: "writ on the wind", would not apply. I should like to ask the Prime Minister now to answer the question. Has he communicated with the president or any senior member of the C.B.C., and have they shown any attitude of reasonable compromise?

Mr. Pearson: Mr. Speaker, I communicated the report to the president, as I have already indicated. It is now for the president and the producers association to discuss the report. I hope in their discussions they will be able to resolve their difficulties.

Mr. Eldon M. Woolliams (Bow River): A supplementary question, Mr. Speaker. I should like to refer the Prime Minister to the report of Mr. Keate, and in particular to a

very short statement which appears at page 1, namely:

> The producers association suspended their strike threat and the show went on, opening with the statement that "This hour comes to you through the courtesy of the Prime Minister of Canada".

Does he take from those words the suggestion that either he or his government have shown some direct interference in the management of the C.B.C.?

Mr. Speaker: Order. This question is argumentative.

[*Translation*]

[*Later:*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I would like to put a supplementary question to the right hon. Prime Minister.

Does he intend to wait for the report of the parliamentary committee now studying the case of "This Hour Has Seven Days", before the producers association or management of the C.B.C. reach decisions?

[*English*]

Mr. Pearson: Mr. Speaker, the consideration if any, to be given by the committee to this report is a matter, of course, for the committee itself to decide.

TRANSPORT

SEAWAY TOLLS—HOUSE CONSIDERATION OF PROPOSED INCREASES

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, in view of the widespread concern over the proposal that the tolls on the St. Lawrence seaway be raised, I want to ask the Prime Minister whether he can give the house an assurance on two counts; first that the recommendations of the St. Lawrence Seaway Authority will be made public before any decision is made by the cabinet; second, that there will be an opportunity to discuss these recommendations in the House of Commons prior to any order in council being passed which would increase the tolls on the St. Lawrence seaway.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the house has already been given an opportunity to discuss this matter. In regard to the procedure to be followed in the future, I would only assure my hon. friend that the appropriate constitutional procedure will be followed. I know this procedure will be such as will respect the rights of parliament and also the responsibilities of the government.

[Mr. Woolliams.]

Mr. Douglas: A supplementary question. May I ask the Prime Minister whether he can be more specific and clarify his statement. Is the Prime Minister now telling the house that the order in council will be passed without parliament being given any opportunity to discuss the recommendations of the St. Lawrence Seaway Authority?

Mr. Speaker: Order, please.

Mr. Frank Howard (Skeena): A supplementary question, Mr. Speaker, though I am not sure whether this is within the authority of the government. If not, would he approach the seaway authority to see whether the authority would make public the economic studies which it commissioned and upon which it bases its proposals?

Mr. Pearson: I should be glad to look into that question, Mr. Speaker.

[*Translation*]

AGRICULTURE

QUEBEC—APPOINTMENT OF FRUIT AND VEGETABLE INSPECTORS

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I would like to put a question to the hon. Minister of Agriculture.

On March 7 last, almost three months ago, the Canadian Fruit and Vegetable Wholesalers Association asked the Department of Agriculture to appoint additional federal inspectors in Quebec.

Can the minister tell us today if additional fruit and vegetable inspectors will be appointed in the province of Quebec?

Mr. Speaker: That question should be put on the order paper.

[*Later:*]

Mr. Caouette: Mr. Speaker, may I put a supplementary question to the Minister of Agriculture?

Is he in a position to tell us whether he is considering at present the possibility or advisability of appointing fruit and vegetable inspectors in the province of Quebec?

Mr. Speaker: That question has just been rejected.

Mr. Caouette: On a point of order, Mr. Speaker. I would not want the inspectors to be placed on the order paper but rather appointed in the province of Quebec to deal with fruits and vegetables.

[*English*]

FARM MACHINERY

CONSIDERATION OF PRICE INCREASES BY AGRICULTURE COMMITTEE

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, may I direct a question to the Minister of Agriculture arising out of the order in council he tabled a few moments ago. May I ask him, in view of the fact that a one man commission has been set up to inquire into the prices of farm machinery and repair parts, whether this is an indication that the minister does not intend to ask that this subject matter be referred to the standing committee on agriculture, forestry and rural development of this house, so that body can continue the work it began several years ago in this regard.

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, the committee of course are masters of their own procedure. They can, if they wish, continue any discussion. Having reviewed what the committee has done in these past several years, it seemed to me that a more useful result, and a more beneficial one to the farm community in the long run, could be achieved by having an all pervasive inquiry conducted by a prominent agricultural economist such as Dr. Barber. It seems to me that such an inquiry into the entire subject matter by Dr. Barber is preferable, rather than having this done through the medium of the committee. I think the committee had a very difficult time, according to my reading of the reports, in coming to a conclusion.

I hope, having heard the representations of various parties and hon. members throughout the house in this regard, this proposed measure will be a more useful one in the long run.

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): A supplementary question to the Minister of Agriculture in connection with the appointment of a one man royal commission to investigate the price of farm machinery. This is something I advocated a long time ago, and I am very pleased—

Mr. Speaker: Order, please.

Mr. Rapp: I want to ask this question. Is the minister in a position to say why this is only a one man royal commission, and not the usual commission with two, three or more members?

Mr. Speaker: Order, please. I suggest to the hon. member that this particular question, whether it should be a one, two or three man commission is not so important that it should be asked at this time.

Mr. Rapp: With respect, I think it is very important.

Mr. Speaker: The hon. member could place this question on the order paper.

Mr. Lawrence E. Kindt (Macleod): A supplementary question, Mr. Speaker. Has the Minister of Agriculture, in connection with this commission, set any time limit within which we shall know the results of the commission hearings?

Mr. Greene: No, Mr. Speaker. I think we should give Dr. Barber every opportunity of going into this question in depth, as he sees fit. I do not wish to tie him down in any way, because I think all hon. members of the house would like to have the most comprehensive inquiry possible.

Mr. W. H. Jorgenson (Provencher): A further supplementary question, Mr. Speaker. Could the minister assure the house that Dr. Barber will continue his investigation for several years; because during the course of the investigation by the House of Commons committee, which lasted for several months, the price of farm machinery never rose.

Mr. Speaker: Order, please. I would ask hon. members to limit their contributions to questions at this time.

HEALTH AND WELFARE

STILBESTROL—SUGGESTED BAN ON USE

On the orders of the day:

Mr. P. V. Noble (Grey North): I should like to direct this question to the Minister of National Health and Welfare. Since the United States food and drug administration has recently recognized stilbestrol as a cancer causing agent, would the minister give early consideration to the banning of its use in Canada?

Mr. Speaker: Order. There is doubt in my mind whether this question is so urgent that it could not be placed on the order paper. I recommend that course to the hon. member.

Mr. Noble: I think this is an important issue; it affects our health and welfare, and this material is being used promiscuously in Canada now. I think the minister knows something about it.

Mr. Speaker: I hope the minister knows something about it, and trust he will be able to indicate that in a written reply.

Inquiries of the Ministry

LABOUR RELATIONS

QUEBEC—STOPPAGE OF WORK BY LONGSHOREMEN

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): My question is addressed to the Minister of Labour. In view of the worsening situation in connection with the strike of longshoremen at the St. Lawrence river ports, is the minister in a position to place before the house the optimistic possibility of an early settlement of this dispute? What does the government intend to do about it, with the ships piling up and exports being held back?

Hon. J. R. Nicholson (Minister of Labour): I am not in a position to make a report at this time, optimistic or otherwise. The government has seen fit to appoint an experienced mediator, who enjoys the confidence of both sides in this dispute. That mediator is sitting in Montreal at the moment, and I do not think the government should be asked to state what action—one way or the other—may be required until we have had a report from him.

Mr. Diefenbaker: What does the minister mean by that? Does he mean the dawdling on the part of the government is to continue? Is that what he means?

Mr. Nicholson: There has been no dawdling.

Mr. Speaker: Order, please.

[*Translation*]

CANADIAN BROADCASTING CORPORATION

REQUEST FOR REPORT ON DISCUSSIONS WITH UNIONS

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I wish to direct my question to the Minister of Labour.

Has the ministerial committee looking into the conflict between the C.N.T.U. and the C.L.C. at the Canadian Broadcasting Corporation reached a decision, and if so, could it be known?

[*English*]

Hon. J. R. Nicholson (Minister of Labour): I announced the other day that there would probably be an adjournment of the meeting which had been set for this morning. A new date has been suggested for that meeting; it will probably be held on June 15 of this year. I have not yet had a chance to check with the chairman of the ad hoc committee since his return, but we are working toward that date.

[Mr. Speaker.]

BANK OF CANADA

INQUIRY AS TO INTRODUCTION OF AMENDING LEGISLATION

On the orders of the day:

Mr. Eric A. Winkler (Grey-Bruce): I should like to take this opportunity to thank the Minister of Finance for giving notice in *Votes and Proceedings* this morning of a bill to amend the Bank of Canada Act. May I ask the leader of the house whether we can expect this bill to be placed before us for discussion next week?

Hon. G. J. McIlraith (Minister of Public Works): I have no way of knowing that. All the government can do is indicate the business it proposes to submit to the house. I am afraid that last night I had to indicate that we were in exactly the same place with regard to legislation as we were a week ago Thursday night.

Mr. Diefenbaker: For which the government is to blame.

Some hon. Members: Oh, oh.

Mr. Winkler: If I assure the leader of the house of my co-operation can he assure me that this matter will be up for discussion next week?

Mr. Speaker: Order, please.

EXTERNAL AFFAIRS

RHODESIA—REQUEST FOR STATEMENT ON PRESENT SITUATION

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, having given him notice five minutes ago. In view of the reported announcement by the Prime Minister of Great Britain that the policy of sanctions with respect to Rhodesia has failed, and in view of his reported decision to accept in effect the recommendations of the Conservative opposition to proceed to negotiate with Mr. Smith, the Prime Minister of Rhodesia, with a view to bringing about a settlement, has the minister any comment to make in connection with this important development?

Hon. Paul Martin (Secretary of State for External Affairs): I cannot accept that the British Prime Minister has made any such announcement as is suggested in the question. I assume that my hon. friend's question is based upon a story carried by the New York *Times* service this morning.

The informal exploratory talks between British and Rhodesian officials, which were adjourned last week for a short period, were designed to see if a basis for negotiations exists. These talks began last month, and the British Prime Minister told the British parliament on April 27 that the British position remained that:

> —none of us in the house was prepared to accept a settlement which condoned an illegal act or which failed to satisfy the principles which were laid down by my predecessor when he was prime minister and by the present government.

The sanctions program is continuing in full force. The exploratory talks in London took place without any commitment and without interference with the course of the economic pressure that is being put on the illegal regime in Rhodesia.

[*Later:*]

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, my question is for the Secretary of State for External Affairs and is in connection with Rhodesia. Does the minister consider that a massive program of education for the native Africans would be helpful in order to bring them up to the educational standards required for the franchise under the present constitution?

Mr. Speaker: Order. The hon. member is asking for an expression of opinion, and his question is of a very general nature which cannot be accepted.

Mr. Churchill: Then, Mr. Speaker, may I rephrase my question. Now that sanctions obviously have failed, I should like to ask the Secretary of State for External Affairs what proposals he has to help solve the problem in respect of Rhodesia.

Mr. Martin (Essex East): Mr. Speaker, I cannot admit that the sanctions program has failed. I hope my hon. friend will accept my view that this does not seem to be the situation. The hon. member will recall that at the conference in Lagos, attended by the Prime Minister, this was one of the proposals made to help bring about, in the long term, a solution to this problem.

Mr. Churchill: The minister now has said that educational assistance to the native Africans in Rhodesia was one of the proposals made at the Lagos conference. Would the minister then reverse the program he undertook earlier this year of withdrawing Canadian educational authorities from Rhodesia; would he return them to this area so that they can assist in this program?

Mr. Martin (Essex East): The Canadian government certainly has no objection to continuing its technical assistance program for Rhodesia. There were nine Canadian advisers involved in that program. This was not entirely the result of a decision taken by the Canadian government. Rather, the security considerations involved prompted the persons concerned themselves to take the initiative.

HEALTH AND WELFARE

GRANTS FOR RECREATION CENTRES FOR SENIOR CITIZENS

On the orders of the day:

Mr. J. E. Brown (Brantford): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare. Can consideration be given by the Department of National Health and Welfare to recommending grants for the construction of social and recreational centres for senior citizens equal in amount to grants by any province under an act of the legislature for such purpose?

Mr. Speaker: Order. It is difficult to interpret this question. I am not sure if the hon. member is asking for a legal opinion, but in any event the question should be put on the order paper.

Mr. Brown: Ten o'clock.

[*Translation*]

AGRICULTURE

QUEBEC—SHORTAGE OF FEED GRAIN

On the orders of the day:

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, I should like to direct a question to the Minister of Labour.

Has the minister received a telegram from R. O. Blanchard Ltée which reads as follows:

> Alarming situation as a result of the longshoremen's strike—

Mr. Speaker: The hon. member knows that under the rules he cannot read a telegram in such a way when asking a question. He can ask a question concerning a telegram, but he cannot read the message itself.

Inquiries of the Ministry

Mr. Ricard: Has the Minister of Labour received a telegram from R. O. Blanchard Ltée, of Saint-Germain, in which the company advises him that the lives of thousands of head of livestock are threatened unless that strike is settled within 24 hours?

Mr. Speaker: I suggest to the hon. member that this question is rather of local interest. I take for granted that the minister has taken note of the hon. member's representations.

Mr. Réal Caouette (Villeneuve): On a point of order, Mr. Speaker, I abide by the ruling you just made with regard to the member for Saint-Hyacinthe-Bagot (Mr. Ricard). He is merely asking the minister whether he has received a telegram. It is not only a matter of local interest, but of general interest throughout the province of Quebec.

Will the minister say whether or not he has received telegrams from Quebec farmers' organizations concerning feed grain?

Mr. Speaker: The hon. member is putting forward the same argument as the member for Saint-Hyacinthe-Bagot. It is not a matter of general interest to inquire whether or not the minister has received a telegram.

Mr. Gilles Grégoire (Lapointe): I found out, in the past three years, that questions regarding western grain and amounts or subsidies paid for western grain are accepted. On the other hand, when Quebec agriculture is involved, such questions are never accepted, while those concerning western grain always are. Could you tell me why? Is agriculture in the province of Quebec not important enough?

[*English*]

Mr. Speaker: I shall take the hon. member's question as notice.

[*Translation*]

Mr. Grégoire: May I bring this up at ten o'clock?

Mr. Caouette: On another point of order. You claim there is no urgency, Mr. Speaker, but on the other hand all the telegrams we are receiving state that the farmers are out of feed grain for their cattle. It seems to me this is emergency enough for the minister to reply.

Mr. Speaker: What I suggested to the hon. member is that the minister has noted the representations. I take it for granted, once again, that all the necessary steps will be taken in view of the representations made by the hon. member.

[Mr. Speaker.]

[*English*]

[*Later:*]

Mr. E. Nasserden (Rosthern): Mr. Speaker, I have a question for the Minister of Agriculture. In view of the reported shortages of feed grain in the province of Quebec, can the minister tell us what has happened in respect of the government's feed grain supply and storage policy.

Mr. Speaker: Order. This question is of a very general nature and is one which cannot be asked at this time.

[*Later:*]

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. In view of the very serious and dangerous situation which has developed in Quebec among farmers raising cattle as a result of the shortage of feed grain, to which reference was made initially today by the hon. member for Saint-Hyacinthe-Bagot (Mr. Ricard), will he get in touch with the minister of agriculture of Quebec and, in co-operation, do something to meet this emergency which will have serious consequences if the strike continues, as apparently it will.

Mr. Speaker: Order, please. The question asked by the right hon. Leader of the Opposition is obviously the same question asked by a number of other members although it is, of course, couched in different language. It may be that the question as now asked by the right hon. Leader of the Opposition conveys a greater sense of urgency. The Chair would be placed in a very difficult position if this question were allowed, in view of the fact that the other questions were ruled out of order.

Mr. Diefenbaker: Mr. Speaker, perhaps I may speak to that point. In no way was I trying to ask a question—

Some hon. Members: Oh, oh.

Mr. Diefenbaker: Did I hear someone say "oh"?

Some hon. Members: Oh, oh.

Mr. Diefenbaker: Let me suggest to hon. members that this situation is serious, and that is why I directed my question to the Minister of Agriculture. The other questions all led up to this situation. There were various reasons why other questions were not allowed, but let me point out that today is

Friday and the situation is serious, according to the information received. I am simply asking the Minister of Agriculture whether he will do something to alleviate this emergency situation. If the government's attitude is represented by those "oh's" and "ah's", well—

Mr. Speaker: Order, please.

[*Translation*]

Is the hon. member for Lapointe rising on the point of order?

Mr. Grégoire: Mr. Speaker, although we tried in the past to ask this question and although it was rejected because it was not urgent, we think that the Leader of the Opposition (Mr. Diefenbaker), with his parliamentary experience, succeeded in putting it properly, and in pointing out the urgency, and we would be pleased, although you ruled out this question earlier, if you allowed it now, because we think it is urgent. We thank the right hon. Leader of the Opposition for putting it as he did, in conformity with the rules.

Mr. Speaker: I am indebted to the hon. member for Lapointe for his generosity and I ask the Minister of Agriculture to answer his question.

[*English*]

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, I understand that action is being taken. In view of the urgency of the matter I will certainly look into it immediately after orders of the day, and do everything I can to help meet the situation.

Some hon. Members: Hear, hear.

AIR CANADA

APPOINTMENT OF MEDIATOR IN LABOUR DISPUTE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Minister of Labour. In view of information to the effect that the parties to the Air Canada dispute are prepared to meet with each other, will the minister consider offering to the parties at an early date the appointment of a top flight mediator?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I am still awaiting the report of the conciliation board.

Inquiries of the Ministry

Mr. Knowles: Mr. Speaker, I have a supplementary question for the Minister of Labour. Has the report of the conciliation board not been turned down, and have we not reached the stage where the next step must be anticipated?

Mr. Nicholson: Mr. Speaker, the minister first has to get the report. I have not received it yet.

Mr. Knowles: Page the Postmaster General.

FINANCE

INQUIRY AS TO TAXATION COMMISSION REPORT

On the orders of the day:

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, my question is directed to the Minister of Finance. I wonder whether the minister could tell us approximately when he expects to receive the Carter report and make it available to the house.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, my office has been in touch with Mr. Carter, the chairman of the royal commission, within the last few days, and I understand from him that the English text of the report should be available in the latter half of June. It had been his intention that the French text would be available shortly thereafter, but unfortunately the chief translator for the commission became seriously ill and had to retire. As a result the French text will be somewhat delayed.

Mr. Hamilton: May I ask a supplementary question, Mr. Speaker. Do I understand that the English text will be made available to the members of the house as soon as it is ready rather than await the French translation?

Mr. Sharp: Mr. Speaker, in ordinary circumstances I would have answered in the negative. However, when the report is available, the government will have to consider this question. Because of the very special circumstances surrounding this report and the great public interest in its contents, as well as the urgency in respect of making it public, we have not made up our minds as to what course to follow.

BROADCASTING

INQUIRY AS TO PRODUCTION OF WHITE PAPER

On the orders of the day:

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I have a question for the Secretary

of State. I am wondering how soon the minister expects to be in a position to table the white paper on broadcasting. This is awaited with eager anticipation across the country.

Hon. Judy V. LaMarsh (Secretary of State): As I told the committee on broadcasting, films and assistance to the arts about a month ago, and as I anticipate since then, it will be before the committee by the end of June.

HEALTH AND WELFARE

TRAINED PERSONNEL FOR HOSPITAL RECOVERY ROOMS

On the orders of the day:

Mr. L. M. Brand (Saskatoon): Mr. Speaker, I have a question for the Minister of National Health and Welfare. Is the minister aware that there are anaesthetic recovery rooms in Canada, operated under the hospitalization plan, which do not have in attendance trained personnel? I should like to ask what plans the government has in view to overcome this grave and extremely urgent situation.

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

Mr. Brand: With all deference to you, Mr. Speaker, I might suggest that if you or any member of this house were in the recovery room, the urgency of this matter would become readily apparent.

MEDICARE—BASIS OF FEDERAL CONTRIBUTION TO PROVINCES

On the orders of the day:

Mr. P. B. Rynard (Simcoe East): Mr. Speaker, I should like to readdress a question to the Minister of National Health and Welfare. Notice of this question has been given, and it is based on the new medicare proposal made by the minister. Will the federal government be contributing on the basis of the national average cost or on the basis of the actual cost in each province?

Mr. Speaker: Order, please. I doubt that this question is one which should be asked at this time. It is of a very technical nature, and I suggest that the hon. member might place it on the order paper.

Mr. Rynard: Mr. Speaker, on a point of order, last Tuesday I asked a question of the Minister of National Health and Welfare on this same point I have raised today. That question was accepted. I just wanted you to know that it was accepted and taken as notice.

[Mr. Fairweather.]

Mr. Speaker: Perhaps the hon. member might have indicated that in the first place. It certainly would have strengthened his case.

Mr. Churchill: Let us have a reply.

Mr. Speaker: If the hon. member asked a question which was allowed at the time and which was taken as notice, I am sure the minister would wish to reply now.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, in reply to my hon. friend's question I should like to say that the federal government will contribute the average per capita cost calculated from the aggregate cost in the participating provinces.

INQUIRY OF THE MINISTRY

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, my question is addressed to the Secretary of State for External Affairs. In view of the premature announcement made by President Johnson of the United States which enabled speculators to make a pile of money on soybeans, and since the minister is an expert in this area, can he tell us what effect this will have on the soybean situation in Canada?

Mr. Speaker: Order, please.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I do not know whether you are objecting to my response to this vitally important question—

Mr. Speaker: Order. I do not think the question is one which can be accepted.

EXTERNAL AFFAIRS

VIET NAM—MEETING OF MINISTER WITH OTTAWA UNIVERSITY DELEGATION

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, my question is addressed to the Secretary of State for External Affairs and has nothing to do with his expertise in agriculture. Has the minister received a delegation of professors from the University of Ottawa who have made a request concerning the Viet Nam situation and recognition of communist China.

Mr. Speaker: Order, please. This question is out of order.

ASSISTANCE TO DEVELOPING COUNTRIES IN POPULATION CONTROL

On the orders of the day:

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. In view of the statement yesterday by the director general of Canada's foreign aid program that the most serious single problem in developing countries is population growth, will he inform the house as to the policy of the Canadian government in regard to assisting developing countries with problems of family planning and population control?

Mr. Speaker: Order, please. This question relates generally to policy and should not be asked at this time.

[*Translation*]

WINTER WORKS

PROTESTS RESPECTING REMARKS OF MEMBER FOR MÉGANTIC

On the orders of the day:

Mr. J.-P. Racine (Beauce): Mr. Speaker, I should like to put a question to the Minister of Citizenship and Immigration.

I should like to know whether, as a result of the protest from the mayor, the district coroner and the parish priest of the municipality, published in *Le Devoir* this morning, censuring the utterances made in the house by the hon. member for Mégantic (Mr. Langlois) concerning charges of fraud arising out of winter works, the minister has received a telegram from the municipality in question censuring the hon. member for Mégantic and blaming him for besmirching the reputation of the municipality of Notre-Dame-de-la-Guadeloupe and for playing petty politics—

Mr. Speaker: Order. This question is along the same lines as another one raised a minute ago. It is not in order to ask whether or not a minister has received a telegram.

[*Later:*]

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, may I put a question to the future minister of manpower?

In view of the serious accusations which have been made connecting seven suicides to the winter works program, does the minister intend to order an investigation in this connection?

Mr. Speaker: I suggested a moment ago that this question should be put on the order paper.

Inquiries of the Ministry

Mr. Choquette: I am under the impression that this situation should be cleared up now. Either the member for Mégantic (Mr. Langlois) uttered a wanton accusation, or it is a very serious accusation. I feel the minister should answer, because the population is alarmed by the statements of the member for Mégantic and, in the circumstances, they would like to know whether or not the accusation is serious.

Mr. Speaker: Order. I have already made a ruling on this point. I must point out to hon. members that the question period has now expired.

[*English*]

HOUSING

HULL, QUE.—REQUEST FOR RELAXATION OF RESTRICTIONS

On the orders of the day:

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, on May 24 and, I believe, on an earlier occasion when I was not in the house, the hon. member for Villeneuve inquired about the availability of mortgage financing under the National Housing Act as administered by Central Mortgage and Housing Corporation in relation to the housing industry in the province of Quebec, and more particularly in western Quebec, in the Hull area.

I am pleased to advise that from January 1, to May 16, 1966 there has been a 20 per cent increase in direct and insured lending in the Hull area compared to the same period in 1965. I cannot give the assurance that the increase can be maintained at such a substantial level but, as indicated in my statement of May 3, the volume of direct lending in Hull will be as substantial in 1966 as it was in 1965.

I am also informed that in all probability this provision of funds will be sufficient to meet the basic housing requirements in the Hull area. To date only those who could not meet the basic credit requirements essential to become a home owner were refused mortgage loans.

GRAIN

INQUIRY AS TO FINAL DELIVERY QUOTAS

On the orders of the day:

Mr. R. R. Southam (Moose Mountain): Mr. Speaker, I have a question I wanted to direct to the Minister of Transport, but in his absence I should like to direct it to the acting

minister. It is related to the important question asked by the hon. member for Rosetown-Biggar regarding the equalization of grain shipping quotas. Will the Minister of Transport confer with railroad officials with a view to having them place special emphasis on several seriously congested shipping points in Saskatchewan? This situation is urgent because there are only 43 more shipping days before July 31. As an example of the congested areas to which I refer let me mention Alida, Saskatchewan.

Hon. John N. Turner (Minister without Portfolio): Mr. Speaker, I will certainly refer this to the minister.

PRINCE RUPERT, B.C.—INCREASE IN ELEVATOR CAPACITY

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to preface my question to the Minister of Agriculture by saying how pleased I am to see him back. I know that he will now be in a position to make a favourable decision about the extension of grain elevator facilities in Prince Rupert, which was postponed some time ago.

Mr. Speaker: Order, please. Will the hon. member please ask his question?

Mr. Howard: I just asked the question. I wonder whether the Minister of Agriculture will enlighten the house as to the government's position in respect of this matter.

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, may I say that during what I hope was a very useful trip the only thing that gave me concern, spoiled my enjoyment and caused me worry was the elevator situation at Prince Rupert. This matter certainly will be given due consideration.

EXPO '67

PROVISION OF ACCOMMODATION FOR VISITORS

On the orders of the day:

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, I should like to direct my question to the Minister of Trade and Commerce. In view of the difficulty in obtaining accommodation in Montreal hotels during the Expo season in 1967, have any plans been made to set up some bureau of accommodation to relieve the situation, not only in respect of hotel accommodation but also in respect of restaurant and service accommodations, which are already becoming very pressing?

[Mr. Southam.]

Mr. Speaker: Order, please. This question should be placed on the order paper.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO AGENDA

On the orders of the day:

Mr. L. M. Brand (Saskatoon): Mr. Speaker, I should like to address my question to the Prime Minister. On May 3 last the Prime Minister made a very welcome announcement to the effect that the main item of business on the agenda of the federal-provincial conference to be held in Victoria commencing June 16 will be the subject of federal assistance to university education. On May 9 the President of the Privy Council stated that the Prime Minister would be making a statement on this matter shortly, and I am wondering whether the Prime Minister is now in a position to tell the house what other matters will be subjects of discussion at this conference.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the exchanges with the provinces have not been completed as yet, but we expect they will be by this week end. I hope to be in a position early next week to make a statement in respect of any additional items that may be or have been suggested.

HOUSE OF COMMONS

REQUEST FOR REPORT OF COMMITTEE ON ELECTION EXPENSES

On the orders of the day:

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I should like to ask the Prime Minister whether he can tell the house how soon we may expect to receive the report of the committee on election expenditures. This is of great interest to the house and to the country.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the Secretary of State and I have been in touch regularly with that committee with the hope that by so doing we might expedite receipt of the report. I understand the committee is meeting today to work on the final drafting of the report, and I certainly hope it will be presented to the house in the month of June. The only assurance the committee has been able to give so far is that they expect to have it completed in June.

• (11:50 a.m.)

[*Translation*]

SUPPLY

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

INTERIM SUPPLY

Mr. Benson moved:

Resolved, That a sum not exceeding $450,944,478.01, being the aggregate of—

(a) One-twelfth of the total of all the Items, except Transport Item 103, set forth in the Main Estimates for the fiscal year ending March 31, 1967 laid before the House of Commons at the present session of Parliament, $408,953,242.58;

(b) an additional eight-twelfths of the total amount of Loans, Investments and Advances Item L40 (Schedule A) of the said Main Estimates, $11,666,666.67;

(c) an additional three-twelfths of the total amount of External Affairs Item 35 (Schedule B) of the said Main Estimates, $21,025,000.00;

(d) an additional two-twelfths of the total amounts of Finance Item 15, Mines and Technical Surveys Items 80 (Schedule C) of the said Main Estimates, $4,285,833.34;

(e) an additional one-twelfth of the total amounts of Fisheries Items 5 and 20, Forestry Item 15, Legislation Items 5 and 15, National Health and Welfare Item 25, Northern Affairs and National Resources Item 15 (Schedule D) of the said Main Estimates, $5,013,735.42,

be granted to Her Majesty on account of the fiscal year ending March 31, 1967.

[*English*]

He said: Perhaps I should take this opportunity to give the usual assurances to hon. members of the house. The proportions requested in this resolution and the following bill are intended to provide for all necessary requirements of the public service up to June 30, 1966.

In no instance is the total amount of an item being released by this bill. The form of the 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 for consideration in the committees set up to deal with departmental estimates or 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.

Motion agreed to.

Resolution reported and concurred in.

Interim Supply

WAYS AND MEANS

INTERIM SUPPLY

The house in committee of ways and means, Mr. Rinfret in the chair.

Mr. Benson 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, 1967 the sum of $450,944,478.01, be granted out of the consolidated revenue fund of Canada.

The Deputy Chairman: Shall the resolution carry?

Mr. Alkenbrack: Mr. Chairman, I regret to intrude on your busy schedule but I think at this time, when we are on interim supply, I should raise this question which is of general interest to the nation. I think the lot of the consumer should be brought to the attention of the house and the committee.

First of all, Mr. Chairman, each of us in this country is a consumer. Present day government policy and the consequent high cost of consumer goods is storming the last bastion of individual hope and the individual right to live within one's means. It is now practically impossible for the head of a family, father or mother, individual or married couple, to make their modest salaries support their families from one pay day to the next.

Prices have skyrocketed all along the line in food, rent, clothing, fuel, transportation, medical bills, insurance, taxes and capital cost of housing both new and used. In this rapid and cruel escalation of costs this government has been a steady partner. Even its policies glaringly point to that fact. It is readily apparent that its policies support the super corporations which profit from and control our buyers' and consumers' economy.

In addition, this government maintains the most unjust, unfair and discriminatory taxing budget in the history of Canada by which they will gather millions of dollars a year at the expense of the consumer in the 11 per cent sales tax on building materials and production machinery. Take building materials. The 11 per cent tax on lumber at the manufacturer's value becomes a markup of over 20 per cent in the retail value in the end use of the lumber because of the fundamental fact that all business must calculate its markup on total investment. For instance, spruce lumber at $60 per thousand at a British Columbia mill, which is a low price, would yield a tax to the government of $6.60 per thousand. The markup plus the tax on the

lumber sold here in the east then puts the spread to about 20 per cent before the retailer even makes any profit on his investment, plant and other operations.

Even our freight rates are unrealistic, discriminatory and unfair to the consumers of this country. I have here, Mr. Chairman, a photostatic copy of a C.N.R. freight bill for a carload of spruce lumber shipped from Burns Lake, B.C. to the R. W. Kimmerly Lumber Co. of Napanee, Ont., which is a family firm owned by two of my brothers and in which I was a partner before I was elected to parliament. It cost $1,008.06 to ship this carload of spruce lumber from Burns Lake, B.C. to Napanee, Ont. This is not even all the way across Canada, since Napanee is at least 1,000 miles from Halifax and Burns Lake is somewhere in the interior of our great west coast province.

• (12:00 noon)

There were 63,400 lbs. of lumber at $1.59 per cwt. This amounted to about 30,000 board feet of lumber, which puts the cost of this material at about $33 per thousand board feet for freight alone. Now, Mr. Chairman, I am sure you will agree that this has gone beyond all reason. Here, we have the Canadian National returning huge deficits each year against the taxpayers' account and having to charge such rates as these for cross country carload freight. I wonder what rates they would have to charge to break even, let alone show a profit? Again the poor unfortunate consumer is the one who has to pay the cost.

Let me speak briefly, Mr. Chairman, for one helpless type of consumer, the old age pensioner, the one who is receiving assistance through the Old Age Assistance Act. On three occasions since February 24 of this year, I have asked the Prime Minister and his government if they would do something to assuage the plight of our elderly people, those who are caught in the cruel claws of this Liberal cost of living and who have to attempt to live on a meagre $75 per month pension. I spoke also in this regard about the inadequate pension for widows of our war veterans who are in a similar plight. The Prime Minister told me on March 15 that if I would just wait until the budget was brought down this question would be taken care of.

Nothing has been done. These consumers I have mentioned are still entangled in the web of want because they cannot possibly run their personal business within their means. The same remarks apply to our farmers who form a large section of the consuming public. They are caught between the low prices they receive for many of their farm products and the cost of production which is composed of taxes, the cost of equipment, farm machinery, animal husbandry transport and all the other factors that make up what it takes to operate a producing farm.

I could go on, Mr. Chairman, but I know there are others who wish to voice similar opinions concerning the problems of consumers. The small businessmen and retailers are in a very precarious position because of the inflationary escalation of wholesale prices as quoted by large corporations. The small town retailer, be he an independent grocer, hardware merchant, fuel, furniture, clothing or farm supply dealer, never knows from one month to another what the price will be on the next invoice for goods. He is sometimes unfairly criticized by the consumer because he happens to be the last man on the ladder.

Quite often because of commitments that he has to make with the consumer to assist his sales, he is left with a small return. He is forced to provide a lot of services at very little profit, and often loses money on transactions as a result of the inflationary tendencies this government is allowing, and even encouraging, by their policies.

I have one more point to make with regard to consumers. This relates to consumer credit. It is almost impossible for any family to operate without credit. There is a generation of citizens growing up in this country, a generation who are now fathers and mothers of millions of Canadian children, who hardly know what a chartered bank is. Because of a lack of basic credit, because of a lack of security, they have been conducting their business with the finance companies. This generation I have mentioned need to be extricated from their financial entanglement of high interest rates and seemingly never ending payment plans of these finance companies.

I ask you, Mr. Chairman, what chance of financial solvency does a mother or father have if they yield to the television ads with which they are nightly bombarded suggesting that they apply to their friendly finance company for a bill-payer loan at roughly up to 18 per cent interest? We have already waited a long time for the amendments to the Bank Act. These should have been a matter of first priority. We should have completed this legislation long ago. A few minutes ago I mentioned retail businesses in our typical

Canadian towns and villages. The chartered banks have always been a ready and reasonable partner in the building of Canada and in the building of its communities.

We await the Bank Act amendments, and they should be such that our local branches of the chartered banks could compete with the finance companies. In this way, the banks would be permitted to serve at reasonable rates of interest those sections of our consuming community. The banks of course would have to raise their interest rates to compete and to play this lucrative outfield that for years has been the exclusive stamping ground of the finance companies. Let us put an end to the exploitation of this vast section of the consuming public by legislation that will allow the chartered bank on the downtown corner to serve all classes of consumer credit.

Let us put an end to the exploitation of these people, put an end to these 18 per cent and 20 per cent interest rates which are paid on the purchase of cars, furniture and household appliances—yes, I have even known interest rates that high on building mortgages. I know that credit is a two way street. As a Conservative, I contend that if we allow the banks to raise interest rates on moneys advanced for consumer credit, they will also be obliged to pay more on money on deposit. Let us, as soon as possible, introduce legislation that will improve the lot of consumers in Canada. The consumer is the person who keeps Canadian business prosperous.

Mr. Scott (Danforth): I realize there is a general understanding that the interim supply bill might pass very quickly, but I want to congratulate the hon. member for Prince Edward-Lennox upon raising this issue this morning. I want to support him as strongly as I can and I would hope that members of the opposition in all parties would take advantage of this opportunity to redress this grievance against the Canadian public by exercising the traditional right of parliament to refuse supply to this government until we receive some substantial statement as to what the government intends to do to deal with the crushing burden of the high cost of living. Nothing, I suppose, is more important in the minds of the public than the high cost of living. I suppose there is not a member in this house who does not receive letters every day from old age pensioners, from people on low incomes, pleading that something be done, that this government give positive leadership to deal with this question.

• (12:10 p.m.)

I do not want to take the time now to deal with the tales of fantastic hardship from which these old age pensioners suffer because of the increased cost of living. Only this morning, Mr. Chairman, the Montreal *Gazette* carried a story to the effect that Canada faces more serious labour disputes now than at any time in the last decade. One of the main contributing factors to unrest in the labour movement is the spiralling cost of living. Workers' wages simply cannot keep up with the increased cost of living, and consequently they are attempting to negotiate higher wages. This increase in cost of living is one of the root causes of labour unrest at the moment.

The hon. member for Prince Edward-Lennox discussed the various groups in our community who are adversely affected; and the other day the hon. member for Vancouver-Kingsway presented to the house a concrete proposal that we thought would have contributed to a solution of this basic problem. But, Mr. Chairman, one despairs at times of ever being able to move this government. One wonders what degree of eloquence or what facts and statistics are required to get through to the treasury benches of this house. We are now facing a problem, as I have said, which affects every Canadian. How does one convince the government that the Canadian public simply cannot continue in this way? They are getting desperate because of the spiralling cost of living.

This government, Mr. Chairman, seems to have cash registers for hearts. It seems to be a waste of time appealing to them to take action of a concrete and constructive nature to deal with this problem. How does one convince the government? I for one despair. I would have thought that all the debates which had taken place in the house since we reassembled after the election, and the numerous occasions upon which the opposition, and I am sure in private members of the government, have tried to emphasize the nature of the problem, would have had some effect. Instead every time the matter is raised, either on orders of the day or by motion, it is sloughed off by the government.

We have not yet received the report of the Economic Council of Canada for which we have been waiting over a year. I think it was in March 1965 that the Prime Minister, in response to my leader, said that he had referred the whole question of prices, price controls, etc., to the Economic Council for a

special study to be made. In view of the urgency of the problem it seems to me fantastic, it now being the end of May 1966, that we still have not had even an elementary report from the Economic Council of Canada on the subject.

It is about time that the Canadian public began to realize that this government does not care about the high cost of living. Or if it does care, it is not prepared to do anything concrete about it. It is about time the public realized that the government of this great Liberal party is essentially reactionary and lackadaisical. I think back to the last election campaign and the promises made by Liberal candidates. Even the Liberal candidate in my own constituency, a very fine candidate and a very able person, went around telling the people about the wonderful things that his government would do if re-elected, particularly in the area of the high cost of living.

Mr. Nicholson: Especially if they had a majority.

Mr. Scott (Danforth): There we go, Mr. Chairman; the old jazz all over again, that the government must have a majority. They have a *de facto* majority in this house and have had ever since they were elected in 1963. It is a lot of nonsense to pretend that the lack of a majority has prevented the government from governing. The only thing which has prevented them from governing is that they do not know what they want to do, and are not prepared to give any leadership to the country. That is why they cannot govern.

Mr. Douglas: They cannot make up their minds.

Mr. Scott (Danforth): Well, Mr. Chairman, one wonders at times whether they have minds to make up. Yet there has not been a single constructive piece of legislation, let me tell the Minister of Labour, which has not met with the general approval of this house. Indeed the opposition spends most of its time urging the government on to greater activity and action, pleading with it to give some leadership.

During the last election campaign, those of us who had an opportunity to travel in Canada found ourselves being asked by the people: Where is the leadership in Ottawa? Why cannot we have leadership from the government? This is just as true today, Mr. Chairman, as it was in the election campaign.

An hon. Member: Same old bunch.

[Mr. Scott (Danforth).]

Mr. Scott (Danforth): Someone to my right says "same old bunch". I do not know whether it is the same old bunch; I hear that phrase so much that I do not know what it means any more. I do not know which "old bunch" is being talked about. Because in 1962 when the Liberals were in opposition and the Conservatives were in power the same old cry went back and forth about the same old bunch. So I suppose it applies to those who occupy the treasury benches at any given moment.

However, Mr. Chairman, I have digressed a little from what I wanted to say. I suggest that one of the problems of the high cost of living is knowing what type of proposal one should make. I would suggest to the hon. member for Prince Edward-Lennox, who I know is concerned about the problem, that he does not go far enough when he talks merely of removing the 11 per cent sales tax on production machinery and building materials. This is an important issue, one on which the opposition has carried the fight for several sessions now. However, if you really want to try to do something about the cost of living, Mr. Chairman, it seems you will have to go a lot further.

Great jurisdictional problems are involved in this problem, of course, since any effective price control system would probably require co-operation and concurrent legislation on the part of the provincial governments. There are things which the government could do but which it has steadfastly refused to do. On various occasions we have proposed that at least one step in the right direction would be the creation of a department of consumer affairs. I should like to see it broadened into a department of urban affairs, but one step in the right direction would be the creation of a single department presided over by a full-time minister, who would devote all his energy to the whole area of consumer affairs in Canada.

After all, Mr. Chairman, $26 billion a year is spent by the consumers, so it is a matter of more importance to the general public than any other government department, whether it be health and welfare, national defence or labour. Yet we have been totally unsuccessful in trying to convince this government to take this first step. Every other pressure group in Canada has a department to speak for them. There is the Department of Labour, the Department of Industry, the Department of Trade and Commerce and the Department of Agriculture. All of these departments look

after the interests of important groups, and these groups have a department to speak for them. But who speaks for the consumers? Who represents them? Who represents them not just against the business community or the economy itself but against other government departments? All you have at the moment, Mr. Chairman, is a proliferation of small branches of each department devoting some of their time and attention to consumer matters. But nobody knows what the other is doing. There is no co-ordinated policy. In fact there is no policy at all in Ottawa in this particular area.

That is the first suggestion we have made and will continue to make. We also want to ask the government to set up a prices review board. A board of this nature should have the investigatory powers to examine price increases to see whether they are legitimate. Undoubtedly some price increases are, but such a board would have the power to look into price increases to see whether they are legitimate and to publicize widely its findings. So that while the consumer is getting rooked, at least he knows the extent to which he is being taken advantage of by these people who continue to raise prices. A prices review board would be an effective weapon at the present time.

Third, we should like to see some broad explanation given of the area covered by the Combines Investigation Act. At the present moment you can drive a 10-ton truck through most of the provisions of that act. It is a totally ineffective piece of legislation which should be completely redrawn and provided with a considerable amount of teeth in order to be effective in protecting the consumers of this country.

• (12:20 p.m.)

We could go into the whole field of consumer credit, as the hon. member for Prince Edward-Lennox has done, and as our select committee with the other place has been doing for two or three years. This is another area where the Canadian public is being gypped, extorted, rooked and taken advantage of. When you come to Ottawa, to the House of Commons, which is supposed to speak for the people, if you raise this problem, all you get is total inactivity and total indifference.

I hope we do not pass this supply motion right away. The high cost of living is working such hardships on the Canadian public that we must get action, we must get some statement from this government. We cannot permit this situation to continue where week after week the cost of living rises, where the public is being subjected to greater and greater exploitation, and where there is total inactivity and indifference on the part of the government.

I appeal to hon. members of the back benches. I know they are concerned about this. Many of them have expressed their concern to me. Why are they not on their feet? Why are they not raising this matter in the house? Why are they not trying to protect the population of this country? Is this the new Liberal party? Is this the shift to the left that we have heard so much about?

Mr. Nielsen: The party that cares.

Mr. Scott (Danforth): The party that cares, was the slogan used. Is this the kind of activity we expect from that party?

I hope that the opposition exercises its traditional right of withholding supply, until we hear from the government as to what action it proposes to take in dealing with one of the most pressing problems that we face in Canada, namely the high cost of living, and the resultant hardships under which consumers are living.

Mr. Cowan: Mr. Chairman, when the house was considering Bill No. C-178 on Wednesday it had been my intention to comment on the bill. I wanted to speak about the transfer of the Canadian Citizenship Act to the jurisdiction of the Secretary of State. Then when the bill, set aside for discussion yesterday, was rescheduled for Monday, that left me in the position of not being able to speak to it in the house on Monday, because of prior court commitments. Today, on interim supply, I am speaking on a subject that I intended to discuss under Bill C-178. That subject has to do with Canadian citizenship, and with the awarding of titles, and foreign decorations.

On November 3, 1964, the Toronto *Globe and Mail* carried this very interesting statement. The heading one column across is: "Greek Monarch Gives Lesage Phoenix Cross". I quote:

> Athens (Reuters)—Premier Jean Lesage of Quebec yesterday was awarded the Grand Cross of the Royal Order of the Phoenix by King Constantine.
>
> Mr. Lesage is on a short visit to Greece.
>
> The cross was handed Mr. Lesage by Greek Foreign Minister Stavros Costopoulos when the Quebec Premier called on him to bid farewell. Mr. Lesage leaves Greece today for Vienna.

Mr. Lesage and his wife spent the week end visiting archaeological sites at Delhi, Corinth, Mycenae, Epidavros and Sounion.

At noon yesterday Mr. Lesage was the guest at an informal luncheon organized by 500 representatives of Massey-Ferguson Ltd., a Canadian farm implement manufacturer, who are meeting in Athens . . . Mr. Lesage said: "Canadians do not customarily accept decorations. However, because this decoration has been bestowed on me by a king and not by a government, I consider it my duty to accept it."

I was quite interested in this act by the King of Greece in offering a decoration to Premier Lesage of Quebec, because a friend of mine, a Canadian of Italian descent, had been offered a similar decoration by the Republic of Italy some time prior to this. I asked the Secretary of State for External Affairs if it would be in order for my very close and good friend, who has been for 45 years a naturalized Canadian, to accept a decoration from the Republic of Italy which had been offered to him.

This particular friend and I were a little concerned over this matter, because when another very good friend of mine—and when I refer to Lord Thomson of Fleet as being a good friend of mine; I am not a Johnny-come-lately in his entourage of friends, because I have known Roy Thomson for over 35 years and I have liked him every day of that long friendship—when Mr. Roy Thomson, a native born Canadian, born in the city of Toronto, was given an honour by the Queen of Canada, he lost his Canadian citizenship.

It was of some concern to my friend of Italian descent whether he would lose his Canadian citizenship if he accepted the honour from the Italian government when, as a native born Canadian, Roy Thomson had lost his Canadian citizenship when he accepted the title of Lord Thomson of Fleet.

As a result a formal approach was made to the Secretary of State for External Affairs, and under date of June 4, 1964 I received this letter:

Protocol...

Thank you for your letter on May 29, regarding the award which the Italian Government wishes to make to Mr. DeToro.

Mr. DeToro is quite right in his assumption that foreign decorations should not be accepted by Canadians without the permission of their own government and it has been Canadian policy, for many years, to refuse such permission unless the award is being offered in connection with the saving of human life.

The diplomatic missions in Ottawa have been informed of our policy in this matter and have been asked, if their governments wish to nominate Canadians for awards, to have such requests sent through the Department of External Affairs. We would expect to have such requests forwarded to us by the embassy concerned.

Yours sincerely,

And the original copy is signed by the Secretary of State for External Affairs.

Because of this very formal statement that it has been Canadian policy for many years to refuse such permission unless the award is being offered in connection with the saving of human life, my good friend, Mr. DeToro, advised the Italian government that he considered it in his own best interest not to accept the profferred honour.

The letter to which I referred is dated June 4, 1964, and the news item to which I referred regarding the Royal Order of the Phoenix from Greece for Premier Lesage is as of November 3, 1964, about five months after the letter. I then went to the Department of External Affairs and asked if permission had been granted to Premier Lesage to accept this foreign decoration because he had saved human life. I received no answer whatsoever.

I then found it necessary on March 7, of this year, when we were passing the estimates for the Department of Citizenship and Immigration to query the present Minister of Citizenship and Immigration, whom I wish to praise highly because of his openness in answering, in the manner illustrated on page 2321 of *Hansard* of March 7. I shall read the question in part, and would read the whole thing, were there time. I quote:

Here is the third question. A very close friend of mine who is a naturalized Canadian has been offered a senior decoration by a foreign government and hesitates to accept it because he does not wish to lose his Canadian citizenship. When we deprive a native born Canadian like my friend Roy Thomson of his citizenship because he accepts a peerage from the Queen of Canada, what hope is there of a naturalized Canadian retaining his citizenship if he accepts a foreign decoration from the head of another government? My friend is fearful on this score because he recognizes he is a naturalized Canadian whereas Roy Thomson and Premier Jean Lesage are native born. Which example would we follow, the one set in the case of Roy Thomson or the one set in the case of Jean Lesage, if my friend accepts a foreign decoration this spring?

• (12:30 p.m.)

The answer is to be found, in part, on page 2328. When supply is voted, the minister replies at the end of the debate. Here is the first part of the answer:

The hon. member for York-Humber asked some questions about Lord Thomson. I do not know this case personally but I am informed he voluntarily

became a British subject and this is why he lost his Canadian citizenship.

Then, on page 2336, commenting on the minister's statement, I said:

An hour or so ago I asked the minister a three part question regarding foreign decorations. I received a passable answer to the first of the three questions. I was told that Lord Thomson of Fleet, who was decorated by the Queen of Canada, had chosen to become a British subject. I also asked a question as to what happened in the case of Premier Lesage of Quebec who accepted the Order of the Phoenix from the King of Greece. Did Premier Lesage become a citizen of Greece?

To which the minister answered: "Not that I know of."

That interchange occurred on March 7. I wrote a letter to the minister under date of April 6. I will read it into the record so that the country may know the position the cabinet is taking on the question of titles and foreign decorations.

Ottawa, April 6th, 1966

Hon. Jean Marchand,
Minister of Citizenship
and Immigration,
Ottawa, Ontario.
Dear Sir:

On Monday, March 7th, when your estimates were before the committee, I asked some questions regarding Lord Thomson of Fleet, Premier Lesage of the province of Quebec and an unnamed friend of mine. You will find comments on this on pages 2320, 2321, 2328 and 2336 of the House of Commons *Hansard* for March 7th. I am very appreciative of your statement on page 2336 that Premier Lesage of Quebec has not become a citizen of Greece.

As I pointed out in my questions, I am intensely interested in ascertaining how Lord Thomson of Fleet lost his Canadian citizenship. Did he write a letter to the Canadian government advising them that he was now a British subject (which I always understood a Canadian citizen to be) or did the Canadian government write Lord Thomson a letter?

It is amazing to me that you advised that Premier Lesage is not a citizen of Greece, but is still allowed to hold the Order of the Phoenix. This is the highest honour available in Greece to a civilian citizen of a foreign country.

In the case of my friend who has been asked to accept a very high decoration from the country in which he was born, I am concerned lest he lose his Canadian citizenship if he accepts the honour.

A year or two ago, Hon. Walter Gordon honoured his friend, Mr. Grittani, of Toronto by having him appointed to some Board of Directors connected with the Canadian Broadcasting Corporation. This man is of Italian descent. During the last World War, the father, Mr. Grittani Sr., was interned by the Canadian Government along with Mr. Franceschini. The authorities told Mr. Grittani Sr., that one of the proofs they had that he was an enemy alien was the fact that he had been decorated by Il Duce, Benito Mussolini.

Since Mr. Grittani Sr., was interned on the grounds he had accepted a foreign Government's decoration, my close friend is adverse to accepting this proffered decoration until he is assured that he will not lose his Canadian citizenship now or in the future.

Would you be kind enough to advise me as to whether or not my friend, a naturalized Canadian citizen, can accept this foreign decoration without losing his Canadian citizenship in the same manner as Premier Lesage has been allowed to accept the Greek decoration and still retain his Canadian citizenship?

A prompt ruling on this matter will be much appreciated as the foreign government will make the presentation whenever they are advised that the recipient is willing to accept it.

Yours sincerely,
R. B. Cowan, M.P.

In reply I received a most interesting letter dated April 20, 1966—two weeks later. It reads as follows:

Minister of Citizenship
and Immigration
Ottawa 2,
April 20, 1966

R. B. Cowan, Esq., M.P.,
House of Commons,
Ottawa, Ontario.
Dear Mr. Cowan:

I have your letter of April 6th regarding Lord Thomson of Fleet and the general question of acceptance of foreign decorations by Canadians.

When I replied to your question in the house regarding Lord Thomson, I indicated that he lost his Canadian citizenship by voluntarily becoming a "British subject". I must confess I was technically incorrect because I should have used the term "a citizen of the United Kingdom and Colonies". The status of a British subject is enjoyed by citizens of commonwealth countries in addition to their respective citizenships. Therefore, as a Canadian, Roy Thomson was also a British subject and although under the Canadian Citizenship Act he ceased to be a Canadian by acquisition of United Kingdom citizenship, he remained a British subject under our act.

So far as I am aware, Lord Thomson never formally notified my department of his change in status. But with the announcement of his elevation to the peerage it was ascertained from the United Kingdom authorities that he had applied for and become a United Kingdom citizen on June 5, 1963, at which time he ceased to be a Canadian. This is because Section 15(1) of the Canadian Citizenship Act provides as follows:

"A Canadian citizen, who, when outside of Canada and not under a disability, by any voluntary and formal act other than marriage, acquires the nationality or citizenship of a country other than Canada, thereupon ceases to be a Canadian citizen."

The law operated automatically in this case. Lord Thomson, therefore, was not a Canadian citizen when he accepted his peerage.

Here is the heart of the letter. This is what I should like hon. members to note:

The Canadian Citizenship Act does not provide for loss of citizenship when Canadians are honoured by other countries. This explains why Premier Lesage did not cease to be a Canadian when he

accepted the decoration to which you have referred and I can confirm that your friend will not jeopardize his Canadian citizenship by accepting a high decoration from another country.

Yours sincerely,
Jean Marchand

I have given that original letter to my friend as a surety that by accepting a decoration from a foreign government he does not jeopardize his Canadian citizenship, as was the case with Lord Thomson.

I have looked up the Nickle resolution, as it is known, which is supposed to be the guiding factor in cases of the award of titles or honours by foreign governments to citizens of Canada. There are several very interesting angles attached to this resolution, which I have had photostated from *Votes and Proceedings* of Thursday, May 22, 1919 page 295. This is the official report of the action taken by the House of Commons on the report of a special committee. Here is the preamble:

The special committee appointed to consider and report upon the propriety of presenting an address to His Most Excellent Majesty the King, praying that His Majesty may be graciously pleased to refrain hereafter from conferring any titles upon such of his subjects as are domiciled or living in Canada.—

This is the preamble. Hon. members will notice that it refers to conferring any titles upon such of the King's subjects "as are domiciled or living in Canada". I read on:

Your Committee are of the opinion and recommend that an address be presented to His Most Excellent Majesty the King, in the following words:

"To the King's Most Excellent Majesty.

Most Gracious Sovereign.

We, Your Majesty's most dutiful and loyal subjects, the House of Commons of Canada in parliament assembled, humbly approach Your Majesty, praying that Your Majesty may be graciously pleased:

(a) To refrain hereafter from conferring any title of honour or titular distinction upon any of your subjects domiciled or ordinarily resident in Canada—

That is the limitation placed on Canadians accepting honours from the Queen of Canada—or from the King of Canada for that matter. And when Mr. Thomson was being considered as a recipient of an honour from the Queen of Canada he was not domiciled in Canada; he was not ordinarily resident in Canada.

But the Queen, this being a constitutional monarchy, will not confer an honour except upon the advice of the head of the state in that part of the commonwealth in which the British subject resides.

[Mr. Cowan.]

Well, Roy Thomson was not domiciled in Canada and he was not ordinarily resident in Canada in 1963. But the Canadian government would not recommend him for the title which he understood was awaiting his pleasure. No recommendation came forward from the Canadian government in this regard. Do not forget, Mr. Chairman, that Canadians are wandering all over the earth, picking up foreign decorations where they like. But we are now talking about Britain. Let me read on from this Nickle report.

Your Committee further recommends that appropriate action be taken by legislation or otherwise to provide that hereafter—

—this was in 1919—

—no person domiciled or ordinarily resident in Canadian shall accept—

—notice the word "accept"—

—enjoy or use any title of honour or titular distinction hereafter conferred by a foreign ruler or government.

On motion of Mr. Nickle, the said address was ordered to be engrossed.

On motion of Mr. Nickle, an address was voted to His Excellency the Governor-General praying him to transmit the foregoing address of this house to His Majesty the King in such manner as His Excellency may seem fit in order that the same may be laid at the foot of the Throne.

Hon. members will notice the words—

—hereafter no person domiciled or ordinarily resident in Canada shall accept, enjoy or use any title of honour or titular distinction hereafter conferred by a foreign ruler or government.

• (12:40 p.m.)

I ask this question: When the rank of Chevalier of the Legion of Honour is conferred on anyone, is that a titular rank or is it a title of honour—or is anyone going to say it is only a medal and therefore exempt from the provisions of the Act? We have quite a few people in Canada upon whom the title of Chevalier of Honour has been conferred by the French government. As a man born in Ontario, raised in Ontario, and representing an Ontario constituency I have been quite interested to notice how often people in the province of Quebec are created Chevaliers of the Legion of Honour of France, and I do know that they have not all saved human lives.

The Chief Justice of Canada is a Chevalier of the Legion of Honour. At page 834 of the 1966 *Canadian Parliamentary Guide* we find the following:

Taschereau, Hon. Robert . . . at Quebec, Que., Sept. 10, 1896 son of Hon. Louis-Alexander Taschereau, Quebec Prime Minister, 1920-1936 . . . created Chevalier of Legion of Honour by the French government in 1947.

At page 96 of the same *Parliamentary Guide,* if I am allowed to refer to a member of the other place, we have a reference to Hon. Leon Mercier Gouin:

—son of the late Sir Lomer Gouin . . . . Quebec Prime Minister . . . . Chev. de la Légion d'honneur (France).

At page 124 of the same *Parliamentary Guide* there is a reference to another member of the other place, Hon. Thomas Vien—

Mr. Choquette: A former member for Lotbinière.

Mr. Cowan: —who is described as:

Knight of the Legion of Hon. (France). Knight Commander of Royal Orders of: Phoenix (Greece)—

Notice that, of Greece, and also:

—Knight Commander of Royal Order of Orange Nassau (Netherlands); Leopold II (Belgium).

I am not decrying these men accepting these titles, but I would like to know why they are allowed to take titles from Greece, the Netherlands, Belgium, France, and now Italy, because it is apparent from the letter received from the Minister of Citizenship and Immigration (Mr. Marchand) that my Italian Canadian friend can accept the rank of Cavalier of the Order of Merit of Italy, but when the Queen of Canada wants to confer a title on a native born Canadian, not domiciled ordinarily in Canada, that a Canadian cannot get it on the recommendation of the Canadian government, and in order that the Queen may confer it upon him he has to apply for citizenship of the United Kingdom and become a citizen of the United Kingdom and the Colonies. In the case to which I make reference the Queen then confers on him the title of Lord Thomson of Fleet.

An interesting corollary to that is that Roy Thomson had three Canadian born children. We all regret the death of one of his two daughters last month, whose burial and funeral service took place in Toronto. His children are all native born Canadians and they have the right since their father is Lord Thomson, of using the title Honourable. We have Hon. Kenneth Thomson, his son, the president of a large Canadian corporation and director and officer of many other corporations controlled by Thomson money. We have the two daughters both given the courtesy title of Honourable, yet their father is not a Canadian citizen.

The interesting thing about Lord Thomson of Fleet is that if he comes back to Canada and stays here for one year he can vote in our federal elections. He can vote to elect a federal member of parliament, and in that way help to elect the Prime Minister of Canada; but he is not a Canadian citizen. He will only be a British subject one year resident in Canada. But after he has been in Canada for one year and is willing to swear that he is going to make his permanent domicile in Canada, he can apply for Canadian citizenship under the Canadian Citizenship Act.

The thing gets more and more ridiculous if you consider that a native born Canadian is not allowed to accept a title from the Queen of Canada as a Canadian citizen, but other Canadians, native born, as in the case of Jean Lesage—

Mr. Barnett: Would the hon. member permit a question?

Mr. Cowan: Certainly.

Mr. Barnett: I just wonder if the hon. member consulted the Secretary of State (Miss LaMarsh) on these interesting questions that he has raised?

Mr. Cowan: I have correspondence here from so many departments of the cabinet that it would take half an hour to read. I do not think there is any agency of the government that I have not consulted in the past 12 months while I have been digging up facts and figures on this matter. I have envelopes here from the Department of the Secretary of State, the Department of Citizenship and Immigration and the Department of External Affairs. I think I have correspondence from every department of the government that might be connected with the matter. I received nothing but the utmost co-operation from all of the civil service staff in my researches on this matter, and I can assure you of that, sir.

Mr. Herridge: Would the hon. member permit another question?

Mr. Cowan: Certainly.

Mr. Herridge: The hon. member is giving us a most philosophical address with respect to titles and we are all expecting the Secretary of State to reply. But I have recently been informed, in fact recently I have seen the picture showing where our Speaker has been created a Knight of the Military and Hospitaller Order of Saint Lazarus of Jerusalem in Canada, and I understand this is conferred by letters patent of a Canadian

institution. In accepting the title of this order is he entitled to be called Sir?

Mr. Cowan: Mr. Chairman, sir, I am sorry I cannot make any comment on that matter. I am not aware of the situation. It is rather interesting though, that the Order of the Phoenix which so many Canadians now hold, refers to some bird, or something, that arose from dead ashes. Now the hon. member talks about the Order of Saint Lazarus. He also arose from the dead. It looks like titles are arising in Canada again, but they are not British titles. They can be Belgian titles, Netherlands titles, Greek titles or Italian titles, but not British. I thank the hon. member for the contribution he has made to my argument, but regret I cannot give any information on the question he raised.

Mr. Knowles: While the hon. member is having his question period may I ask him one too?

Mr. Cowan: Certainly.

Mr. Knowles: I notice that the hon. member has referred a number of times to Lord Thomson's having been created a lord by the Queen of Canada. Would it not be more appropriate in this connection to refer to this action as having been effected by the Queen of the United Kingdom? Granted, it is the same person—the Queen of the United Kingdom and the Queen of Canada—but is it not incorrect to suggest that the Queen of Canada has appointed someone to the House of Lords of the United Kingdom?

Mr. Cowan: Mr. Chairman, I wish to thank the hon. member for his comments on that score. I am very happy he made this distinction between the Queen of the United Kingdom and the Queen of Canada. I know that that distinction exists although the person is one, and we can use it as a precedent when we are told in the future that we cannot criticize Mr. Justice Spence because he is a judge of the Supreme Court, when all we want to do is criticize him as a commissioner. I am glad to note that the Queen is two or three persons in one body and that we can make comments on her activities in one particular field.

Quite clearly Roy Thomson was created Lord Thomson of Fleet by the Queen of the United Kingdom and the Colonies, but the point I want to raise is that Lord Thomson is a celebrated Canadian. I do not know any more hardworking individual than Lord Thomson. He has been a credit to himself, he has been a credit to his family, and he has been a credit to the city of Toronto where he was born. He is the publisher of a large number of Canadian daily and weekly newspapers, and is the owner of radio and television stations in Canada, and of many other businesses.

[Mr. Herridge.]

Why should Canada deprive him of his Canadian citizenship? It will be said that it was done voluntarily, that he himself became a citizen of the United Kingdom. He did become a citizen of the United Kingdom, but he did not lose his status as a British subject, because all Canadians are British subjects.

It seems rather odd that Lord Thomson should have to give up his Canadian citizenship, after being a native born Canadian, in order to accept a title from the Queen, and it is even more odd when you realize that by returning to Canada, residing here for 12 months and filing a declaration that he will make his permanent domicile in Canada thereafter, he can regain his Canadian citizenship.

I have here application forms for Canadian citizenship that I have received from the Department of Citizenship and Immigration. I have the form that Mr. Thomson filled out to become a citizen of the United Kingdom, and nowhere does it denounce Canada on any point or in any particular.

• (12:50 p.m.)

He is a loyal British subject; he is a loyal native born Canadian. Lord Beaverbrook dead was considered a Canadian: Lord Thomson alive is a blighter. In the case of Lord Beaverbrook, I must point out that he carried a permanent Canadian passport and never gave up his Canadian citizenship. The only reason Lord Thomson had to give it up was because in the 1940's the Canadian government brought in the Canadian Citizenship Act. Under this act, Lord Thomson could not accept the title without losing his citizenship. Lord Beaverbrook had been created a lord long before this act was brought in. I should like to thank Hon. Jean Marchand for clarifying the situation, by pointing out that the premier of Quebec is not a Greek, and by pointing out that my friend can accept a title from a foreign country without jeopardizing his citizenship, or can accept a decoration from another country. It is nice to have this situation finally clarified. But why not let the wheel go full cycle and make it possible for Canadians to accept honours from the Queen, since Canadians now can accept honours from the King of Greece, the Republic of Italy, the

Queen of the Netherlands and from Belgium, as is shown by the *Parliamentary Guide* and, as I understand from the hon. member for Kootenay West, can even accept a title from Saint Lazarus. But I do not know anything about that last one.

I should like to ask the cabinet to consider the restoration of Canadian citizenship to Lord Thomson, a man who has brought honour and credit to his native land.

Mr. Choquette: Mr. Chairman, I have a question for the hon. member. May I ask it in French? I know the hon. member is a perfect bilingualist and does not need the help of the translation system. This is my question.

[*Translation*]

Is the hon. member aware of the fact that, in order to become right honourable, that is more honourable, it is necessary to become a member of the privy council of England? Does he not think that this is a bondage, since one must become a member of the privy council of a different government in order to become right honourable? Would he deem it advisable to change such a situation, since the Queen of England is also the Queen of Canada? We could become right honourable by becoming members of the privy council of Canada.

[*English*]

Mr. Cowan: Mr. Chairman, in replying to the very penetrating question of the hon. member for Lotbinière, I should like to emphasize that personally I am opposed to the granting of titles and honours of any kind, either domestic, foreign or British; but when I find that the Nickle resolution of 1919, which I endorse 100 per cent, is being circumvented by the Canadian cabinet, I feel that if they are going to circumvent the Nickle resolution they should circumvent it 100 per cent. They should either restore its effect or throw it out the window. It is being eased out the window at the present time. I agree 100 per cent with the intent and purpose of the question by the hon. member for Lotbinière.

Mr. Rynard: Mr. Chairman, I wish to make a few brief comments. I was quite impressed by the speech made by the hon. member for Prince Edward-Lennox and by the hon. member for Danforth. In this land of affluence, I think far too often we forget the people who are living marginally. I think also we forget the intrusions the government has made in respect of the taxpayers' money. Within the last year municipal taxes have gone up, provincial taxes have gone up; federal income taxes have gone up and, along with that, the government is causing a further drain because of the Canada Pension Plan, since this not only means a further cost to the individuals, but also, because the employer has to pay his share, the taxpayer has less to take home. This is illustrated very dramatically by the savings of the people today being down and by the increased demand for credit. There has been a great increase across Canada in credit buying. The reason is that these people simply do not have sufficient money to make both ends meet. The 11 per cent sales tax adds to this, as has been pointed out by the hon. member for Prince Edward-Lennox. This increases the cost about 20 per cent at the retail level.

The consuming public pays and must pay these costs. These people are harassed. Not only that, it is making the cost of business higher and higher. Over and above that, you have the people who are working as employees needing and demanding more money because they cannot make ends meet. This means that in labour you have people who threaten strike action in an effort to obtain more money than they need but I wish to speak particularly about those people who are on fixed incomes, the pensioners. I do not believe this government is taking cognizance of what they are doing to the person who is on a fixed pension. When you consider that the dollar of 1950 now is worth about 60 cents and when year after year we have eroded the money—and I say "we", because we are the parliament—and when you consider that in the last year alone the price of food has increased 10 per cent—and we must remember that food is a staple article, the most necessary thing in the world—how do we think the fellow who is on a fixed pension is going to meet his needs. He is pinched, unless he happens to have a very considerable pension.

I should like to go a little further and ask what we are doing to the old age pensioner; what are we doing to the person 70 years of age or over. Maybe there are not sufficient in this group, among the voting public, to alarm the government, but I should like to say this, that mercy and justice to all should be the dominant consideration in any government. These people are just about forgotten. When the government says "oh well, a lot of them have other income", let me say that 70 per cent of all the women 70 years and over

across this land will have no income whatsoever, except their old age pension. This should be striking evidence of the position in which we are placing these people. Just the other night I went down to the House of Commons post office, and while I was getting my mail I looked at the bulletin board and saw a notice advertising a bed-sitting room for $90 a month.

In this affluent Canada of ours where we have the second highest standard of living in the world, we are giving these people, this 70 per cent of all the women across the land, $75 a month. Mr. Chairman, I wish to appeal to every member of parliament here. Is this justice; is this justice to the people who have helped to make this country? I should like to go a little further and say that 60 per cent of the men, aged 70 and over, will have no income other than their old age pension.

• (1:00 p.m.)

These pensioners are in desperate need. If a pensioner lives alone in the city of Toronto he finds that he requires $120 per month as a minimum in order to survive. In spite of these facts we expect these people to live on $75 per month. We on this side of the house have asked over and over again that the old age pension be increased to $100 per month, but nothing has been done in this regard. We are being completely unjust to the elderly people who built this country.

Let me go a little further and suggest that these elderly people are the people who have more sickness than others, because as they grow older they develop diseases and require more care, drugs and better foods containing more protein. The very things of which they require more have increased in price by at least 10 per cent in the food line in the past year, yet what are we doing about this situation? We are still imposing the iniquitous 11 per cent tax on drugs, which means a 20 per cent increase in cost at the retail level on the people least able to afford it.

I close my remarks with an appeal on behalf of these forgotten people—and they have been forgotten or something would have been done for them long ago.

Mr. Benson: Mr. Chairman, would the hon. member permit a question? I am sure he is aware of the fact that the government has indicated it will take action on any recommendation by the drug committee, which will be holding meetings very soon, to the effect that the tax should be removed as a step toward reducing the cost of drugs.

Mr. Rynard: All I have to say in answer to that remark is that as far as the people across Canada are concerned, this is an iniquitous tax and has increased the cost of drugs used by those people who are the least able to afford them. Surely it does not take any recommendation of a committee to make us realize that this tax should be removed.

Mr. Ricard: Mr. Chairman, would the Minister of National Revenue indicate the recommendation which was followed when the 11 per cent tax was imposed?

Mr. Benson: The 11 per cent sales tax on drugs is not a recently imposed tax, but one that has been in existence for many years. Perhaps I should also point out that it was not removed by the previous government during its term in office.

Mr. Rynard: I should like to remind the minister that I advocated the removal of this tax when this party was in power.

[*Translation*]

Mr. Racine: Mr. Chairman, I would like to take this opportunity to discuss a piece of legislation which is of great interest to me as mayor and reeve of the county of Beauce. It deals with the winter works program and is administered by the Department of Citizenship and Immigration.

You will recall that when this legislation came into force, 50 per cent of the payments were made by the federal government, whereas the contribution of the various provinces amounted to 40 per cent. At that time, our municipalities had to absorb the difference, that is 10 per cent.

A little later the province of Quebec agreed to contribute 50 per cent, so that today the winter works carried out in our municipalities are paid in full by the two governments.

However, thanks to the experience gained in the last few years, I feel that this legislation should be amended to allow the municipalities to benefit from part of the grants and use them for the cost of materials.

We know how winter works are carried out in our various municipalities. Sewer systems are installed, ditches are dug with pick and shovel when it would be easy and much cheaper to use bulldozers.

While expressing this wish, I also feel that if the various governments granted a percentage on materials, we would see in each of our municipalities new buildings which would be very useful to the people and would, at the same time, help to pay the same salaries during the winter off-season.

Each year, at the end of the season, the cost of the winter works carried out in our municipalities is checked by experienced auditors, at least in the province of Quebec.

Well, yesterday in this house it was suggested that from now on the R.C.M.P. should make those investigations in our municipalities. This implies that the auditors in the province of Quebec are not competent to make those examinations. I strongly object to that because my municipality and surrounding ones saw, in some cases and on account of unintentional irregularities, the various government grants decrease following audits made by the provincial government authorities.

I wonder if the member for Mégantic (Mr. Langlois), when he made that suggestion, did not merely want to return to Ottawa what we now have in the province of Quebec.

I therefore hope that the Quebec provincial authorities will continue to administer the winter works program and that, as in the past, the municipalities will also endeavour to make those works as profitable as possible. I also hope that the government will consider my request for the provision of a grant for materials since that would be quite an asset not only for the municipalities but also for the province and the entire country.

Now, I do not want to repeat what has been said. I would like, however, to refer to page 5516 of *Hansard* for May 25, where the member for Mégantic stated, with regard to the Notre-Dame-de-la-Guadeloupe parish, and I quote:

> Let me tell hon. members something about this municipality which might open their eyes. Within a year and a half there have been seven suicidal hangings.

Yesterday, Mr. Chairman, the local newspapers at Notre-Dame-de-la-Guadeloupe, and those of the province of Quebec and even Ontario published reports on this matter.

For instance, *Le Droit* published the following headline:

> Seven suicides linked with the program—

That was in the May 26 issue of *Le Droit*.

The Toronto *Star* said:

> Link winter works, suicides.

The *Telegram* said:

> Village under reign of terror—

And so publicity went, not only throughout the province but across the country.

According to the *Le Devoir* of May 27, the mayor of the municipality absolutely denied those suicides, which rumour was detrimental to the good reputation of one of our neighbouring villages. And I quote:

> The district coroner, Dr. Laurent Roy, physician at La Guadeloupe, has, however, denied that information. He stated explicitly that he had registered only one suicide at La Guadeloupe in his six years as a coroner, and this suicide dates back to 1962.
>
> The parish priest also stated that, to his knowledge, there had been no suicide since the one in 1962.

And he added:

> I do not know who claimed that there was such a wave of suicides in the parish, said he, but that person is talking through his hat.

Of course, he was speaking of the hon. member for Mégantic:

> As for the coroner and the provincial police, they confirmed the murder.

I am somewhat concerned by that statement, because it certainly causes some pain to the families concerned. If sickness affects families, not only should we refrain from ridiculing the fact and trying to take political advantage thereof, but we should especially, I think, sympathize with these families. And I repeat that there has been only one suicide in La Guadeloupe; the other cases were distressing murder cases. As the relatives of these persons still live in La Guadeloupe, I am sure they did not appreciate or admire the behaviour of the member for Mégantic.

As can be seen in *Le Devoir*, the member for Mégantic states among other things:

> Nothing has been done, claimed Mr. Langlois. The municipality is still without appropriate sewers.

Now, a newspaperman from the *Globe and Mail* went yesterday to La Guadeloupe to question the alleged informant of the member for Mégantic. Here is what he said:

[*English*]

> Mr. Beaudoin said yesterday: "I had nothing to do with that story about the suicides."
>
> However, he admitted that he and a few others had gathered information for Mr. Langlois. He said he had done it to block the waterworks project.

• (1:10 p.m.)

[*Translation*]

This means that, if there are no sewers or watermains in La Guadeloupe, it is simply because the taxpayers of that locality are entitled to their opinion, as to whether or not they choose to build waterworks. I do not think it behooves the hon. member for

Mégantic to interfere with the municipal affairs of a community.

Mr. Chairman, I believe in parliamentary immunity, but I believe also that any abuse of that immunity is wrong. The rights of parliament are often referred to in the house. You know, Mr. Chairman, the rights of parliament.

The dismissal of a single civil servant is enough to launch an investigation; however, in the case of honest citizens' families, I object to and dispute the validity of the statement made Wednesday in the house by the hon. member for Mégantic. I wonder whether this is what he means by respect for the human being, which he has advocated in his riding for many years.

I shall not labour the point any further but I hope that the hon. member for Mégantic will have enough intestinal fortitude to withdraw his remarks, but in any case he should apologize to the village and to the honest and industrious people of our area; he should apologize also to the families who are really hurt by the statement he made in the house, which statement is inaccurate and quite unworthy of a member of parliament.

[*English*]

Mr. Peters: Mr. Chairman, I am pleased that this debate is taking place today and I hope that something will come of it. I am aware of the fact that there is reluctance on the part of many members to get involved in this particular discussion because of the limitation which is put upon us by our rule relating to the 30 day limit. However, I think the subject which has been raised by the member for Prince Edward-Lennox is an exceptionally important one. If this parliament were to concentrate only on that particular subject and was able to do something about it, then they would probably win the eternal gratitude of many of the people of this country.

I think this matter has been raised by a number of persons who have strong personal feelings about the increase in the cost of living which has a detrimental effect on a very large segment of our Canadian population. It is interesting to look at the person who raised this subject. He is a member who comes from an area where the average income is not very high. His knowledge of the farming problem in his area is considerable, and he knows that as the cost of every commodity rises his people suffer from it more and more and are helpless to do anything about it.

The same is true with regard to the member for Danforth, who supported the proposal made by the member for Prince Edward-Lennox. He used to provide voluntary legal counsel in his riding in Toronto to a large segment of the population who were not able to afford this type of service. I am sure that he is aware also of the thousands and thousands of people who are in serious difficulties owing to the disparity between their income and their need to maintain a decent standard of living. I believe his feelings for those people are deep.

I think the other member who spoke on this subject comes from Simcoe, a small riding in the central part of southern Ontario. He is a doctor who has for many years been connected with people of modest means. His profession makes him well aware of the great number of Canadians who are in desperate need of medical attention but cannot receive it. I myself know of people who have been able to go to a doctor because of the present medical insurance plans, have been given a prescription and then could not afford to buy the drugs.

Anyone here who has had a cold is well aware of the fact that when one goes to a drugstore to fill a prescription to fight off the effects of flu which has been prevalent in Ottawa, the bill for the 12 pills prescribed by the doctor will be anywhere from $6 to $12. This is away beyond the reach of many of those who are similarly afflicted and cannot afford drugs.

I am sure the Minister of Finance is interested in this problem. I am quite prepared to give him the benefit of the doubt—and it is doubtful at present, because we are not familiar with what he is really doing in this matter. I really think he is not the finance minister of this country at all. I do not think we have had a true finance minister for years. It is the establishment which runs the Department of Finance in Ottawa. This is a fact. I think it is also true of the other departments concerned with consumer affairs. I am positive that the minister has been advised that the interest rate on bank loans should be increased, and I am sure that this advice was given to him by the establishment. I am also aware of the fact that his caucus told him that if he did this, he would have to look for another job.

Mr. Knowles: He used to be part of the establishment.

Mr. Peters: He is in a better position to know this than I. I know he was not included among those 12 whom *Maclean's* magazine thought constituted the establishment. I am thinking of the gentleman formerly in his department who is now one of the establishment. I cannot remember his name, but I think it is Isbister. I am speaking of those gentlemen who always dine at the Rideau Club and make the decisions for Canada. They have no knowledge of, no interest in, and they are in no position to decide what are the needs of the Canadian public. I think that we as politicians who every day receive dozens of letters from people of poor means are better able to evaluate the problem. One hears of many people who cannot send their children to school, often because they have not been able to receive proper medical attention. They cannot provide them with eye glasses, and in many cases are living on welfare because the bread winner of the family has died. Anyone receiving these letters is well aware of the fact that the Department of Finance has based the economy of Canada on the $75 allowance and that everything is going to be kept in relation to that $75.

• (1:20 p.m.)

I am saying to the minister that I do not think it would have mattered if he had raised this to $100. A long time ago, in negotiating contracts for labour unions I found out that we based our requests on the needs of the workers. We found that in most cases the wage increases we were seeking for the employees of a particular company were always trailing far behind the increases in the cost of living and the standard of living that should have been maintained. I think the minister made a major mistake in his budget when he tried to maintain this $75 basic pension. There is a large proportion of our population dependant on that basic pension. I agree entirely with the three members who preceded me that this is the major problem in Canada today. We should be providing a pension which would allow these people a decent standard of living. If we are not capable of doing that, then all the riches that go to the people at the top level are not going to be of much value. Certainly, we are not going to improve the image of parliament.

The Minister of Finance has stated he expects a 3.5 per cent increase in the cost of living this year. This will not necessarily mean 3.5 per cent across the board, and it will not be 3.5 per cent for those who are on the $75 pension. It will probably be 10 per cent or 20 per cent so far as that class of citizen is concerned. The previous speaker indicated that this 3.5 per cent increase would really mean an increase of 10 per cent in the cost of food. I think we will be lucky if we find food prices have increased by only 10 per cent at the end of the year. Once again those on disability pensions, old age pensions and other retirement pensions will find that the basic food commodities they have to buy will have increased in price by more than 10 per cent. The increase will have no relationship to the 3.5 per cent which the Minister of Finance indicates he expects the Canadian economy to rise.

The people in this category are not the ones who will be making purchases in the automobile field or for basic steel. Their purchases are in the field of houses, clothing and food. These are the only things old age pensioners and those living on fixed incomes are going to be interested in purchasing. I do not expect a representative of the government to stand up and say what they are going to do about protection for consumers. I realize that this problem is developing in other countries as well. I believe the Minister of Finance is perhaps more responsible for this situation than any other minister. I am well aware of the fact that other ministers are finding responsibilities in other fields such as the supply of labour, keeping our people at work, retraining a portion of our population to meet the needs of a changing society, housing, and so on. I know there is going to be another debate on this subject, so I do not intend to pursue it.

However, I believe the Minister of Finance will have to give very serious consideration to this particular matter because he made the decision. I do not believe the cabinet made it. I am sure the Liberal party did not make it, because I listened to the speeches of the candidates during the election campaign and they professed to be interested in the little people, the people who are not able to be retrained to change jobs, and who are in a position where they have to depend on a fixed income. When the minister set a basic pension of $75, then in my opinion he had an obligation to maintain the cost of living at a level which would permit the $75 to meet the reasonable requirements of these people.

I do not know how the government is going to face the establishment. I do not know if they are ever going to do so. I am quite surprised that this government does not seem

to be concerned about that. I was always quite pleased when I heard the hon. member for Qu'Appelle, when he was a minister, stand up and say the establishment in his department was an almost insurmountable barrier to his doing anything in his department. I believe that if other ministers in the government had been consulted there would have been others who would have agreed that the establishment represented a large, blank wall which they could not penetrate.

In my opinion, the present government is not trying to penetrate it because they believe this is the way government should operate. I feel the public should know this soon, or they will fail to realize why members of parliament are not able to do the things members are expected to do. The public have a preconceived idea of what members of parliament should be accomplishing. Under the system we have, members are not going to be able to accomplish these things. This raises the whole problem of how we are going to supervise the establishment when it is insulated in the cabinet and inside parliament itself—as it obviously should not be, because the minister will be protecting people and philosophies over which he has no control. Many members do not even realize this situation exists.

I should like to change the subject for a moment to refer to a situation about which hon. members may be unaware. Several months ago a number of meetings were held with members of the Internal Economy Commission. It was decided that some change would have to be made in the method of obtaining typewriters for this establishment. Most members of parliament could not care less about typewriters in any office. I sympathize with them because that is about the way I feel. I use the Biblical method of typing: Seek and ye shall find.

Hon. members may not know, but a few years ago it was decided the House of Commons would use typewriters to be supplied and serviced by the printing bureau. These typewriters were to be replaced every year. They were to be moved from this section of government into other branches of government. Of course this method broke down. The House of Commons found itself in a position of having to replace the typewriters at the end of their contract. It was decided, too, that members would be able to apply for electric typewriters.

[Mr. Peters.]

• (1:30 p.m.)

After the price range for typewriters was decided, a demonstration of a number of typewriters was arranged. In my opinion, one of the companies abused the confidence of the house. The I.B.M. Company demonstrated two typewriters, one of which was a 15 inch model, similar to the typewriters now in use. The other typewriter companies demonstrated this type of machine and the secretaries went to look at these typewriters. They decided what type they wanted. It was agreed that the companies would not pressure individual members or their staff in the offices to take a particular type of typewriter over some other make. This agreement was broken by the representatives of I.B.M. That company had as many as a dozen salesmen going from office to office putting pressure on the members. I do not think this should have been done.

Difficulty arose when orders were given to the various companies. The I.B.M. Company decided that they could not supply a 15-inch model in the particular price range, but only their 11-inch model. The 11-inch model is a little bigger than a *Hansard* envelope, though the *Hansard* envelopes are not first class envelopes and vary in size. Some of them fit, some of them do not.

I suggest that this company came before members of parliament and their staff and demonstrated a 15-inch machine of one particular type. Then when orders were submitted the company said that only an 11-inch machine was satisfactory, a machine which no one was shown and which was not demonstrated. In my opinion they misrepresented the situation very greatly.

I suggest to hon. members that they should inform their staffs to cancel these orders. I am sure that the Internal Economy Commissioners of the house would be willing to cancel the orders for these typewriters because they will be unsatisfactory for the jobs the secretaries of members are being asked to perform. In one or two cases members have agreed to do this, but I suggest that every member should so inform his staff if this typewriter, which they have not seen, is unsatisfactory.

There is a model in the stenographic pool. If they are not satisfied with the other machine, they should so instruct the Director of Administration and cancel their orders for the machines they are going to purchase. If this company is dishonest with members of

parliament I suggest that it is perhaps dishonest with all government departments. We are not paying patronage here and are not going to be pressured or subjected to misrepresentation without making some complaint.

I should like to use this illustration as an example. If you go into an automobile showroom and look at a Chevrolet Impala, you may decide you want to buy that Chevrolet Impala, which is being demonstrated in the showroom. You fill out a form with several details on it, such as model number and so on. Then having been shown that particular Impala model, if the salesman delivers a Chevy II from the back door, I am sure you will all agree with me that gross misrepresentation has taken place. The car that you were shown is not the car which is delivered. The car which you were delivered, could not be substituted, so far as specifications are concerned, and do the same kind of job as the car demonstrated.

I think the I.B.M. Company has taken advantage of members of parliament. It is time that more members of parliament paid attention to some of the things which happen and did something about them. That is why I raise this matter as a point of information. There are about 102 members of parliament who have indicated that they wish to buy this particular type of I.B.M. machine, which is not the machine which was demonstrated. Therefore I suggest they take a look at the situation, because they may find themselves with an unsatisfactory machine, one which was not demonstrated, but which members can do nothing about.

I raise this matter only because I expect we will be using these machines for the next ten years. Therefore it is important to us and those who follow us that we pay close attention to this very valuable piece of equipment that we are purchasing.

[*Translation*]

Mr. Choquette: Mr. Chairman, I will merely take three minutes to set the record straight.

First of all, I shall say that I was very surprised to hear the hon. member for Timiskaming (Mr. Peters) whose reputation is that of an intelligent man, a genuine parliamentarian, speak for half an hour in the house about typewriters. It seems to me that the member should have chosen a more important topic particularly when he is an outstanding man for whom I have much esteem.

[*English*]

Mr. Peters: Mr. Chairman, on a point of order, I suggest that the Chair has been given a very serious affront. We are all aware that there is a time limit to this debate. If you allow me to take as long as I have on this particular subject, after having already spoken for a considerable time, the affront would be to you, not to me.

[*Translation*]

Mr. Choquette: I shall deal with the subject immediately and briefly.

A few minutes ago, in a short and very forceful speech, the hon. member for Beauce (Mr. Racine) told us of somemost unfortunate statements made in the house by the hon. member for Mégantic (Mr. Langlois). The newspapers made a great to-do over the serious and unfortunate charges made by the hon. member.

Mr. Chairman, this is not the first time that serious charges without solid proof are wildly thrown in the house. This is not the first time we hear violent attacks against persons who are not in the house.

I remember the accusations made last year by the hon. member for Lapointe (Mr. Grégoire) against the R.C.M.P. They were referred to the committee on privileges and elections. My friend the hon. member for Roberval (Mr. Gauthier) knows what I say is true. The committee on privileges and elections inquired into the charges made by the hon. member against the R.C.M.P., and its report clearly established that they were false.

The house will remember that the hon. member had protested that he had been molested by the R.C.M.P., which had abused his rights and even damaged some personal belongings. The report of the committee was clear and definite: the accusations were false.

Now, the member for Mégantic, in an uncontrolled outburst, attacked the municipal authorities of Notre-Dame-de-la-Guadeloupe, Frontenac county, province of Quebec. He even said that several suicides had been committed in connection with the mismanagement of the federal-provincial program of winter works. What a joke, what a great big joke. How can a responsible man say such wild, extravagant and foolish things?

Go down in the street and ask the young people what they think about members of parliament. They are rather puzzled, fairly

sceptical as to the qualifications, the earnestness and the capacities of parliamentarians, and for the very reason that members of parliament take advantage of the immunity from arrest to bring any accusation against persons outside the house.

We are here to illustrate democracy, whereas statements like the one made by the member for Mégantic do nothing else than ridicule and downgrade democracy. This is really unfortunate, Mr. Chairman.

When the member for Mégantic attacks municipal authorities, quoting embezzlements and frauds, does he fully realize the seriousness and the significance of such accusations? Is he fully aware of the fact that he is tarnishing the good name of reputable people and that, being himself protected by his immunity from arrest, nobody can take legal action against him?

I say to the member for Mégantic that he is the House of Commons' own Yves Gabias, and since he is the Gabias of the Commons, we should take action against him. In the circumstances, the only action that can be taken is to have his case referred to the committee on privileges and elections, and to bring before it the statements and the accusations made by the member for Mégantic and have the committee report to the house on the conduct of the member.

I claim, Mr. Chairman, what we are going to have a second Yves Gabias case, at the federal level instead of the provincial.

So, I deplore the charges made by the member for Mégantic, I deplore his excessive language and I say that if the prestige of parliament is to be maintained, we should take action against those who are not conscious of their own utterances and who lack a sense of responsibility.

We know that the parish priest, the mayor and the coroner of Notre-Dame-de-la-Guadeloupe formally denied the utterances of the member. There must be something to such a denial. We must clear up the whole matter. I repeat that, in order to maintain the luster and the prestige of parliament, we should take whatever means required to prevent members from making such wild statements which cannot fail to tarnish our reputation. So, let there be light, and let the commons' own Yves Gabias be called before the committee on privileges and elections.

[Mr. Choquette.]

• (1:40 p.m.)

[*English*]

Mr. Patterson: Mr. Chairman, I want to speak very briefly on the subject that has been dealt with by several hon. members in the course of this debate. A supporter of the government, when that government was charged with failing to meet the challenge of the increasing cost of living, excused the government because it is in a minority position.

Several months ago the government went to the people with a clear call for a majority, which was rejected by the electors of Canada. It was rejected, I suggest, because the people of Canada did not have sufficient confidence in the Liberal party to give that party a majority, believing that it was necessary to have others in the house, presenting other points of view, and calling the government to account for matters in which it was delinquent.

I do not believe that the failure by this government to meet the challenge inherent in the increasing cost of living can be excused because the government has no majority. We in this party suggest that when the government is prepared to bring in legislation to assist in reversing the cost of living trend in this country, it will not have to be concerned about its lack of majority, because that majority will be assured inasmuch as members of parliament would like to assist the government in reversing such a trend.

Across the country there is a general concern about the continuing upward spiral in the cost of living. This topic of conversation is ever present when one speaks to ordinary persons from day to day, either on the street or in the stores. Housewives who go to shopping centres, taking carts around the aisles, trying to fill their weekly grocery lists constantly object to the ever decreasing purchasing power of their dollar. Communications coming to the desks of all members of parliament call attention to this serious situation pleading that something be done to check the cost of living increase. That increase is continually reducing the purchasing power of the Canadian dollar.

When we pick up our newspapers and magazines we constantly see articles referring to this situation. The writers wonder just how far it is going to go, and why something is not being done to correct it. I believe it is the responsibility not only of the present administration but of any administration in a

similar position, to carefully consider this problem, to weigh it in all its ramifications, and then to set out on a deliberate course to reverse the present trend, guaranteeing to the Canadian people that in the days to come they will not be victimized as they now are victimized.

Reference has been made to the fact that the cost of living will continue to increase. This accentuates the need for something definite and concrete to be done in order to meet the situation. It has been pointed out in the debate that persons in certain categories are seriously affected by the continuing trend in the cost of living. I suggest that those on fixed incomes are in serious difficulty. They are facing insurmountable obstacles in their endeavours to make their small incomes provide the necessities of life. Yet it seems as if those in authority are little concerned about this matter, and that they use various excuses to justify their inaction. There has been correspondence with various departments and various ministers about individuals who are finding it absolutely impossible, because of the cost of living, to meet their obligations. Such persons are on old age pensions, veterans pensions, civil service pensions, and other types of fixed income. Concerted attention does not seem to have been given to the needs of such people. The present government stands condemned because it has failed to give adequate consideration to this problem.

In addition to individuals in the categories I have referred to, who are affected by high prices, I submit that consumers in general are becoming perturbed about the trend in the cost of living index. We must recognize that the taxpayers of this country have to pay the shot for government expenditures. They have to assist in meeting the costs of services given to the people; they have to make contributions so that those unable to provide for themselves are provided for. Yet the taxpayer's income is reduced by the increased cost of living, as well as by government policy in this regard.

The time will come when the taxpayers will not be able to meet what is needed of them, when they will not be able to provide for themselves, let alone for the services of others. Not only are the pensioners of this country facing problems, but so also are the taxpayers and the consumers. I am therefore in sympathy with the hon. member for Prince Edward-Lennox and with other hon. members who have raised this question. I sympathize with all those caught in the squeeze of rising prices. The time has come when something must be done about that.

• (1:50 p.m.)

The suggestion has been made that there should be a department of consumer affairs. One hon. member pointed out this morning that there is a complete absence of co-ordination of endeavour to meet this problem of the increasing cost of living. Various departments may have some concern about it, the minister may be doing a little, but there is no co-ordination of these efforts.

An illustration was placed before us recently of what can be done in such a situation. Time and time again it has been pointed out that the various aspects of education with which the federal government is concerned are spread out among a number of departments. Now we find there is a group of individuals upon whom has been placed responsibility for co-ordinating activities and responsibilities in the field of education. We welcome this step. If this can be done in one area of our national life, why should it not be done in others?

I do not know whether I would go to the length of supporting the establishment of a full department of consumer affairs but I do believe there should be some agency of government charged with responsibility for paying attention to the many and varied problems facing the consumer today, specifically those presented by the cost of living.

For all these reasons I join in raising a protest against the present situation. I join in asking the government to take positive action to ensure that something is done to prevent this cost of living spiral from continuing, and further depreciating the purchasing power of the Canadian dollar. I do so in order that our people may be able to provide for their own needs and make their contribution to the national economy.

[*Translation*]

Mr. Mongrain: Mr. Chairman, I will be very brief, because I understand that the house in anxious to pass those estimates. However, I would like to make a few remarks which might seem a little disconnected.

First of all I wish to support what the hon. member for Beauce (Mr. Racine) said about winter works. That legislation certainly needs to be amended, at least as far as the province

of Quebec is concerned. I will not say more, I just want to support what he said.

A little earlier I listened to the hon. member for Lotbinière (Mr. Choquette) and, as I see that he is now listening to me, I will tell him that he reminds me of St. Michael the Archangel who went around in a suit of armor to fight an evil dragon. I had the pleasure of reading a biography of his grandfather, the late hon. P. A. Choquette, entitled: "Fifty years in politics." In my opinion, there is no doubt that the present member for Lotbinière is, as the Americans say: "A chip off the old block."

Mr. Knowles: In French, please.

Mr. Mongrain: I cannot find words to say that in French.

But, Mr. Chairman, I did not like it so much when the hon. member for Lotbinière mentioned several times in a libellous tone the name of the provincial member for Trois-Rivières, Mr. Yves Gabias. I am not involved in any way in the present provincial election and I am very happy, as a citizen of Trois-Rivières, to say that we have two very good candidates, namely the hon. Léon Balcer, who sat in this house for a long time, and Yves Gabias who has been for two terms a member of the Quebec legislature. I have so little to do with it that I have decided to remain in Ottawa until voting day, precisely not be become involved. On the other hand, as a citizen of Trois-Rivières, if I let pass unnoticed facts or allusions, not to say the running down of Mr. Gabias, even if they come from my very good friend the hon. member for Lotbinière—

Mr. Choquette: Would the hon. member allow me a question?

Mr. Mongrain: Certainly.

Mr. Choquette: Is the hon. member aware of the fact that the committee on privileges and elections of the Quebec legislature applied strict penalties against Mr. Yves Gabias? Is the hon. member also aware that it has taken very serious sanctions against Mr. Yves Gabias who made completely unfounded charges against Judge René Hamel? Does the hon. member know that?

Mr. Mongrain: Mr. Chairman, the hon. member for Lotbinière knows very well that I am perfectly aware of what he has just said. With his intelligence and background, he knows very well that I am not trying to overlook a mistake which the provincial member for Trois-Rivières might have made. I remember that it is said in the Gospel: He that is without sin among you, let him cast a stone.

The Deputy Chairman: Order. I regret to interrupt the member for Trois-Rivières, but I think that he is discussing a matter which is not relevant to the issue now under consideration, namely Mr. Gabias who has been mentioned by the member for Lotbinière.

Mr. Mongrain: Mr. Chairman, I thank you for your advice. You have noted just the same, that it was my colleague for Lotbinière who asked me a question and I thought that it was only proper to answer. He was the one who brought up the Gabias case. I ask the House of Commons not to become involved in provincial elections. I do not interfere myself. We have two excellent candidates and I do not want them to be slandered here.

I shall now pursue my remarks; anyhow, my intention was not to talk about that. What I wanted to say when the hon. member for Lotbinière gave one of our colleagues a verbal thrashing, is that I am not holding it against him. To my mind, we should avoid such excesses of language which are heard by the people and only discredit their authors.

I should like to stress another case which was mentioned yesterday and against which the house should protest. It happens too frequently. I was given a copy of a newspaper from which I quote:

> The present electoral system is under the control of the enemies of the peoples: free-masonry, financiers and communists. In order to be elected to parliaments, one must be previously bound to the powers which are active behind the scenes. None of those who claim to enact the laws and apply them, members and ministers, are really responsible for nor in a position to change their ways.

The article bears the signature of that vestal virgin of moral equality, Gilberte Côté-Mercier. I, for one, rise against such an irresponsible statement. I think parliament is not any closer to perfection than the "Bérêts blancs," but a large majority of members of this parliament, if not all, fulfil their duties with all the professional conscience they are capable of and they do not deserve such remarks. I shall not dwell on that, except to say that, to my mind, it is a case of contempt of parliament, if there is any law in that connection.

I come now to the cost of living, which is deemed out of control and which was mentioned by my colleagues. I think they are

right. I will not look at it in the same manner; I want to mention it from another point of view.

It is true that the people are currently alarmed due to the increased cost of living. It is an international phenomenon; it is not limited to Canada and goes beyond our government's capacity. Nevertheless, it is a challenge to the present government and it must be met, as far as Canada is concerned, by extraordinary measures.

I should simply like to mention two consequences which will occur unless the government intervenes with global and spectacular measures.

In my province, Mr. Chairman, there are people who support the separatist movement. Their best argument when they preach their gospel of division is precisely the fact that the cost of living is increasing. They travel about the province telling the farmers: We will separate and settle all that. They tell the workers: You are on strike because your are not paid enough. They go through the entire catalogue of human miseries which are all a result of uncontrolled cost of living, to incite people to vote in support of the separatist ideas. It is a special challenge.

• (2:00 p.m.)

There is another challenge which I may bring up as an independent member. As all members of the house are aware, Canadians of all classes and levels of society are disappointed and disillusioned with their government. The men in public life who are most affected are the members of the two old parties who in turn head the government. The population expects of them a basic program capable of checking the rising cost of living. Governments change but no radical legislation is introduced, or at least that is the impression the people have. Both old parties seem to have about the same economic philosophy. It seems to change with circumstances. I am not saying that governments have done nothing. I admit the Liberal government has passed numerous and very generous pieces of social legislation, but frequently it was done by rule of thumb and without solving the fundamental problem. My colleague from Timiskaming (Mr. Peters) spoke of the establishment and said that financial influence was paralysing both parties.

If this goes on too long, if the government does not take drastic steps to remedy the situation, splinter parties will take the lead and we will wake up with a minority government which will be forced to form a coalition. Will that be good or bad? I do not want to prejudge. Still, I challenge the present government to roll up its sleeves and face the situation.

The backbenchers were mentioned. Several of them are intelligent, on the move and want to accomplish something. If the backbenchers want to help their party, let them spur it on. I say this constructively. I am not speaking of revolt but I am thinking of the young Turks who wanted at least a moral revolt. So, let them spur their party on and wake them up to the fact that this is 1966, that everything has changed, that the Canadian people are more exacting than ever, that they expect fundamental, drastic steps; otherwise, splinter parties will gain ascendancy over the people and will have to be reckoned with. That would, of course, create problems for the party in power, whether Conservative or Liberal.

I close on those words, pointing out again that the government faces two challenges: that of separatism, of those young people who use the rising cost of living as an argument, and that of the growing splinter parties who offer an alternative—whether good or bad is not for me to judge—to the Canadian electorate.

Mr. Ricard: Mr. Chairman, I want to say just a few words to inform the house about an alarming situation that prevails at present in the province of Quebec, more particularly in the field of agriculture.

It has to do with the state of urgency created by the strike of the longshoremen in our national harbours. This morning I tried to point out this situation to the house. To my great astonishment, I heard many objections from Quebec members and yet they should have supported me instead of trying to get me into trouble. For all practical purposes, I could not express my views at that time.

At this stage, I should like to read the telegram I got from a person interested in animal breeding and who foresees the future with pessimism unless action is taken at once. Mr. Chairman, I received the following message from R. O. Blanchard Ltée of Saint-Germain:

> Situation alarming re longshoremen strike stop. Thousands of animals in danger of death if strike not settled within 24 hours.

Also, another message from the secretary of Bon Matin Farm Inc. complaining about the danger of this strike if it is not settled or if a solution is not found forthwith.

Many meat cattle breeders as well as farmers interested in poultry breeding can foresee the day, in the near future, when they will have to sell their livestock and poultry because they will be out of feed grain. This is an emergency, and I think the government should do everything it can to settle this situation.

If that happened, the rural and farming economy of the province of Quebec more particularly would suffer considerably. Finally, the consumer again would have to pay.

Therefore, I would ask the Minister of Labour (Mr. Nicholson) to make every effort to settle as soon as possible the labour conflict now paralysing our harbours. I know that the Minister of Labour is deeply concerned about the present situation, more especially as it could entail all kinds of conflicts. Violence is sometimes involved.

We have every reason to deplore such a strike. I ask the Minister of Labour and all the other ministers of the cabinet to make superhuman efforts to settle the matter in the shortest possible time, in order that it does not develop into an urgent national situation which would have disastrous effects.

[*English*]

Resolution reported and concurred in.

Mr. Sharp thereupon moved for leave to introduce Bill No. C-189, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1967.

Motion agreed to, bill read the first and second times and the house went into committee thereon, Mr. Rinfret in the chair.

• (2:10 p.m.)

Sections 1 to 5 inclusive agreed to.

Schedules agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

SUPPLY

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

DEPARTMENT OF LABOUR

1. General administration, including grants as detailed in the estimates; the expenses of the International Labour Conferences and the promotion of labour-management co-operation, $14,569,100.

[Mr. Ricard.]

Mr. Knowles: Mr. Chairman, before the minister begins, may I raise a point of procedure. This is a matter which was discussed at a meeting of the house leaders; namely the question of any discussion we might have on the subject of housing, which comes under the minister but not in his capacity as Minister of Labour. I think it is fair to say there was a consensus among the house leaders that when item 1 is before us we should deal only with matters relating to the Department of Labour at that time, but that when discussion on item 1 is concluded the item might be allowed to stand and then later we would go back to the item to discuss the matter of housing. Could this be understood?

Mr. Nicholson: Mr. Chairman, I think the suggestion made by the hon. member is a good one. I believe it is well known that the estimates in respect of Central Mortgage and Housing Corporation come before this committee only once a year, and that is during the discussion of the final supplementaries. Under the circumstances, and since under item 1 it would be possible to discuss housing and building, as part of the works of the Department of Labour, particularly the matter concerning employment of tradesmen and others during the winter months. I believe this could be dealt with in the way suggested by my hon. friend.

The Deputy Chairman: Is there concurrence in the house in the proposal made by the member for Winnipeg North Centre?

Some hon. Members: Agreed.

Mr. Nicholson: Mr. Chairman, in the past when estimates of a department of government were presented to this committee for consideration, certainly during my first two years in this house, it was customary for the minister concerned to make at least a short introductory statement in which he outlined the work of the department and its program for the year. As a relatively new minister in the Department of Labour, I gave consideration to what should be done at this particular time and I could not resist the opportunity to say how much I have been impressed by the accomplishments of the Department of Labour and in particular the dedication of its officers. However, in view of a combination of circumstances I will endeavour to be as brief as possible in my introductory statement.

I think that it is safe to say that the Department of Labour under the leadership of my illustrious predecessors—and here I use

the plural word advisedly—has made significant advances with the introduction of programs of lasting value, especially during recent years. I refer for instance to the winter works program which provides essential employment in a country such as Canada during the difficult winter months. This program was introduced not by my predecessor but by his immediate predecessor. I also wish to refer to the comprehensive Labour (Standards) Code, the establishment of the manpower consultative service, and the introduction of the winter house building incentive program, just to mention a few programs in which the Department of Labour has been interested over the past decade.

Partly as a result of the services which the department was able to develop, these services now have been divided between two departments. Since the first of January this year the National Employment Service, the Technical Vocational Branch, along with the manpower functions of the Department of Labour have been transferred to the Department of Citizenship and Immigration, soon, I hope, to be a part of the new department of manpower. I say this because it affects the estimates which are to be discussed by the committee this afternoon. In the light of these changes, my officers have been giving consideration to the organization which we believe the department should have in order to carry out its direct responsibilities in the field of industrial relations.

In the field of labour management relations, I include labour standards and safety, research, information services, and also international labour affairs. In connection with my references to international labour affairs I think the house should know that the Minister of Labour had hoped to leave for Geneva tonight along with other members of the house to participate in the annual meeting of the International Labour Organization. This meeting opens on the evening of Tuesday next, and I am pleased to say that a strong delegation including members from all parts of this house is due to leave for Geneva over the week end. It appears to be extremely doubtful whether the minister will be there, at least for the first week of this very important international conference. I will go if I can, but the chances of my getting away for the next four or five days are extremely doubtful, because of a combination of circumstances to some of which I will refer in a moment.

• (2:20 p.m.)

The bulk of the work of the department as presently constituted—that is since January 1—aside from administrative services has been divided into three main sectors, and I think an examination of the estimates that we will be considering this afternoon will show this very clearly. Each of these main sectors will be headed by an officer with the necessary high qualifications and the rank needed to supervise and take responsibility in these fields.

The three sectors are: labour management relations, labour standards and benefits, and research and development. I will try to answer any questions that may be asked in connection with these three sectors of the department.

Before discussing even briefly the activities of the Department of Labour, having in mind the field of responsibilities that remain with it since January 1, I think it might be well if I made a very short statement about the general economic situation we have in Canada today, and more particularly about those aspects of this general economic situation which are of special interest to Canadian workers and employers.

I would not be frank if I did not say to this committee that I, as minister, and my department, have been plagued with a flood of disastrous strikes over the past few weeks. These strikes all seriously threaten the Canadian economy, and I urge all members of this house, regardless of party, to apply their minds to this serious situation which threatens our basic economy. We should be applying our minds in an attempt to find some corrective formula or solution which will prevent matters from getting completely out of hand.

In my own province of British Columbia we have a particularly serious situation which, at the present time, is not the direct responsibility of the federal Minister of Labour, but a responsibility that none of us can ignore as Canadians. We have the threat of a massive strike which will affect the economy of the province, and its forest industry. Nearly 50 cents of every dollar earned in the province comes from the forest industry. The situation is very serious.

We are faced with the situations that have been referred to in the last week, namely the dock strike in Montreal, the threatened strike in Air Canada, the railway problems and others which are particularly serious. I really think that we should apply our minds in an

attempt to find some solution to this extremely grave situation.

I have not been in this office long enough to be able to say whether the solution lies in the establishment of arbitration or of labour courts, such as those that have been set up in Australia and other countries of the world. The answer may lie in that kind of action because, while they have had divided success, on the whole they have been successful. I throw that idea out as something that merits the serious consideration of all members of this house and of all Canadians.

It is quite obvious that part of the difficulties in which we find ourselves today results from our prosperity. We are enjoying a period of unprecedented prosperity in Canada. During 1965 total employment increased in Canada by over 250,000 people—one quarter of a million. This is the first time this has happened since long before the outbreak of the second world war. I think it is worthy of note that the increase in employment of young people under the age of 25 has increased. This is most gratifying, especially in view of the number of young people who will be coming forward to enter the labour force in the next few years.

Employment is well over seven million in Canada today. Not only has employment increased but, happily, unemployment continues to decline, in spite of the problems to which I have referred. The unemployment rate has, as recent figures show, declined to just slightly above 3 per cent of the labour force, which is the figure that the Economic Council of Canada proposed as the annual target for Canada on a seasonally adjusted basis.

There is another very significant matter, and this is a sign of our prosperity. The average weekly wages and salaries of Canadians between 1964 and 1965 increased by 7 per cent. As the consumer price index rose by only 2.4 per cent there certainly has been a substantial increase in the real, the genuine, purchasing power of Canadians. Working conditions in Canada have also continued to improve. A survey of my department covering over two million workers in non-agricultural industries indicated that the members of the Canadian work force generally now have a five-day, 40-hour week. In addition to this they enjoy a two-week paid vacation, with a third and sometimes a fourth week for workers with longer periods of service. They also have six or more paid holidays a year, and under the Labour (Standards) Code they have eight paid holidays. In addition, many of them enjoy pensions and other welfare benefits.

I would be the first to concede, of course, that these are average figures and that not all workers enjoy these benefits. Unfortunately some enjoy less than the average, but I can say with ample justification that the Labour (Standards) Code, which was passed by this house and by parliament last year, is having a very important and significant effect in this respect.

One other rather significant fact comes to my mind. A study of collective bargaining made by my department showed that of the 240 major collective agreements that were signed in 1965, and that is a very significant number, almost one half were for periods of three years or more, rather than the usual one or two year maximum periods. It is interesting to note that this study revealed that clauses on technological change have become more common in 1965. These clauses generally have taken the form of requiring an employer to give a union advanced notice of technological change, and to set up labour-management committees to deal with all the problems that are associated with these changes.

• (2:30 p.m.)

Over the past two and a half weeks many questions have been asked in this house concerning the dock strike in Montreal. It is a very serious situation. Of the incidents to which I have referred earlier, it is perhaps the most serious problem confronting us in the economic field in Canada today. We have to find a solution, have to bring about a settlement of this strike in Montreal, and we have to find it in the shortest possible time because there are huge quantities of wheat to be shipped from Canada. There are also essential food products which must be moved from western Canada to Quebec to supply feed for the chickens, pigs and other animals that need food in that particular province. They have to rely on us westerners for some help in the matter of food supplies.

All these are serious problems. We also have problems to solve in connection with Expo '67 and the goods that are needed to meet their target date of early next year. We have to find a solution to this problem. If we could have found a solution to it a week or two ago, we would all have been very happy. However, I doubt if 10 per cent of the members of this house know that this prob-

lem arises largely from technological change. How many people realize the difficulties that are involved? We have about 4,500 workers involved, stevedores or longshoremen, in the three ports of Montreal, Trois-Rivières and Quebec. As a result of new changes in the handling of cargoes that are to be loaded and unloaded, you can get along today with modern equipment with a cut of a minimum of 10 per cent in the work force. This is the same kind of technological change that concerned us all when we were considering the Freedman report. Herein lies the basic difficulty—the difficulty that lies in finding a solution to this very serious problem in the ports of the province of Quebec.

We have been fortunate in the dock strike in having one of our most experienced, patient and respected men—I do not know how to describe him because he was not acting as a jurist but as a mediator—in the person of Judge Lippé to act in this dispute.

During the short period that I was away from the house between the question period this morning and this afternoon, I have received another interim report, perhaps I should say the fourth interim report but the second of two extended reports, from Judge Lippé. The negotiations seem to have reached a stalemate, which arises out of nothing more than technological change. The longshoremen naturally are concerned with the possible loss of jobs. The shipping federation are naturally concerned with competitive costs when they are faced with possible competitive shipments from Portland, Boston, New York, St. John's Halifax or other ports. They have to consider their position in this highly competitive age. If the longshoremen crews, which have for some years numbered 18, have to be reduced to 15 or 16 as a result of technological change, in my view, the ship operators are not to be blamed for trying to reach that objective. On the other hand it is not surprising that the longshoremen are concerned with their future and their families. Naturally they want to see a study made and a solution found which will not work too great a hardship on the workmen.

At the suggestion of the mediator, I am meeting this afternoon at five o'clock here in Ottawa with the bargaining representatives of both the shipping federation and the longshoremen. I hope that out of this meeting a recommendation or an agreement on a course of action will be arrived at which will enable us to find a peaceful settlement of this dispute. You will appreciate how very serious is the situation when you have to consider 4,500 longshoremen. As you know, in general there is a surplus of longshoremen because of the short season that prevails in the ports of Montreal and Quebec. It appears that there is always a reserve of longshoremen. You might think that over the life of a two-year contract, two extra longshoremen per gang could be absorbed. However, it is not as simple as that. If you have a crew of 18 longshoremen out of 4,500 and you want to reduce the number to 16, it means a reduction of, say approximately 450 persons. However, if you have a reserve crew of 900, then because of the peculiar situation of the St. Lawrence which only moves wheat seven or eight months a year, you are not just dealing with 450 men through attrition or otherwise, because you have to take into consideration the 900 people who are kept in reserve.

I only hope that over the week end we will be able to find a practical solution because it means so much not only to the people of Quebec, to the farmers of Quebec, to Expo '67, but also our prairie farmers, particularly the farmers of Saskatchewan and Manitoba, who have to move their wheat during the open season of navigation on the St. Lawrence.

Technological change is one of the most serious problems with which we will have to cope in Canada in the months directly ahead. I say also that one of the most important documents—I say this advisedly—which we have had to consider as members of parliament in the past several years, certainly in the relatively short time that I have been here, is the Freedman report. Mr. Justice Freedman undertook to serve as chairman of an industrial inquiry commission on the run-throughs on the railways. The proposals which he made following his penetrating and comprehensive analysis are now the subject of a very widespread discussion not only in this house but by industry, particularly the railways, the unions and government circles on all levels. This report is a most significant document. While you may question some of the philosophical observations made by this learned jurist—and he does embark on some philosophy he deserves the very sincere thanks of the Canadian people for an excellent job well done.

• (2:40 p.m.)

Some hon. Members: Hear, hear.

Mr. Nicholson: It may not be necessary for parliament to deal with that report. I hope it

will not be necessary because he has made a recommendation that the railway and the unions concerned try to find an agreeable formula to be incorporated in a collective agreement. I have been assured by the railway brotherhood and by both railways that they are working toward this objective. If that is not possible, the government and parliament may have to take greater responsibility, but I hope that may not be necessary. I believe encouraging progress is being made along the lines first recommended by the commissioner, Mr. Justice Freedman, in his report.

I referred a few minutes ago to the Canadian Labour (Standards) Code. I think the introduction of this code during the past year has given rise to intense activity in the Department of Labour. It certainly has made the Minister of Labour work a few hours longer than he normally would daily, certainly longer than when I was minister of forestry. This new code has created a large number of difficulties. Extensive use has been made of provisions by which submissions can be made for deferment under Part I, that is the hours of work, and to a considerably less extent submissions have been made for deferment under section 11, minimum wages.

I can assure hon. members that the question of deferment with regard to wages does not present too great a problem. With regard to deferment of hours, each particular industry and in some cases each particular industrial operation, has to be studied and a decision made on its merits. They are all being dealt with as rapidly as possible. In dealing with these deferments, we have urged the parties concerned to work out a satisfactory basis for adjusting the hours of work over a reasonable period of time, that is where the hours of work are in excess of the period fixed by the new code. I know a number of questions that were put to me seemed to be critical, and some of them sought information, about why the Ministers of Labour did not intervene sooner in the Ontario truckers strike.

The answer to that is simple. It was not uncommon for truckers in most parts of Canada, more particularly in central Canada, to work 70 hours a week and in some cases 80 hours a week or even more. Then as a result of the passage of the national code they will be forced to drop down to a 40-hour week, more than a 100 per cent curtailment within a matter of months in some cases. I am happy that my view proved to be the correct one,

[Mr. Nicholson.]

that if we could get the operators of the trucks and the employees to find a formula themselves that would reduce the hours of work to a 40 hour week within a reasonable period of time, it was far better than having the Minister of Labour use a big club.

As a result of difficult negotiations led by competent officials of the Ontario Department of Labour, and my department, we were able to bring about a very desirable conclusion. We have now got a work week that will, quite shortly, come within the letter of the Labour (Standards) Code although it is now within the spirit of it. The parties have found, I may say, that by averaging out over the 52 weeks every year, and using the other flexible features of the code, the results have not been quite as bad as they thought they were going to be when they were making their representations to members of this house about a year ago.

I can say this, that the code has already had a very important effect in eliminating pockets of substandard wages as well as excessive hours and unfair treatment of labour in many parts of Canada.

I should like to refer also to an increased activity in the women's bureau of the Department of Labour. This provides a continuing focus in our department on policies and programs relating to the standards and conditions of work of women. The bureau aims at bringing about a wider understanding of the role of women in the labour force, and to promote working conditions in every industry throughout Canada that are conducive to the well-being of the women, and efficient production. The role of this women's bureau is becoming increasingly important as more women, both married and single, enter the labour force.

There are other aspects of the work of the department to which, if time permitted, I might refer. I think perhaps I should refer briefly to the legislation that has to do with safety in employment. You will recall that, in the speech from the throne this year, as well as last year, reference was made to a new code dealing with safety in the fields in which the federal government has responsibility. Such a bill, as you all know, I am sure, is now in the other place. Its purpose is to ensure the safety and well-being of persons employed in industry within the federal field of jurisdiction. We have had several discussions, I might say, with provincial officials to develop a co-ordinated safety service in Canada. They have been very satisfactory,

and I have been greatly encouraged by the support and encouragement we have received from all ten of the Canadian provinces.

The departmental program of studies of collective bargaining is also making progress. I hope we will make a great deal more progress because of the situation existing in Montreal, Vancouver and in other parts of Canada.

The Acting Chairman (Mr. Dubé): Order. I regret having to interrupt the minister but it is my duty to inform the committee that his time has expired.

Some hon. Members: Carry on.

The Acting Chairman (Mr. Dubé): Is it agreed?

Some hon. Members: Agreed.

Mr. Nicholson: Thank you, I will be brief, Mr. Chairman. Included in this program is a study of the impact of economic and technical change on collective bargaining. I have already made some reference to an examination of the structure of collective bargaining and a study of the extent and nature of pattern bargaining. Now, studies of wages, costs of production, prices and the relationship between wage behaviour in Canada and her international competitive position were also expanded. Perhaps a classic example of this is the situation involved in the dock strike in Montreal. What effect will it have on our competitive position, the competitive position of Canadian ports, if we do not take advantage of technical change when technical change has been introduced in the ports directly to the south of us, and ports on the west coast.

At the same time, we do have to take into consideration the rights of the employees who are affected. Surely over a period of a year to two years, if necessary, provision could be made to take care of such a situation. There is one other point to which I would like to direct the attention of hon. members, Mr. Chairman, and which I am sure will be of interest to them. The International Labour Organization, which meets in Geneva on Wednesday next, will hold its eighth annual regional conference in the Americas in Ottawa next September. The opening meeting, we hope, will be in this chamber. This will be the first such meeting outside Latin America that has ever been held. It is an important event in Canada's international relations for the year 1966.

• (2:50 p.m.)

There is another matter to which reference should be made because it has come up on more than one occasion in this session. I refer to the vigorous program of information and publicity that has been undertaken by the Department of Labour, particularly the new, livelier format adopted by the *Labour Gazette*. This is the first change in the format of that paper in its 66-year history. I hope you like it; I certainly do. It is much more attractive and it seems to interest people much more than it did in its earlier form.

I might say that it is my hope that by the end of this summer the long-standing objective of simultaneous publication of the Labour Gazette's editions in both English and French should be achieved. We have made good progress over the last year and I hope that not later than the coming September this objective of simultaneous publication will be achieved. This is made possible through the strengthening of the department's French editorial staff and the co-operation of the Queen's Printer.

Now as to the specific votes before us, Mr. Chairman. The committee is being asked to approve $10,513,400 in the main estimates, of which $3,127,000 are statutory items. Page 200 of the blue book shows this amount of $10,513,400 as being a decrease of $23,556,700; so it should not take very much time to get the estimates through, because they are being reduced by $23,556,700. However, I must again be frank—and I think frankness in this house commends itself at all times—and say that the 1965-66 figures in the blue book included $19 million for the winter housebuilding incentive program, which may or may not be proceeded with, having regard to what the conditions may be this fall.

It will also be noted that there is a substantial reduction of $3.5 million in the vote for payments of transitional benefits for workers in the automotive manufacturing and parts industries. There is every indication that the larger amount that was needed to take care of this situation in the first year of operation of the agreement can be safely reduced by $3.5 million in the second year of operation.

These two items, Mr. Chairman—the winter housebuilding incentive program and the technical assistance program—account for the apparent seemingly large reduction over the past year. With the new developments which are taking place and with the continuation of

its present functions, I am firmly convinced that in the fields that continue as its responsibility the Department of Labour can be counted on to make a greater contribution to the economic and social development of this country.

Mr. Rapp: Mr. Chairman, may I just ask one question. What effect does the longshoremen's strike have on the loading of the grain? I understand that as far as loading of grain is concerned all that has to be done is to stick a spout in the boat, pull a string and down it goes. However, will the longshoremen's strike affect the export of our grain?

Mr. Nicholson: That is not an easy question to answer, Mr. Chairman. The strike has occurred during the early part of the shipping season. I would be hopeful, if we can get this very disastrous strike behind us, that we may be able to make up the 19 days during which shipping activities have been interfered with. But any long protraction of the strike certainly will have very serious adverse effects on the movement of grain.

Mr. Thomas (Middlesex West): Mr. Chairman, I should like to ask the minister a question while his mind is still on the point. Has consideration been given by his department to the use of compulsory arbitration as a means of settling disputes, rather than resorting to strike action, as has been the case for many years?

Mr. Nicholson: I am going to suggest that I take note of questions and deal with them perhaps at the end of the period. However, I think this particular question merits a special answer and I would be glad to give one.

Very serious consideration has been given to this matter by the department and by experienced departmental officials over a period of several years. As a member of cabinet I know something of the difficulties that we have had in trying to work out and find an acceptable formula. If you really believe, as I happen to, in the importance and the significance of collective bargaining, which enables management and labour to sit down on opposite sides of the table and unburden their hearts and take strong positions if necessary, it is difficult to say in all cases compulsory arbitration would be necessary, or advisable.

On the other hand, I think—and I am speaking only for myself, certainly not for the government, nor do I even express the consensus of my department—there are many cases where the national interest is at stake. I can think of safety and security in the air line industry, for instance, where weather services have to be maintained. Then there is the movement of passengers and freight in many cases on our railroads. It is just as important perhaps, in my view, to have compulsory arbitration in these fields as in certain aspects of civil service activities, as proposed in the legislation that is now before this house.

I cannot give the hon. member a definite answer, but I can assure him—and this is why I made the appeal earlier today—that any constructive suggestions, which any member of this house or any other person may have to make as to how we might solve this extremely difficult question, when our national interests and economy are at stake, would be very welcome.

[*Translation*]

Mr. Caouette: Mr. Chairman—

[*English*]

Mr. Knowles: Are you making your main speech?

Mr. Caouette: I was recognized by the Chair and I should be given the opportunity to say what I have to say.

Mr. Knowles: Mr. Chairman, I think thus far you have recognized a couple of members who have just asked questions. If we are now to have the round of main speakers, do we not follow the usual routine and hear from the Conservatives first?

Mr. Caouette: I have been recognized.

The Acting Chairman (Mr. Dubé): I have recognized the hon. member for Villeneuve.

Mr. Churchill: Mr. Chairman, I rise on a point of order. I have raised this matter on several occasions and I will continue to raise it. The Conservative opposition of this house constitutes 96 members. We are entitled to recognition in greater numbers than the members of a small group of eight or nine. I think in a case like this, when the minister has made a statement on his estimates, the first person to make a reply should be a member of the major party in opposition in this house, and others should take their turn.

Mr. Caouette: Mr. Chairman, I should like to say what I have to say in English so that my hon. friend from Winnipeg South Centre can understand, because if I speak in French he will not understand.

Mr. Churchill: We have a translation system.

Mr. Caouette: When he refers to small groups of eight or nine people, may I remind him that there is more intelligence among the members of our group than there is among the 96 members of his group who up to date have been recognized. I think I have the right to be heard as well as the member for Winnipeg South Centre, without any discrimination or reference to his strong 96 members in the House of Commons. I have been elected, as well as the hon. member for Winnipeg South Centre, and perhaps with a stronger majority than he; so I have the right to be listened to in the House of Commons.

Mr. Churchill: We all know how smart you are; you do not have to keep telling us every day.

Mr. Caouette: I hope in the future you will remember.

• (3:00 p.m.)

The Acting Chairman (Mr. Dubé): Order, please.

Mr. Churchill: I rise on a point of order. It has not been ruled on. When a minister of the crown makes a statement in this house the opportunity of reply should go first to the opposition and not to somebody in the far corner, no matter how excellent he is in his own opinion. I do not share his opinion of his excellence by any means.

Mr. Olson: Mr. Chairman, may I speak on the point of order raised by the hon. member for Winnipeg South Centre. I believe that the hon. member for Villeneuve has as much right as anyone to speak in this house. Nevertheless we must bear in mind that, the minister having just completed his opening statement, the first questions directed to him should come from the Conservative party, a member of which should have been given the first opportunity to speak. That, I think, is the established practice. The Chairman, of course, may not have seen a Conservative member rise immediately following the minister's statement. I am sure that this whole thing has been unintentional. However, I think the practice that has been established for the past several years ought to be maintained.

The Acting Chairman (Mr. Dubé): Order, please. I appreciate what has been said. The first hon. member recognized by the Chair was from the official opposition, but then the hon. member for Villeneuve rose and the Chair recognized him. As soon as he has finished the Chair will recognize the hon. member for Saskatoon.

Mr. Churchill: That is discrimination, Mr. Chairman.

[*Translation*]

Mr. Caouette: Mr. Chairman, my comments on the explanations given a few minutes ago by the Minister of Labour (Mr. Nicholson) will be brief. His explanations boil down to this; his department is becoming less important, even though the labour question is gaining importance and ground throughout Canada. As for the minister, he is losing ground. That is precisely what he just told us. His department, which spent $34,070,100 last year for labour organization, sees, this year, its estimates cut down by $23,556,700. And the Minister of Labour tells us that this is due to a large extent to the estimates which the officials of his department were unable to study concerning house building in the country or in any province.

In fact, for 1966-67, the expenditures of the department amount to $10,513,400 compared to $34,070,100.

I put a question last week to which the minister answered at noon today, saying that the amounts granted as loans for house building remained the same.

Last night in the town of Gatineau I met housing contractors who said bluntly: "We cannot obtain anything from the Central Mortgage and Housing Corporation. This puts us in a difficult situation".

[*English*]

Mr. Churchill I rise on a point of order, Mr. Chairman—

Mr. Nicholson: Would the hon. member permit a question?

Mr. Caouette: Yes.

Mr. Nicholson: Was the hon. member not in the house when it was announced that housing would not be discussed when we dealt with the main estimates, but at a later time, partly because there are no estimates respecting Central Mortgage and Housing Corporation before the house?

Mr. Churchill: No. He was not here.

Mr. Nicholson: I did agree, since the subject of housing affects employment and labour, that housing might be discussed after

the labour estimates had been dealt with. I was sure that that was the agreement reached by all parties in the house.

Mr. Knowles: On a point of order, Mr. Chairman, it was not only agreed to by the minister but it was made an order of the house.

[*Translation*]

The Deputy Chairman: Order. If the member for Villeneuve allows me, the member for Winnipeg North Centre (Mr. Knowles) suggests that we study housing problems after the estimates of the Department of Labour.

At the present time, we should neither discuss housing nor speak of the Central Mortgage and Housing Corporation but we should deal with the problems relating to the Department of Labour.

Mr. Caouette: Very well, Mr. Chairman. I was not here when this agreement was reached between the various parties in the house. I will relate my remarks to the subject matter, that is the estimates of the Department of Labour, without speaking of housing or the Central Mortgage and Housing Corporation. Naturally, we will come back to this when the minister is ready to discuss it.

However, we are going to talk about labour matters and management-labour relations, and particularly, as far as the Department of Labour is concerned, about dock employees on the St. Lawrence, at Montreal, Quebec and Trois-Rivières.

Mr. Chairman, I tried to put a question this morning in connection with the farmers who are now making representations to the federal parliament.

I received at noon a telegram from Quebec from Mr. Georges-Henri Blouin, manager of the agricultural co-operative of the Orleans island. This telegram read as follows:

> We have no more feed grain for our livestock. They are starving to death. Stop. Asking for immediate government action in this national harbours conflict referred to as very serious by our farmers. (Signed) Georges-H. Blouin.

This morning, the hon. member for Saint-Hyacinthe-Bagot (Mr. Ricard) put a question along the same lines.

[*English*]

Mr. Nicholson: Would the hon. member permit another question?

Mr. Caouette: Yes.

[Mr. Nicholson.]

Mr. Nicholson: Did the hon. member not hear the assurance I gave the house earlier this afternoon—

Mr. Churchill: He was not here.

Mr. Nicholson: —that at the request of the mediator, Judge Lippé, I am meeting with representatives of the Longshoremen's Association and the Shipping Federation at five o'clock this afternoon in Ottawa to discuss among other matters this very problem?

Mr. Caouette: I will take the minister's word for that. But will the minister tell me that the matter has been solved so that the farmers can get their grain moved from the ports of Montreal and Three Rivers? Can the minister not inform me as to what is taking place now?

An hon. Member: It is Trois-Rivières.

Mr. Churchill: He does not understand what has been said. Would the hon. member use the translation system.

Mr. Nicholson: I was asked a question by the hon. member. I cannot tell him that the very point dealt with in the telegram has been the subject of discussion this morning. However, at the request of the chairman, representatives of the two parties are coming to Ottawa to discuss this problem further this afternoon. I cannot say that a solution will be found. I can assure the hon. member that the government will do its best to find a solution and to find it within the shortest possible time.

• (3:10 p.m.)

Mr. Caouette: Because the hon. member for Cochrane is applauding does not mean that an answer has been given. The minister says that discussions will take place. We all know that discussions have been taking place in the House of Commons for the past four years without coming to any solution. The farmers of Quebec are now asking for a solution to this problem. They are fed up with discussions in the House of Commons. They want a response in their province. This is what I want the Minister of Labour to understand. I know that people from Montreal and Quebec are coming to Ottawa to meet with officials of the Department of Labour. Where is the consolation? In the meantime the farmers are asking for action; they are not asking for discussion.

[*Translation*]

Hogs and cattle in the province of Quebec are not waiting for government discussions, but rather for grain so as to be properly fed.

Mr. Chairman, there is always a limit to having wool pulled over our eyes and being told tall tales by cabinet members. We have enough of this.

That is why I say that according to the estimates we are being asked to vote, the Department of Labour is becoming a helpless department, no longer able to assume any responsibilities. The department is granted estimates to settle labour disputes in Canada, but afterwards, they are reduced and the department is told: it is no longer your business. Let us bring people from Montreal, Toronto, Winnipeg and Vancouver to discuss matters in Ottawa and, during that time, people in need are awaiting results from the government. The department is aware of this.

But nothing is done about it. We are told: people are coming to Ottawa to study matters. We have been told for four years that people are coming to Ottawa to study and the minister knows exactly what I mean. He is also aware that I am speaking the truth. He said so himself earlier when he stated: my department is becoming less important; we get $23 million less this year to run the Department of Labour.

Mr. Chairman, labour and management relations in Canada or in the province of Quebec are more important than the estimates now under consideration. And when the minister tells us: such and such labour organization—the C.L.C. or the C.N.T.U. or any other—is talking of meeting with the employers to look into the situation, then the Minister of Labour himself or one of his officials should intervene directly in those disputes without delay, instead of waiting until it is too late and the damage is done. He should delegate some departmental official, not to make matters worse between employers and workers but to act as a mediator, as a man talking to other men and getting them to agree among themselves, in the best interests of Canada and its people.

This is what is lacking within the Department of Labour as in most departments. But since we are dealing with the Department of Labour—and I am sure the minister understands the situation—I suggest that mediators be sent to settle disputes between management and labour, so as to promote conciliation instead of adding fuel to the fire and stirring up hatred, as is too often seen between certain labour leaders and some employers in industry, trade or any other segment of the economy.

Mr. Chairman, I, for one, am not afraid to talk to a labour leader. Whether they are called Jodoin or anything else, I am not afraid to tell them what I think of them; but, at the same time, I am not afraid to tell employers what their duties are toward their employees.

Only, the employer is not the one who is going to settle the labour problem; it is the federal or provincial legislation in the province which will help to solve the labour problem, so as to avoid, in the years to come, those costly conflicts, those useless conflicts, those strikes which are breeding hate instead of understanding.

It is the first responsibility of the hon. Minister of Labour to see that such an agreement exists between management and labour. That is why I would ask him to spend the small amount he has left, namely $10,513,000, provided it does not disappear within six months, not on useless inquiries, but with a view to creating a climate of agreement, understanding and co-operation between the various sectors in this country, in order to increase our national productivity and keep on ensuring for our labour force, our labourers, security as well as freedom.

Then, the federal Minister of Labour will have done his duty; he will not have encroached upon the rights of anybody, but he will have contributed to respect for the rights of everyone in Canada.

These, Mr. Chairman, were my comments and remarks concerning the estimates of the Department of Labour.

[*English*]

Mr. Barnett: Would the hon. member permit me to ask him a question?

Mr. Churchill: He has to catch a train.

Mr. Caouette: I will catch you before I do.

Mr. Barnett: I should like to ask the hon. member for Villeneuve this question. If he were Minister of Labour and the workers would not do what he told them to do, would he put them all in jail or would he line them up and shoot them?

Mr. Caouette: What does the hon. member mean—"line them up and shoot them"? I have been in Russia and in Czechoslovakia. They are shooting people there, but Social Crediters will never shoot anyone.

Mr. Forrestall: Thank you, Mr. Chairman, for the opportunity to lead off at last in reply to the minister's opening statement.

We in the Conservative party along with all members of the committee, I am sure, are most hopeful that the events of the next two hours will turn out favourably. We are most hopeful that the meeting at five o'clock will be useful and serve to bring about the result which every member of the house desires to see, a settlement of the serious dispute at Montreal and other Quebec ports. We are hopeful that settlement will come out of this meeting. Most of us recognize that when it is possible for government to stay out of labour problems this is the best course to follow. However, where government is able to mediate and assist in the reaching of a settlement between management and labour, such assistance should be forthcoming. Again I express to the minister through you, Mr. Chairman, good wishes for the meeting this evening.

In the stage of history we now appear to have reached it would seem that strikes and labour disputes are with us with the persistency and certainty of the seasons of the year. We have had some serious labour disputes already this year, the oil refinery strikes in the west, the pending air line strike, the Ontario truckers dispute and now the serious situation affecting seaway workers. In my own area of Halifax there is a serious situation involving workers employed by the Department of National Defence.

• (3:20 p.m.)

The remarks I wish to make this afternoon centre around the situation in Halifax, and I express the hope that in this particular labour matter the government will take every means available to it, having had the benefit of ample forewarning of the impending action threatened in Halifax, to overcome the difficulties that exist in the very critical field of national defence. The matter involves labour policy. It also involves dollars and cents. I am not going to suggest that the government should intervene in a situation that possibly should be handled internally or by the treasury board, but I suggest that the government, having been forewarned of the impending action, will be held morally responsible for what could happen in eastern Canada if a strike takes place.

I share the hope of all hon. members that the Department of Labour is not about to disappear entirely from the scene. I hope that the reduction in estimates which the minister has outlined will not mean the complete abolition of the department. Its role and function in our society are too important for that to happen.

We share the minister's sentiments with regard to the work of Mr. Justice Freedman with respect to the railways and railway unions. I spoke of the government taking steps beforehand to overcome impending labour difficulties. This was an excellent example of how meaningful preparatory work can bring labour and management together before a strike so that Canada benefits. When that is not possible it is Canada that suffers.

In this context the same effort should be made in the Halifax area because the workers there have already engaged in a strike vote process among the several unions involved in the Halifax Dockyard Trades and Labour Council. Now is the time for the government, within its internal machinery, to move quietly to do those things which will preclude the necessity of government intervention after a strike has taken place.

I know the difficulties which the minister faces in the Montreal situation. I am one of the 10 per cent he referred to who are familiar with the technological problems. Just recently at Halifax and Saint John we went through the process of reducing the number of men in longshore gangs and the result has been effective. I am hopeful about the meeting that will take place later today with respect to the Montreal situation. We all agree that the strike must be settled because its disastrous effect on the economy is almost beyond description. It will take us years to recover the ground lost if the strike is prolonged further.

The labour safety code is now being considered in the other place. It is of great concern to us in the maritimes. We have a great shipbuilding industry, but when vessels come into our yards for overhaul, repair, modification and so forth we seem to lie in that area of shadow where there is always a question whether the provincial or federal authority has jurisdiction. We hope the safety code will provide an answer to that because people in the shipbuilding industry have for a long time been seeking meaningful guide lines on jurisdiction.

The minister has mentioned that the Canada Labour (Standards) Code has presented problems with respect to certain deferment requests concerning standards of wages and amounts paid. I am sure that when the

code is fully implemented it will have long-awaited desirable effects. I understand that Part I of the code is subject to much easier scrutiny by the department when requests for deferment are made. Only time and experience will tell whether this implies that there have been a lot of requests for deferment or that Part I of the code is not strong enough. If there is misunderstanding of the work loads that are necessary in certain sectors of our private economy, then perhaps the minister may introduce amendments to the code.

I shall conclude by again expressing the hope that the meeting at five o'clock this afternoon will result in an announcement that the serious situation at the river ports has been overcome and that the dockers will be back at work soon.

Mr. Orlikow: Mr. Chairman, we are in one of the most difficult years in terms of labour-management relations that we have experienced since the end of world war II. The minister has mentioned that the longshoremen in Quebec are on strike. Other strikes are likely to take place affecting our air lines, railways and flour mills, to mention just a few of the industries which come within federal jurisdiction. Tough negotiations are also in progress which may well lead to strikes in the steel, packing house and lumber industries, to mention just a few of the important, large groups of working people who are covered by provincial labour jurisdiction.

• (3:30 p.m.)

It is not surprising, Mr. Chairman, that this situation exists at the present time. It is not surprising that workers who have organized in unions have been rejecting tentative agreements which have been worked out by their union officers. Probably the best agreements ever negotiated by these officers are being rejected by the workers because they know what is happening to the cost of living. According to the Dominion Bureau of Statistics, last year the cost of living rose by just over 4 per cent. That does not appear to be very much, but I am sure the ordinary housewife will not believe such figures are correct because when she goes to do her shopping, whether it be in my city of Winnipeg, the city of Ottawa or the city of Vancouver, she is likely to find a different situation. I should like to illustrate it by quoting from a letter I received a week or so ago from a woman in Calgary. I am sure the illustrations she gives are no different from what they would be in any other city in Canada. She points out that in February, 1965 bacon was 59 cents a pound and a year later it was $1.19. Strawberries in February, 1965 were three packages for a dollar and in February, 1966 were 53 cents a package. In February, 1965 soap was $1.29 per box and in February, 1966 it was $1.85. In February, 1965, grade A large eggs were two dozen for 69 cents and in February, 1966 they were 61 cents a dozen.

Is it any wonder that the workers become restless and want large increases in pay? I am sure that the working people of Winnipeg whom I represent would not mind so much if they could believe the increases were due to an increase being received by the producers, because in that event at least somebody who is working would be receiving the benefit. The fact is, Mr. Chairman, that the bulk of the increase is going not to the producers but to the middleman, the distributor.

Working people are not concerned just with the cost of living. They can read papers like the *Financial Post* just the same as businessmen and members of parliament. I have a page from the May 14, 1966 issue of the *Financial Post* which shows the profit picture for 354 Canadian companies. I am not going to read the figures in respect of the 354 but I should like to refer to a few examples among well known companies. This may indicate the reason workers in Canadian industry who are asking for increases in pay are willing to go on strike in order to obtain these increases. Let me give a few examples. In 1964 the net profit of Imperial Oil was $79 million and in 1965 it rose to $86 million. In 1964 the net profit of International Nickel was $135 million and in 1965 it was $143 million. Canadian Westinghouse in 1964 had a net profit of $3,489,000 and in 1965 it was $4,238,000. Simpsons Limited, a very good illustration, in 1964 had a profit of $7 million and in 1965 it was $8,600,000.

If I were to take the profits of the food chains I am sure they would show even more dramatic increases. This is the reason the workers are demanding pay increases and the reason they are determined to get them regardless of the difficulty and the fact that it may mean a strike. This is the reason the Minister of Labour is probably going to have the busiest year any minister of labour has had in the last 20 years. It is not enough to wait until a strike is called. The government must take very strong and very definite action. I am not going to go into the details

because earlier today we had consideraale discussion about the increase in the cost of living.

It is not enough to have the kind of platitudes which we have been receiving from the government. The people of Canada require a prices review board to examine the large-scale price increases which are taking place even while companies are showing the largest profits they have ever had. We need a really aggressive and successful crackdown on the combines which are milking the people of this country. It is necessary that the government call on Canadian business and industry to be reasonable and not increase prices at a time when their profits are at an all-time high. If such a policy is not instituted by the government, the minister will be busy 24 hours a day.

I wish to deal specifically, Mr. Chairman, with two or three matters which come directly within the jurisdiction of the Minister of Labour. As I listened to the minister today discuss the Freedman report and the strike of the longshoremen, it seemed to me that the minister really could not have read, or if he did read really did not understand, what Mr. Justice Freedman said. What he said in his report was that labour and management should negotiate changes in working conditions which affect workers as well as management, even when they take place during the lifetime of a contract. Surely Mr. Justice Freedman made it clear that if negotiation could not take place voluntarily, as often is the case, the government should bring in legislation to bring about that kind of negotiation.

In the speech the minister made today and in speeches he has made on other occasions, there has been nothing to indicate that the minister accepts this basic proposal made by Mr. Justice Freedman. How can you have voluntary agreement to negotiate this kind of change when industry, almost unanimously, has rejected the proposals made by Mr. Justice Freedman? In today's *Globe and Mail* there is a report of a conference held in Toronto. The story is written by Roger Newman and is headed "Freedman Proposal Would Impede Economic Progress, Executive Says". I should like to read a few paragraphs from this article:

> The federal government will be blocking Canada's economic progress if it implements legislation based on a recent report by Mr. Justice Samuel Freedman of Manitoba, a vice president of Canadian Westinghouse Ltd. said in Toronto yesterday.
>
> J. W. Henley, who directs Westinghouse's personnel division, said the Freedman report—which says employers should consult employees about technological changes—would force manufacturers to defer innovations. He was speaking to a law and industrial relations conference sponsored by Osgoode Hall and the University of Toronto's centre for industrial relations.
>
> Mr. Henley said the changes brought about by technological innovations should be handled through social legislation, not contract bargaining. He said that if the government adopts the Freedman report, it would mean that manufacturers would have to postpone technical improvements until the next time they negotiate labor contracts with their employees.

First of all, I wish to say that what Mr. Henley says is not true. What is true is that his words indicate the hostility of industry in general to the recommendations made by Mr. Justice Freedman. That being the case, it really is preaching in the wilderness for the minister to say that he hopes and trusts these things can be done voluntarily and thinks it would be much better if they were. In my opinion it would be better if these things could be done voluntarily, but because they were not in the case of the C.N.R. there was a stoppage of work when the railway attempted to implement drastic changes.

• (3:40 p.m.)

Mr. Nicholson: Would the hon. member permit a question? Is it not a fact that Mr. Justice Freedman made this particular recommendation in his report, and is it not a fact that when I said I thought there had been encouraging developments I was referring to the negotiations between the railway unions and the railways but not in the field generally about which the hon. member is speaking?

Mr. Orlikow: Of course Mr. Justice Freedman said that he thought they should try to negotiate these things. I agree that there may have been encouraging developments, but what did take place in that industry is only a sample of the kind of thing which other industries will have to face in the future if corrective measures are not adopted. This same kind of situation brought about the problems which have been created by the longshoremen's work stoppage.

What Mr. Justice Freedman said was that since it is not likely that voluntary agreement can be obtained through negotiation, legislation is necessary. I will quote the relevant sections of his report for the benefit of the minister if he is not as familiar with them as he ought to be.

It is not true that labour has been able to stop technological change. One of the best illustrations of this fact is the situation in the railway industry regarding the reduction in the number of employees. In 1952 the railway non-operating unions represented 152,000 workers whereas in 1966 the railways are moving more traffic than ever before with only 90,000 workers. This represent a reduction of 60 per cent. It is obvious that the railways have been able to reduce their staffs through technological change. The unions have not prevented this change, but what they have said and will continue to say with justification is that the changes must be worked out through consultation so that the workers will not have to bear the entire burden.

I should now like to quote a few lines from the official summary of Mr. Justice Freedman's report prepared by him. He said at page 3 of his findings and conclusions:

> Assuming voluntary agreement between the parties is not possible for the purpose of giving effect to the commission's recommendation, legislation would be required. Either the Railway Act or the Industrial Relations and Disputes Investigation Act could be employed. If the latter were used it would be possible to provide, by an appropriate amendment, that any technological innovation, development or change proposed by the employer which would materially and adversely affect the working conditions of the employees should either be deferred for negotiation at the next open period or be dealt with in the same way as if it were a provision falling within the scope of subsection (2) of section 22 of the act.

He goes on to spell out what this means in a technical way:

> Amendment through the Industrial Relations and Disputes Investigation Act would have the advantage of closing a gap in the statute which technological advance has revealed.

It is not good enough for the minister to make nice speeches here or speeches of the kind he made on May 19 in Vancouver to the Canadian Manufacturers' Association. At that time he ostensibly dealt with the Freedman report but did not once mention the fact that Mr. Justice Freedman had suggested changes in the legislation. I think this bears out the suggestion that an individual can take out of any report exactly what he wants to take out of it.

It is time for the minister and the government to face up to the implications of technological change and what this means to working people. They must also face up to the implications of the recommendations of Mr. Justice Freedman and bring in legislation which will permit real bargaining and orderly and sensible changes in working conditions so that the whole burden does not fall upon the shoulders of the working people of Canada. That is all they want, and if the minister brings in such legislation I assure him that the members of this group will give him the majority he needs, the lack of which he was complaining about earlier. If the minister brought forward that kind of legislation he would remove one of the greatest reasons behind the strikes which are taking place today.

I want to deal with just one more matter at this time. The minister spoke with a good deal of pride about the Canada Labour (Standards) Code. If ever there was a hoax perpetrated on the people of Canada it was that perpetrated by the implementation of this code. I do not understand why the minister and the government continue to be proud of it. In answer to a question I placed on the order paper early this session we were told that the federal government spent over $185,000 in advertising the provisions of the Canada Labour (Standards) Code. The provisions were explained by the use of newspapers, magazines, radio and television, and I am sure hon. members will remember the full-page advertisements which included a picture of the former minister extolling the virtues of the act. It was not actually a picture of the minister but a drawing which looked remarkably like him. What has been accomplished by this measure? Let us be realistic about it. Roughly 500,000 workers in Canada who were already receiving $1.25 per hour before the code was passed come within the jurisdiction of the federal government. The $1.25 minimum wage provision has therefore had virtually no effect. The other main provisions of the code relate to the 40-hour week and time and a half for overtime.

After a great deal of digging and study we now have a list of industries and companies which asked for deferment of the 18-month period in respect of hours and overtime. I am not going to read the entire list because it would take me all day but I will indicate the type of industries that are listed. In respect of the minimum wages provision we have listed flour and feed mills, the highway transport industry, the radio and television industry and the shipping industry. In respect of hours of work and overtime—it would take me longer to read this list—we have almost every air transport company except Air Canada, the

banks including the Royal Bank, the Bank of Montreal, the Imperial Bank and the Toronto-Dominion Bank, and Crown companies including Atomic Energy, Polymer, the St. Lawrence Seaway Authority and several others. There is also listed a large number of flour and feed mills.

Mr. Nicholson: Mr. Chairman, surely the hon. member is not suggesting that because these companies applied for a deferment they received one?

Mr. Orlikow: One could get into a fine argument on semantics in this regard, but let me state that because they did not receive a deferment in no way means that they are now living up to the provisions of the code. This simply means that the provisions of the act have not been put into effect. If I am wrong in this regard I would be glad to have the minister correct me.

Mr. Nicholson: Does the hon. member not realize that parliament said this was the minister's responsibility and that a limited time would be allowed in which this had to be accomplished?

• (3:50 p.m.)

Mr. Orlikow: Of course, Mr. Chairman, the minister is 100 per cent correct. If the government of the day had said: We are going to pass an act but we tell you right now it is going to take at least 18 months before anybody will benefit from it, I would have no objection. What I do object to is the hoax of going to the people, not with the Liberal party's money but with the money of the people of Canada, and spending $185,000 to tell them of benefits which will not be given to them for another year. I object very strenuously to that.

I would like to continue, Mr. Chairman, because I think the public should be interested in some of the other industries which have not been brought under the act yet because their applications are still being studied or have been deferred. In all cases the effect is the same; the workers are not covered. They include the C.N.R. hotels, the pipe line companies such as Interprovincial and Trans-Northern, the Post Office Department's mail contractors, practically every private radio and television station, trucking firms in British Columbia, Manitoba, Ontario, and so on.

I pause in reading the list to say that I completely disagree with the course the minister took in regard to the trucking strike in Ontario. I am satisfied that if the minister, at any time after the strike started, had made an announcement that he would implement six months hence the provision of the code regarding hours, the strike would have been settled in half the time that it took because this was one of the biggest bones of contention. However, the minister refused to take the responsibility which I suggest he had.

The telephone and telegraph companies have not yet been covered nor have the railway companies and the Canadian Trucking Association. Quebecair is also not covered. I could go on and on.

I have examples of the companies and industries which are not yet covered. To the worker involved it does not really matter whether the reason he is given is that the implementation of the provisions was deferred or that the matter is still being considered. I would like the minister to tell hon. members how many workers and how many companies are covered because I suggest that to a large extent we have been and are up against the delaying tactics of the Liberal party.

I want to deal very briefly now with one other item. It is good to know that we are finally going to get some safety legislation to cover workers who are under federal jurisdiction. I am surprised that the bill was first introduced in the other place. It is good to know we are going to get this legislation and I hope it will come here soon. However, I hope that once it is passed the government will not forget about it. What I mean is simply this. I am sure that many other members from urban constituencies have received questions and complaints from railway and other workers who are under federal jurisdiction, people who work in diesel and machine shops who have complained about the smoke hazard, the fumes, bad air and poor lighting in their working areas.

I hope that when the legislation is passed the Department of Labour will hire sufficient inspectors to see that the law is lived up to or, if it is possible, that arrangements will be made with the provincial departments of labour to ensure that the act is adhered to. I hope that care will be taken to make sure that the provincial labour departments which are given this job obtain the necessary staff because, as one who served in the provincial legislature before coming to this house, I know that in my own province—and this is true of every other province—the provincial labour departments are badly understaffed. I

hope that either the federal department or the provincial departments of labour will make sure that sufficient staff are hired so that the provisions of the new act will be adequately adhered to in order to protect the health and well-being of the workers.

There are a number of other questions which I could raise and I am sure they will be raised by other members of the committee. I hope that with regard to the implementation of the Freedman report and the full and complete implementation of the Canadian Labour (Standards) Code we will have a good deal more action from the minister and his department in the next 12 months than we have had in the past year.

Mr. Olson: Mr. Chairman, there is just one main point I wish to make in so far as representations from this party are concerned respecting the estimates of the Department of Labour.

As has been pointed out by a number of hon. members this afternoon, 1966 appears to be a year when there has been a greater degree of labour strife than we have had in Canada for some time. If we look into the future, even at the balance of this year, it appears that it will increase. At present we have the difficulty with the longshoremen. The seaway workers appear very nearly ready to take strike action unless something happens. We have had problems with the teamsters, and some of the air-line workers are ready to take strike action unless something is done to conclude the contractual negotiations which have been taking place. The contract of the non-operating workers on the railways has not been settled yet.

The plea I wish to make to the Minister of Labour this afternoon is that the Department of Labour should be involved more closely in these matters before strikes take place. As I said, there are other sectors of the Canadian economy where contracts are due to expire later this year and something should be done to prevent the breakdown of negotiations. Strikes are called and days, weeks and sometimes months go by before the Department of Labour moves in and appoints a mediator.

This is something about which we should be extremely concerned. I believe that the minister and the Department of Labour should appoint mediators before strike action is taken so that they can familiarize themselves with both sides of the issue. It may be that we need new legislation to provide for a cooling off period such as the President of the United States can order in some situations. There is no disputing the fact that these strikes hurt workers and industries as well as innocent persons and the whole country in general. This is well recognized and accepted by the minister as well as by everyone else in the country.

There are some people even in the labour unions who believe that strikes as a weapon are obsolete and outmoded. However, I do not believe that the workers are willing, and quite rightly so, to give up the strike weapon as a last resort unless their interests are protected in some other way.

• (4:00 p.m.)

So, Mr. Chairman, perhaps we need new legislation in this area as well. In any event, I wanted to urge the minister to give immediate consideration to what action he can take under existing legislation to become far more actively interested in the negotiations before they reach crisis proportions. We certainly do not want a repetition of what happened, for example, last year in the grain handlers' strike or what happened recently in the teamsters' strike.

When the minister was appointed to this office the people of Canada, and I think members of this house, had a lot of confidence that he would deal with these matters fairly, knowledgeably and firmly. We wish him well. What is more, Mr. Chairman, we are prepared to support him if he will do these things in advance of a crisis so that he will be able to ascertain the arguments on both sides of the question. we will support him in that respect. However, we will not be satisfied to sit back and allow these problems to grow and grow until a strike is called.

This is the one plea I wanted to make. I think the Department of Labour should be more active in the negotiations before a strike. As I said, I am not entirely sure whether the minister has sufficient authority under present legislation to do these things. If he does not, we hope he will introduce the kind of legislation necessary to give him that power. We would be prepared to support it. In closing, Mr. Chairman—

Mr. Knowles: Will the hon. member permit a question. I am sure we are all interested in what he is saying. Perhaps I have two questions. First, when he says it would be a good idea to find some other way than the use of the strike by labour to enforce its wishes, has he any precise suggestion to make? Second, when he advocates that the minister get into

the negotiations at an earlier stage, is there not some fear that this could be interpreted as government interference in free, collective bargaining? I use the phrase "free collective bargaining" because it is something I value, but I will also use a term that appeals to him and refer to interference with free private enterprise.

Mr. Olson: I quite appreciate the hon. member's position. In answer to the first question as to what could be done to protect the workers' interests if the strike weapon were not used, I suggest there is another factor, namely, the general public interest, that is becoming far more important in these labour-management disputes. I suggest it is up to the parliament of Canada and the Minister of Labour as the administrator of the policies of this parliament to protect that public interest. Even though it may not be acceptable to management in some cases or labour unions in other cases, I feel we have probably reached a stage in our economic and social development where we are going to have to accept some form of arbitration by the federal government. In the first instance, of course, it would have to be authorized by the federal parliament and its elected representatives who are the spokesmen for the public interest.

I am not suggesting that this can be done at once. I am not going to suggest that I know all the answers. However, I am going to suggest that the public interest has been hurt a sufficient number of times in the past that we should have come to the point of realizing that perhaps some form of compulsory arbitration is going to be necessary in the future.

In so far as the other question is concerned and the hon. member's point about interference in free collective bargaining, may I say I did not suggest that the minister should start directing which way the negotiations should go, but it seems to me that all too often no mediator is appointed until several weeks after the strike. I can appreciate the difficulties involved here because we would hope that management and labour unions would get together and solve their problems without having the government move in.

The point I want to make is that even after a mediator is appointed it usually takes at least a few days, and in some cases several weeks, before he can familiarize himself with the positions taken by the labour union and management. No one can deny that this is a fact. I suggest that a great deal of this lost time could be saved if the Department of Labour would take an active interest and follow the negotiations right up to the point where they break down. Then there would not have to be a waiting period while the mediator familiarizes himself with both sides of the dispute. I do not know whether that answers my hon. friend's questions satisfactorily but in any event that is my answer.

Mr. Knowles: I wonder whether it answers the hon. member's own question?

Mr. Olson: I think it does. In closing I simply want to say again that the public interest has been harmed by strikes so many times in the past I think we should recognize that something needs to be done. I believe the first step would be for the department or the minister to follow the negotiations more closely, having in mind some person to act as mediator immediately a strike is called. If we require new legislation to give effect to the suggestions I have made, we in this party are prepared to support the minister if he presents such legislation.

Mr. Coates: Mr. Chairman, in entering this debate for a few moments I should like to make some comments about the Atlantic economy and in particular about the degree of unemployment that exists there at the present time, has existed and will continue to exist unless the government takes some action other than that indicated to date in legislation and in the budget. It is small comfort for the people who reside in the Atlantic provinces to be told about the low level of unemployment in Canada. When there are no jobs to be had, when there are long line-ups of people looking for jobs in many areas of the Atlantic provinces, there is not much satisfaction to be gained from the fact that there is low unemployment in Ontario, British Columbia, the western provinces or wherever the minister desires to point.

This government has deserted the Atlantic provinces in so far as any proposals have been made that would be of benefit in a special way. The government has deserted the area, ignored it and endeavoured under one of its programs to move the people to other parts of Canada in the hope it will get rid of the problem.

• (4:10 p.m.)

Since it took office in 1963 it has not faced the fact that the situation in the Atlantic

provinces is different from that in the rest of Canada. It has not come forward and proposed the special kinds of programs suggested to it, the kind of programs which were adopted in the five years prior to 1963 when the Conservative administration held office. This is our great plea in endeavouring to make the government aware of the situation which exists. Apparently they are not aware of it or if they are they forget about it, ignore it and ask what difference it makes because the area is too small to worry about anyway.

I see that the Minister of Fisheries is now in the house. I often wonder what he does at cabinet meetings when proposals which have been made by various organizations in the Atlantic provinces to stimulate employment in the area are discussed. Let me take, for example, the designated area policy which excludes certain areas in the Atlantic provinces. Where was he when they were first considered in cabinet? Does he agree with the decision of the government? Does he agree with the policy that excludes Halifax, Dartmouth, Saint John and Fredericton? Does he think that leaving these areas out is good for employment in the Atlantic provinces? We never know.

Mr. Robichaud: Go back five or six years.

Mr. Coates: It would be much better for the Atlantic provinces if we did. At least we would get some attention from the government.

Mr. Robichaud: How blind can you be?

Mr. Coates: The great difficulty, Mr. Chairman, is that those from the Atlantic provinces in the Liberal cabinet all seem to be blind because they never seem to be able to convince their colleagues that anything which will specifically benefit the Atlantic provinces should be adopted by the government.

Mr. Bell (Carleton): There are none so blind as those who will not see.

Mr. Coates: As my colleague from Carleton says, there are none so blind as those who will not see. Certainly the Minister of Fisheries has ignored the problems facing the Atlantic provinces, and there is no place where those problems are worse than in his own constituency.

Mr. Robichaud: I invite the hon. member to come and see for himself.

Mr. Coates: I thank the minister very much but I visit his area probably as often as he does. I suggest to the minister that he had better go there more often if he thinks things are not bad in his area. I should like to know what are the unemployment statistics for Gloucester and also for Restigouche-Madawaska. They are shocking, and he knows it as well as I do; there is no doubt about it. But he would like to brush the matter off and ignore it.

I did make mention of one program, Mr. Chairman, but I should also like to ask the Minister of Fisheries whether ne agrees with the action of the Minister of Finance in rescheduling, as he so calmly put it, the construction of the New Brunswick-Prince Edward Island causeway. Was the minister in the cabinet when the decision was made to set it back and perhaps forget about it?

Mr. Robichaud: Would the hon. member permit a question? Is he aware that tenders have been called for the second phase of the Northumberland causeway?

Mr. Coates: I am aware that they have been called, Mr. Chairman, but I am also quite sure they can be cancelled just as easily as the project could be rescheduled. I would ask the minister whether he was in agreement with the Minister of Finance in the rescheduling and setting back of the construction of the New Brunswick-Prince Edward Island causeway. This is a pretty important project for New Brunswick, and the minister is the representative of New Brunswick in the cabinet. I should like some idea of where he stood on the question. I should like some idea of where the Atlantic provinces ministers stand on these special programs which are presented to the cabinet but ignored time and time again by the government.

I should also like to know where the ministers from the Atlantic provinces were when the budget was prepared, a budget which completely ignored the recommendations of the Economic Council of Canada that special fiscal policies should be applied to the Atlantic provinces in order that tight money would not do the irreparable damage now being wrought in our area of Canada.

We cannot find out from anyone in the house what is going to be done with the coal industry of Nova Scotia. Members of our party have asked questions of everyone who could possibly be asked on the government side concerning the Donald report, but no one

in the government seems to want to take responsibility for the report or for informing the house what recommendations have been made, if they have been placed before the government.

This, Mr. Chairman, is especially irritating to me because in the election campaign of November, 1965 I listened to the programs presented over radio and television by this government which was going to do wonderful things for the people of the Atlantic provinces. I listened to the Minister of National Health and Welfare tell the people of Nova Scotia how he arranged $25 million for the coal industry. You would think it was a blank cheque that we could have filled in for any amount, $25 million, $50 million or $100 million.

Mr. Diefenbaker: What happened to that $25 million?

Mr. Coates: The cheque bounced. It was a bad cheque.

Mr. Robichaud: What about your Atlantic Development Board fund?

Mr. Coates: The Minister of Fisheries asks about the Atlantic Development Board fund. Let him tell me what happened to the $20 million designated for the use of Nova Scotia and which the government did not give Nova Scotia for two years. When we were in office we set up the Atlantic Development Board and put all of the resources of the government of Canada at the disposal of the board for projects which would be of benefit to that area.

But what has happened now, Mr. Chairman? The fund is bankrupt. The $100 million has gone. The money has either been spent or committed. The Minister of Transport said we would get more but a perusal of the order paper reveals nothing to that effect. Let the minister tell me where there is any resolution on the order paper to provide an increase in the fund. A minister from the Atlantic provinces should know this.

The agricultural industry of Nova Scotia and the Atlantic provinces has been waiting for a resolution on feed grains to get off the order paper but it does not seem to move. We have been waiting three years for it but nothing has happened. The farmers of the Atlantic provinces still have the same problems they had the day this government took office, and they will continue to have them just as long as this government stays in office. There is no doubt in the minds of the people

[Mr. Coates.]

in the Atlantic provinces with regard to this fact, and they indicated their feelings in no uncertain terms in the last election campaign. If there were another one tomorrow they would indicate their feelings even more strongly than the last time.

While this government is in office we in the Atlantic provinces are in the position of having no place to go but down. The government will not do anything for us. We were kicked around by the Liberals for 22 years from 1935 to 1957. The people were given the opportunity to do something for themselves after that time. They did not have to come hat in hand to the government as was the case when Mr. St. Laurent and Mr. Mackenzie King were prime ministers of the country. They came forward with proposals which were recognized, and action was taken as a result which was beneficial to the people of the Atlantic provinces. Where are we now? We are right back where we were during the 22 years when the Liberals were in office before.

Today we have some fairly aggressive premiers in the Atlantic provinces. They have banded together and are endeavouring to do as much as they can for their provinces. Anything happening today in the Atlantic provinces is a credit to the premiers in that part of Canada and is no credit to the federal government which has done nothing but damage to our economy every time it has introduced a piece of legislation.

• (4:20 p.m.)

To give hon. members an indication that I am not alone in thinking this way let me quote from an article in the Fredericton *Gleaner* of Wednesday, March 30, 1966: The article deals with the budget in these words:

> —we have once more the frustration thrust upon us of having a "boom-busting" budget applied to our area which lags grievously behind the rest of Canada by every measure of comparison.
>
> The gap between the average income in Atlantic Canada and that in the rest of Canada is not closing. And in this area deflationary policies must be deadly in their adverse effect.
>
> The setting back of the Prince Edward Island causeway is a case in point. It is a cynical act which belies the federal government's pretense that the Atlantic economy is to be raised by federal policy to a fair sharing with the rest of Canada.
>
> Mr. Sharp has shown no realization that his "brake on the boom" measures are totally unrealistic when applied to the Atlantic provinces where unemployment stands at almost 11 per cent of the working force.

An hon. Member: Eleven per cent?

Mr. Coates: Eleven per cent. We hear the Minister of Labour telling us about the wonderful figures respecting unemployment. No one will say that there is an 11 per cent average unemployment rate throughout Canada, but I am saying that the unemployment rate in the Atlantic provinces is 11 per cent and a government worth its salt should do something to eliminate that.

Mr. Nicholson: Would the hon. member permit a question? Is he seriously suggesting that there is an unemployment rate of 11 per cent, or even anything like that, in the province of New Brunswick to which he specifically referred? Is he seriously suggesting that?

Mr. Coates: I am seriously suggesting that according to the last figures I saw the average unemployment rate in the Atlantic provinces was 10.9 per cent of the labour force.

Mr. Nicholson: When was that?

Mr. Coates: March 11.

An hon. Member: That was an average of 11 per cent?

Mr. Coates: Nearly.

An hon. Member: What year was that?

Mr. Coates: In 1966. Is the minister indicating by his attitude that we have not much to complain about in the Atlantic provinces? Is the minister going to tell us that the unemployment rate is 2.4 per cent or 5 per cent? No, he is not, because he knows it is a great deal more than that. No government should accept an unemployment rate of over 5 per cent as a satisfactory state of affairs.

An hon. Member: You accepted it in 1960 and 1961.

Mr. Coates: We did not accept it and we did all kinds of things about it. Unemployment in Canada is as low as it is because of actions taken when we were in office. In reading the writings of any economist or even reading the report of the Economic Council of Canada established by the Liberal government it will be seen that the present boom started in 1961. I will tell you what started the boom. It started at about the time we devalued the dollar. We were ridiculed and made fun of by the Liberal party, which today embraces that measure and says it is the most wonderful thing that ever happened. What did the former minister of finance, the present hon. member for Davenport, say about it? He said: "It is great, wonderful". Yet he was the man who conceived the "Diefendollars". He told the people that their money was worth only 93 cents. He said: "It was the right thing to do but you did it the wrong way".

I am going to read to the Minister of Labour, since he is so concerned about the figures I am quoting, a statement from the Atlantic Provinces Economic Council report. I shall read from the April issue. I am sure the minister will not argue with the figures given here even though he seems anxious to argue with my figures. I quote from page 5:

> —the regional unemployment rate in the Atlantic provinces averaged 7.5 per cent in 1965. This was more than twice the rate of 3.6 per cent for the other six provinces, and even higher than the national rate of 7 per cent during the 1960-61 recession years when the national economy was operating at 91 per cent of capacity. Last year the ratio of national output to the economy's potential was 97 per cent.

I say to the Minister of Labour and his cabinet colleagues, especially those from the Atlantic provinces, that the Atlantic provinces cannot afford to have every proposal we put forward to the federal government turned down and ignored, as has been done repeatedly since this government took office. The government must wake up and realize the special problems existing in the Atlantic provinces which it is the government's responsibility to cure. Realistic proposals have been made to the government. These should be looked into because they are of value and would benefit that part of the country.

One special project I should like to mention is the harnessing of the Bay of Fundy tides. The government has dragged its feet with respect to this proposal ever since it took office. By contrast, when I was in Tennessee last week I saw the tremendous job that the Tennessee Valley Authority had done on a project started under President Roosevelt. Harnessing the Bay of Fundy tides would provide power and do the same sort of thing for the Atlantic provinces that the United States project to which I have referred did for the state of Tennessee. If the Bay of Fundy project were endorsed and implemented with the speed one would expect from a government that should be as concerned as we are about the high unemployment rate and the lack of prosperity everywhere in evidence in the Atlantic provinces, many of our problems would be ameliorated. It is this sort of thing that the Minister of Labour will

have to take cognizance of if he is to do the job I am sure he wants to do.

Mr. Knowles: Mr. Chairman, I realize that the Minister of Labour would prefer to wait until all the speeches are made before he answers individual questions. But I wonder if I could not persuade the committee to alter this slightly with respect to the question I put to the minister this morning on orders of the day. I should like to put that question to him again and perhaps the committee would permit him to answer it. After that perhaps I might be permitted to make the rest of my remarks, although they will be brief.

On orders of the day this morning I asked the minister whether he would consider offering to the parties in connection with the Air Canada dispute the services of a top-flight mediator. The minister replied to the effect that he had not yet received the report of the conciliation board. I confess that when he made that statement it took me somewhat aback because, like some other people, I was relying on what I had read in the press and I understood that the report had already been approved by management but rejected by the employees. It therefore seemed strange to hear the minister say he had not received it despite the references to it which have been made in the news in the last day or two.

• (4:30 p.m.)

My question is one which perhaps I can repeat. In the hope that this dispute may not go right down to the wire, I wonder whether it is not possible for an early offer of a top-flight mediator to be made to the parties in order that this dispute may be settled at an early date. I would appreciate the minister answering that question. After he has done so I should then like to make a few more remarks.

Mr. Nicholson: In spite of the request I made to the committee earlier I would be pleased, with agreement, to deal with this particular question. It is not unusual when a board of conciliation has finished its deliberations for the representation members of the board, generally with the encouragement of the chairman, to try to work out a settlement along the lines of the report itself. Then they are able to report a settlement as a *fait accompli*.

I cannot say definitely in this case what the situation is. I made inquiries repeatedly yesterday in consequence of a question put to me by a member of the hon. member's own party. I made careful inquiries and found that the report had been typed and signed by at least one of the conciliation board members. But it certainly had not reached my office when I entered this chamber today. Whether it has done so by now I do not know.

However, I can assure the hon. member that when this report comes to hand both the minister and the senior officials of the department will be very glad to consider the appointment of a mediator to tie up any loose ends and do anything constructive which may prevent such a strike, as has been suggested.

Mr. Knowles: I thank the minister for making that reply. I am sure all of us hope that the steps which the minister is prepared to take will result in an early settlement of this dispute.

While I am on my feet may I express a few thoughts for the minister to mull over in his spare time between his handling of labour disputes, going to the I.L.O. conference in Geneva, and so on. First, I want to support the contention which has been made by others that every effort be made by the minister and his department to secure at the earliest possible date full implementation of the Canada Labour (Standards) Code as passed by parliament last session. It took us a long while to get this legislation on to our statute books. We hope it will not be too long before its provisions are fully implemented.

I would also urge the minister not to regard the implementation of the code in its present terms as the last word. He knows that when the bill was going through the house we urged that some of the minimums ought to be higher. I urge him even now to begin thinking of the desirability of raising the minimum wage rate from the $1.25 figure now in the code to a figure not less than $1.50. I remind him of the news report from Washington a few days ago that steps are to be taken by the present United States administration to raise the minimum wage in that country to $1.60 an hour. I support those who believe there should be parity of wage rates between our two countries. It seems to me that to ask for $1.50 as a minimum rate in Canada is little enough.

I would urge also that another look be taken at the length of vacations provided in the code. The minister spoke with some pride, not as a cabinet minister, I think, but as a Canadian, in the fact that we have made progress in the last few decades and that we now provide holidays for the workers of this

country to a far greater extent than we did a few decades ago. It appears to me that bearing in mind the tempo of modern living, the effects of automation and so on, we should begin to think in terms of the desirability of longer vacations than those we have yet provided by law.

It seems to me that the least the minister might do would be to steal a couple of bills which are on the order paper in my name. One asks that the minimum wage rate be raised to $1.50 and the other calls for a minimum paid holiday of three weeks after a few years of employment. This is one form of theft to which we do not object. I would even facilitate the minister taking over these bills. However, if he does not accept the offer we shall debate them one of these days during private members' hour.

I am glad to know that steps are at last being taken to deal with the proposal that Canada should have a labour safety code. It is an ironic touch, and I am not too happy about it, that a piece of labour legislation is being started in the other place. I shall not expand on that at the moment. We are just glad to get it.

There are many shops and factories in this country where because the type of employment comes under federal labour jurisdiction there is no right of the province to supervise health and safety standards. Many people suffer because of this situation. The need for supervision of health and safety standards in plants coming under federal jurisdiction is clear and I hope this legislation, when we get it, will meet the need.

Another area in which action has long been promised, certainly since the present Liberal government came to power, concerns the Unemployment Insurance Act. There are a good many spots in this legislation which need to be overhauled. We were promised a couple of years ago that this would be done soon—that is a standard phrase we get from the other side of the house. I hope the present minister, who has shown signs of wanting to get things done, will try to get some action with respect to improvements in this act.

I would remind the minister also, though perhaps he was referring to this earlier today, of his longstanding promise to do some basic research into the Industrial Relations and Disputes Investigation Act. I believe his predecessor promised us a couple of years ago that he would get moving on this legislation, but we have not seen any signs of this yet. I hope the hon. gentleman will get on with it soon.

I should also like to urge that there be some concrete action with respect to the recommendations of the Freedman commission. The minister today extolled Mr. Justice Freedman on the tremendous job he did in producing this report. I share in the accolade paid to Mr. Justice Freedman but I was rather disturbed when the minister, as I thought I heard him, said we might not have to deal with that report in this house. I cannot read all of the speeches that the minister makes to various bodies around the country because he and the Minister of National Health and Welfare, the Minister of Trade and Commerce, the Minister of Finance and the Secretary of State are sending us their speeches all the time and we just cannot keep up with them. But it seems to me I read in a speech which the minister delivered before a labour body not many days ago a suggestion that early action in the house on the Freedman commission report might be necessary.

• (4:40 p.m.)

In my view he was perfectly right in referring to the subject matter covered by that report as an important one, a key one for our times. Let us not wait 10, 20 or 30 years to deal with the problems outlined in the Freedman report. It took us that long to get some of the things which the Liberals promised in 1919—nearly half a century in some cases. Here is something that should be dealt with now.

The only other comment I would like to make relates to the exchange between the hon. member for Medicine Hat and me, when he was speaking on the question of what labour can do to win the things it seeks on the economic front. There is no doubt in my mind that people generally hold the opinion that strikes are unfortunate. It would be desirable if we could find some other way to deal with industrial disputes when they go down to the wire rather than by having strikes. But it seems to me that those who say we must find some other weapon face the obligation to tell us what that other weapon could be.

I do not like strikes any more than anyone else does, but neither do I want workers to be put in a position where they have to take what is handed to them without any means of expressing the rights we enjoy in a free society. I thought it was interesting that the hon. member for Medicine Hat, in his honest

effort to come up with some answer, could only suggest arbitration, indeed, compulsory arbitration. When one starts to talk about that I do not see how one can get away from the fact that this is interfering with the process of collective bargaining and all the procedures of freedom generally.

I am ready to go along with those who say let us find some better way, but until people have found a better way I do not think they have the right to suggest that the strike weapon should be outlawed. We shall return to this subject when we discuss the civil service collective bargaining bill because, in presenting that legislation, the government has to some extent recognized the right to strike in an area where it has not previously been recognized, and I shall have something to say about the matter when we discuss that bill.

I merely urge that when we talk about labour relations and ways of settling disputes between labour and management it should not be idle talk. It should be the kind of discussion that results in something specific, and in the absence of some other way let us not for a moment consider departing from ways that recognize the just freedoms we enjoy in our kind of society. These freedoms are enshrined in the right to organize and in the right to free collective bargaining and nothing should be done to abolish those rights. I am not criticizing the minister. I am just dealing with the suggestion made by the hon. member for Medicine Hat.

I thank the minister for his answer on the Air Canada situation and I hope that in his free time he will think pretty seriously about some of the things I have suggested to him.

Mr. Nasserden: Mr. Chairman, it is very interesting to me to take a look at what has happened in this country over the past several years and to see the changes that have taken place with regard to the labour situation in various parts of the country. I recall the years when the leader of my party was prime minister and unemployment was a problem, and I recall some of the actions taken at that time to try to meet the challenge of that situation. I refer particularly to the vocational training and vocational school building programs and to some of the results which have flowed from them.

Because of the training that has taken place and because of the promise of the South Saskatchewan River project, the province of Saskatchewan is experiencing a definite shortage of domestic help and farm labour. This is significant at a time when the number of farms in the province is declining at a greater rate than ever before in our history.

I have here a letter which I received from a lady the day before yesterday in which she says she has been trying for five months to get domestic help to assist with her family and home. I got in touch with the national employment office in Ottawa and asked if people were available for this type of work. Their answer was that there are 175 applications for domestic help in the city of Ottawa that cannot be filled, and I imagine that situation is common in many areas across the country.

Canadian farmers are finding it almost impossible to secure the help they require, and I take this opportunity to urge the minister to use his good offices to impress upon the government the need of bringing greater numbers of people into Canada who would undertake this type of work.

Farm operators in Saskatchewan and other areas are looking for legislation that will allow people who have unemployment insurance books to take jobs on farms and secure stamps for such employment. This is a cautious, first step that could be embarked upon without any great danger of the abuses feared by those who have considered this problem in the past.

I would also like to stress to the minister the need for providing more training for the retarded, the blind and the disabled. It is interesting to note that item No. 45 on the order paper, the Canada Assistance Plan legislation, is to provide assistance in this direction. I would like the minister to tell us whether this means that the problem of training or retraining people in these categories is now going to become a responsibility of the Department of National Health and Welfare rather than of the Department of Labour.

Mr. Nicholson: The department of manpower possibly.

• (4:50 p.m.)

Mr. Nasserden: It is being introduced by the Minister of National Health and Welfare. The other problem which exists in the province of Saskatchewan, and I believe also in other provinces, is a matter which was brought to the attention of the house some time ago by the hon. member for Saskatoon. It has to do with hospital help and not only

in respect of hospitals but also homes for senior citizens. There is a real need in this regard. I believe the government knows there also is a shortage of nurses and that programs to try to meet this problem are required. With the advent of a national health program such as apparently is envisaged by the government, this need will become more acute. I believe a great deal more attention should be given to this problem than has been given to it up to the present time.

In closing I should like to impress upon the minister how urgent I think it is that something should be done to bring some of the people who are engaged in farm labour under the provisions of the Unemployment Insurance Act. I know this is not one of the easiest problems in the world to solve. There may be a fear that there will be some abuse, but certainly the farm labour situation in this country today is such that it merits the government giving consideration to the extension to farm workers of the same benefits extended to those employed in any other vocation.

Mr. Régimbal: Mr. Chairman, in expressing our good wishes and our hopes for success in respect of the minister's meeting later this afternoon, we cannot overlook the fact that a good deal of this national grief could have been avoided had the minister undertaken two or three weeks before the fact the efforts he now is proposing to make. These situations do not develop overnight. The influence of automation on working conditions is not a surprise occurrence. Half an ounce of prevention is worth a pound of cure and we believe that the proper dosage should have been administered a month ago. Having had 20 years experience in negotiations on behalf of management, I know that private enterprise takes a dim view of governmental intervention, but even the most dogged private enterpriser will agree that when national interests are involved the prestige which lies in the person of the Minister of Labour should be welcomed.

We regret that such preventative action was not taken and that such a sobering influence was not introduced in respect of this problem, because not only are the economic effects disastrous but once the strike has started the conditions involved in the settlement always are more onerous to both parties, and the public is called upon to suffer even longer. Therefore, we very gladly join with those who suggest that in cases which have such national consequences the office of the Minister of Labour together with his personal services and the prestige of his office should be offered to the parties involved so that an investigation can be made, first of all, into the very nature of the difficulty and, second, into the general area of agreement and the evils involved in the problem so that proper measures can be taken before, so to speak, the pot boils over.

I was amazed to hear the minister say that we never have been so prosperous. We received the same message from the Minister of Finance in his budget speech. Canadians, apparently, never have had it so good. Canadians, however, really wonder what the ministers are talking about because practically every Canadian I know is broke, is looking for money and is having a difficult time making ends meet. Certainly the same can be said in respect of the older citizens and, in fact, about practically every class of society today. People are up against it. Any increase they may receive in hourly revenue through negotiation usually is eaten up even before the increase comes into effect.

I do not know where all the prosperity is because things are tough. In Montreal we dread the end of the Expo year and the great boost which has been given to the local economy because we have no idea what the government's intentions are in respect of the situation. Plans must be made so that the sudden surge of labour on the local market can be absorbed in a healthy manner. We see tight-money policies being exercised now just as they were in 1956. We know that among the general after-effects of such measures are such things as recession. We know that in 1957 and 1958 this was the follow-up of such policies. Naturally we fear we are going to have a repeat performance. We are very anxious to see definite measures taken now so that we will be in a position to face the music when the problem arises. Mortgage money is not available and interest rates are going to blow up any time now. If we call this prosperity, I really believe we are kidding ourselves. I think we should look very closely at the situation and set up the machinery now which will create the type of conditions that will help us face the music when the time arrives.

Mr. Churchill: Mr. Chairman, may I call it five o'clock.

The Acting Speaker (Mr. Rinfret): It being five o'clock the house will now proceed to the

consideration of private members' business as listed on today's order paper, namely public bills and private bills.

TRADE

PRIMARY PRODUCTS—PROVISIONS FOR EXPORT LICENCES

Mr. Arnold Peters (Timiskaming) moved the second reading of Bill No. C-7, concerning the exportation of the growth and produce of Canada.

He said: Mr. Speaker, I heard someone say "carried". If I thought that were true I would refrain from giving an explanation of the bill. The purpose of the bill is very reasonable. It is to limit, licence and regulate the exportation of basic and primary resources. No licence will be granted until the authority has ascertained that the national interest of Canada now and in the foreseeable future can best be served by such export permit. No primary product can be exported until every effort is expended to ensure the growth of its secondary manufacturing potential in Canada.

• (5:00 p.m.)

This bill is very moderate in that I am not suggesting that the exportation of our natural resources be prohibited, because that would be unrealistic, particularly in those areas where it is economically possible. It is in the interest of all Canadians to be assured that our natural resources be utilized to the greatest extent possible for the benefit of the largest number of Canadians.

Many permits and licences that have been granted in the past under some of our regulatory bodies, for instance, in respect of gas and oil, have not taken into consideration the primary interests of the Canadian public in that secondary industry could have been developed in Canada if the exportation had not been allowed. This fact was very evident in respect of a permit granted by the National Energy Board some years ago allowing the exportation of petroleum condensates. It is true that these are by-products of the petroleum industry, coming off at the heavy end of the processing, and that there was no use for these particular products here, but it is also a fact that if we had decided not to issue that permit many factories would have developed in Saskatchewan and Alberta to manufacture such products as dyes, medicine including aspirin, synthetics of all types, paints and other products which are not being manufactured in areas south of the prairie provinces, particularly in suburban areas of Chicago.

[The Acting Speaker (Mr. Rinfret).]

I am particularly interested in this matter because of the iron ore production in northern Ontario. For many years this area was protected by a decision of the province of Ontario to the effect that the export of pulp from Canada was prohibited in its raw state. Many people thought that this decision would result in an inability to develop the pulp and paper industry in northern Ontario. However, that has not been the case. There are many pulp and paper mills in northern Ontario and many towns have been built and maintained through this development. This would not be the case if the lumber companies had their way because this material would be exported to the United States. This development has been highly successful and brings substantial returns to the people in the areas where the resource is derived.

It is also true that we have not paid much attention to the development of perpetual yields from our forests surrounding pulp and paper mills. If we had paid enough attention we would probably have been able to extend these yields rather than curtail them in some areas. These curtailments were perhaps necessary because of the lack of sales in traditional markets and the difficulty of competing because of the necessity to use road transportation services rather than water transportation.

In northern Ontario there is developing a new industry in the mining field. Many of the communities in northern Ontario developed as a result of gold mining. It is easy to export gold as a finished product in ingot form because the process is simple, and extraction is not sufficient to warrant the shipping of concentrates. This is also true of silver mines.

When iron ore was discovered in northern Ontario a new problem developed, and it is a problem I think we must face. The companies that put money into the development of iron ore in northern Ontario now have a large operation in the Kirkland Lake area. This ore is being shipped by the subsidiary company to the parent company steel mill in Pittsburgh. Anyone who has had any experience with iron ore knows that the production of iron and steel ingots requires a large working force. However, it is a fact that a large percentage of the employees in the iron industry are not employed in the mining or pelletizing field but in secondary development, that is, in steel manufacturing mills.

When considering whether or not the economy of northern Ontario could maintain a steel mill I think it must be obvious to all Canadians that we have a perpetual source of iron ore. It is true that the development at Dane is not large enough to support a steel mill, but it is now supplemented by the new development under the name Sherman Mines of the Cleveland Cliff Company at Timagami.

This is backed up by a fairly limited development which will take place in the Cochrane area. Perhaps the argument can still be made that this is not a large enough development to warrant the establishment of a steel mill in northern Ontario. However, it should be borne in mind that iron ore development in northern Ontario will always be backed up by the immense resources of iron ore which are known to exist in the Belcher island and whole lower James bay areas. These deposits appear to be large enough to support an iron industry of great magnitude for a very long period of time.

I have dug up some of the decisions that have been made by the Liberal party in the past. Many of them are fluid in nature, but I should like to refer to the report of the royal commission on Canada's economic prospects. In portraying the future exports of Canada this commission foresaw that future exportation would depend to a great extent on the export of raw material.

At page 355 of the commission's report the following is said:

• (5:10 p.m.)

As to the structure of exports . . ., the future list will probably be dominated by a number of important staples of the present day—pulp and paper, lumber, non-ferrous metals, and asbestos. The big changes are likely to be the relative growth in exports of crude petroleum, natural gas, and iron ore, and the continued decline of the proportion due to agricultural and animal products.

A guess as to the future geographical distribution of Canada's exports is even more hazardous than one concerned with the commodity composition of the trade. It appears much more likely that the proportion flowing to the United States would increase than decrease, with that flowing to the United Kingdom and Western Europe probably decreasing.

I was interested in what the hon. member for Davenport (Mr. Gordon), the former minister of finance, had to say in his new book "A Choice For Canada". I refer to page 107:

The tariff should be re-examined, not with a view to increased protection, but in order to encourage further processing of certain raw materials in Canada, in part for domestic purposes, but primarily for export. In the case of aluminum, copper, lead, and zinc, we export ingots. And with fairly high tariff protection, we produce semi-fabricated products for the home market. Our objective should be to become exporters not of ingots but of semi-manufactured forms.

Further on he said:

As already noted, American parent corporations export far more proportionately to their subsidiaries in Canada than to subsidiaries in other countries.

He then said:

This would be directly to our disadvantage. Therefore, we should use every tool at our disposal, including a more vigorous application of customs' procedures, to counteract what has now become official American policy. In doing so, a great deal more publicity should be given to all aspects of the operations of foreign-controlled subsidiary companies in Canada.

I believe that if this bill is passed, the tariff board will have to make a decision every time one of our primary raw materials is exported.

I have already spoken of some of the commodities which I believe it is agreed will become our largest exports in the future. However, I think we should give some consideration to a number of other major exports which cannot be so readily assessed at the present time. We have been recently faced in northern Ontario with the thought of diverting water from the Arctic watershed through James bay and the connecting areas into southern Ontario so as to raise the water level of the great lakes and allow the expansion of industrial development in areas adjacent to the great lakes. According to what we heard in the discussion that took place yesterday, the development of secondary industries along this waterway has proved to be a disadvantage to Canada and an advantage to the United States.

I think that before we start any diversion or export of water or any extension in the sale of gas and oil, we should first consider the interests of Canada. We are immediately faced with the problem that we have already engaged in long-term projects such as the Columbia river development by which we have diverted a large amount of our water resource to the United States without retaining any control over waters which will be necessary to Canada in the future. I am well aware of the fact that we had to ensure the operation of United States companies for a period of years, but I think that our primary responsibility is not to United States industry but to the Canadian public, and we should develop secondary industries in those areas in which this resource exists. I therefore think that our exports should not be in the field of

raw materials but in the field of semi and wholly manufactured products.

I know that the government is giving consideration to these matters, as are all Canadians. I think we have gone beyond the stage of being a colony of Great Britain, not because we terminated our relationship with Great Britain voluntarily but because of the changing economy and because the economic markets of Canada no longer lie in western Europe but in the United States. I think the day has now arrived when we should assess the situation in terms of the Kennedy round of tariff negotiations to enable Canada to negotiate the trading of manufactured goods rather than raw materials. I believe that this is the responsibility of all the members of the government and that all civic-minded persons in Canada should have this uppermost in their minds every time a long-term arrangement is made resulting in a loss of our resources which could be used for the development of Canada. I believe we should no longer consider ourselves as hewers of wood and drawers of water but should consider ourselves fortunate in the possession of the resources we have and be prepared to develop them to the utmost.

As I have said, this is a very moderate bill. I do not say we should cease to export raw materials. What I say is that the tariff board should license all exports of raw materials at the appropriate time and according to the needs of our nation.

In closing I would like to remind hon. members that members on the other side are also concerned about this matter. I was quite impressed with what was said by the member for Peterborough (Mr. Faulkner) in the discussion that took place in the last few days. He was very concerned about the fact that copper supplies are more easily obtained by the Westinghouse Company from other countries than from Canada. They find great difficulty not only in meeting the price of copper, which is obviously an economic consideration for any secondary manufacturer, but also in obtaining supplies. They have found that it is difficult for them to obtain a reasonable supply of the copper which is being produced in Canada and exported. Of course, as the hon. member for Davenport has pointed out, this hinges on the subsidiary position of most of the companies in Canada and it applies as much to Westinghouse as to most other companies.

Let us not belittle the problem in relation to those areas where we have not exercised in the past any restrictions on the development and exploitation of our national resources by subsidiary companies totally owned and operated by foreign countries. For example, take the case of Jones and Laughlin's Adams Mine in Kirkland Lake. It will be very difficult to say, now that they have built their plant and started their operation of feeding the steel mills in Pittsburgh, that we are going to take over and operate a steel mill in Canada. I agree that this would cause a considerable problem which would parallel the situation of Cuba in relation to the United States. Cuba said, "We will buy your plant and give you long-term bonds". The United States replied that they were not interested in this, that what they really wanted was to continue operating their subsidiaries in Cuba. Canada, which is much more polite and less hot-blooded than those banana republics, would approach this problem in a different manner.

I think we are going to have to face the problem with a view to the future. Sooner or later we will find ourselves in the position of supplying all our raw materials to the United States and buying them back in the form of manufactured products. If this were to happen, Mr. Speaker, it might be better for us to join the United States and undertake our own secondary development on a continental basis rather than a regional one.

• (5:20 p.m.)

I hope, Mr. Speaker, that this bill will get support from the government. I know that we cannot hope for anything but having it talked out. For this reason I hope that those who participate will give sympathetic consideration to some of the problems we have tried to raise. I hope that those who are similarly inclined to the hon. member for Davenport will give consideration to these problems along the lines of his assessment of Canada's economic future.

Mr. Jack Davis (Parliamentary Secretary to Minister of Mines and Technical Surveys): Mr. Speaker, I should like to compliment the hon. member for Timiskaming (Mr. Peters) for introducing this subject because it is a vital and very important one to Canada. I do not agree with all the wording in Bill No. C-7. However, I do agree substantially with the intent of the bill. We must do more processing of our natural resources in this country. I do not believe it is possible, and I do not believe it is practical, for us to licence the export of all raw materials and processed

materials from Canada at the present time or in the future.

As he well knows, there are a number of commodities whose export is licensed. I am thinking more particularly of commodities sold on a long-term basis like electricity and natural gas. There are other commodities such as lead, zinc, pulp and paper, lumber and so on which are traded on the open market. These are not licensed or are only licensed in periods of acute shortage such as wartime.

It is perhaps a platitude to say that Canada is a country full of raw materials. We have got a lot of natural resources but we have very few people. Our most efficient industries are those which process raw materials with a great deal of plant and equipment and the employment of relatively few people. These industries are amongst the largest and most efficient in the world. Often they pay the highest wages in this country. These industries also pay taxes, thereby paying for many of the services which we and the rest of the citizenry of Canada receive. They are industries which I believe should be fostered.

By encouraging more we will reinforce the arsenal of bread and butter industries in this country. It is the direction in which we must go about which I am concerned, and we may follow two broad courses. I am concerned about the steps that we must take in order to process more of our resources. We must have a two-pronged approach or a twofold policy. One, and this applies to commodities which are traded relatively freely, is in the direction of freer trade. The other is in the direction of greater interest, certainly greater knowledge and information in government circles, in respect of the conditions under which other commodities are traded, particularly commodities sold on a predetermined basis over a period of years.

More and more of these commodities are moving in this form, either under contract for the commodity lasting over a period of years or simply because the plant involved in processing them is immensely expensive and was built to serve a given market which is predicated upon the sale sometimes to a parent company. These terms of sale are not sales of the moment. They are sales which last for months, years and sometimes decades. These terms of trade, the conditions under which these commodities move, are of great interest to all of the citizens of Canada in terms of tax yield, in terms of salaries and wages paid and in terms of the employment opportunities which these new industries afford.

I want to say a word now about the problems which we encounter and also about costs in Canada. There are major costs which tend to be against us or else tend to be higher than in the United States, for example. The cost of capital, and more particularly the cost of machinery and equipment, is unfavourable. I want to give some indication of how unfavourable it is. The costs associated with machinery and equipment are high. Interest on bonds, for example, is important. Since the interest rate spread between Canada and the United States has been of the order of 1 per cent, this is a substantial item of cost which is unfavourable. Equity money also costs more and the disadvantage in terms of interest rate here is about 2 per cent.

In addition, one has to look at the impact of these charges on the final cost of the product. The additional cost may be of the order of one-quarter or one-half of one per cent of the end cost of the product at the factory gate. Interest, therefore, is not a major consideration. The cost of equity capital, roughly twice as high, may be at the most one per cent. The cost of capital, then, is perhaps of the order of 1 per cent. It is not more, and it is probably less in the case of most processing plants and factories.

Machinery costs a lot more in Canada. It costs more because it is often imported. We have import duties. The duties themselves range between 10 per cent and 20 per cent and, on the average for processing plants may be said to be of the order of 15 per cent. Once this is worked out, first in terms of the lesser impact on all plant and equipment and then as a fraction of total costs of the delivered product, it is less than 1 per cent.

The 11 per cent tax on machinery and equipment is of a similar order of magnitude. It could be said to be between a half and 1 per cent of the delivered cost of the manufactured article. This tax, incidentally, will be coming off again. I want to give these figures only to show the order of magnitude and give an impression of the disadvantage, if you like, of processing in Canada.

Construction costs, other than machinery costs, are equal to or lower than United States costs if one confines his attention to buildings, structures, land and so on. Consequently, construction charges other than those involving machinery itself, are not disadvantageous in Canada. The total impact

of these various considerations, the higher cost of money, the higher cost of machinery, the higher cost of buildings, does not add up to more than 2 per cent of the price of the manufactured article. These are not, therefore, major considerations. Certainly they are not major disabilities in so far as processing in Canada is concerned.

I want to contrast this last 2 per cent figure with the United States tariff on typical processed materials entering the United States which may be anywhere between 10 per cent and 40 per cent. Obviously a tariff which is in the order of 10 per cent to 40 per cent is of greater importance. It has a much greater influence on the competitiveness of Canadian processed raw materials in a market like that of the United States, a much greater impact than the cost of money or the cost of machinery and equipment. We must be very much concerned, therefore, with the level of tariffs. We must try to eliminate these tariffs not only because they are discriminatory but because they have a substantial impact on our costs.

I want to underline another problem in respect of tariffs. Tariffs can be reinforced with quotas. Some of these are not only high and represent a substantial element of the delivered cost but they can change. They therefore introduce a major element of uncertainty. Once you have uncertainty, you tend to undermine the conviction of people who might otherwise invest a large amount of money in new plant and equipment, a plant that may run into not just tens of millions but possibly into hundreds of millions of dollars. I would point most directly to the tariff as being the major obstacle to processing in this country, much more than the cost of capital and the higher cost of machinery and equipment in this country due to the fact much of it is imported.

• (5:30 p.m.)

I should like to give one or two examples of tariffs. Raw materials for furniture manufacture, industrial wood components or machined pieces of wood on entering the United States face a tariff in the order of 16⅔ per cent. This is a substantial obstacle. In the United States today there is a tendency for these machined wood components to be made at or near the raw material source, to be made in the forest by extending the production lines of many sawmills. These machined products go to the furniture factories and construction sites in relatively finished form, and the final

[Mr. Davis.]

article is assembled in much the same manner as an automobile is built from component parts.

In my view, Mr. Speaker, it is very much in Canada's interest to eliminate the discriminatory tariffs existing between Canada and the United States in respect of these manufactured, or perhaps I had better call them semi-manufactured, wood products. The tariff, I should like to reiterate, is the principal obstacle in terms of cost to trade of this sort.

One can broadly generalize and say that in respect of such trade as does occur, the main offsetting factor which makes Canadian processed goods competitive, that is, where they do in fact hurdle the tariff into the United States, is wage rates and wage costs. In general the income of the hourly worker in Canadian manufacturing industries is about 25 per cent less than that of his opposite number in the United States. So I would say that the offsetting factor is largely wage rates, and that lower wage rates in Canada are often a direct result of the tariffs imposed by importing countries, particularly importing countries with which we trade in large volume like the United States.

I have been arguing so far for freer trade and in terms of cost, but I wish to recognize—and the hon. member for Timiskaming (Mr. Peters) made this point—that there are are other situations where long-term contracts are involved, where immense investments are also involved, and where government must be concerned in the broad public interest about prices and other terms of sale.

We in Canada like to think that we have low-cost energy. In fact, we have a higher energy bill. Our energy costs on the average are higher than those in the United States. The margin used to be very much higher. The difference between energy costs—that is, delivered at the factories—has been narrowing but energy prices here are still higher than in the United States.

This trend is reflected in the fact that we are exporting more oil and gas, for example; but today we still import more energy, in total than we sell abroad. This is another indication of the fact that in many areas we are not as competitive as the United States in energy terms. Therefore we have a cost disadvantage in respect of energy which must also be removed, and I think it will be removed, particularly in western Canada as the great resources there make themselves increasingly felt on the delivered price structure

of various forms of energy throughout that part of the nation.

There are particular situations in Canada where the national government and the provincial governments can, through regulation, affect the delivered price of energy. A good example is the price of natural gas exported at Emerson, Manitoba, which is immediately south of Winnipeg. One of the considerations of the federal government in office in the middle 1950's was that the export price at Emerson should be higher and not lower than the delivered price at Winnipeg; and that is still the case today.

Natural gas, again originating in Alberta and exported through eastern Canada into northern New York state, for example, is higher in price at the border point than it is at the city gates of, let us say, Toronto, Hamilton or Montreal. This is as it should be.

However, Mr. Speaker, we have in British Columbia an anomalous situation, one which has concerned me personally and I am sure has concerned many consumers of natural gas in that particular province. The price of natural gas at the border of British Columbia, as a result of a contract authorized ten years ago, is still appreciably below the price of natural gas delivered to the city of Vancouver. The take-off point is a few yards away from the take-off point into the United States. This came about as a result of decisions made by the United States Federal Power Commission, and one can explain this in historical fact in terms of the bargaining position enjoyed by the United States in the middle 1950's.

However, Mr. Speaker, we are in another decade. We have a new opportunity in respect of further exports of natural gas and we must ensure that the export price is not lower than the price of natural gas made available to consumers in Canada. Again, we have some extremely anomalous situations in British Columbia, where the delivered price of Canadian natural gas at Trail, B.C. for processing purposes is markedly above the export price of natural gas a few miles away, gas destined for San Francisco.

Mr. Herridge: I have said that a hundred times and did not get anywhere.

Mr. Davis: This has come about largely as a result of a permit for export granted by the previous administration.

Basically, the fault lies with the natural gas industry which views its development on this continent as continental in nature. It pays the competitive wellhead price. Then it charges a cost of transportation which includes what it deems to be a reasonable rate of return. The net result is that the price at the border reflects costs and costs only. It does not reflect Canada's bargaining position and I think this brings out quite vividly the difference between the national approach or the national interest and what might more generally be termed the continental approach to energy development.

Mr. Herridge: Which means the United States approach.

Mr. Davis: I think it must be increasingly shown—and this more a matter of politics than economics, certainly the strict economics of an industry—that Canadians charge prices which essentially reflect our bargaining advantage and not merely reflect pure cost plus a minimum rate of return on the capital invested in the pipe line in question.

I think we should draw on gas reserves in western Canada, for instance, which help develop the northland. If United States consumers have to pay for a longer pipe line and therefore have to pay a somewhat higher price at the international boundary, that is too bad. That price obviously will have to be lower than the price of the competitive alternative in the United States. But I suggest that we should only shave the United States price. We should not be making gas available to people in areas like San Francisco at bargain basement prices.

I do not want to dwell too long on the question of pricing, but I should like to recall one submission which was filed by one company in the United States importing natural gas—I believe it was the first case of gas export from Canada—before the U.S. Federal Power Commission.

In those days we had no board of control or national energy board in Canada. The submission was to the effect that gas was priced as low as it conceivably could be priced at the international boundary between Alberta and Montana and that nothing was left in terms of profitability in Canada—that is, in terms of income tax yield for Ottawa—but that the total income tax yield would go to United States capital in Washington.

This was one of the substantial arguments the company used in Canada in order to obtain an import permit into the United States. This sort of thing has ceased. We no longer have extreme cases like this where there is no

profitability in the Canadian captive operation. But we do have to go further than merely recovering costs plus a "reasonable" rate of return on capital in Canada; we must have a substantial rate of return, a rate which among other things reflects our true advantage as a resource-rich country with reserves conveniently located with respect to United States markets.

• (5:40 p.m.)

I have been accused occasionally of being a continentalist in respect of matters such as water.

Mr. Herridge: Ah, but you are converted now.

Mr. Davis: I am a nationalist first and a British Columbian second. Perhaps third or fourth I may be a continentalist in my order of priorities. However, above all, I want us to be more businesslike in these matters. We must be competitive, and we are going to be competitive, but we do not need to be much more than competitive. We do not need to settle for prices that are markedly below the best alternatives to importers of gas, power or oil, or indeed with respect to any other commodity, in the United States or in any other country. In other words, I say we should be as businesslike as we possibly can be.

Respecting water I want to refer to what I think is a classic case. It dates back to the early 1950's when aluminum and other metals were in short supply. This was during the Korean war period when the United States government was busy building stockpiles not only of scarce metals such as nickel, titanium, lead and zinc but also aluminum. The Aluminum Company of America proposed building a large refinery at Tidewater near Skagway in the Alaskan Panhandle. That company proposed taking water from the Yukon River—

The Acting Speaker (Mr. Rinfret): Order, please. I interrupt the hon. member because the time allotted for his speech has expired.

Mr. Davis: I shall only be one or two more minutes.

An hon. Member: Let him continue.

The Acting Speaker (Mr. Rinfret): Is that agreed to by hon. members?

Some hon. Members: Agreed.

[Mr. Davis.]

Mr. Davis: The classic case involving the Aluminum Company of America was essentially an export of water from Canada, from the northern region of the Yukon river in British Columbia, involving a drop of several thousand feet to tidewater near Skagway in Alaska. The Canadian contribution toward the project would have been water. The United States contribution would have been generators, transmission lines, factories and so on. The Aluminum Company of Canada had a competitive project under way at Kitimat, British Columbia. Because Canada had been unable to obtain access to the United States stockpile, the Canadian government of that day turned a blind eye to the application of the Aluminum Company of America to export water through the Alaskan Panhandle.

Mr. Herridge: That involved Hon. C. D. Howe.

Mr. Davis: The Alcoa project never did go ahead. It was directly competitive with the all-Canadian project at Kitimat. This is the type of situation with respect to water that we must not be caught in. We might have seen a dam and a tunnel built, and that would have been an end to it.

I have been concerned in recent days to see the amount of interest displayed in the Tiaya project. This is another Alcoa-type project. Again, the government of Alaska would like to see a big metallurgical development take place near Skagway in the Alaskan Panhandle. This would involve the co-operation not only of the government of British Columbia but also of the federal government in Canada and the federal government in the United States. I would urge that our federal government take a long, hard look at this project before it considers discussing the matter with the United States let alone granting any permits for construction. Certainly, this sort of project would have to be seen to be favourable in a much larger context, if it were ever to be beneficial to Canadians in general, and British Columbians in particular.

I think I have said enough on this subject. I hope I have underscored the fact that I am not a continentalist. I am a Canadian who would like to see his part of the country thriving, because it has lower costs and gets better prices from neighbouring markets in the United States. I should like to see the same thing hold true across the country.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I listened with great interest to the hon. member for Coast-Capilano (Mr. Davis).

I wonder whether he would not find himself more comfortable on this side of the house in view of the sentiments he expressed.

An hon. Member: This is his day of repentance.

Mr. Baldwin: I was interested in what he said about the proposal made by the hon. member for Timiskaming (Mr. Peters). There was some discussion about the cost of capital. I think that is an important factor to be considered. Questions to do with that are involved in the proposal contemplated by the government with regard to the Canada Development Corporation. May I point out that many years ago when I was first here I conceived of a similar idea and advanced it in this house and elsewhere. I did not envisage my proposal as having anything to do with such proposals as the Canada Development Corporation using funds raised in order to permit Canadians to buy up United States held equities.

My view was that the fund should be used for the development of industries in areas where, because of the incidence of risk involved, private capital would not normally go. I am thinking of areas such as my own part of the country, or even northern Ontario and northern Quebec where a northern development fund rather than a Canadian development fund might usefully be employed for the purpose of providing an adequate supply of capital at a reasonable interest rate to aid in the development and building up of secondary and tertiary industries. This would apply to areas where conditions would not normally invite private capital.

With regard to machinery and tariffs, I agree wholeheartedly with the hon. member. He should do a little missionary work on members of the cabinet. Certainly, the tariff on machinery coming into this country for the purposes of developing industry goes hand in hand with the United States tariff on processed goods leaving Canada and going to that country. I do not believe that enough people in Canada or the United States realize the extent to which the accelerating cost of goods is affected by taxation and more particularly by tariffs. We see lip service paid to the solution of such problems by the present government but I am convinced that nothing concrete will be done.

I agree with the principle set out in the bill evolved by the hon. member for Timiskaming. I have not looked at the bill in detail and I do not know whether it will achieve what he has set out to achieve. However, I am satisfied that the principle of the bill is correct.

Is there a sorrier sight than to see old, deserted communities dozing in the sun; communities which have seen happier days and which hope to see those days revived so that they may once again thrive? We have many of those in Canada and we shall have many more which will have served as the focal points of exploration, discovery and exploitation of natural resources or of a primary industry. Unless something is done about it I think that sort of thing will continue to take place in the future.

I should like to refer to a very interesting article which appeared in the Vancouver *Sun* of April 19. Mr. Charles Campbell is the author. I should like to read as much of it into the record as time permits because Mr. Campbell says some interesting things.

• (5:50 p.m.)

The headline is: "Minerals—A Sacred Trust In Peril". Subheadings are: "We Plunder The Future"; "We Export Our Heritage"; "Production Is Depletion"; "Will We Reap Curses?" The article states:

> According to the record, the founder of the Christian religion consigned the servant who buried his talent to "outer darkness". It was then given to the servant who knew how to use it.
>
> Canada has a mineral "talent".
>
> We dig it up, export it, and boast about record "production". As it was produced when the world was made, the correct word is "depletion". We must, therefore, get all possible for this ore.
>
> Instead, we welcome all interested to come and help themselves. Our return is the minimum and it is "dissipation" that rules.
>
> Already the clouds are gathering.
>
> "A mine" said Mark Twain, "is a hole in the ground and its owner is a liar".
>
> To remedy this, Great Britain and the United States, early in the century ruled that an ore reserve meant, definitely, measured ore. Possibilities for more would be reported and with further work, estimates would be revised.

The writer draws attention to the great hopes which were held out for the development of the Northwest Territories. We all know people who make trips into the north country and then talk about our glorious heritage. They fly over the area once, talk about what is happening and then tell everybody that we can look forward to great developments in the future in the north.

Only a few days ago we were discussing in this chamber the question of providing for self-government in the Yukon and in the

Northwest Territories. We discovered that the population in those areas is so small that it may be some time before this objective can be brought about, according to the minister in charge of the legislation. In another 20 years we shall be saying the same thing unless we take concrete steps to see that the exploitation of our primary resources is checked and measures are taken to introduce secondary and tertiary manufacturing and processing.

The hon. member for Timiskaming (Mr. Peters) and the hon. member for Coast-Capilano (Mr. Davis) have quite properly said there are some industries, having regard to our own foreseeable needs and the part we play in world affairs, whose products may be exported without limitation. The Conservative government arranged a national oil policy which worked reasonably well in all the circumstances. However, there has been discovered in my country the great Rainbow Lake oilfield. This has introduced a new factor which should be taken into consideration in connection with this national oil policy. Despite what the minister in charge of this program has indicated I think we need to take a serious look at the contention that we might be compelled to provide a pipe line to Montreal. The facts of economics have to be taken into consideration.

Pine Point is another matter. The former government sensibly entered into a partnership arrangement between the national railway system, private industry and government to provide for the construction of this railroad and the development of local resources under the terms of the agreement. But we should now consider whether it is enough simply to provide for the concentrates to be taken out of that community and exported to British Columbia and elsewhere in the world.

I would go further than did the hon. member for Timiskaming. If it is essential for the processing to be done elsewhere, then the industry which extracts and takes away the resource should be compelled to provide some form of compensating industry. I shall not spell this proposition out in detail. But I think it is time we stopped thinking of this country as consisting of a relatively small and thickly populated area along the St. Lawrence plus a few large cities elsewhere. When people come to the north they consider they have embarked on an economic safari; they hope to return when it is over and live out their lives in luxury in other parts of the country. Industries which develop resources of a kind which must be taken elsewhere for processing and refining should be compelled so to conduct their affairs that some other industry is provided for the area from which the resources are taken. Thus, if the resource is a definitive one, when it is depleted something will be there in its place.

I shall not develop this argument further now. I support the principle behind the proposal in every way and hope that in due course something along these lines will be acceptable to the house. I resume my seat while there is still an opportunity for a spokesman on behalf of the government to indicate his acceptance of the principle we have been discussing.

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, as I read this bill and consider the remarks made by the hon. member who introduced it, I find little I can approve. I support the argument of the hon. member for Coast-Capilano (Mr. Davis) and the hon. member for Timiskaming (Mr. Peters) when they talk about the need to expand secondary industry in Canada. There is no question about that. But that is not what the bill says. The bill asks us to impose restrictions on the export of raw materials and natural resources from Canada.

Mr. Peters: Rightly so.

Mr. Olson: I believe it is a completely false assumption to think it is possible to promote secondary industry by restricting primary industry. The history of economic development in the United States, in Canada and in all the other industrial areas of the world has followed a consistent pattern. Primary industry is developed first and secondary industry follows. There is no argument at all about the need to promote secondary industry in Canada not only for the benefit of our domestic markets but for export as well. But I am certain this cannot be achieved by closing our doors against the export of certain raw materials. There is already severe restriction on exports in these areas.

It is not so long ago that some people were telling us that if the export of natural gas from Alberta were allowed dire consequences for Canada would inevitably follow. As events turned out the prediction could scarcely have been less correct. Not only has there been an increase in the prosperity of the whole industry but the reserves in that particular oil field have doubled, even quadrupled.

The Acting Speaker (Mr. Rinfret): I regret to interrupt the hon. member but the hour provided for the consideration of private members' business has now expired.

BUSINESS OF THE HOUSE

Mr. Churchill: May we have an announcement of the business for Monday and Tuesday.

Miss LaMarsh: I am informed that the business for Monday will be as follows: First, the resumption of debate on government order No. 56, the government organization bill and then, should that be concluded, three bills arising out of arrangements for collective bargaining in the public service—item No. 47 concerning staff relations, item 58, an act respecting employment in the Public Service of Canada, and item 59, an act to amend the Financial Administration Act. Should these items be disposed of before the end of the day on Monday the next to be taken would be the resolution preceding the bill to amend a number of superannuation acts consequent upon the Canada Pension Plan. That is government order No. 51.

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

HOUSE OF COMMONS

Monday, May 30, 1966

The house met at 2.30 p.m.

• (2:40 p.m.)

INDUSTRY, RESEARCH AND ENERGY DEVELOPMENT

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. Richard Cashin (St. John's West) moved that the first report of the standing committee on industry, research and energy development, presented to the house on Thursday, May 26, 1966, be concurred in.

[*Translation*]

Mr. Caouette: On division.

[*English*]

Motion agreed to on division.

BANK OF CANADA ACT

AMENDMENTS RESPECTING DIRECTION OF MONETARY POLICY, CASH RESERVES, ETC.

Hon. Mitchell Sharp (Minister of Finance) moved for leave to introduce Bill No. C-190, to amend the Bank of Canada Act.

Some hon. Members: Explain.

Mr. Sharp: A bill to revise the Bank of Canada Act was introduced at the last session. It received second reading and was referred to committee but lapsed with the ending of the session on June 30. The present bill is identical with that introduced a year ago except for one minor addition.

The principal change in the Bank of Canada statute which is being proposed is for the purpose of clarifying the relationship between the government and the central bank by authorizing the government, under conditions which are specified in the bill, to give the bank a directive concerning monetary policy.

Another important change is to authorize the bank to impose and vary a minimum secondary reserve requirement for the chartered banks in place of its present power to vary their minimum cash reserve requirement. A number of technical changes are also being proposed and some revisions to eliminate obsolete provisions of the act.

Mr. Speaker: Is it the wish of the house that the hon. member shall have leave to introduce the said bill?

Mr. Caouette: On division.

Motion agreed to on division and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

C.B.C. FILMING IN VIET NAM

Question No. 877—**Mr. Douglas:**

1. Have any film camera crews been sent to Viet Nam by the Canadian Broadcasting Corporation since January 1, 1965?

2. If so, on what dates were such crews in Viet Nam?

3. Was any film footage taken of the hostilities in Viet Nam?

4. Is it the intention of the Canadian Broadcasting Corporation to show any such film footage on television?

5. If not, who made the decision not to show this film footage, and what was the reason for this decision?

6. Was any film footage taken of American activities in Viet Nam?

7. If so, is it the intention of the Canadian Broadcasting Corporation to show this film footage on television?

8. If not, who made the decision not to show this film, and what was the reason for this decision?

9. Who were the members of any such film camera crews and what were the responsibilities of each member?

10. How much film footage was shot by each such camera crew?

11. What was the cost of sending each such film camera crew to Viet Nam?

12. Has there been any showing of any such film footage taken and, if so, who attended such showings?

Hon. Judy V. LaMarsh (Secretary of State):
1. Yes.

2. News: (a) February 9-24; (b) March 29-April 22; (c) August (intermittently); (d) December 20-23. Public Affairs: August 24-September 29.

3. Yes.

4. It has been shown.

5. N/A.

6. Yes.

7. It has been shown.

8. N/A.

9. News: (a) Bill Cunningham, producer; Tom Gould, correspondent; Graham McMullin, camerman. (b) Bill Cunningham, producer; Tom Gould, correspondent; Bob Dutru, cameraman; P. Spence-Thomas, soundman. (c) Don Cameron, producer; Tom Gould, correspondent; Jean Bisson, cameraman; Roger Champagne, soundman. (d) Don Cameron, producer; Tom Gould, correspondent; Lars Tjernberg, cameraman. Public affairs: Beryl Fox, director and sound technician; Eric Durschmied, cameraman.

10. News: (a) 8,000 feet approximately. (b) 14,900 feet approximately. (c) 13,600 feet approximately. (d) 5,100 feet approximately. Public affairs: 10,000 feet.

11. News: (a) $6,750; (½ hour Newsmagazine). (b) $11,031; (½ hour Newsmagazine). (c) $16,040; (Two ½ hour Newsmagazines). (d) $7,600; (Part of Year-end Newsmagazine). Public affairs: $6,672; (Hour-long document: "The Mills of the Gods").

12. Yes. In addition to telecasts by C.B.C. on December 5 and by B.B.C. in February, "The Mills of the Gods" has been screened for numerous interested parties in Toronto, New York, Washington, London and West Germany. Following screening by Long Island University, it was awarded the George Polk memorial award.

RADIO AND TELEVISION SERVICE

Question No. 1,030—**Mr. Laprise:**

1. In Canada, how many districts with a population of 500 people and more are not yet adequately served by private or state radio and, of that number (a) how many of these districts are inhabited by a majority of Canadians whose mother tongue is French (b) how many are inhabited by a majority of Canadians whose mother tongue is English?

2. In Canada, how many districts with a population of 2,000 people and more are not yet adequately served by private or state television and, of that number (a) how many of these districts are inhabited by a majority of Canadians whose mother tongue is French (b) how many are inhabited by a majority of Canadians whose mother tongue is English?

[*Translation*]

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

1. At present, 89 areas with a population of 500 or more do not receive adequate national radio network service. In 12 of these, French speaking Canadians are in the majority; English speaking Canadians are in the majority in the other 77. However, in some areas the majority language population is receiving service while the needs of the minority are not yet adequately served. Taking this into account, the breakdown is 37 French-language and 52 English language relay stations planned by the corporation.

2. At present, 106 areas with a population of 2,000 or more do not receive adequate national television network service. In 17 of these, French speaking Canadians are in the majority; English speaking Canadians are in the majority in the other 89. In terms of general station planning, the breakdown is 33 French language, 73 English language.

[*English*]

TABLING OF CORRESPONDENCE RESPECTING POTASH MINES

Question No. 1,088—**Mr. Douglas:**

1. Has the government of Saskatchewan asked permission from the government of Canada to table in the Saskatchewan legislature all correspondence between the premier of Saskatchewan and the Minister of Finance for Canada concerning a request for changes in the application of tax regulations as they affect potash mines using the solution method of mining?

2. If so, on what date was the request made?

3. Has approval for the tabling of this correspondence been granted by the federal government?

4. If so, on what date was approval granted?

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): 1 and 2. As of March 18, 1966, no such request had been received. However, subsequent to that date a request along the lines indicated in the question was received and later withdrawn.

3. Not applicable.

4. Not applicable.

C.B.C. FILM "RIVERS OF CANADA"

Question No. 1,110—**Mr. Muir (Cape Breton North and Victoria):**

1. Who is responsible for the production of the C.B.C. television series "Canada 99"?

2. Who directed the filming of the Rivers of Canada, featuring the Saint John river, the Margaree river, and the Humber river, which appeared on the C.B.C. network Sunday, February 6, 1966, and (a) who wrote the script for this production, particularly the portion on the Margaree river (b) what was the cost of this program?

3. What is the name of the young lady who appeared in the scenes about the Margaree river, and (a) is she a native of (i) Cape Breton island or (ii) the province of Nova Scotia (b) what was her salary for that role?

4. Has the C.B.C. received any complaints or petitions regarding the above mentioned program and, if so, how many?

5. Did the cameraman filming the scenes of the Margaree river have difficulty locating the Margaree river?

Hon. Judy V. LaMarsh (Secretary of State): 1. The special features department of C.B.C.

2. (a) The filming was directed by Michael Rothery and the script was written by Clement Perron. (b) Approximately $20,000.

3. Miss Antonia McGrath. (a) No. (b) She was paid regular union scale.

4. The corporation is not aware of any petition. Unfavourable audience letters and telephone calls totalled 79 nationally.

5. No.

WHARF AND WAREHOUSE REVENUE, PUGWASH, N.S.

Question No. 1,326—**Mr. Coates:**

1. What was the total revenue received by the government from the public warehouse at the public wharf at Pugwash, Nova Scotia, for the years 1963-64 and 1964-65?

2. Does Maxwell Allen occupy space in the public warehouse on the Pugwash wharf, and, if so, did the government receive a rental fee from him for the years 1963-64 and 1964-65?

3. What was the total revenue received by the federal government for the use of the wharf facilities at Pugwash, N.S.?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. 1963-64, $106.66; 1964-65, nil.

2. T. M. Allen occupied space in the shed during 1963-64 and a rental fee was paid.

3. 1963-64, $9,929.75 (gross); 1964-65, $21,384.81 (gross).

TRAINING PROGRAM, AGENCE MARITIME INC.

Question No. 1,339—**Mr. Béchard:**

1. Has the government been informed by Agence Maritime Inc., Quebec city of the existence of a financial assistance program to encourage its deck and engine room personnel to obtain certificates of competency and, if so (a) of what does this program consist (b) when was it started?

2. Have periodic reports been received by the government from Agence Maritime Inc. on the operation of this training program and, if so (a) how many members of its deck and engineroom personnel were reported as having taken advantage of the program during the 1965-66 winter season (b) how many of these members of its personnel have during the same period obtained certificates of competency as deck and engine room officers (c) what certificates of competency were obtained in each case?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. When Agence Maritime Inc. began using larger ships in 1964, they required exemptions under section 137 of the Canada Shipping Act because of the unavailability of duly certificated officers and the company, when applying for such exemption in June 1964 informed the department that the company had initiated a training program to bring up the standards of its officers. In December 1965 the department was informed that the program consisted of granting employees leave, with pay, to attend training courses and examinations.

2. Agence Maritime Inc. reported to the Department of Transport on 18 April 1966 that four of deck personnel and one of engine room personnel had taken advantage of the program. The records of the Department of Transport show that two of these have obtained certificates as master of a home trade steamship and one has obtained a certificate as third class engineer and it has not been necessary to issue any further exemptions in respect of deck officers.

PENSION PLAN RECIPROCITY WITH OTHER COUNTRIES

Question No. 1,356—**Mr. Knowles:**

1. Have discussions been held between the government of Canada and the governments of other countries concerning the possibility of reciprocal agreements with respect to the Canada Pension Plan and corresponding legislation in such other countries?

2. If so, with what countries have such discussions been held?

3. Have agreements been concluded with any other countries?

4. If so, which ones, and what are the terms of each such agreement?

5. With what countries are such discussions continuing?

Hon. A. J. MacEachen (Minister of National Health and Welfare): 1. Yes.

2. Great Britain, France and Federal Republic of Germany. Arrangements are being made for discussions with the United States.

3. No.

4. See answer 3 above.

5. See answer 2 above.

*RECIPROCAL AGREEMENT WITH U.K. ON PENSION PLAN

Question No. 1,357—**Mr. Knowles:**

1. Have discussions been held between the government of Canada and the government of the United Kingdom concerning the possibility of a

reciprocal agreement with respect to the Canada Pension Plan and corresponding legislation in the United Kingdom?

2. If so, what conclusions have been reached?

3. If no conclusions have yet been reached, are such discussions continuing and will a report on such discussions be made to the House of Commons at an early date?

Mrs. Margaret Rideout (Parliamentary Secretary to Minister of National Health and Welfare): The answer to the first part of the question is, yes. The answer to the second part is, none. The answer to the third part is yes, and a report will be made in due course.

*RECIPROCAL AGREEMENT WITH FRANCE ON PENSION PLAN

Question No. 1,358—**Mr. Knowles:**

1. Have discussions been held between the government of Canada and the government of France concerning the possibility of a reciprocal agreement with respect to the Canada Pension Plan and corresponding legislation in France?

2. If so, what conclusions have been reached?

3. If no conclusions have yet been reached, are such discussions continuing and will a report on such discussions be made to the House of Commons at an early date?

Mrs. Margaret Rideout (Parliamentary Secretary to Minister of National Health and Welfare): The answer to the first part of the question is yes. The answer to the second part is none. The answer to the third part is yes, and report will be made in due course.

*RECIPROCAL AGREEMENT WITH GERMANY ON PENSION PLAN

Quesion No. 1,359—**Mr. Knowles:**

1. Have discussions been held between the government of Canada and the government of Germany concerning the possibility of a reciprocal agreement with respect to the Canada Pension Plan and corresponding legislation in Germany?

2. If so, what conclusions have been reached?

3. If no conclusions have yet been reached, are such discussions continuing and will a report on such discussions be made to the House of Commons at an early date?

Mrs. Margaret Rideout (Parliamentary Secretary to Minister of National Health and Welfare): The answer to the first part of the question is yes. The answer to the second part is none. The answer to the third part is yes, and a report will be made in due course.

UPGRADING SCHOOLS ON INDIAN RESERVES

Question No. 1,368—**Mr. Dinsdale:**

1. Have educational upgrading schools been conducted on certain Indian reservations during the past winter?

2. If so (a) which reserves have been involved in this program (b) when did these schools get underway (c) when did they conclude (d) how many students were registered (e) how many of these students completed the course?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): 1. Yes.

2. See attached table.

UPGRADING CLASSES INCLUDING LITERACY COURSES ON INDIAN RESERVES
1965-1966

Region	Reserve	Classes Started	Classes Concluded	Enrollment	No. Completed Program	Classes Still in Session
Maritimes	—	—	—	—	—	—
Quebec	Obedjiwan	October	March	32	24	
	Miquelon	October	March	33	26	
	LacCooper	October	March	5	5	
	Pointe-Bleue	October	February	22	12	
	Manowan	February	June	20		x
	Bersimis	October	March	35	22	
	Maliotenam	October	March	69	56	
	Natashquan	October	March	15	0	
	Romaine	October	March	35	29	
	Mingan	October	March	70	59	
	Restigouche	January	May	16	9	
	Seven Islands	February	April	22	22	
	Seven Islands	October	March	20	13	
	Seven Islands	October	March	28	20	
	Seven Islands	January	May	14	14	
	Seven Islands	January	May	19	14	
	Seven Islands	October	March	18	13	

UPGRADING CLASSES INCLUDING LITERACY COURSES ON INDIAN RESERVES
1965-1966—Concluded

Region	Reserve	Classes Started	Classes Concluded	Enrollment	No. Completed Program	Classes Still in Session
Ontario	Grassy Narrows	January	April	25	25	
	Lansdowne House	October	December	20	20	
	Webiqui	February	March	25	25	
	Nipissing	January	June	26		x
	Spanish	December	May	17		x
	Caradoc	December	March	8	4	
Manitoba	Norway House	January	May	25		x
	Shamattawa	October	March	13	9	
	Split Lake	September	March	19	13	
	Pukatawagan	May		30		x
	Lake Manitoba	February		24		x
	Jackhead	January	March	24	20	
	Peguis	November	May	26		x
	Lake St. Martin	December	March	30	21	
	Long Plains	January	April	25	9	
	Oak River	March		24		x
	God's River	November	December	32	19	
	Wasagamach	October	October	90	80	
	Red Sucker	January	June	30		x
	Garden Hill	November	December	16	13	
	God's Narrows	February	April	19	19	
Saskatchewan	Standing Buffalo	January	March	18	14	
	Standing Buffalo	January	March	11	4	
	Piapot	April		20		x
	Piapot	April		12		x
	Muscowpetung	April		11		x
	Cowessess	January	May	20	20	
	Cowessess	January	February	20	18	
	Ochapowace	February	March	16	16	
Alberta	Cold Lake	December	April	8	0	
	Saddle Lake	November	February	80	39	
	Frog Lake	December	March	23	20	
	Good Fish Lake	January	April	34	22	
British Columbia	Alert Bay	February	May	14		x
	Alkali Lake	March	May	11		x
	Burns Lake	February	April	16	12	
	(Ft. St. John)— Blueberry River	January	June	17		x
	Canyon City	March	June	8		x
	Doig River	February	April	12	7	
	Ft. Babine	January	March	12	8	
	Fort Ware	February	May	24		x
	Greenville	December	March	37	31	
	Halfway River	January	March	13	6	
	Kelly Lake	February	May	14		x
	Mount Currie	November	June	16		x
	Moricetown	February	June	21		x
	Musqua	January	February	4	4	
	Penticton	March	June	10		x
	Pendleton Bay	October	December	11	8	
	Prophet River	January	March	19	11	
	Stoney Creek	January	May	18		x
	Takla Landing	February	March	18	12	
	Uncha	January	March	14	10	
Total				1,604	877	

Questions

TRANSPORTATION CONTRACT WITH TRANSOL INC.

Question No. 1,386—**Mr. Ricard:**

1. Was a contract signed between Transol Inc. and the Canadian National Railways on October 9, 1963 and, if so (a) has it been modified since then (b) did this contract specify whether the equipment used for transportation was the property of the C.N.R.?

2. Who is the present owner of the equipment now being used by Transol Inc. in carrying out its transportation contract between Lévis and Rivière-du-Loup?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The management of Canadian Nationals Railways advise as follows:

1. Yes. (a) No, (b) No; pursuant to the contract the contractor is required to supply the equipment.

2. It is not within the knowledge of the company as to who is the owner of the equipment used by the contractor.

USE OF SEAWAY BY RUSSIAN VESSELS

Question No. 1,402—**Mr. Horner (Acadia):**

Are Russian vessels now being refused permission to sail up the St. Lawrence seaway to the lakehead?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The St. Lawrence Seaway Authority advises as follows:

No. All applications for pre-clearance of Russian vessels filed to date have been approved.

GRAIN STORAGE IN LAKE VESSELS

Question No. 1,404—**Mr. Horner (Acadia):**

1. How many lake vessels are being used and have been approved for storage and how much grain is being stored in them under the authority of the Minister of Finance and the Minister of Forestry?

2. Is any grain now being stored with the approval of the Minister of Forestry in storage facilities other than the lake vessels or licensed elevators in eastern Canada?

Hon. Maurice Sauvé (Minister of Forestry): 1. None. The storage assistance program expires on April 15 of each year. Last winter, under the feed grain assistance policy, seven lake vessels were approved by the Minister of Forestry for winter storage of feed grains, 2,661,000 bushels of feed grain were stored in such vessels.

2. No. However, during the time the program was in force this past winter the Minister of Forestry did approve non-licensed facilities at three Atlantic ports as supplementary storage.

[Mr. Laing.]

COST OF INCREASING BLIND PERSONS ALLOWANCE

Question No. 1,410—**Mr. Bell (Carleton):**

1. Has any estimate been made by the government of the total annual cost of the federal share of increasing allowances under the Blind Persons Act to (a) $100 per month (b) $125 per month (c) $150 per month?

2. If so, what are such estimates?

Hon. A. J. MacEachen (Minister of National Health and Welfare): 1. (a) (b) and (c)

No such estimates have been made. Under the Unemployment Assistance Act recipients of blind persons allowances can receive additional amounts based on need as provided in that act.

2. See answer 1 above.

AIR CANADA SERVICE TO RUSSIA

Question No. 1,422—**Mr. Allard:**

Will Air Canada set up the first direct airline connecting Russia with North America?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The answer to this question is not known with certainty at present. Air Canada is engaged in inter-air line discussions with Aeroflot. If these discussions and the necessary intergovernmental negotiations between the two countries which must also take place are concluded satisfactorily, a service between the U.S.S.R. and North America will be established.

WORK HOURS, COAST GUARD VESSELS

Question No. 1,427—**Mr. Douglas:**

1. How many days on the average does the crew, other than masters and officers of the Canadian Coast Guard vessels *Racer* and *Ready* work each year?

2. How many hours per year does this average out to?

3. How many days off does the crew, other than masters and officers, receive in addition to annual leave and statutory holidays?

4. What is the rate of pay for the crew, other than masters and officers, on the *Racer* and *Ready*?

5. When on leave, is the crew, other than masters and officers, of the *Racer* and *Ready* required to be on a standby basis?

6. In compensatory leave granted to the crew, other than masters and officers, of the *Racer* and *Ready* for Saturdays and Sundays worked?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. An average of 225 days per year.

2. and 4. Because of required standby and readiness arrangement, the crews operate on a two watch system of six hours on and six hours off for 28 days, followed by 14 days off duty ashore. This 42-day cycle averages out to 56 hours per week, and salary rate has been established on basis of a 56-hour week: seaman, $392; oiler, $401; steward, $399.

3. Crew members are off duty 121 days per year exclusive of annual leave and statutory holidays.

5. No.

6. No, because of the special arrangements described above regarding the work cycle.

INQUIRIES BY INVESTIGATION AND RESEARCH BRANCH

Question No. 1,468—**Mr. Orlikow:**

1. Has the government of Alberta requested the investigation and research branch of the Department of Justice to investigate the Canadian underwriters association for price fixing in the field of automobile insurance and, if so, is such an investigation being carried on and when is it expected that a report will be made?

2. Did the city of Winnipeg ask the investigation and research branch of the Department of Justice to investigate identical bids and a possible combine in the sale of concrete and, if so, is that investigation being carried on and when is a report expected?

3. Did the Winnipeg school board request the investigation and research branch of the Department of Justice to investigate identical bids and a possible combine in the field of electric light bulbs and, if so, is that investigation being carried on and when is a report expected?

4. Is the investigation and research branch of the Department of Justice investigating the recent uniform price increases in newsprint inaugurated by Canadian newsprint companies, on the grounds that these and earlier identical increases indicate the operation of a combine?

Hon. Guy Favreau (President of the Privy Council): 1. Such a request has been received. The general practice, however, is that no information is given out as to whether a particular inquiry has been or is being pursued with respect to a particular group of companies or individuals unless and until a report is published or court proceedings have been instituted.

2. Same as 1.

3. Same as 1.

4. In accordance with the usual practice, the combines branch carefully considers price increases in important commodities such as newsprint in order to determine whether the situation is such as to warrant formal inquiry under the Combines Investigation Act. The general practice, however, is that no information is given out as to whether a particular inquiry has been or is being pursued with respect to a particular group of companies or individuals unless and until a report is published or court proceedings have been instituted.

AIR CANADA STEWARDESSES

Question No. 1,472—**Mr. MacDonald (Prince):**

1. Does Air Canada now make a practice of employing one less stewardess on flights from the maritimes to central Canada than it regularly employs on its cross-Canada flights?

2. Was there only one stewardess on Viscount flight No. 433 on May 3, 1966 and only two stewardesses on Vanguard flight No. 701 on May 8, 1966 and, if so, for what reason?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The management of Air Canada advise as follows:—

1. No. Flight crew complements are established by aircraft type, the in-flight service to be provided, and the flying time available to provide that service, without regard for geographic areas.

2. Yes, one stewardess on Viscount flight 433 Moncton to Montreal; no, there were three stewardesses on Vanguard flight 701 St. John's to Montreal.

RENAMING OF POST OFFICES AT DEFENCE ESTABLISHMENTS

Question No. 1,484—**Mr. Barnett:**

1. Has official action been taken to rename post offices associated with defence establishments in Canada since renaming of national defence establishments was introduced?

2. If so, what are now the names of such post offices?

Hon. Jean-Pierre Côté (Postmaster General): 1. The Post Office Department and the Department of National Defence have agreed to the use of civilian names in the renaming of postal installations associated with defence establishments. At the present time names are being selected by the Department of National Defence which is submitting the individual names for consideration and implementation by the Postmaster General.

2. While no name changes have yet been settled, the Post Office Department is now clearing a number of suggested name changes with the Canadian permanent committee on geographical names.

Questions

EXEMPTIONS FROM SALES TAX ON BUILDING MATERIAL

Question No. 1,491—**Mr. Caouette:**

What wood materials are exempt from the 11% sales tax on building material, machinery and equipment?

Hon. E. J. Benson (Minister of National Revenue): Lumber and wood building materials are subject to sales tax except those building materials provided for in section 29(2b) of the Excise Tax Act. Goods referred to in this section are taxable only with respect to the raw material content. Section 32 of the Excise Tax Act provides exemption for logs and round unmanufactured timber.

MOTOR VEHICLE ACCIDENTS, ARMED FORCES

Question No. 1,507—**Mr. McCleave:**

1. How many officers and other ranks of the Canadian armed forces made applications for pensions arising out of injuries received in motor vehicle accidents since 1956?

2. Of these, how many were turned down on the grounds that the accidents did not occur during performance of military duty?

Hon. Roger Teillet (Minister of Veterans Affairs): 1, 2. This information is not available as statistics are not kept on the number of claims arising from motor vehicle accidents.

CHLORDIAZEPOXIDE HCL

Question No. 1,510—**Mr. Isabelle:**

1. Did Chlordiazepoxide HCl appear on the market in the past month under the name "Nack"?

2. If so, did the food and drug directorate of the Department of National Health and Welfare approve the labels in conformity with the C.03.014 regulation and when did it do so and, if not, for what reason?

3. Is the dosage of this product inscribed on the samples distributed to doctors?

4. Is the active ingredient of this product of Canadian or foreign make and, if the latter, what country does it come from?

[*Translation*]

Hon. A. J. MacEachen (Minister of National Health and Welfare): 1. Yes.

2. Draft labels were submitted for review in January, 1966 and corrections were indicated to the manufacturer at that time. When the drug appeared on the market recently, the manufacturer was requested to make additional changes.

[Mr. Côté (Longueuil).]

3. The dosage of the drug is not inscribed in the samples distributed to physicians, but the package label carries a statement that the dose should be in accordance with the doctor's prescription. This drug is sold only on prescription.

4. The active ingredient of this drug is manufactured in Canada.

[*English*]

IRRADIATED FOODS

Question No. 1,512—**Mr. Schreyer:**

Have any studies been made by the food and drug directorate relative to the effects and possible dangers of the sale of irradiated foods?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Yes. In addition to studies which were carried out in the laboratories of the food and drug directorate of the Department of National Health and Welfare, extensive research data from other institutions dealing with the safety of irradiated foods were reviewed.

*SUFFERANCE WAREHOUSES, TORONTO

Question No. 1,523—**Mr. Irvine:**

1. Is it the intention of the government to establish another sufferance warehouse in the area of metropolitan Toronto?

2. What is the average length of time required to clear merchandise at the present two sufferance warehouses in Toronto?

3. Under whose control and by whom are these two sufferance warehouses operated?

Mr. J. E. Walker (Parliamentary Secretary to Minister of National Revenue): The answer is in three parts. The answer to the first part is no. The answer to the second part is, within 24 hours. The answer to the third part is Midcontinent Truck Terminal Ltd., and Toronto Sufferance Truck Terminal Ltd., respectively.

FISHERIES DEVELOPMENT PROJECT, BIG QUALICUM RIVER, B.C.

Question No. 1,532—**Mr. Barnett:**

Did the Department of Fisheries move or have moved on its behalf at or below high water mark any gravel or other material from a spit or other shoreline adjacent to the mouth of the Big Qualicum river in connection with the fisheries development project on this river?

Hon. H. J. Robichaud (Minister of Fisheries): No.

PAYMENTS TO COMMISSIONER AND COUNSEL, SPENCE INQUIRY

Question No. 1,539—**Mr. Gundlock:**

1. What honorarium or allowance is being granted to the commissioner in the Spence Commission?

2. What is the rate per day of pay and allowances for counsel to the commission (a) while in attendance at commission hearings (b) for preparatory work, including interviews?

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): 1. No honorarium is being paid to the commissioner in the Spence commission. Authority has been obtained, however, to pay the commissioner a non-accountable per diem living allowance of $60 and actual transportation expenses while in travel status from his normal place of residence in connection with the conduct of the inquiry.

2. (a) John L. O'Brien, $400 per day; John J. Urie, $250 per day. (b) John L. O'Brien, $40 per hour; John J. Urie, $25 per hour.

In addition to the above, both counsel may be paid a non-accountable per diem living allowance of $25 and actual transportation expenses while in travel status from their normal place of residence in connection with the conduct of the inquiry.

BILINGUALISM SECRETARIAT, PRIVY COUNCIL OFFICE

Question No. 1,543—**Mr. Bell (Carleton):**

1. Has a special secretariat on bilingualism in the public service been established in the privy council office?

2. If so (a) what are its functions (b) who are the officers of the secretariat?

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): 1 and 2. As indicated to the house by the Prime Minister in his statement of policy respecting bilingualism, *Hansard* of 6th April, page 3,915, a secretariat on bilingualism will be established in the Privy Council office. The Prime Minister outlined the function of the secretariat, at page 3917, *Hansard,* April 6th. Appointments are now under consideration and announcements will be made shortly.

HIGHWAY FROM GOOSE BAY TO ST. LAWRENCE

Question No. 1,560—**Mr. Brand:**

1. Is the federal government aware of a press release of Canadian Javelin Limited concerning a $35 million paved highway to connect Goose Bay with the gulf of St. Lawrence and, if so, has the government anounced its intention to build such a road?

2. Has the said road been approved by the government and (a) if so, when (b) if not, what is the present position of this project?

Hon. G. J. McIlraith (Minister of Public Works): 1. The answer to both parts is no.

2. No such project has been approved by the government.

QUESTIONS PASSED AS ORDERS FOR RETURNS

RESTORATION OF LOUISBURG FORTRESS

Question No. 1,056—**Mr. Muir (Cape Breton North and Victoria):**

1. Since the commencement of the restoration of the Louisburg fortress, what contracts have been awarded under the project, on what dates, to whom and for what amounts?

2. Since the commencement of the restoration of the Louisburg fortress, what contracts have been awarded under the project without the calling of tenders, on what dates, to whom and for what amounts?

Return tabled.

*PAYMENTS TO ELECTORAL BOUNDARIES COMMISSIONS

Question No. 1,398—**Mr. Irvine:**

Have any payments been made by the comptroller of the treasury for services rendered to the electoral boundaries commissions or any members thereof and, if so (a) what were the amounts of such payments (b) to whom were the payments made in each instance (c) does the amount paid include cost of advertising or publicizing the program in (i) newspaper (ii) radio (iii) television (iv) other media, and, if so, what is the amount for each (d) what is the estimated amount of any such payments outstanding to complete the entire program?

Return tabled.

CENSUS OFFICIALS, SASKATCHEWAN

Question No. 1,482—**Mr. Hamilton:**

1. What are the names of the (a) census commissioners (b) assistant commissioners or area supervisors by constituency for the seventeen constituencies in the province of Saskatchewan?

2. When were they appointed?

3. On what recommendation(s), by constituencies, were they appointed?

Return tabled.

• (2:50 p.m.)

[*Translation*]

PRIVILEGE

MR. LANGLOIS (MÉGANTIC)—CLARIFICATION OF STATEMENT RESPECTING WINTER WORKS

Mr. Raymond Langlois (Mégantic): I rise on a question of privilege, Mr. Speaker. If I do so at this time, it is because of a statement

I made in this house on Wednesday, May 25, that is, last week. I must apologize at once to the house if my remarks created some confusion or were misinterpreted. I never intended that my remarks should be interpreted as they were. First of all, it was never my intention to involve or connect the suicides in the Guadeloupe area with the winter works program and even less with the municipal council of the parish. Also, when I mentioned that those suicides had been committed, I had in mind localities surrounding Notre-Dame-de-la-Guadeloupe, because I asked the future minister of manpower (Mr. Marchand) to conduct an investigation in the case of parishes surrounding Notre-Dame-de-la-Guadeloupe.

It is unfortunate that this happened, but if it turned out that way, it is because I said the R.C.M.P. could inquire into the matter of winter works, since charges of fraud have been made, and that such offences come under the Criminal Code. I also referred to the matter of suicides, because I felt the R.C.M.P. might conduct an investigation in that connection.

I apologize for not having made the difference, for there is no relationship between winter works and those suicides. I had mentioned seven suicides by hanging and now *Le Devoir* sought information from the local coroner and there may have been at least a dozen, in the past six years, as mentioned in *Le Devoir*.

It is then not a question of suicides. I wanted to mark the difference and to enlighten the house on this question because I never intended to relate such suicides to the question of winter works. I apologize to the house if a misunderstanding occurred; I apologize to the people concerned but, on the other hand, I relied on information supplied by the minister to a question on the order paper.

Mr. Speaker: Order. It seems to me that the hon. member does not have a question of privilege and I do not believe he should pursue the matter further.

It may be that he was entitled to set the record straight but I respectfully and humbly submit that there is no question of privilege involved and that he should not pursue the subject any further.

Mr. Langlois (Mégantic): Mr. Speaker, the hon. member for Lotbinière and the hon. member for Beauce (Mr. Racine) asked the house for an explanation. Last Friday the hon. member for Lotbinière violently took me to—

[Mr. Langlois (Megantic).]

Mr. Speaker: The hon. member is aware of the fact the speeches he is referring to were given in the course of a debate on the estimates of a department or on interim supply and although the hon. members have suggested that an explanation should be given by the hon. member for Mégantic, I believe such explanation should not be given under the guise of a question of privilege.

Mr. Auguste Choquette (Lotbinière): Mr. Speaker—

Mr. Speaker: Order. There cannot be a debate since there is no question of privilege.

Mr. Choquette: Mr. Speaker, I rise on a question of privilege.

Mr. Speaker: Order. The hon. member says he wants to rise on a question of privilege concerning what may have been published in *Hansard*.

I suggest to him that he should have given advance notice to the Chair and I ask for his co-operation in allowing the Chair to proceed with the business of the house and, therefore, I recognize the Leader of the Opposition.

[*English*]

LABOUR RELATIONS

QUEBEC LONGSHOREMEN'S STRIKE—REQUEST FOR REPORT ON NEGOTIATIONS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I would ask the Minister of Labour to give us a report on the abortive proceedings regarding settlement of the longshoremen's strike, and after he has given his report I hope to ask him some supplementary questions.

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I hope you will pardon me if my answer is a little longer than it normally would be to a question on orders of the day.

Together with two of my colleagues, the Minister of Industry and the President of the Privy Council, as well as Judge René Lippe, the government appointed mediator, my deputy minister and other senior officials, I met here in Ottawa with representatives of the two parties to the dispute on the evening of Friday last. I might say that the meeting lasted several hours and the discussions were both informative and useful.

The Minister of Industry and I met again with these groups on Sunday afternoon and evening in Montreal. I might say that the longshoremen's association had made certain

proposals late in the week which were considered by the shipping federation over the week end. The federation indicated that they were prepared, *inter alia*, to agree to a very substantial increase in pay in order to bring about a settlement; but they stressed, I think quite properly, the desirability of higher productivity during the second year of the proposed agreement.

In the course of the meetings I made some suggestions which were discussed at length. Unfortunately no solution was reached.

While the discussions terminated without a solution after many hours of earnest and frank debate, there were some important accomplishments, and at least the differences between the parties with reference to wages and fringe benefits were narrowed. I believe that with further serious discussion and, if necessary, further mediation a solution will be found within a reasonable time. Judge Lippe is closely following the situation, as I am, and our good offices—that is the way the parties described them last night—are available to both parties at any time if requested.

Mr. Speaker, as I said in the house on Friday last I believe that in most industrial disputes the natural process of collective bargaining brings about the best and most effective solution. In spite of the seriousness of the present situation I remain convinced that with a sincere desire on the part of both parties to bring about a solution, the remaining differences will be resolved within a reasonable time.

Mr. Diefenbaker: Mr. Speaker, I would now ask the minister what he means by a reasonable time, because this has been the explanation all along as they have dillied and dallied. I should also like to ask him, in the choice of those who would meet with the ship owners and the longshoremen, why it was that men like the President of the Privy Council were chosen to be with the minister rather than the Minister of Citizenship and Immigration, who understands labour problems.

Mr. Nicholson: Well, Mr. Speaker, I think the answer to that is very simple. Nearly 3,000 of the workers involved live and work in Montreal and I had two of my colleagues from Montreal with me.

Mr. Diefenbaker: Is not the Minister of Citizenship and Immigration from Montreal?

Mr. Pickersgill: He is from Quebec.

Mr. Speaker: Order. The hon. member for Burnaby-Coquitlam.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I have a supplementary question. May I ask the Minister of Labour whether the main obstacle has to do with the insistence of the shipping federation that the work gangs be reduced, and whether it is correct that the federation is prepared to guarantee jobs to only 85 per cent of the men at that time.

Mr. Nicholson: Mr. Speaker, that is hardly an accurate summary of the situation. There is more than one point still outstanding, though admittedly the question of productivity during the second year of the contract is an important one. As I have said, very substantial increases—some say fantastic increases, I would suggest—in pay were offered. In return for these, the shipping federation has suggested, and I think properly, that they might expect increased productivity during the second year of the agreement.

Perhaps I should say at this point that one of the suggestions that I made, which seemed to have been received favourably by both sides, was in inquiry into working conditions in the three St. Lawrence ports concerned, which would include an objective look into the matter of increased productivity and not only the structure and size of the work gangs but also the use of new equipment and other items of that nature. This was accepted in principle by both sides, and it was generally agreed that if such a commission were set up that they would look into all aspects of working conditions. A second substantial increase would take place with the implementation of any recommendation which might come out of this.

In fact, if no recommendations were to come out of it there still would be a further increase; but in connection with the proposal for reorganization of the gangs, the suggestion was made that there might be some lay-offs involved. The shipping federation offers job security for all the people who had worked for more than a given period of last year; in fact they offered job security for all those who had worked, I think, for more than 15 or 16 weeks. That was put forward for consideration. This is where the figure of 85 per cent comes in. I am advised that the other 15 per cent or less comprises the casual groups, such as the taxi drivers, students and those who work for a limited period each year.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, in view of the statement just made by the minister, in which he expressed hope

that a settlement may now be closer and that appreciable progress has been made, does he not now feel that it might have been better had the government carried out the type of intervention that has just been made considerably earlier, so the strike might now be settled?

Mr. Speaker: Order, please. This question is argumentative.

Mr. Douglas: Mr. Speaker, may I ask the minister whether he received a telegram from Mr. Gerard Tremblay, who is the Atlantic regional vice president of the international longshoremen's association, stating that the main obstacle to a settlement is the insistence of the federation on wiping out the jobs of some 15 per cent of the employees? Do I take it from the minister's statement that he is agreeing with that position on the part of the federation, and does he not think that in this instance the Freedman principle ought to be applied?

Mr. Nicholson: Mr. Speaker, during the course of the full and frank discussions that took place I stressed at some length parts and the significance of the Freedman recommendation, but even Mr. Justice Freedman did not suggest that casual employees should be looked after, in the way suggested in the telegram.

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, I should like to address a supplementary question to the Minister of Labour in relation to this point under discussion. During the discussions that took place did the minister make the suggestion that the new contract should include the type of provisions that have been put into contracts between the longshoremen and the shipping federation on the west coast regarding automation, which is a main consideration in respect of productivity, under which the men are guaranteed compensation for lay-offs? As the minister is probably aware, these lay-offs occur at the higher range among senior members rather than at the lower range among junior members.

Mr. Nicholson: Mr. Speaker, without going into too much detail, there was no suggestion on the part of the shipping federation to indicate that they were not prepared to take care of permanent and normal I.L.A. members for the term of the duration of the contract. The 15 per cent figure referred to in the telegram mentioned by an hon. member refers to what I term casual employees, workers who are employed for terms of 15 or 16 weeks per year.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I have a supplementary question for the Minister of Labour. In the event that discussions break down in the immediate future, and in consideration of the fact that at best this can only be called an illegal wildcat strike, has the government given any consideration to making a more direct intervention?

Mr. Nicholson: Mr. Speaker, this is not an illegal strike; it is a legal strike.

Hon. Michael Starr (Ontario): I have a supplementary question, Mr. Speaker. In the original statement made today by the minister he said that as a result of his intervention and discussions with both parties to the dispute some progress was made. I should like to ask him why he is not continuing this intervention and participation in order that a final solution may be brought about.

Mr. Nicholson: Mr. Speaker, if one really believes in the principle of collective bargaining, which I do and have advocated for many years, both as an employer and as a practitioner of law, he can only come to the conclusion that the government should not step in at the early stages of a dispute and certainly should not intervene until all parties have had an opportunity of seriously discussing the issues. The final proposals in respect of which there was an intervention were only submitted last Thursday night.

Mr. Starr: Mr. Speaker, was the minister not engaged in collective bargaining when he met with both parties?

Mr. Speaker: Order, please.

Mr. Nicholson: I will not say that I was not—

Mr. Speaker: Order, please. The question is argumentative. Does the hon. member for Northumberland wish to ask a supplementary question?

Hon. George Hees (Northumberland): Yes, Mr. Speaker, I wish to address a supplementary question to the Minister of Labour. In view of the fact that the Minister of Citizenship and Immigration was a very distinguished and able labour leader in the province of Quebec, would it not have made good sense to include him as a member of the

delegation that attempted to solve this problem over the week end?

Mr. Speaker: Order, please.

Mr. Nicholson: If the hon. member had listened to my statement he would have heard me say that the gentleman was part of the delegation—

Mr. Speaker: Order, please. Will hon. members kindly resume their seats.

[*Translation*]

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

Last Friday I directed a question to the Minister of Labour concerning the strike which is continuing in the national harbours on the St. Lawrence, in Montreal, Quebec and Trois-Rivières.

The minister told me then that a delegation was coming to Ottawa to discuss with the department the possibility of settling the conflict in these national harbours.

I would like to know today, at a time when the farmers of the province of Quebec are lamenting and asking the federal government to take action so as to give them satisfaction and enable them to obtain feed grains for their animals, whether the Minister of Labour is in a position to tell us that a solution has been found, so that the farmers of eastern Canada, or the province of Quebec, are given satisfaction by the federal administration.

[*English*]

Mr. Nicholson: Yes, Mr. Speaker. I am very pleased that this question has been asked. This point was raised during the course of our discussions. This is a legal strike, and peaceful picketing is permitted during such a strike. During peaceful picketing it is not likely that a union member would drive through a picket line. However, there is nothing to prevent a farmer from driving his truck in to an elevator to get feed grain if he so desires.

Mr. E. Nasserden (Rosthern): Mr. Speaker, I should like to address my supplementary question to the Prime Minister. In view of the importance of bringing this transportation tie-up to an end as quickly as possible, why has the natural ability of the Minister of Transport as a mediator been ignored?

Mr. David Lewis (York South): Mr. Speaker, I have a further supplementary question. The Minister of Labour has referred several times to the fact that the 15 per cent figure embraces only casual labour. When he describes the 15 per cent as casual labour is he giving us information he obtained from the shipping federation, or is this information with which the longshoremen's union is in agreement?

Mr. Nicholson: Mr. Speaker, this information was furnished by the shipping federation, which has offered to submit it to the longshoremen's association for analysis.

Mr. Lewis: Has the longshoremen's union agreed with this descripition of the 15 per cent as being casual labour?

Mr. Speaker: Order, please. In view of the fact that we have been dealing with questions on this subject for approximately 20 minutes, it seems to me that it would be advisable at this time to move on to another subject. I will recognize the hon. member for Halifax, however.

Mr. J. M. Forrestall (Halifax): Mr. Speaker, I should like to ask the Minister of Labour one final supplementary question. Can he advise the house whether there is any danger of this strike spreading to other ports by way of support strike action, for instance at the yards at Halifax, Saint John, on the west coast or at Toronto?

Mr. Nicholson: Mr. Speaker, I would think not in view of the fact that an agreement has been signed at Halifax and negotiations are well advanced at Saint John.

IMMIGRATION

MANITOBA—OFFER OF FREE PASSAGE

On the orders of the day:

Hon. R. A. Bell (Carleton): Mr. Speaker, I should like to ask the Minister of Citizenship and Immigration whether his department is collaborating with the government of Manitoba in the free passage program to attract immigrants to that province, which has just been announced; and will the minister give consideration to the establishment of a general national program for this purpose?

Mr. Speaker: Order, please. This is a question of very general nature in respect of general policy. I suggest that the hon. member may wish to put it on the order paper.

Inquiries of the Ministry

REQUEST FOR DELAY IN DEPORTATION OF YUGOSLAV SAILORS

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I wish to address a question to the Minister of Citizenship and Immigration. In view of the mass meeting that is being held tonight in Toronto to protest the deportation of two Yugoslav sailors who left their ship, has the minister any statement to make in respect of their future position?

[*Translation*]

Hon. Jean Marchand (Minister of Citizenship and Immigration): Mr. Speaker, the only statement I can make is that the two Yugoslav sailors have not been deported; the decision will be reviewed when a judgment is rendered in two similar cases. I think the meeting tonight will enable us to know the feelings of the people who will attend but nevertheless I must wait for the decision of the appeal court.

[*English*]

COAL

INQUIRY AS TO REPORT ON ASSISTANCE PROGRAM

On the orders of the day:

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I have a question for the Minister of Finance. I would ask him whether the Donald report is yet available to the government and, if so, when it will be released.

Hon. Mitchell Sharp (Minister of Finance): No, Mr. Speaker, it is not yet available. I understand it is being delivered this week.

Mr. MacInnis (Cape Breton South): On a point of order, Mr. Speaker, I fully realize that when members ask ministers questions we must accept the answers, and that the minister himself is not necessarily obliged to answer; in other words he does not need to answer at all. But I would point out to you, sir, that on May 22 an answer given to me was to the effect that it was on its way; later, on the 25th of the month, the same answer, "It is on its way."

I protest very strongly the attitude of the government and the ministers in this type of answer in respect to a matter of great concern to the miners of Cape Breton.

Mr. Speaker: Order, please.

[Mr. Speaker.]

[*Later:*]

Mr. MacInnis (Cape Breton South): I should like to ask the Prime Minister when it is the government's intention to activate the policy statement in respect of the $25 million aid program for the Nova Scotia coal industry, which was referred to by the then minister of labour as emergency aid?

Right Hon. L. B. Pearson (Prime Minister): We will be dealing with that problem before long, I hope.

NORTHERN AFFAIRS

AKLAVIK, N.W.T.—CLOSING OF FEDERAL DAY SCHOOL

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Minister of Northern Affairs and National Resources. In view of what I understand is the closing by recommendation of an engineer of his department of the federal day school in Aklavik, is the minister's department taking some action to ensure that the children who attended that school can continue their education at least for this term, and will the department take steps to rebuild the building next year?

Mr. Speaker: Order. I suggest to the hon. member that the minister responsible has noted the representations he is now making, and I would think this is not the type of question that can be asked now.

YUKON—INQUIRY AS TO APPOINTMENT OF COMMISSIONER

On the orders of the day:

Mr. Erik Nielsen (Yukon): Mr. Speaker, may I direct an urgent question to the Minister of Northern Affairs and National Resources in view of the fact that the office of commissioner of the Yukon Territory will be vacated tomorrow. Can the minister now announce to the house the name of the commissioner's successor?

Mr. Speaker: Order, please. It is difficult for the Chair to ascertain whether an appointment must be made immediately upon the resignation of one of the members of a commission. I suggest that the question might be placed on the order paper.

Mr. Nielsen: Perhaps the complexities of government escape Your Honour's attention. The commissioner's office will be vacated

tomorrow. The urgency lies in the fact that he is the head of the government there, and I am asking the minister when that head will be replaced.

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, the problem is under very active consideration.

[*Translation*]

WINTER WORKS

NOTRE-DAME-DE-LA-GUADELOUPE, QUE.—AMOUNT OF FEDERAL EXPENDITURE

On the orders of the day:

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I wish to put a question to the hon. Minister of Citizenship and Immigration in his capacity as future minister of manpower.

Further to certain statements to the effect that the Notre-Dame-de-la-Guadeloupe municipality did not get $400,000 for winter works since 1961, and in view of the fact that the hon. minister indicated that the amount of $300,855 had been paid, does the minister intend to check the matter and find out how come such an error was made?

Hon. Jean Marchand (Minister of Citizenship and Immigration): Mr. Speaker, I am sorry but I did not quite get the question. Would the hon. member for Mégantic kindly tell me exactly what he wants to know?

Mr. Speaker: Order. I heard the question of the hon. member for Mégantic. It might give rise to a question of privilege or a point of order, but this is certainly not the time to bring it up. I suggest that the hon. minister should take note of the representations of the member; he might give an explanation later on.

Mr. Langlois (Mégantic): Mr. Speaker, I rise on a point of order. The figures I mentioned were given to me by the minister in answer to a question I had put on the order paper. As the municipal authorities in question deny categorically the figures given, I was merely asking the hon. minister if he intended to look into the matter and find out where the money went.

Mr. Speaker: It seems to me I was quite generous in my interpretation of the question of the hon. member; he should not try to pursue it further.

[*Later:*]

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I wish to direct my question to the future minister of manpower.

In view of the fact that the hon. member for Mégantic caused a political suicide by the statement he made recently, are there federal investigators at Notre-Dame-de-la-Guadeloupe, checking up on the truth of the recent accusations with regard to winter works?

Mr. Speaker: In my opinion, this question should be placed on the order paper.

Mr. Caouette: Ten o'clock.

[*English*]

FINANCE

REQUEST FOR REPORT ON WORK OF GROUP OF TEN

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I should like to address a question to the Minister of Finance. Can the minister inform the house of the progress being made by the group of ten in working out ways of augmenting and supplementing the resources necessary for financing world trade and aid?

Mr. Speaker: Order, please. This appears to me to be a question of a very general nature and should not be asked at this time.

AGRICULTURE

NEW BRUNSWICK—REQUEST FOR ASSISTANCE FOLLOWING HAIL DAMAGE

On the orders of the day:

Mr. J. Chester MacRae (York-Sunbury): Mr. Speaker, I should like to direct a question to the Minister of Agriculture on behalf of my colleague the hon. member for Victoria-Carleton (Mr. Flemming), who is unavoidably absent at this hour. Is the minister aware of the disastrous hail storm in the area of New Denmark, Victoria county, New Brunswick, which yesterday wiped out nearly 60 per cent of the 1966 potato crop? If so, will the federal authorities co-operate with the New Brunswick provincial authorities in carrying out a survey to determine the extent of the damage, and render any other assistance which may be within the power of the federal government?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, I thank the hon. member for giving me notice of this question. I have not yet heard from the provincial authorities in this regard, but the hon. member may rest assured that we will give the matter every consideration when we have heard from them.

Inquiries of the Ministry

AIR CANADA

INQUIRY AS TO PROGRESS IN SETTLING LABOUR DISPUTE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Labour. Is he in a position today to make any further statement concerning the Air Canada dispute? Has he yet received the report of the conciliation board? Can he say whether the parties are meeting?

Hon. J. R. Nicholson (Minister of Labour): Unfortunately, Mr. Speaker, the report has not yet come in. I assured the hon. member in answer to a question that was put during the discussion on the estimates last Friday that I would give prompt attention to his suggestion when the report comes in; but it has not come in as yet.

HOUSING

INTEREST RATE ON NON-PROFIT AND PUBLIC PROJECTS

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, I wish to direct a question to the Minister of Labour in virtue of his responsibility for matters arising under the National Housing Act. In view of the concern of our senior citizens over the increase in the cost of living and particularly the increased cost of construction, will the minister reconsider the recent increase in the N.H.A. interest rate for non-profit and public housing from 5¼ to 5⅞ per cent?

Hon. J. R. Nicholson (Minister of Labour): Having regard to the cost of money today, I think it is a very reasonable charge.

Mr. Speaker: Order, please.

[Translation]

INCOME TAX

QUEBEC—IMPOSITION ON MONEY FOUND BY CHILDREN

On the orders of the day:

Mr. C.-A. Gauthier (Roberval): Mr. Speaker, I wish to direct my question to the Minister of National Revenue. As I do not see him, I shall put it to his parliamentary secretary.

Following the discovery by children of the Lake St. John area of three hundred $100 brand new bank notes bearing serial numbers AJ8065600 to AJ8065900, would the minister launch an investigation with regard to income tax, in view of the fact that Mr. Justice Toussaint McNichol contends that he lost those bank notes?

Mr. Speaker: Order. I suggest the hon. member put this question on the order paper.

[English]

CANADIAN BROADCASTING CORPORATION

REFUSAL TO RENEW CONTRACTS OF "SEVEN DAYS" STAFF

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I would ask the Prime Minister, in view of the fact that he had Mr. Keate go into the question of the program "Seven Days", whether he has been advised that the C.B.C. has refused to renew the contracts of the "Seven Days" staff—that is directors, story editors, researchers including Mr. Zolf and Miss Beryl Fox, some 12 or 15 in number—for the next year, and has offered them contracts for the next three months only. Will the Prime Minister also say whether this is in keeping with the recommendations of Mr. Keate and the criticism of the highhandedness of the C.B.C.?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have received no information in regard to those matters, and I would assume that if there was information which should be submitted to parliament on this matter it would be through the Secretary of State. Meanwhile, I have received none.

Mr. Diefenbaker: Mr. Speaker, I asked the Prime Minister simply because he seemed to have taken the matter over. I now ask the Secretary of State, has she received any communication along the line indicated?

Hon. Judy V. LaMarsh (Secretary of State): No, Mr. Speaker.

Mr. J. N. Ormiston (Melville): Mr. Speaker, in view of the previous question I should like to ask the Secretary of State whether, in view of the C.B.C.'s willingness to improve relations between producers and management as outlined in the Keate report, it would be possible for the C.B.C. officials to review the negotiations pertaining to all contracts renewable after January 1 this year.

Mr. Speaker: Order. The question is of a purely general nature. There does not seem to be that much urgency to the question that it should be asked at this time.

Mr. H. W. Herridge (Kootenay West): A supplementary question, Mr. Speaker. I wish to address my question to the honourable and gallant Secretary of State.

Some hon. Members: Oh, oh.

Mr. Herridge: My supplementary question is simply this. Is the matter referred to by the hon. member who has just asked the question, part of the iceberg that she referred to in a previous speech?

Mr. Speaker: Order, please.

REPORTED USE OF DRUG IN SCENE FOR "THIS HOUR HAS SEVEN DAYS"

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I direct a question to the Solicitor General and ask him whether it is a fact that his department has received a report from the Royal Canadian Mounted Police regarding allegations that certain C.B.C. personnel were involved in giving drugs to teenagers or taking pornographic scenes for a youth program. As a result of investigation by the R.C.M.P. has it been found that no charges should be laid, and that the C.B.C. personnel to whom reference had been previously directed have been completely exonorated?

Hon. L. T. Pennell (Solicitor General): I was advised, Mr. Speaker, that a certain report had been brought to the attention of the R.C.M.P. I was speaking with the R.C.M.P. on Thursday evening last. I have not received their final report, so I will take the question as notice and reply to the right hon. gentleman later.

BANKRUPTCY

REQUEST FOR CONSIDERATION OF FRAUDULENT BANKRUPTCIES BY ROYAL COMMISSION

On the orders of the day:

Mr. Erik Nielsen (Yukon): I should like to ask the Prime Minister whether the government intends to set up a commission to inquire into all aspects of fraudulent bankruptcies.

Right Hon. L. B. Pearson (Prime Minister): The question of bankruptcies will be before the house when the Senate finishes its consideration of a bill, and this matter can be discussed then.

Mr. Nielsen: May I ask a supplementary question. Will the Prime Minister give consideration to referring that bill to the committee on justice and legal affairs so that representations which have been received can be made directly to that committee by the authors thereof?

Mr. Pearson: I will be glad to give consideration to that suggestion.

IMMIGRATION

INQUIRY AS TO PRODUCTION OF WHITE PAPER

On the orders of the day:

Hon. R. A. Bell (Carleton): I should like to ask the Minister of Citizenship and Immigration what is causing the delay in the publication of the white paper on immigration, and if he can now make a forecast as to when it might be tabled in the house.

[*Translation*]

Hon. Jean Marchand (Minister of Citizenship and Immigration): Mr. Speaker, it is probably the same reason which caused all the delay in the publication of that white paper. I hope that, in the near future, we will be able to submit to the house new elements in that field which I have no doubt will win the approval of the hon. member for Carleton.

[*English*]

INDIAN AFFAIRS

PAYMENT OF SALARY INCREASES TO SCHOOL TEACHERS

On the orders of the day:

Mr. E. Nasserden (Rosthern): I should like to direct a question to the Minister of Northern Affairs and National Resources. When can the teachers employed by the department of Indian affairs expect to receive the salary increases which were authorized in March of this year?

Mr. Speaker: Order. This question should be placed on the order paper.

[*Later:*]

Mr. Nasserden: Perhaps I could rephrase my question to the Minister of Northern Affairs and National Resources. Can he tell us the reason for the delay in sending out supplementary salary cheques to the members of the teaching profession engaged by Indian affairs?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): There has been a major reclassification of both teachers

and salaries under way in respect of approximately 1,060 teachers in Indian schools. It will be completed before June 30 and the salaries will be made retroactive to the beginning of the current year, which commenced on September 1 last.

CANADIAN CENTENNIAL

INQUIRY AS TO MEDALLION FOR STUDENTS

On the orders of the day:

Hon. Michael Starr (Ontario): I should like to ask the Prime Minister if the government has any plans to have a medallion struck for the distribution to students of Canada to mark Canada's centennial.

Right Hon. L. B. Pearson (Prime Minister): Yes, that matter is under consideration. The Secretary of State will be in a position to make a statement about it very shortly.

DIVORCE

INQUIRY AS TO MEETING OF JOINT COMMITTEE

On the orders of the day:

Mr. G. W. Baldwin (Peace River): I intended to ask a question of the Minister of Public Works as house leader, but in his absence I shall direct it to the Prime Minister. Can the Prime Minister indicate when steps will be taken to set in motion the joint committee on divorce which was established two and a half months ago, in view of the very great interest which has been taken in this committee?

Right Hon. L. B. Pearson (Prime Minister): I shall have to take the question as notice and look into it right away.

[*Translation*]

CANADIAN BROADCASTING CORPORATION

EXTENSION OF FRENCH RADIO AND TELEVISION SERVICES IN WEST

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I wish to direct a question to the Secretary of State.

We have been asking for two years if the government intends to extend the C.B.C. television and radio service to British Columbia, and the minister has kept telling us that the Fowler commission will decide if it is advisable for the government to take such a decision. Is the minister in a position to tell us today whether the French Canadian population in British Columbia will be served in French by the C.B.C.?

[Mr. Laing.]

Mr. Speaker: Order. The hon. member has just said that he has been making that suggestion for two years; he will therefore be able to put that question on the order paper.

[*English*]

NATIONAL SECURITY

INQUIRY AS TO ESTABLISHMENT OF ROYAL COMMISSION

On the orders of the day:

Mr. R. N. Thompson (Red Deer): My question is directed to the Prime Minister. Having in mind that on at least a half dozen occasions the Prime Minister has mentioned that he expects to be able to announce the appointment of a royal commission on security, can he give us any indication when he may make this announcement?

Right Hon. L. B. Pearson (Prime Minister): I apologize to my hon. friend; I know he has asked this question a good many times. I can only repeat what I said the other day, that the difficulty is getting a suitable commission and appropriate terms of reference, so that this commission, which is going to be a very important one and is going to take quite a long time to do its work thoroughly, will be set up on the best possible basis.

HATE LITERATURE

INQUIRY AS TO INTRODUCTION OF LEGISLATION

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): May I ask the Prime Minister whether at the present session the government will bring before the house amendments to the Criminal Code to cover the question of hate literature and hate programs in general? He gave an indication some months ago that the matter was urgent and would receive the earliest attention. I ask him now, is this going to be proceeded with at this session?

Right Hon. L. B. Pearson (Prime Minister): Immediately after the receipt of the report on this matter a committee of officials under the auspices of the Department of Justice was set up to go into the practicability and desirability, from the official point of view, of implementing its recommendations. I understand the committee has just about completed its work and will be in a position to make a report to the cabinet very shortly. The cabinet will then consider that report and I will be glad to answer my right hon. friend's question at that time.

AGRICULTURE

LOANS AND GRANTS FOR CLASS "A" FAIRS

On the orders of the day:

Mr. Max Saltsman (Waterloo South): I should like to address my question to the Minister of Agriculture. In view of requests from municipalities for long term loans and grants for class A fairs, can the minister say whether he intends to introduce legislation to meet these requests? If so, when might we expect the legislation to come before the house?

Hon. J. J. Greene (Minister of Agriculture): I thank the hon. member for giving me notice of this question. This is a matter of government policy, and if it is to be adopted will be announced in the normal manner in due course.

FARM MACHINERY

POSSIBLE TIME REQUIRED FOR INQUIRY

On the orders of the day:

Mr. Ed. Schreyer (Springfield): My question is directed to the Minister of Agriculture. Since the establishment of a commission of inquiry into farm machinery prices on Friday we have learned that the commissioner intends to take up to two years to make this investigation. I ask the minister if he is satisfied with this time factor, or if he intends to issue any request or directive to the commissioner to have the inquiry completed within a more reasonable period of time.

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

EXTERNAL AFFAIRS

RHODESIA—REQUEST FOR REPORT ON CURRENT TALKS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to address a question to the Secretary of State for External Affairs. Has the minister anything further to report with respect to the discussions between representatives of the government of Great Britain and representatives of the government of Rhodesia?

Hon. Paul Martin (Secretary of State for External Affairs): Yes, Mr. Speaker. I can say it is now agreed that the group that met in London as a result of an initiative taken by Mr. Smith will resume its discussions in Salisbury, this time at the instance of the governor of Rhodesia. In announcing this I can say, as I said on Friday, that the British Prime Minister has noted that this is without any commitment, and all that is involved are talks to inquire whether or not there is a basis for negotiation.

Mr. T. S. Barnett (Comox-Alberni): A supplementary question, Mr. Speaker. Can the Secretary of State for External Affairs indicate to the house the immediate situation in respect of the shipment of ore from Zambian mines, and can he tell us whether Canada is participating in any way in respect of meeting the problem which I understand—

Mr. Speaker: Order, please. I fail to see how this aspect of the matter is so urgent that a question should be asked at this time.

TRANSPORT

SEAWAY TOLLS—REQUEST FOR PRODUCTION OF REPORT OF CONSULTANTS

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, I have a question for the Minister of Transport on his return to the house. Is the report of the independent consultants in connection with the seaway ready, and will it be made public?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I understand that on Thursday last it was indicated by a number of hon. members that they would like an opportunity to consult the report made by the independent consultants. The report, of course, was made for the seaway authority, but I can see no reason, except for its volume and cost, why it should not be made available to anyone who seriously wants it.

The seaway authority is going to have a reprint made. The report consists of about 350 pages and as soon as the copies are ready the authority will be willing to supply a copy to any member of the public who is interested for the price of $5, which is quite a bargain. In the case of members of parliament I have persuaded the authority not to charge anything, but I hope members will not sell them after getting them.

CANADA PENSION PLAN

NEGOTIATIONS WITH OTHER COUNTRIES RESPECTING RECIPROCITY

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 which is supplementary to the answers given today by his parliamentary secretary to three of my starred questions. Can he give any indication when a report will be made to the House of Commons concerning the negotiations referred to in those questions?

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

[*Translation*]

AGRICULTURE

QUEBEC—SHORTAGE OF FEED GRAIN

On the orders of the day:

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, may I put a question to the Minister of Agriculture?

Now that the minister has had the opportunity to look into the difficulties facing the farmers because of the longshoremen's strike, would he tell the house what he intends to do so as to assist these distressed farmers who do not have any feed grain?

[*English*]

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, as the Minister of Labour stated earlier, following the discussions between himself and other governmental officials yesterday the facilities are now open and trucks are entering and delivering feed grain today.

[*Translation*]

Mr. Ricard: Mr. Speaker, may I ask a supplementary question?

Is that all the Minister of Agriculture intends to do with regard to this question?

[*English*]

Mr. Speaker: Order, please.

GOVERNMENT ORGANIZATION

PROVISION FOR ESTABLISHMENT OF NEW DEPARTMENTS

The house resumed, from Wednesday, May 25, consideration in committee of Bill No. C-178, respecting the organization of the government of Canada and matters related or incidental thereto—Mr. Pearson—Mr. Batten in the chair.

On clause 4—*Duties of Solicitor General of Canada.*

The Chairman: When the committee rose on Wednesday, May 25, 1966, clause 4 of the bill, with an amendment thereto proposed by the hon. member for Greenwood, was being discussed. The question is on the amendment. Is the house ready for the question?

Mr. Baldwin: Mr. Chairman, I should like to make this comment before the vote is called and then I will leave the matter entirely in the hands of the committee. The amendment proposed by the hon. member for Greenwood would entail, if it is carried, consequential amendments. It is a matter of procedure, of course, but clause 37 makes provision for certain acts set out in part I of the schedule to be administered by various ministers. The schedule itself makes reference, for example, to the Royal Canadian Mounted Police legislation.

In other words, if this amendment should now be carried we would find ourselves in the position that certain provisions would still be left in the bill which would have the effect of carrying out the objective which the hon. member for Greenwood is seeking to eliminate. I would call that to your attention, Mr. Chairman. It means that we may have to go through this whole procedure again in the event that the amendment is now carried.

Mr. Knowles: Mr. Chairman, if I may say a word on behalf of the hon. member for Greenwood, who is not able to be here at the moment, the point taken by the hon. member for Peace River is well taken but is a point that my colleague has in mind. At the moment clause 4 of the bill is before the committee, to which an amendment has been proposed. If the amendment carries we think there are two places where consequential amendments will have to be made and we will have them ready at the appropriate moment.

Mr. Fulton: Mr. Chairman, I should like to say a word or two in support of the amendment before the question is put. My position was made clear on the discussion of the estimates of the Department of Justice for the year 1965-66, which were debated earlier this session. I took the opportunity at that time to refer to the proposal to divide the duties formerly discharged by the Minister of Justice between three departments.

My view then expressed was that instead of this division, which I believe will increase the difficulties of co-operation and co-ordination between the various branches and services that now report to the Minister of Justice, co-operation and co-ordination which are vital and are becoming more vital, the

reorganizing and strengthening of these functions would best be served by maintaining one ministry and Department of Justice but providing for three deputy ministers, with three divisions or main branches in that department. There would be a deputy minister in charge of over-all administration who would be directly responsible for the present functions of the department, giving legal advice to the government, the drafting of legislation and those functions which might be termed strictly the departmental functions of the present Department of Justice.

Second, there would be a deputy minister in charge of a division of enforcement which would include the Royal Canadian Mounted Police, the combines investigation branch and the bankruptcy division.

• (3:40 p.m.)

Third, it would include a deputy minister in charge of corrections, including the penitentiaries branch, the parole services and the functions related to the correctional program.

Mr. Pennell: Would the hon. member permit a question? Do I understand his suggestion to be that there ought to be three deputy ministers, in other words, that there should be, in addition to the present deputy minister and an associate deputy minister, one more deputy minister?

Mr. Fulton: My suggestion is that there ought to be three deputies, one to be known as the deputy minister of justice, the other to be known as the deputy minister of enforcements and the third to be known as the deputy minister of corrections, all reporting to the one minister of justice. The deputy minister of justice would be responsible under the minister for co-ordination of the three divisions, with the minister, however, having responsibility in cabinet and a concomitant responsibility therefore to parliament and to the country for the co-ordination and effective discharge of all the services and duties of the Department of Justice.

In my view this would be a far more effective way of ensuring co-ordination than the present proposal. I agree with the solicitor general that the duties of the Minister of Justice have increased. This is inevitable with the growth of the country. But in my view the way to assist him better to discharge the increase in responsibilities would be by a reorganization along the lines I have suggested.

I must say that, to the amendment moved by the hon. member for Greenwood on Wednesday dealing with this proposal the Solicitor General made a reply which, while I accept the logic in it, in my humble submission did not take account of the facts. I assure the minister that I do not wish to be in any sense improperly derogatory about the argument he has used. But it does seem to me that it is an argument which is attractive in theory more than it is sound in fact, in the light of the realities of the situation. There is enough difficulty now in ensuring co-operation and co-ordination.

In his reply the minister based his position in part upon the experience in the United Kingdom. Although I am very much impressed with the desirability of studying the precedents and examples set by the oldest existing parliamentary democracy in the world, I respectfully suggest that the position in the United Kingdom is not in this case as valid a precedent for us to follow as in some others, because of the peculiar problems which, in the field of the administration of justice and enforcement of law, are created by the differences in governmental jurisdiction in Canada, because of our division into a federal and ten provincial governments, a situation not paralleled in any respect in the United Kingdom.

The particular situation in Canada involves constant problems of co-operation and consultation with provincial governments and the very frequent consultations between the Minister of Justice and Attorney General of Canada with provincial Attorneys General not only with respect to constitutional matters but with respect to legal matters and those having to do with law enforcement generally. We are entering a period when the problem of combating organized crime in this country is assuming ever more serious proportions and involving ever more serious responsibilities of government. A special responsibility is imposed on the federal government by reason of the fact that since there are people who are prepared to organize crime on a national basis it surely follows that the fighting of this trend should be nationally co-ordinated.

Indeed, it seems to me that many measures ought to be initiated by the central government on behalf of the people of Canada generally in order that our program to counter organized crime is as effective as the program of those who organize crime on a national scale. This must involve increasing consultation and co-ordination with provincial Attorneys General and law enforcement

agencies, and also involves the constitutional aspect.

It seems to me, however, that by the step taken here, we are inevitably creating a multiplicity of channels of communication and increasing the difficulties of co-ordination and co-operation, whereas if there were one minister of justice responsible for the co-ordination of all these functions many difficulties would be avoided.

Finally, Mr. Chairman, I want to say a word about the situation respecting the R.C.M.P. In what I have said before and in what I am about to say, the solicitor general knows that I make no reflections upon him personally. I express the hope, if the government goes ahead with the setting up of this department, which I am opposed to, that the minister will be able to ensure that the prestige and function of the force are maintained at the highest level.

But I doubt very much that the Department of the Solicitor General can or should achieve the standing and prestige of a properly constituted and administered Department of Justice, which in my view, by the very nature of its primary function, is one of the most important departments of government. It is the department responsible for advising the government generally and for ensuring that all actions of the government conform to the law and are of the proper standard. It is the department responsible for ensuring that government actions are in accordance with constitutional responsibility and authority. All these functions plus many others which have traditionally been discharged by the department and its minister over the years have by their very nature ensured the seniority of this department, not because of the persons involved in it but because of the function of the department and its head.

For this reason I think it is an undesirable development for the Royal Canadian Mounted Police, which has traditionally been responsible to the Minister of Justice, to be taken out of or removed from a relationship with that department. I feel that the Royal Canadian Mounted Police has not been well served in recent years by certain developments, the details of which I do not propose to go into at this time. Through no fault of its own the prestige of the force has suffered. I think it is incumbent upon the government to take every step to ensure that the prestige of the force, which remains ready and able to discharge its responsibilities and to live up to its standards and prestige, is restored and not diminished.

[Mr. Fulton.]

At another and more appropriate time I propose to discuss specific proposals by which that can be done. I am talking now only about the proposition of removing the force from the Department of Justice and placing it under the proposed Department of the Solicitor General. This, I think, is again a move against the trend which I think should be followed, the trend of supporting, reinforcing and re-elevating, if you like, the prestige and stature of Canada's central law enforcement body.

• (3:50 p.m.)

It will therefore be seen, Mr. Chairman, that while the amendment itself does not go far enough it should nevertheless have the effect of preserving the relationship between the Royal Canadian Mounted Police, the Department of Justice and Minister of Justice. To the extent, therefore, that it removes one aspect of the proposed division I support the amendment although, speaking for myself and for the members of this party, whether or not the amendment carriers we shall oppose the clause which gives effect to the other division of the functions of the Minister of Justice.

Amendment (Mr. Brewin) negatived: Yeas, 42; nays, 66.

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

Mr. Fulton: On division.

Clause agreed to.

Clause 5 agreed to.

On clause 6—*Department established.*

Mrs. MacInnis (Vancouver-Kingsway): Mr. Chairman, this bill is, of course an attempt to reassess the functions of government and to devise government machinery capable of handling those functions. Since the beginning of this debate it has been clear to at least some members of the government that these reassessments and changes are not necessarily final. The Prime Minister himself, in his introductory remarks strongly indicated that the machinery of government will be changing continually because of the needs of the times in which we live.

We in this party believe there is one change which should be made without delay. Both in this chamber and in various parts of Canada outside this house, attention has been called to the need to establish a department of government to protect the affairs of consumers. A former minister of the crown, speaking in Toronto, pointed out the need

which he saw arising in the near future for the establishment of three departments, one of which would be a department of consumer affairs.

I see no reason why the government should hesitate to proceed along these lines while this legislation is in progress. Demands for such a department are being made continuously in all parts of the country and will become increasingly heavy. I suggest, therefore, that it would be wise to make the change now without waiting even for another year, by which time the demand will be even greater than it is today.

In an attempt to avoid a solution which would mean the setting up of an entirely new department and involve large expenditures of money and so on, alternative suggestions have been made. I believe we have found a solution which is workable and which would be acceptable to the government. Indeed, this approach was opened up by the Prime Minister himself speaking in this debate the other day. The proposal I have in mind is nothing more or less than the utilization of an existing department which could be called the department of consumer affairs and which would gather together all the work in this field now being done by many government departments.

I should like to read from the speech which the Prime Minister made on May 24 in the course of this debate, as reported at page 5430 of *Hansard*. I believe his words in this connection were significant and very much to the point. He said:

> One of the matters which will have to be considered early in the establishment of the department of the registrar general is to what extent it can further assist and protect the Canadian consumer, which is a matter that was mentioned in the discussion on the resolution, especially by the hon. member for Vancouver-Kingsway (Mrs. MacInnis). The Department of Trade and Commerce, the Department of National Health and Welfare, and the Department of Agriculture—

The right hon. gentleman might have mentioned several other departments as well:

> —now have active consumer protection roles within their own departmental areas of responsibility, but there may be other areas in which the federal government can develop consumer protection programs and there may be a real need to co-ordinate what is being done now in a number of departments.
>
> It is the government's intention to ask the Economic Council to look at the field of consumer affairs, along with some of the other functions now to be undertaken by the registrar general under the legislation before us, with a view to providing advice as to the courses of action that seem best suited to meeting the needs of the Canadian people and the Canadian economy in the consumer field.

I have no doubt that the Prime Minister and the other members of his government are fully aware of the need for a department of consumer affairs. We can understand their reluctance to create a new department with all that would be entailed in the recruitment of staff and so on. But we echo the words of the Prime Minister himself in this regard. There is already in contemplation the setting up of a department which would have a large measure of responsibility for consumer affairs—the department of the registrar general. It is to this department that we wish to direct our amendment this afternoon.

• (4:00 p.m.)

[*Translation*]

In our party, we are quite used to making the ammunition and seeing the others use it.

The main thing is that the well-being of our consumers be protected as effectively as possible and with the least possible delay.

Therefore, seconded by the hon. member for Waterloo South (Mr. Saltsman), I propose the following amendment:

> That Bill C-178 be amended by changing the heading preceding clause 6 from "Department of the Registrar General" to "Department of Consumer Affairs", and that clause 6 be amended by changing the words "Department of the Registrar General" to the words "Department of Consumer Affairs", and also by changing the words "Registrar General of Canada" to the words "Minister of Consumer Affairs", wherever the said words appear in subclause (1) and subclause (2) of the said clause 6.

[*English*]

Mr. Chairman, I have copies of the amendment in both French and English.

[*Translation*]

Mr. Favreau: Mr. Chairman, following the remarks of the member for Vancouver-Kingsway (Mrs. MacInnis)—in her case, I should say Vancouver-Queensway—and the amendment she moved—

An hon. Member: That is good.

Mr. Favreau: —and the statements or suggestions made concerning the nature of the department, I should like to say a few words about the new proposed department, that of the registrar general of Canada. I shall attempt to prove that the meaning of the title proposed in the amendment is too restricted in relation to the duties the department will be called upon to perform, but that, on the other hand, what should be determined is

precisely the essential and actual nature of the powers devolved to the new minister. I feel that after studying the wording of the proposed legislation, as well as the powers suggested for the Registrar General, everybody will be satisfied that such powers include, in addition to others, those designed to protect the interests of consumers.

[*English*]

The new department of the registrar general groups together a number of agencies whose primary responsibilities can be described as reflecting public policy toward business organization. The principal agencies are the office of the Director of Investigation and Research under the Combines Investigation Act and the related Restrictive Trades Practices Commission, the office of the Commissioner of Patents, having jurisdiction over patents and copyrights, the office of the Registrar of Trademarks, the office of the Superintendent of Bankruptcy and the corporations branch.

All of these agencies have been engaged in the administration of the ground rules established by parliament for the conduct of those engaged in business under our free enterprise economy.

Each of the laws has developed over the years, starting with fairly primitive controls to prevent frauds and other flagrant abuses. The various bodies of law, such as the anti-combines law and patents law, tended to develop independently of each other, to be the object of separate disciplines, and to be administered by different government departments. As our economy became more advanced and more complicated, corporations took on and continue to take on a greater importance in relation to the national economic objectives. It is essential that the legislation which provides the ground rules within which corporations must operate is designed and co-ordinated in such a way as to encourage maximum efficiency and responsiveness to the needs of the public at large.

[*Translation*]

These laws provide the basic framework for corporate activity and as such they are laws of general application. They are readily distinguished from legislation which arises out of economic policies designed to improve the performance of particular industries or to influence particular activities in the economy. They are, nevertheless, an integral part of the economic fabric of the country and it is important to recognize that each agency is affected by and affects economic policy in other areas.

As these are laws of general application, their economic impact ordinarily becomes apparent only in the long run; but they are no less important for this reason than economic policies which have a more immediate impact upon the economy.

There are a number of important reasons for grouping these agencies in the new department. Each agency shares the same ultimate goal of encouraging the corporate sector of the economy to work more smoothly and efficiently while remaining consistent with the public interest. Each agency is linked in a direct and special way with at least one of the others. The work of each agency is based on detailed statutes and a large body of case law. For this reason the agencies are administered to a large extent by lawyers. There is a danger that, in isolation, the legislation may be administered and revised with a purely technical bias rather than in terms of its fundamental social and economic purposes.

The Combines Investigation Act is based on the principle that under normal circumstances competition provides the greatest spur to efficiency and to the best allocation of economic resources in the private sector of the economy. This is sometimes forgotten in the more immediate concern about possible exploitation of consumers or about the inequitable treatment of some economic units by others. Where competition is effective, efficiency is rewarded and inefficiency is penalized. In the long run, efficient corporations grow and inefficient ones decline. Scarce resources are therefore channelled into the hands of those who use them best.

Combines policy is closely linked with other government economic policy. For example, it is evident that if economies of large scale in a particular industry are such that the Canadian market cannot sustain enough producers to provide effective competition, appropriate tariff policy may make it possible to solve the problem by encouraging concentration while at the same time expanding competition from foreign companies. This would transfer to the public some of the gains in efficiency arising out of the consolidation of the industry into a few large corporate units.

• (4:10 p.m.)

[*English*]

Although legal proceedings are necessarily important in the administration of the Combines Investigation Act, the objectives sought by the legislation are economic. For

these reasons it is most desirable that the Combines Investigation Act be administered in a department more directly concerned with economic policy. The Canada Corporation Act, in conjunction with its provincial counterparts, provides the basic framework on which modern corporations are constructed. Although the federal act recently has been amended the proposed Ontario legislation probably will be making still greater advances which most likely will require a review of the Canada Corporation Act to make sure not only that it is fully co-ordinated with the government's economic objectives but also that it keeps pace with legislative advances in this field.

Incidentally, the proposed Ontario legislation stresses the close relationship between corporate affairs of a continuing nature and those relating to the issue and sale of securities. Through adequate disclosure requirements and regulations of such matters as insiders' trading, this legislation in conjunction with similar provincial legislation can make an important contribution to the efficient allocation of resources in the economy. This will happen in a number of ways. Lack of information and unregulated insider transactions cause investors to mistrust company directors and officers. Potential investors are thus less likely to invest or their funds are unlikely to be well invested. Shareholders have great difficulty in forcing management to be efficient if they do not have access to well prepared and complete company accounts. The absence of information may lead to a failure to identify those sectors of the economy which are inefficient as a result of restrictive practices or lack of new competitors. A federal-provincial meeting of officials will be held on June 27 and 28 and will consider the whole field of financial disclosure and securities regulation. These are areas in which the federal government may assist and in this respect the registrar general's department will have its role to play.

[*Translation*]

The principal justification of the patent system is that it encourages research and development and thus contributes to the acceleration of economic progress. It will do this, however, only where it harmonizes with other economic policies. A patent is a temporary monopoly granted to the inventor by the state; and government policy on patents clearly must be co-ordinated with government policy on competition. The close connection between the two has been recognized in the past and there are references in the Combines Act to patent and trade mark abuses and in the Patent Act to restraint-of-trade abuses. In addition, the Trade Marks Act by its nature, is concerned with what is termed unfair competition such as when attempts are made to pass-off as the same, goods of a different origin.

The patent system should not be permitted to frustrate any benefits anticipated from a reduction in other obstacles to trade. Strong views have been expressed that as trade barriers are reduced, industrialists are likely to place greater emphasis on industrial property rights to replace the geographical protection lost by the reduction of tariff barriers. The patent system should not encourage the creation of an inefficient structure of Canadian industry by compelling the working of patents in Canada when it is otherwise uneconomic for production to take place. The Ilsley Commission on Patents devoted considerable attention to this particular matter. A very high percentage of all Canadian patents are owned by non-residents and there is danger where patents act as a barrier to the entry of new firms, that the patent system will increase unnecessarily foreign control of Canadian industry.

[*English*]

The new department will have to consider also the implications of the registered user provisions of the Trade Marks Act. These provisions are comparatively new and are a departure from the theory that a trade mark should identify a single origin. Problems may arise where other Canadian companies must compete against a registered user in Canada of an American trade mark because the registered user normally will benefit from overflow advertising from the United States. All of these matters have been or will be considered by an interdepartmental committee which has been studying the recommendations of the Royal Commission on Patents.

The smooth and efficient working of the economic system obviously is injured by the economic dislocation and waste which results from unnecessary bankruptcies. Perhaps more important, unnecessary bankruptcies tend to produce a general decline in investor confidence and a greater reluctance to take risks and to innovate. To the extent that

adequate disclosure requirements and securities regulations are introduced in Canada, the number of needless or fraudulent bankruptcies may be reduced and the work of the bankruptcy branch made more effective. Close liaison between the bankruptcy branch and the corporations branch will make it possible for more effective action to be taken against those dishonest persons who hide behind corporate laws.

The role of the registrar general initially will be to administer existing statutes along these lines to ensure that they are well co-ordinated with each other and with the general aspects of government economic policy. The field of consumer protection has been the subject of a good deal of research in many jurisdictions and in some has given rise to new legislation. These developments are being followed with interest and may point to the possibility of fruitful action at the federal level in the interest of the consumer and the investing public. The importance which the house attaches to this problem has been reflected in the establishment of a special committee on the price of drugs, a joint Senate and House of Commons committee on consumer credit, and in many other expressions of opinion within parliament in recent years. At present there are, I think, 13 private members' bills or measures which concern either consumer credit or in some fashion the interests of the consumers.

• (4:20 p.m.)

To the extent that there has been any tendency to create industry oriented departments without providing a corresponding organization to have particular responsibilities for the consumer and the public at large in corporate matters, the new department presents an immediate opportunity to correct this deficiency. The registrar general will have a voice in the development of the government's economic policy and he will have to see to it that as policy develops it is in harmony with the philosophy of the statutes for which he is responsible or that decisions are made to modify the statutes.

[*Translation*]

In other words, I believe it will be readily understood that the new department of the registrar general will, on the whole, be entrusted with co-ordinating, in the interest of the depositors as well as the consumers and any other party interested in either of those fields, such federal legislation concerns the application of the major economic policies of the government.

In this sense, it can be understood that this department, although one of its functions will be to safeguard the rights and interest of the consumers, will have broader duties which will also comprise the application of the statutes to other areas.

For those reasons, I believe that limiting the title to that of department of consumer affairs would be unduly to restrict the scope of the jurisdiction of this new department. I think that the title of registrar general, which immediately gives the idea of registration and control as concerns federal affairs, is closer to the very character of the department than the name now suggested.

Be that as it may, for want of a name more closely adapted to the character of the functions proposed for the new department, I believe that what matters is to ascertain in depth the very functions of the new minister. On this score, I feel the title is much less significant than the substance and it would be proper for the house to maintain the suggested title of registrar general which is one of long standing in the traditions of government, one that has always been in existence and one which reflects adequately enough, at least an important part of the role of the one responsible for the new department.

[*English*]

Mr. Nielsen: Mr. Chairman, the minister has dealt with this matter as though we were considering clause 1 of a separate bill and I propose to deal with it in the same way. I have said before and I repeat that, like the hon. member for Kamloops, I believe the only method by which organized criminal activities in this country can be combatted at all is on an organized basis. For that reason it is heartening to note that bankruptcy legislation once again will come under the same umbrella of jurisdiction as companies and winding-up legislation because these things are inseparable. However, as I see it, there still exists a great gap in that the enforcement agency will come under a separate minister.

When organized rackets exist in more lucrative areas, namely, in respect of bankruptcies, surely the enforcement of federal legislation should come under the jurisdiction of the same minister who is responsible for the administration of that legislation in breach of which these frauds are perpetrated. As the hon. member for Kamloops has mentioned, there is a responsibility and indeed, an urgent

necessity for federal authorities to co-ordinate all activities in this regard. This has been suggested in respect of fraudulent bankruptcies and bankruptcy legislation under the jurisdiction of the new department.

I should like to refer to one specific aspect of this matter which has been raised by the press, in comments both inside and outside this house and by the Minister of Justice in correspondence he has had with me. This matter relates to fraudulent bankruptcies and the proper course, if I may condense it in that fashion, to be followed by individuals who are interested in seeing a discontinuance of fraudulent activities by any person.

On May 11, 1966, I received a letter from the Minister of Justice which I propose to read into the record in order to make sure that the facts are stated correctly. It is dated May 11, is under the letterhead of the Minister of Justice, and reads as follows:

Dear Mr. Nielsen:

A Canadian Press story in this morning's edition of the *Globe and Mail* states that you told reporters in Windsor, yesterday, that you had information on the involvement of federal officials in fraudulent bankruptcies.

I am writing to you as the minister responsible for matters relating to bankruptcy, and respectfully request that you provide me or the Royal Canadian Mounted Police with any information you have in support of these allegations.

I assure you that my department and the federal government is anxious to ensure that no federal officials shall be a party to any wrongdoing.

Yours very truly,

Lucien Cardin,
Minister of Justice

I did not reply to that letter between that date and May 16, which was the date of a second letter directed to me by the Minister of Justice on his stationery. For some reason this one was registered. It stated:

Dear Mr. Nielsen:

A Canadian Press story in the May 11, 1966, edition of the *Globe and Mail* states that you told reporters in Windsor, last Tuesday, that you had information on the involvement of federal officials in fraudulent bankruptcies.

I am writing to you as the minister responsible for matters relating to bankruptcy, and respectfully request that you provide me or the Royal Canadian Mounted Police with any information you have in support of these allegations.

I assure you that my department and the federal government are anxious to ensure that no federal officials shall be a party to any wrongdoing.

Yours very truly,

Lucien Cardin,
Minister of Justice

In view of the fact that this matter has been raised by members of this house, the press and the minister I have had considerable difficulty and I have discussed my difficulty with the Solicitor General. It relates to the obligation of a member of parliament to this institution, the freedom of access of citizens to members and the information which comes to members as a result of that access accompanied by a request that it be kept confidential and that the names of these people not be disclosed.

• (4:30 p.m.)

I am glad to see that the President of the Privy Council is paying attention to what I have to say at this time. I should like to deal with two other facets of this matter. The first relates to the knowledge which the Minister of Justice had or should have had before he wrote the two letters which I have read. He knows, for instance, that I disclosed of my own volition certain information which was of substantial assistance in the Banks case. He knows too that I had discussions with officers of the force with respect to fraudulent bankruptcies before he wrote me these letters. Since that time I have had further discussions at the request of the informant. Therein lies the important difference between the obligation that a member has of his own volition, the obligation that he owes to the citizen to maintain free access to his member and the obligation the member has with respect to the institution itself.

But, sir, I would suggest to the minister who will likely be the new registrar general that there are certain investigative procedures that should be followed, and followed now, in cases such as fraudulent bankruptcies. There is a chain of investigative processes that parliament has authorized the Minister of Justice to follow in an inquiry into bankruptcy matters under the minister's jurisdiction, and we will clothe the new registrar general with the same kind of authority because these matters are imminently to come under this minister's jurisdiction if he indeed is going to be the registrar general as I anticipate.

He should follow these procedures and not, I suggest with respect and with no intention of innuendo or anything else with regard to the Minister of Justice, write members of parliament letters which in effect can be interpreted as "lettres de cachet", as I think they are referred to in French. When the minister wishes to investigate the conduct of any of the public matters with which he is charged by parliament the procedure for him

to follow is clearly laid out for him by parliament. This was one of the purposes of my asking the Prime Minister the question I did at the opening of the sitting today.

Under the Department of Justice Act, chapter 71 of our statutes, "The Minister of Justice shall have the superintendence of all matters connected with the administration of justice in Canada, not within the jurisdiction of the governments of the provinces." Under section 91 (21) of the British North America Act the federal government has exclusive legislative authority over bankruptcy matters. As the minister well knows, under this authority parliament has made the Minister of Justice responsible for the administration of the Bankruptcy Act. That is to be found in chapter 14 of our revised statutes. According to a government booklet entitled "The Organization of the Government of Canada":

> The administration of the Bankruptcy Act is under the supervision of the Superintendent of Bankruptcy, whose duty it is to ensure the efficient carrying out of the provisions of the act, who has certain powers of control over the trustees throughout Canada in the discharge of their duties, and who generally investigates and reports to the Minister of Justice on matters pertaining to the administration of the act.

In particular, parliament has given the Minister of Justice the exclusive power to authorize, if he considers it will be of public advantage so to do, the issue of a licence to a person to act as a trustee. The minister is thus solely responsible for the conduct of a trustee while the trustee holds that licence or any renewal thereof. I do not think it can be argued for a moment that a trustee is not a federal official appointed under the provisions of the bankruptcy legislation.

To counterbalance the responsibility thus placed upon the minister, under section 3, parliament has given the superintendent power to make or cause to be made investigations outside his office, and when it appears a licensed trustee has been guilty of any improper conduct the superintendent may report and make recommendations to the minister. The superintendent may report that his powers of investigation are not enough. In such case he may recommend to the minister that the minister avail himself of the more extensive powers that parliament has given to the minister under part II of the Inquiries Act, chapter 154 of our statutes. Section 6 of that act provides:

> The minister presiding over any department of the civil service of Canada may appoint at any time, under the authority of the governor in council, a commissioner or commissioners to investigate and report upon the state and management of the business, or any part of the business, of such department, either in the inside or outside service thereof, and the conduct of any person in such service, so far as the same relates to his official duties.

I take it that the same provision will apply to the new position and department of the registrar general. The commissioners are given power to take evidence under oath or affirmation, to issue subpoenas for persons and documents, and to refer contempts to the judicial courts for punishment. If these powers are not enough, parliament provides that the minister may take the matter to his colleagues and, if they so recommend, the governor in council may cause inquiry to be made on a broader frame of reference under part I of the Inquiries Act.

These are the methods that have been approved by parliament and these are the powers given by parliament to the Minister of Justice as the methods to be employed by him and the powers to be exercised by him in investigating the administration and the conduct of the public business entrusted to him by parliament. These methods and powers are investigative and in some aspects inquisitorial beyond the processes of the common law. Parliament has given them its imprimatur but has provided that the minister shall be responsible to parliament for his use or abuse of those powers.

The minister exceeds his powers and is in breach of parliament's intent when he issues the kind of letters dated May 11 and May 16 which I have read into the record. I would hope that the new registrar general, whoever he might be, would follow the proper course in administering any investigative processes coming under the bankruptcy legislation, or indeed any other legislation which might come under his jurisdiction, rather than following the course that has been followed here.

None the less, while I was not in a position, having regard to the privileges of members of this house and of the institution itself, to comply at the time, with the minister's requests set out in those letters, I have since receiving them been placed partially in that position and information respecting four companies has now been placed in the possession of the R.C.M.P. Until a few days ago I was not in that position, not wishing to breach the confidence of the citizen who brought me the information, a privilege to which he is entitled in terms of the confidentiality which

must exist between the citizen and his member if the citizen so desires it, but even more important, the obligation of a member of parliament to maintain that freedom of communication between the citizen and himself that is so necessary if this institution and its members are to stand for anything with respect to those freedoms.

I replied to the letter of the Minister of Justice in the following terms, and I think the record should be made complete by placing my reply on *Hansard*. My letter to the minister was dated May 26 and was directed to him as Minister of Justice:

Dear Mr. Minister:

I have received your letters of May 11th and May 16th, the latter for some reason, under registered cover.

You may be certain that I will continue to pursue all proper means to ensure that no federal officials shall be party to wrongdoing.

• (4:40 p.m.)

As you are no doubt aware, I have on more than one occasion communicated information to the R.C.M.P. which has been of substantial benefit to criminal investigations. I shall continue to follow this course wherever, in doing so, it will not be in conflict with my obligations as a member of parliament and to parliament, its privileges and those of its members.

I have spoken with your colleague the Solicitor General last May 24 and May 26.

I had not intended to participate in this discussion at all, sir, had it not been for the importance of the matter raised by the form of communication which was adopted by the minister. Every member of this house is constantly faced with the conflict which exists because of his obligation as a citizen with that which exists because of his obligation as a member of parliament. I am not inferring that this was done, but it does not behoove any member of the treasury benches to bring any form of pressure whatever upon a member of parliament with respect to his obligations which will harm the freedom of access of the citizen to his member.

This is what has happened here. I can refer the minister to my question No. 577 which I placed on the order paper many months ago. The last suggestion made to me by the minister in connection with that question was that if I, as a member of this house, would supply him with the names of the companies with respect to which specific answers should be made he would be delighted to provide the information. This suggestion was made notwithstanding the fact that on February 28 last he had information which I placed on *Hansard* with regard to five specifically named companies. No reference was made to this. I can tell the minister that in my files there are some 30 to 50 companies which require investigative procedures, the names of which companies I cannot, because of the obligation I feel as a member in protecting the confidential nature of communications passed to me, provide in this house. Otherwise they would have been disclosed.

An hon. Member: Then do it as a citizen.

Mr. Nielsen: I would dearly love to. Notwithstanding the fact that a constituent comes into my office, gives me information and then says, please do not disclose my name because I fear for my life, I do not want to wind up in a lime pit, is the hon. member advocating that I should disclose the information? If he wants to destroy that relationship, that is what we should do. If this house imposes that obligation on me and if I see it that way, that is what I will do. I do not believe that is the obligation of a member. I think his obligation is to maintain absolute freedom of access between the citizen and himself. If you breach the trust a constituent places in his member in communicating information of this kind, that relationship is utterly destroyed.

There is one manner in which these matters can be gone into properly and thoroughly and that is by following the investigative process with which parliament has clothed the various ministers. This involves setting up a proper inquiry under either part II or part I of the act. Once this is done, once you provide the vehicle, not only members but citizens of this country, industrial and commercial organizations, dozens and dozens of which have been making representations to me, to other members of this house, to the minister himself, to the Minister of Justice and the Solicitor General, will have access to the proper forum for investigation of these various complaints.

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

Mr. Nielsen: Certainly.

Mr. Cashin: As I understand the hon. member, he is defending the right of a member of parliament and the informant or whoever it is to have a confidential relationship. Will the hon. member not agree that by making a public statement he changed the complexion of this problem and in fact made it a different situation? Once the hon. member made a

public statement, did he not really prejudice this relationship and cast aspersions or doubt and therefore a member of parliament or anyone would be quite within his rights in questioning the statement because it put a number of people in a difficult position?

Mr. Nielsen: Not at all. I do not know whether the hon. member has had this experience but time after time I have had people write to me or see me in my office, as they did in connection with the Norris commission, and say, I am not going to say anything until I have the right to appear before a commission set up to make an inquiry into this matter and have the assurance of the protection of that commission. You remember what happened in connection with the Norris commission. Nobody would talk until the commission was set up. Once it was, once the ice was broken, you had all sorts of evidence adduced from people who were theretofore afraid to make disclosures. This is precisely the situation here, and that is the reason I have been urging specifically that this kind of proper investigative process be followed to inquire into the fraudulent bankruptcies which exist not only in the province of Quebec, as I said before, but in every province. As the R.C.M.P. report indicated, wherever there are densities of population you will find this type of racket. It is not a proper course to follow to get members to breach the obligation which exists.

Mr. Cashin: I am following the analogy the hon. member has just given the house in the case of the Norris commission and applying it to his own circumstances. He feels an inquiry is needed. He makes this statement and leaves the matter hanging in the air. There is an obligation on the public authority, be it a minister or anyone, to ask for that evidence so it can be used as a basis for the kind of inquiry which would be analogous to the Norris commission. Unless the hon. member is prepared to do that, then his analogy to the Norris commission is incorrect.

Mr. Nielsen: I suggest this is a new version—I will not put it that way because it will arouse political passions. What I will say is that the hon. member places a misconstruction on the analogy. It is not a proper course for any minister to follow to make inquiries of members, which I suggest he should know should not be made, when he knows there is a proper investigative procedure set down by parliament which should be followed. It has not been followed in this case.

[Mr. Cashin.]

I will leave the matter with this comment and then sit down. One of the most important rights or freedoms of any citizen of this country is the freedom to untrammeled and confidential, if he wishes, access to his member of parliament. Destroy that and the institution is no longer worth anything, nor the members sitting in it. If a citizen comes into your office or writes to you and says, I am in fear of my life if I make a disclosure in connection with this case, even if the circumstances are mentioned my life is in danger, then what is a member's obligation?

• (4:50 p.m.)

Even if the minister was correct in making an inquiry, what is his obligation? I suggest that the proper obligation is for the government in power at the time to follow the investigative procedures which parliament itself has provided to cover circumstances of this nature, and that it should do so under the new department which is being set up. That is one of the very first things it should do. You will find, Mr. Chairman, that once that happens people will come forward. Commerce and industry in this country would welcome it with open arms and so would many individuals who, as the minister pointed out, have been hit and hit hard not only by isolated instances of individual frauds in bankruptcies but by the organized rackets which exist today. That is the only way you are going to get as full disclosure as possible.

Mr. Douglas: Mr. Chairman, I desire to say a few words in support of the amendment proposed by my colleague the hon. member for Vancouver-Kingsway in which she suggested that the name of this department be changed to the department of consumer affairs and that the minister of the department be known as the minister of consumer affairs.

The President of the Privy Council, in replying to the arguments put forward in support of the amendment, suggested that the proposal of the hon. member for Vancouver-Kingsway would narrow the powers of the proposed department. Then the minister proceeded to demolish most of his own arguments by outlining the functions of the various branches which will make up this department. He pointed out that the purpose of this department, which the government desires to call the department of the registrar general, is to bring under one minister the public legislation relating to business organizations.

He also pointed out that the minister would have under him the administration of the anti-combines legislation.

The minister said that the purpose of this legislation was to provide competition which would be a spur to efficiency. What is the purpose, Mr. Chairman, of having efficiency in business organization if it is not to lower the price of the product and provide cheaper goods for the consumer? Surely the anti-combines legislation and the restrictive trade practices commission have been designed for years to act as instruments for the protection of the Canadian consuming public.

The minister also mentioned the patent law and the Trade Marks Act which primarily are designed to protect the consumer. He also made reference to bankruptcy. We in this party would prefer to see the bankruptcy and insolvency legislation under the jurisdiction of the Minister of Justice for the same reason that we argue that the R.C.M.P. should be under the direction of the Minister of Justice, namely, because the enforcement agencies that would implement the basic purposes of the bankruptcy legislation ought to be under the Minister of Justice. But even assuming that the bankruptcy and insolvency legislation are left with the proposed minister of consumer affairs, surely the purpose of bankruptcy and insolvency legislation is to protect the consumers. If there are losses owing to frauds in bankruptcy, ultimately the cost is passed on to the consumer.

The minister spoke of the Companies Act legislation for the supervision of the activities of companies. Again I point out that these companies exist specifically to serve the community and to sell to the consumer. Every piece of legislation which will come under the supervision of this new department ultimately has to do with the consumer. Therefore it is completely fallacious to argue that calling this department the department of consumer affairs will narrow its functions.

On the contrary, Mr. Chairman, we propose that its functions shall be widened. We cannot make this proposal under clause 6 but when clause 8 comes before the committee we shall propose that the clause be amended so as to give to the department and to the minister of consumer affairs powers with regard to two very important matters, one of which is to provide consumer protection.

The minister has already said that some 13 private bills are before the house dealing with consumer credit. Surely, Mr. Chairman, that underlines the tremendous interest and concern existing in Canada today with respect to the exploitation of the consumer which is now taking place on the part of small finance companies owing to the failure to disclose interest rates properly. Surely the time has come to set up a department to which the necessary powers will be granted to protect the public from small loans companies and loan sharks, to protect the housewife against misleading advertising and packaging and to guarantee the safety and quality of goods sold over the counter. If this department is going to serve the consumer, these are the kind of powers it will require.

Most important of all, Mr. Chairman, we think that such a department would have to have power to review consumer prices. This is something which the members of this party have been talking about now for at least a year and a half. We have drawn the attention of the government to the fact that the cost of living is spiralling at an accelerated rate.

The cost of living has gone up 4 per cent in the past 12 months and there is every indication that it will go up another 4 per cent in the coming 12 months. The Minister of Finance has himself budgeted on the basis that it will go up 3½ per cent, but that does not tell the whole story. The 4 per cent increase during the past 12 months is over the whole range of consumer goods.

For example, if one takes the list of 20 or 30 commodities which the average family must buy in order to maintain a minimum standard of decency, then the increase is much more than 4 per cent. In comparing April, 1965 with April, 1966 I noticed that while on all consumer items the cost of living went up 5½ percentage points, on food the cost went up 10.3 percentage points.

Items like food, clothing and drugs are items which the average family must buy. There are other items which they can postpone buying or which they can forego, but things like food, clothing, drugs and the payment of rent must be budgeted for and the increase in these costs has been a great deal more than 4 per cent.

• (5:00 p.m.)

The tragedy is, Mr. Chairman, that the government refuses to be concerned about the rising cost of living. So what happens? There are two categories of persons who are affected. Some persons, those in the first category must live on fixed incomes. They include those who have retired on a pension, who have an annuity or who draw the old age pension. For them an increase in the cost of

living means only one thing, a reduction in their standard of living. They are number one victims of the government's callous apathy and inaction.

The second group of persons are those receiving wages and salaries. The only way they can cope with the rising cost of living is to ask for more money. This is why we now have a rash of labour disputes from one end of Canada to the other. This is why the Minister of Labour is being harassed with the longshoremen's strike, with the dispute between Air Canada and its employees, with the dispute between the seaway employees and the seaway authority. In almost every province of Canada today strike votes are being taken and labour discord is rife, not because workers are anxious to go on strike—anyone who has that illusion ought to try walking the streets or manning a picket line week after week without any income to realize that going on strike is no picnic—but because they have no other recourse.

Unless workers can have more wages their standard of living must go down. Wages have lagged behind the rising cost of living and increased productivity. Workers in all parts of Canada are now asking for increased wages as they negotiate new collective bargaining agreements.

The government, which would not do anything about the rising cost of living, now finds labour disputes on its doorstep. You see, Mr. Chairman, in the period this government has been in office it has never faced its problems. It has thought that it could solve its problems by sweeping them under the rug. Anybody realizes that when you sweep problems under a rug they multiply. Instead of having one problem you end up with six. That is exactly what has happened to the government. It is faced with labour discord, strikes and threats of strikes which loom up all across Canada, because during its 18 months in office it has turned its blind eye to the problem of rising living costs.

I suppose, following the statement of the Minister of Labour on Friday, the government thinks that the answer lies in putting the cork into the neck of the bottle and stopping these requests for higher wages. The minister spoke the other day about the possibility of setting up labour courts. I think the government may as well know that the working people of Canada will never stand for any government allowing somebody to adjudicate the price of their labour while at the same time refusing to adjudicate on the prices the monopolies and combines demand for the products they sell in the consumer market. You cannot have a free market for the large corporations and a fixed, determined market governing the price which people get for their labour.

That is why we want to see a department of consumers affairs established. That is why we want set up under such a department a prices review board that will examine prices. If there is justification for setting up conciliation boards and arbitration boards to determine whether an increase in wages is justified, surely there is a case for setting up a tribunal to determine whether an increase in prices is justified. That is all we have been asking.

If the government once more turns down this suggestion it need not be surprised if labour disputes continue, if more farmers, as in Quebec, wheel their tractors out on the highway declaring that they will not pay their taxes. The government need not be surprised if the farmers on the prairies, finding that wheat, the main commodity they have to sell, has gone down in price while their cost of production has gone up, cry out in protest.

That is why we feel that this amendment is more than merely changing the name of a department from department of the "registrar general" to the department of consumer affairs. This amendment asks the government to set aside one department which, in addition to the duties already outlined by the minister having to do with anti-combines legislation, bankruptcy, the Trade Marks Act and the Companies Act, all of which concern consumers directly or indirectly, shall be charged with the positive and definite responsibility of protecting the consuming public of Canada against exploitation, against deception and against selfish and greedy profiteering.

I make a plea to the government to heed this request and consider this amendment. If the government fails to do so the troubles which today concern the Minister of Labour, and I am sure they do concern him, involving the discord and strife which have already appeared on the horizon of the labour front, will multiply in geometric progression and this country will face a very serious situation in the next 12 months.

If the Minister of Finance is right in his prediction that the cost of living in the next 12 months, as it has done in the previous 12 months, will rise by 3½ to 4 per cent, then

we have only begun to see the discord and animosity which will arise in employer-employee relationships. The government now has a chance to act before it is too late. If it fails to act now I suggest it will reap the whirlwind of labour discontent in this country.

Mr. Leboe: Mr. Chairman, I wish to make a few brief remarks about the amendment. I certainly do not intend to range far and wide, as did the last speaker. I am convinced, despite the last speaker's opinions, that this amendment merely changes the name of the department. I do not think one can help but appreciate the objective of the amendment and we understand it. Personally, and here I am speaking for my party, I do not believe that the amendment will achieve what the hon. member has in mind. I think that the proposed name, "registrar general" expresses far more clearly the duties, activities and objectives of the department. I am not in favour of any change in the name.

• (5:10 p.m.)

Consumer affairs are much too important to be involved with a great many other considerations. With much of what the hon. member for Burnaby-Coquitlam has said I agree, though, of course, he said other things with which I do not agree. I do not think the amendment would enable us to reach the objective which many members are seeking. I believe we should place consumer affairs on a completely separate basis. There should be a much wider consideration of the whole field, including consumer credit.

It is not enough merely to suggest that the name of a department be changed. The last speaker indicated that there would be other amendments to put more teeth, as it were, into the proposal now before us. But consumer affairs are much too vital to be handled in connection with the many other items listed in this and following clauses. For these reasons we intend to vote against the amendment.

Mr. Gilbert: Mr. Chairman, I rise to support the amendment put forward by the hon. member for Greenwood. When I first read the title of the proposed department, department of the registrar general, I at once connected it with the department of the registrar general in Ontario which deals with vital statistics and lists births and deaths. I would not want people from Ontario to become confused about the names of these departments.

Miss LaMarsh: I wonder whether the hon. member knows that the Secretary of State is also the Registrar General of Canada at the moment.

Mr. Gilbert: Thank you very much. I am sure the hon. lady knows we have a registrar general in Ontario who records births and deaths. That is the point I was making. I would not want the people of Ontario to become mixed up in this regard, which is a good reason for changing the name of the department and calling it the department of consumer affairs.

Looking at the list of the duties and functions of the department one finds a close relationship with the interests of consumers. The handling of corporate affairs affects not only the particular companies concerned but all the people of Canada. The question of copyrights and patents also affects all Canadians, as do bankruptcy and insolvency, the important subject with which the hon. member for Yukon dealt so fully. I hope the government will pay no attention to his suggestion that when the bill comes to us from the other place it should be referred to the committee on justice and legal affairs. I am sure that measure has received full consideration in the other place and it is my view that it should be given speedy passage through the House of Commons. The Canadian people, more especially Canadian businessmen, believe that fraudulent bankruptcies demand immediate attention. To refer this legislation to a committee, thereby holding it up for some considerable time, would not be fair to Canadian businessmen or to those who have been adversely affected by bankruptcies.

As to combines, mergers, monopolies and restrictive trade practices, it is hardly necessary for me to say that this field directly affects Canadian consumers. If we look at the cost of living index for February, 1965, we find that it stood at 137.1. By February, 1966, it had risen to 142.5, an increase of five points or 3½ per cent. Since then the increase has gone to 4 per cent.

When I heard the Minister of Labour suggest on Friday that perhaps the time had come for the imposition of compulsory arbitration in certain areas of labour relations I was prompted to say immediately that the time has come to set up a department of consumer affairs, particularly a prices review board. Both shoes must be worn at the same time. You cannot ask for restraint and control in connection with wages without imposing

similar restraint and control with regard to prices. It is important for the President of the Privy Council to realize that the combines legislation has not been effective in the past. We say that teeth should be put into this legislation in order to make it more effective in checking some of the practices which have been carried on by corporations across the country.

The Canadian consumer is also concerned about false advertising and packaging. These are matters which could be effectively dealt with by a department of consumer affairs. I agree with my hon. friend from Vancouver-Kingsway that a lead was given by the Prime Minister when he made his opening remarks on the subject of government reorganization and recognized the need for a department to deal with the many problems of vital interest to the consumers of this country. We say the time for action has now arrived because of the tremendous increase in the cost of living.

• (5:20 p.m.)

There is one other matter on which I should like to comment. As the minister knows, there are dominion companies and provincial companies, the latter coming within provincial jurisdiction. In Ontario companies fall within the responsibility of the provincial secretary. Form now on, the department of the registrar general will have responsibility for federal companies. I entirely agree that the department must be headed by a person with legal experience. This is inevitable bearing in mind the many conflicting aspects of a registrar's functions. A colleague of mine says that possibly we need a layman in charge who would clear up the confusion, but I suggest it would be compounded by having a layman as the head of the department. We need a person with legal training who can cope with the intricate problems involving bankruptcies, combines and so forth.

The leadership with regard to consumer affairs must come from the government. It would be a sad mistake for the President of the Privy Council to say that consumer affairs are a provincial matter and that the federal government operates within a very narrow area. I suggest to him that it is the federal government which has to give leadership in this field, and it is to him we look for that leadership. He cannot shelter under the umbrella of alleged provincial jurisdiction. Therefore, Mr. Chairman, I fully support the amendment and urge that it be supported by all hon. members.

[Mr. Gilbert.]

Mr. Nasserden: Mr. Chairman, I believe that to call the department the department of consumer affairs would be a mistake and I would have to vote against the amendment. I suggest that if the mover of the amendment wants consumer affairs incorporated as part of the responsibilities of the new department the words "consumer affairs" could be added as paragraph (e) of clause 8. This would give substance to the intent she has in mind and I would be willing to support such an amendment.

Mr. Brewin: In response to what has been said by the hon. member for Rosthern I should like to inform him that the hon. member for Vancouver-Kingsway intends to propose an amendment to clause 8 as he suggests, but clause 6 comes first and we have to deal with it at the start.

I want to plead with the government to accept the hon. member's amendment. If the arguments put forward by my leader and the hon. member for Vancouver-Kingsway do not carry weight with the government, then I plead with the government to pay attention to the amendment on the grounds of poetry, psychology and public relations. The term registrar general conjures up some official putting away dead documents, in other words, a keeper of musty records.

I believe that the President of the Privy Council holds a title which has some degree of romance and interest in it. Likewise the Minister of Justice has a title conjuring up something which makes sense, as have the Minister of Industry and the Minister of National Defence. Surely when naming a department which is to have important functions of government we do not want to give it a meaningless, dry as dust title.

It is not simply a matter of nomenclature or words. The purpose is to give notice to the long-suffering consumer that at last parliament, through the government, is concerned about the affairs of consumers. I am not going to repeat what has been said by other hon. members, but we all know that the consumer is the forgotten man and, even worse politically speaking, the forgotten woman when it comes to dealing with problems of government.

It has been suggested that we cannot discuss clause 6 intelligently without relating it to clause 8. Clause 8 gives the proposed registrar general responsibilities relating to combines, mergers, monopolies and restraint of trade. Why are we concerned with these

subjects? It is because we are concerned that the consumer shall not be gypped. Under paragraph (b) his duties relate to patents, copyrights and trade marks. The law we have on our statute books at present deals with trade marks and unfair trade practices. What we are urging is that the concept of unfair trade practices be enlarged so that we may have a department and a minister responsible not just for dealing with patents, copyrights and trade marks but for dealing with all unfair trade practices.

What allies these subjects is the protection of the consumer. I do not want to deal with the question of bankruptcies and insolvencies because that should come under the jurisdiction of the Minister of Justice, but the trouble with corporate affairs at the present time is that the consumer has been forgotten. All sorts of people have manipulated corporate affairs and have forgotten that corporations exist in order to serve the consumer.

As I understand the concept of this department, as explained by the Prime Minister, it is that we should have someone in government concerned primarily to speak within the cabinet for the great body of Canadian consumers. Do hon. members believe that organizations like the Canadian Association of Consumers, which contains in its ranks a vast number of thoughtful, politically-minded women, would ask for this department if they did not think it had any meaning? I suggest that they are among the most practical-minded people in the whole community. They have asked for this department and for this name in order to stress something which hitherto the government has overlooked to a considerable extent.

If I had been on the government benches I would have accepted the hon. lady's amendment as a good piece of advice. I would have said, let us do this in a way that indicates a concern about consumer affairs and indicates to the people of Canada that we are taking a new look at this matter, instead of selecting a title like "registrar general."

With all due respect to the present registrar general, the title is one without poetry, without romance, with no evocative implications whatsoever. I say that for the sake of a more imaginative name, for the sake of psychology, for the sake of public relations, the government should accept a sensible amendment of this sort and indicate its intention to deal with consumer affairs. It is not a matter of words alone.

I was happy to read this morning that the hon. member for Outremont-Saint-Jean, the former secretary of state, said when speaking in Toronto that several federal departments should disappear. I am sorry he is not in the chamber at the moment and so I cannot ask him which, but he said that a new department of scientific, consumer and family affairs should be formed. I say that the hon. member was speaking with good sense and I urge his colleagues to pay attention to his words.

I cannot see why this amendment should not be accepted. I repeat that it is not just a matter of title or name. If the title is changed in clause 6, then in clause 8 we can add more specific direction to the government showing that we want the affairs of the consumers to have priority, and this is the only way we can show it.

• (5:30 p.m.)

Mr. Baldwin: I should like to say just a few words, Mr. Chairman. Mention of poetry always is a challenge to any member of this party which has a great deal of poetry in its make-up. The suggestion of the hon. member for Greenwood that the title should be changed because the proposed title would be more imaginative and more romantic makes me take the position that if this amendment were carried I think in the result the new name of the department would contain an indication to the general public that it was far more involved in the subject than actually would be the case. While I have every sympathy with the motives of the member who moved the amendment and others who have spoken in favour of it, I must say I feel compelled to vote against it. I do this with the full knowledge of the truthfulness of so much of what has been said, but I think the suggested name would indicate to the average member of the public that the federal government was assuming responsibilities which it in no way could undertake to fulfil or carry out.

The questions of interest disclosure and consumer prices are tremendously important at the present time, but how is it possible for the government, even if a prices board were established, to deal with this matter? By the time the board had been established, hearings held and the inquiry made, the prices would have been so interwoven into the economic fabric that it would be far too late. If such were possible, I like the idea proposed by the Labour government in the United Kingdom

shortly before the election to set up a board and make it mandatory for notice of proposals to increase wages and prices to be given. This would permit a period before the increases became effective in which there could be a valid inquiry. Of course, you would have to relate this to the Criminal Code because unfortunately in our distribution of constitutional responsibility the federal government finds this difficult except in the case of emergency. That has been the jurisprudence.

I offer the suggestion to the government that if members of the legal staff of the department are interested in trying to suggest that an emergency does exist they might say that so long as the present government stays in power there is a national emergency. This might form the basis for a solid argument because, of course, a national emergency would give them the right to intervene and deal with prices as in wartime. I doubt, however, that this advice is acceptable.

I do feel that imagination and romance would not recommend themselves to those in the department who say that the new department of consumer affairs would fail because it would be giving to a department of the federal government rights which it should not have. Much as I am in sympathy with the amendment, under these conditions I do not feel I can support it. For example, we have the suggestion that patents, copyrights and trade marks would be involved in the work of this department. I have had some discussion with the President of the Privy Council about this previously. Because this branch of our jurisdiction is founded on a narrow application of the criminal law it has been established as a result of a number of decisions that it is almost impossible for there to be that form of tracing of prices under the guise of combines, mergers and monopoly legislation that the government and the people may require.

Some time ago the minister indicated that some consideration was being given to an attempt to broaden the jurisdiction by seeing whether it could not be founded as well on trade and commerce. The very fact that the subject matter is now assigned to the department of the registrar general and not under the control of the Minister of Justice indicates that the government may be moving in that direction. The minister has not said anything. I do not know to what extent the officials of the department have considered this point and to what extent the law officers of the crown or officials of the restrictive trade practices branch have made progress in an attempt to find an acceptable formula which would meet the constitutional law. It would be a very considerable step forward if something like that could be found. The fact that this subject matter is assigned to the registrar general is of some significance, but although I have every sympathy and find that for these reasons I cannot support the amendment. The suggestion by the hon. member for Rosthern might have some value if by the time we reach clause 8 there is a further amendment.

Mr. Peters: Mr. Chairman, I have listened with interest to the discussion which has taken place on this amendment. I should like to advise my colleague, the hon. member for Greenwood, who said it was very difficult to understand why the government could not accept the amendment, that he might have understood if he had looked at the civil servants in the gallery and had noted the consternation expressed by them in the last few minutes and the exchanges which have taken place. I am sure he will find that the government really cannot deviate from their policy because there is no one here who could authorize a deviation even if they wished to. I think also there is some indication now that the minister has been picked. I did not realize this previously.

If a consumers' department were established I should like to see the two ladies on that side involved in it. I should like to see the parliamentary secretary to the Minister of National Health and Welfare take over the consumer affairs department as minister because, although the government may not know it, half of the people in Canada are women and half of the voters are women.

Some hon. Members: Hear, hear.

Mr. Peters: They may not have realized this, but I think the women of Canada will be very much interested in the idea put forward by the hon. member for Vancouver-Kingsway. She says that all the consumers of Canada are interested in having a department which would supervise many of the things which they think are not being supervised at the present time. It is quite true that no matter who might be the minister of this department he or she would be capable of doing something in this field, but I suggest that a woman would be much more capable in supervising the problems of consumers for the very simple reason that we in Canada seem to turn over to the women of the nation

most of the problems which concern the consumers of the nation.

We allow the women to do the buying. They are the ones who have to make the payments on the car. They are the ones who buy the groceries, pay the telephone bill and know when the taxes have gone up. The poor breadwinner is out working so hard that he cannot be bothered with these routine problems.

Mr. Stewart: Mr. Chairman, I should like to ask the hon. member for Timiskaming whether the ladies in the house would not be likely to feel better with regard to the general argument he is now putting forward if he would first deal with the cogency of the argument just advanced by the hon. member for Peace River.

Mr. Peters: Not being a lawyer I am in a very fortunate position; I do not have to become involved in the legal arguments raised in the house. There are others who are in a better position to do this than I. It would be rather foolish for me to argue here whether the establishment of a department of consumer affairs would interfere with provincial rights.

• (5:40 p.m.)

Mr. Stewart: May I ask the hon. gentleman whether he concedes that the legal situation is at least of some relevance?

Mr. Peters: Certainly I agree and I have no argument in that regard. However, the hon. member must realize that sooner or later, and I suggest that the sooner the better so far as the Canadian people are concerned, the government is going to have to face up to the fact that the consumers have some rights, and is going to have to get around the legal problems. The argument about legality in my opinion is more often abused than used.

I note that various members of the government department concerned are in attendance today and I am sure they could advise my colleague why the department is taking the stand it apparently is taking today. It is unfortunate that the government could not meet and decide upon their reasons for not accepting this amendment which would change the complexity of the contemplated department. In my opinion the amendment is not so involved that it cannot be understood.

In view of what the President of the Privy Council has said about the responsibilities and duties of this department, there seems to be some similarity between the department and a consumers department such as we have suggested. We believe this department should concern itself with the problems that arise in regard to bankruptcies, copyrights, trade marks and restrictive trade practices. There seems to be a difference between our thinking and that of the government in that we are looking at the whole situation from the point of view of the consumer and the government seems to be looking at the situation as it affects corporate bodies and the legal interpretations that are involved.

In the result the consumer is the individual who always is hurt as the result of bankruptcies and the disadvantages which arise from restrictions in respect of copyrights. These are the people who are the victims of any non-competitive system of trade such as is allowed to develop in this country as the result of the structure of many of our corporations.

One of my colleagues referred to the serious labour difficulties that have been experienced in Canada this year. I should like to echo his sentiments and add that in my opinion the situation will become worse before it becomes better. It will worsen because most trade unionists are also consumers and know that if there is a 3.5 per cent increase in the consumer price index the retail consumer price will probably increase by 10 per cent. In this regard it is interesting to note that when one of the larger unions was presented by its bargaining committee with one of the best contracts ever negotiated on the North American continent it told the committee to renegotiate and get a better contract. No doubt this happened because they were aware that recent financial figures indicate that corporations are making higher profits than ever before and are being allowed special concessions for depreciation and expansion programs. The workers of this country realize that they are in a good bargaining position to obtain a fair share of the spoils.

We hope that some protection will be extended to all purchasers in Canada. As the former Conservative government often said, we should have competitive enterprise. So far as the consumer is concerned there is no such thing in Canada as competitive enterprise. Most of the enterprise in Canada is monopolistic rather than competitive. All one has to do is drive down the street and check the price of gasoline at various service stations to realize that the price is always the same regardless of the overhead involved. Anyone

who has any kind of business experience must realize that overheads vary and therefore prices should fluctuate. We all know that if Weston Bakeries increases the price of a loaf of bread all the rest of the bakeries follow suit. This fact is true of many other companies. For instance, if the price of sugar is raised by one of the largest companies the rest of the companies increase the price of sugar.

Apparently there is no supervision on the part of the government in regard to consumer prices. Many people were surprised to find this year that their telephone bills continued to increase in spite of the fact that the dividends paid by the Bell Telephone Company were the highest in history. They were so high that a government board investigated the situation and recommended that there should be some limitation. Surely this type of curb should be applied to all unreasonable or unrealistic increases in the price of consumer goods.

The type of department we have in mind could consider many things and supervise in fields in which the government has not been involved before. There seems to be an attitude on the part of governmental officials that if they become involved in fields with which they have had nothing to do previously it will shock the sensitivity of provincialists. We in this party believe that the minister of a department of consumers affairs, particularly if the minister were a woman, could look into the problems which housewives face in respect of varying sizes of clothing. Let me outline the problems I have in mind.

There is a tremendous variation in the actual size of children's clothes and shoes manufactured by different companies. It is obvious that all ten year old children are not going to be able to wear the same size pants, nature being what it is, but it would be nice if a mother could order a certain size and always get the same size regardless of the manufacturer. A pair of size 10 pants today should be exactly the same size as another pair tomorrow or next week. A department such as we have in mind could develop a Canadian set of standards so that all sizes would be uniform and so that when a company labelled an article of clothing as being shrink-proof it would be just that and would remain the same size after it was washed.

Something similar should also be done with regard to canned and packaged goods. How many housewives get hosed every time they buy so-called bargains at the grocery store? For example, usually the housewife will buy a 13-ounce can of peas, but when they are put on sale at perhaps six for a dollar they are actually 5 or 6 ounce cans with the result that she is not getting a bargain at all. These goods should also be standardized as to size.

Miss LaMarsh: What about frozen goods? They all come in standard sizes.

• (5:50 p.m.)

Mr. Peters: I did not know that frozen goods came in uniform sizes, and perhaps what the hon. lady has said strengthens my argument. Frozen goods are sold by the pound and therefore they are the same in size. If this were true of all canned and packaged goods I am sure that the housewives of Canada could budget their money and make it go further than it does today. In my opinion, if this kind of advice were given to the housewives of Canada it would make their budgets go a lot farther than is the case at the moment. This is the kind of thing that consumers would expect from a consumers' bureau.

Perhaps the government is not interested in the housewives of this country. Perhaps they are not really interested in consumers at all. But I suggest they had better think about this question because the housewives are very vocal in this regard. They certainly are to me. Every time I walk into a grocery store at home I believe I talk to every housewife in the store about this subject, not because I want to do so, because I would like to sneak in sometimes and buy something and leave. But that is not possible. If I go into a grocery store I know I will hear from every housewife there about the increase in prices since the last time she shopped.

I believe the government will have to face this problem because sooner or later the housewives will decide that they are going to do something about it. Certainly organizations such as the Voice of Women, the consumer groups, the better business bureaux and others are now finding that the people are not just willing to talk at meetings but are interested in finding out what they can really do to solve these problems. They no longer are satisfied with talking about mundane things which have been brought before parliament in the past, and they will be putting before us matters of substance about which something should be done.

I would also like this consumers' bureau to have something to do with public utilities because I think this is a field that such bureau would want to take a close look at.

We are finding that there is no competition in most of the public utility fields. In many ways we have established national monopolies in this respect. There is very little supervision over these public utilities and the agencies which have been created are certainly not capable of supervising them.

This is obviously true in the case of the Board of Transport Commissioners, which has looked at the operations of the Bell Telephone Company and has not been able to decide whether the Northern Electric Company should be divorced from the parent company although it knows full well that there have been many write-offs between these companies which have worked to the disadvantage of Canada and have provided no advantage to telephone subscribers. We have found that the subscriber has had to way of bringing his complaints to the attention of the company except by writing to the president. I was very surprised to hear the president inform us when he appeared before a committee not long ago that all complaints of subscribers of the Bell Telephone Company went to him. I presume the company runs itself and all he has to do is act as a clearinghouse for complaints. This is obviously a field in which the government should be interested, becauses we should be able to have as cheap telephone service as possible, allowing for a reasonable profit to the company and a reasonable amount of accumulated capital for whatever expansion is deemed necessary.

These remarks also apply to bus services in the various communities. There should be some type of control over such utilities which will provide at least a yardstick for assessing whether the consumer is getting a fair shake. The government is now toying with the idea of doing something in respect of the problem of car safety. They are being dragged into this problem by the scruff of the neck and the minister is fighting vainly to withhold action in this regard. I believe this is a field in which consumers are vitally concerned and will one day decide to so something about it in an election. It seems that the only way of changing the mind of government is for its members to travel about the country and at each meeting they attend a terrific bombardment in respect of these maters. During an election campaign the people are told that policy changes will be made but when we leave the election period the reluctance to continue a particular investigation is obvious.

Therefore, Mr. Chairman, I do not expect that the government will consider the problem of consumer affairs. I do not think they will consider it simply because they did not think about it before the senior civil servants made up their minds what was going to be included in the new department. I believe this is a sad state of affairs and something the cabinet should think about. They should be in a position to make some decisions on their own; they should not have to wait until the senior civil servants decide for them whether they are going to do certain things. They should think about this question and be very cautious in choosing ministers for the various departments before the bill is passed and the departments are established.

I say this, Mr. Chairman, because I honestly think that if this change were made it would be very much appreciated by the Canadian public. I think the government would find that this department would bring in a great deal of good legislation which would provide an outlet for many of the complaints that will occur in the next few months as the cost of living continues to spiral. Consumers have not the right to strike; they have not the means with which to strike. No consumers' campaign in this country, including the one carried out with respect to bacon, has been a success in my opinion. It took five or six years before anything was done in that case.

Mr. Nicholson: Mr. Chairman, would the hon. member permit a question?

Mr. Peters: Yes.

Mr. Nicholson: Is it not a very good thing that somebody has not the right to strike?

Mr. Peters: I agree with that, Mr. Chairman, but I have always thought that a consumers' strike would introduce a new element into the picture. From the point of view of the Minister of Labour it is certainly a good thing that some people have not the right to strike, but I believe he would agree that the reasons behind consumers taking this kind of action would be unlike those of people in other fields.

Therefore I hope the government will give consideration to this matter. I know that the hon. member for Vancouver-Kingsway has been very interested in the problem. I know that all women are very interested in it. I believe it is very difficult for a member of parliament, unless he is badly henpecked —certainly nobody is going to get up and say

that he is—and goes to the grocery store and does the shopping, to be fully aware of the problems in this regard.

However, the housewife is well aware of the fact that every time she goes shopping prices increase by one or two cents and that often the produce she buys is subject to sleazy merchandising, improper labelling and in many cases fraudulent advertising. I do not know the legal situation in this regard. If I were a lawyer I might not feel the same way about these things. In my opinion there may not be a federal case for the courts, but with regard to most consumer goods we are receiving representations that in my opinion are justified. The quality of products is not in conformity with the advertising. This is true, of course, with respect to soaps and many other things. Each manufacturer says that his product is the best, and being a layman I wonder how every product can be the best and none can be inferior. I believe the consumer will demand that certain things be done in this field.

I know that the hon. member for Vancouver-Kingsway will continue to press for action in this area, and as she continues to press for action the women of this country will learn that they have a voice in this house and a defender of their rights in the political arena. In time we will find that the women of the country will become more and more vocal in this respect and something will have to be done to solve their problems. Attention will have to be paid to their requests. I suggest to the government that they will in the future find themselves in a much better position if they accept this suggestion and do something about it. They should take this suggestion under consideration and at least be willing to put these two departments together, namely, the department of the registrar general and the department of consumers' affairs. If they wished they could have an associate minister of that branch because I can see some difficulties in uniting these two branches without a major change in clause 8.

• (6:00 p.m.)

I hope the government will give consideration to the proposal. More important, I hope the senior civil servants, who are already wedded to the bill they have prepared, will give some consideration to it because I am sure their wives will tell them that this is a very important matter. I have been here long enough to know that if there are good arguments supplied by some of the senior civil servants the minister is generally quite prepared to adopt them.

Mr. Saltsman: I should like to call it six o'clock.

The Chairman: It being six o'clock, in order that the house may proceed to the consideration of private members' business it is my duty to leave the chair.

JUSTICE AND LEGAL AFFAIRS

REFERENCE OF SUBJECT MATTER OF MOTION NO. 38 TO STANDING COMMITTEE

Mr. J. B. Stewart (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, I should like to ask consent of the house to make two motions to refer subject matters to a standing committee.

Some hon. Members: Agreed.

Mr. Fulton: Before we agree, what is the subject matter?

Mr. Stewart: In one instance we have a motion dealing with the matter of highway safety. This is similar to several other motions that have been referred to the standing committee on justice and legal affairs. The other is the subject matter of Bill No. C-176, which appears on page 22 of the order paper.

Mr. Deputy Speaker: Does the house give unanimous consent to move these two motions?

Some hon. Members: Agreed.

Mr. Stewart: Mr. Speaker, I move:

That the subject matter of private members' notice of motion No. 38 be referred to the standing committee on justice and legal affairs.

Mr. Fulton: May I ask as a matter of information—I assume this is so—whether the mover of the motion has consented?

Mr. Stewart: Yes, Mr. Speaker, that is the fact.

Motion agreed to.

REFERENCE OF SUBJECT MATTER OF BILL C-176 TO STANDING COMMITTEE

Mr. J. B. Stewart (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, I move:

That the subject matter of Bill No. C-176 be referred to the standing committee on justice and legal affairs.

Motion agreed to.

Mr. Knowles: Mr. Speaker, in the light of the two motions moved by the parliamentary secretary to the Minister of Public Works, I ask on behalf of my colleague the hon. member for Greenwood if the parliamentary secretary would consider also moving that the subject matter of Bill No. C-105, order No. 68, be referred to the same committee?

Mr. Stewart: I shall be glad to look at that particular order to see if it cannot be treated in a similar way.

Mr. Knowles: It deals with insanity too, so let us get it off the floor.

PROCCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED UNDER ADJOURNMENT MOTION

Mr. Deputy Speaker: It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at ten o'clock this day are as follows: the hon. member for Chapleau (Mr. Laprise), Agriculture—importation of eggs into Canada; the hon. member for Saint John-Albert (Mr. Bell), Trade—Canada-West Indies—steps to bring about improvement; the hon. member for Vancouver-Kingsway (Mrs. MacInnis), External Affairs—assistance to developing countries in population control.

CROWN CORPORATIONS

APPOINTMENT OF MEMBERS OF PARLIAMENT TO BOARDS OF DIRECTORS

Mr. J. E. Walker (York Centre) moved:

That, in order to provide elected representation on the boards of crown corporations and other companies as may be owned, operated, or controlled by the federal government, this house is of the opinion that the government should consider the advisability and the expediency of taking such steps as will provide for the appointment from time to time of members of this house as unpaid directors of some or all of such crown corporations or companies for a term not longer than the life of one parliament.

He said: Mr. Speaker, I hope the house will be as amiable in dealing with this resolution as it has just demonstrated it can be in dealing with the two motions put forward by the parliamentary secretary. Before I commence my remarks on this subject I should like to say a word of encouragement to the new members of parliament in connection with any bills or notices of motion they may put on the order paper. In February, 1964, I put this motion on the order paper. Since that time a number of sessions as well as an election have intervened and a new parliament is in progress.

I can only suggest to new members, who feel some discouragement about their particular ideas which they would like to be discussed publicly, that they should not be discouraged but put them on the order paper and some day, as a result of that famous draw for position that takes place in the Speaker's office in connection with motions and bills, they may get up to No. 17. This will mean that they will be able to air their views.

I suggest that the motion today is an interesting one, not just because it is in my name and seconded by the hon. member for Coast-Capilano (Mr. Davis) but because it does cover an area of increasing public concern. Regardless of the disposal of this motion today, Mr. Speaker, I hope we have a good discussion of it. I hope we can have a non-partisan discussion because a reading of the motion will indicate there is no mention of the fact that representation on these crown corporations should be only by the members of one party or those representing the government side of the house.

• (6:10 p.m.)

There are three purposes underlying the notice of motion and I should like to put them forward for consideration. The first is that such representation on the boards of directors of crown corporations would serve as a taxpayers' watch dog. Second—I will elaborate on this as I go on—there is an opportunity provided for involvement and participation on the part of members of parliament. I believe that this involvement and participation is very much in line with the thinking of most of the private members of parliament these days is something which could be raised, and we should be working toward that end. This raising of the status of private members is the third purpose of the notice of motion.

With regard to the first point of having what I call a taxpayers' watch dog on various crown corporations, and they fall into different categories, this is doubly necessary at a time of increasing expenditure on the part of public bodies which largely are cut off from any direct responsibility to the taxpayers, the people who in some instances are subsidizing their very operation.

I might not have put this motion on the order paper if that trend toward indirect

spending had been diminishing rather than increasing, but there is an increasing trend toward what I consider to be a deflection away from the principle for which parliament was originally set up. Basically, I think the original and perhaps only purpose of parliament was to make a very close examination and give final approval or rejection of the spending of tax dollars. I have heard it said in this house that really this is the main purpose of the House of Commons, to pass estimates and approve the spending of tax dollars.

The matter which concerns me, Mr. Speaker, and I believe should concern every member of the house, is that increasing amounts of tax dollars are being put at the disposal of non-elected people and bodies whose only responsibility to the public, through this house, is to a minister of the crown. We all know the position of ministers of the crown who report to the house on behalf of crown corporations when questions are put to them. I suggest that the only reply they can make is that they will refer the questions to the crown corporations concerned and will report back to the house. The min ster really only serves as a channel to obtain the opinions of people serving on a non-elected board.

May I, Mr. Speaker, in case we do not realize the amount of money involved quickly run down some of the figures about which we are talking today. If I might digress a little, when this motion was placed on the order paper a little over two years ago considerable attention and publicity was given to it in the press, and some interest by way of correspondence was also shown.

I am not saying that the motion is perfect in all respects, but the idea of more direct control over spending by the House of Commons did seem to receive quite favourable comment and commendation in the press. At any rate, one article outlined the three types of agencies or corporations. There were three groups: the agency corporations, the proprietary corporations and other corporations.

In the first group appear such giants as Atomic Energy of Canada Limited, with a budget of $62 million. Then there were Crown Assets Disposal Corporation with a budget of $6.5 million, the National Capital Commission with an $84.4 million budget, the National Harbours Board with a $470.7 million budget, and Northern Canada Power Commission with a budget of $28.5 million.

The figures in the second category are as follows, and I presume that these figures are now two years out of date. There are such proprietary corporations as the Canadian Broadcasting Corporation, with a budget of $108.3 million, the Canadian National Railways with assets of $3,754 million, Overseas Telecommunications, $61.8 million, Central Mortgage and Housing Corporation, $2,000 million, St. Lawrence Seaway Authority, $507.3 million and, of course, there is the Bank of Canada with assets of $3,300 million.

My point, Mr. Speaker, is that these are terrific sums of money which have been placed in the hands of corporations some of which operate at a profit. Of course, profit is a relative thing, so I do not think that is a great point; but some of them do operate under a deficit, and I think that is a very pertinent consideration. We have placed huge sums of money at the disposal of these corporations, some of which are subsidized with the taxpayers' money, but no direct control over them is exercised by members of parliament.

My understanding as a representative of a constituency is that one of my duties here is to keep track, as much a I can, of taxpayers' dollars and how and where they are being spent. Some people fear the political control which one member of parliament might exert over the board of directors of one of these crown corporations. However, Mr. Speaker, I suggest that this is a fallacious argument against this proposal. I cannot see that one member of parliament, even if he be most loquacious, in the minority position he would be in on a board of 15 or 20 directors would have a very disastrous effect on that board.

Mr. Churchill: Would the hon. member answer a question?

Mr. Walker: Yes, sir.

Mr. Churchill: Would the hon. member not be disturbed if, say, the hon. member for Lapointe (Mr. Grégoire) became a director of the C.N.R.?

Mr. Walker: No, Mr. Speaker, I would not at all. I say that because, in the limited way in which we examine these crown corporations in our house committees, the hon. member for Lapointe has in my judgment done a very good job. I believe that besides such examination in committee any member of this house should be permitted to bring a public opinion before a board of directors of a crown corporation, something which in my judgment

is now lacking in light of some of the decisions which have been made.

One of the problems created by the policies of crown corporations is that inevitably, if the policies are good, parliament does not get any credit for them. However, if they are bad policies, parliament and the government, whether it be formed by those on the opposition benches or by us on this side, get the blame.

Quite frankly, Mr. Speaker, it is pretty galling to me when as a member of parliament I return to my riding to be blamed and criticized by taxpayers for some decision taken by a crown corporation over which I or this parliament have no control and no opportunity at the policy-making level at least to present a point of view. I see no danger in one lone member of parliament ruling a crown corporation.

Mr. Whelan: Do not forget the I.D.B.

Mr. Walker: My hon. friend from Essex South suggests that the I.D.B. might well use the services of a member of parliament. I do not exempt the I.D.B. or any crown corporation or board from having the benefit of an hon. member serving with it, without pay.

• (6:20 p.m.)

My next point has to do with raising the status of members of parliament. There has been a move in the last few years around here, not just by public relations and press releases but by making possible new areas of opportunity, to raise the status of the member of parliament and to attempt to employ more of his experience. We have a tremendous amount of experience in this house springing from the municipal level, the legal and engineering fields and other fields. There has been quite a move to try to raise the status of members of parliament. I suggest one of the best ways this can be done is for a member of parliament to have an opportunity, on behalf of parliament and the taxpayers, of becoming involved at the director's level in the operation of some of our crown corporations. I do not see any objection to this sort of thing.

One of the problems that the backbencher or member of parliament has to face is that he has to try to cover a whole field of knowledge and try to know a little about everything. My own view is that a parliamentarian could carve out a career for himself by becoming expert in one or two fields, thus being of great assistance to this house. If we had hon. members from any side of the house who in debate could give us facts that we do not always get now, it would be to the benefit of this house. Sometimes when a minister has to report to the house he is only reporting information that in my judgment could be called hearsay, although such report is often written and comes from a crown corporation.

May I mention another thing that may not be generally known. Many crown corporations do not come under the control of the Auditor General. I understand that many crown corporations, especially the ones running at a deficit, do not use the services or come under the aegis of the Auditor General. The Auditor General of Canada does not have the same authority with respect to crown corporations in the examining of their books as he has with government departments. In that regard the crown corporations are doubly cut off, so to speak, from public scrutiny in the expenditure of money.

Some other countries do not employ the techniques I have suggested and I am sure that other speakers will mention this fact. I can only tell hon. members of one country where they go much farther in these matters than my suggestion. Members of the two chambers of the Swedish parliament are elected by parliament as members of the boards of directors of two institutions in Sweden which are placed directly under parliamentary control, namely, the Bank of Sweden and the National Debt Office. The members of parliament are elected for a period of three years. They represent all the democratic political parties represented in the Riksdag and are members of considerable experience in parliamentary life. Members of parliament are appointed by the government to the boards of directors of more important government-owned corporations in Sweden as, for instance, the Ore Mining Company of Kiruna, the Tobacco Monopoly, the Kreditbanken which is the state bank for commercial transactions, the Scandinavian Airlines System, and the like. Members of parliament are also elected by the government to the boards of directors of privately-owned insurance companies in Sweden. I do not suggest that we in this country go as far as this.

I believe that a careful reading of my resolution will allay any fears on the part of those people who think that what I propose would go this far. I suggest that my resolution would return to the members of this parliament one of the basic rights and basic responsibilities that we have, which is the

right of knowing what is going on before we are faced with a *fait accompli.*

I do not suppose in this one hour this afternoon we are going to make any decisions about this matter. I think that the house, by leave—and I know what Beauchesne, citation 202 (6), says about moving motions—might do certain things. I think that the house might allow this resolution to be considered by a new standing committee that we have set up, the crown corporations committee. I see no danger in this, and the matter could be gone into more fully. The dangers that some people think exist in this resolution could be examined, as could some of the advantages.

At this time, Mr. Speaker, I move, seconded by the hon. member for Coast-Capilano (Mr. Davis), who I understand is here, that:

The standing committee on crown corporations be empowered to consider private members notice of motion No. 17 and report back to the house.

Mr. Speaker: As the hon. member himself has pointed out, there is a requirement for unanimous agreement before the motion can be considered in the house. There is also a procedural flaw in that the hon. member having proposed the original motion cannot propose the amendment. Nevertheless hon. members may want to indicate their views in connection with the amendment now moved by the hon. member.

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I had not intended to enter this debate until I first considered who was moving the motion. However, after listening to the very interesting comments of the hon. member who has just spoken I think I should say a word or two. At the outset I cannot think of any reason why this matter could not be referred to the committee that the hon. member suggests. There would be greater opportunity for considering his proposal in committee because our time is limited here.

I throw out just a few ideas with regard to the motion. It is attractive at first glance. How practical it is is something that would have to be considered.

I think the hon. member is quite right when he says that the main function of parliament, which still subsists, is to determine how much money shall be exacted from the people by taxation and then to scrutinize very carefully how that money shall be spent. Although that purpose still lies with parliament and although we try to exercise it, we all know it is very difficult to maintain that supervision over taxation and expenditure that we should like. On the other hand, I do not think it is quite right to suggest that many of these crown corporations are not subjected to rather careful scrutiny. I had a fair bit of experience with this in days gone by, particularly with Atomic Energy of Canada Limited for which I reported to this house for about six years.

• (6:30 p.m.)

Atomic Energy of Canada Limited is not a profit-making organization; it is one of those in which we invest money year after year. We have done so regularly with general approval, as well as with great success judging by the results that have been achieved. My point in this connection is that as the minister responsible for this corporation I was obliged, after meeting with the directors and hearing their views as to their requirements, to put their suggestions before treasury board and before the cabinet. So an examination of the expenditure contemplated by the organization was carried out by channels competent to consider the matter.

Treasury board, which is a committee of ministers of the crown assisted by officials, is very well qualified to examine requests for money. From my own experience, sometimes treasury board can be ruthless in rejecting even the soundest arguments for utilizing tax money in certain directions. My recollection is that a careful examination of requirements was made by treasury board and by cabinet before the government consented to present to parliament a request for an allocation of money to be made to Atomic Energy of Canada.

I believe this applies to all the crown corporations the hon. member mentioned. So although members of parliament are not sitting on the boards of these corporations numerous members of parliament, particularly those in the cabinet, are directly concerned. They, treasury board and finally the whole cabinet have a chance to look carefully at the proposed expenditure. In this way there is a review of expenditure.

On the other hand, it is true that parliament as a whole does not have the same opportunity for detailed study as is given to members of the cabinet. Whether or not the hon. member's suggestion would result in an improvement, I do not know. If members of parliament were appointed to these boards it would certainly provide opportunities for them to become more or less expert in the operation of some of these organizations. This

would obviously be an advantage. However, at the moment I do not consider that parliament as a whole would gain appreciably. One or two members might learn a lot about the operation of Atomic Energy of Canada or Polymer or C.N.R. or the National Capital Commission but I am not sure whether their contribution in the house would be greater than that made by those members of the cabinet who have responsibility for these organizations. And we all know that opportunity to discuss such matters, whether in committee or not, is limited.

I ask the hon. member this question. How does one guard against the involvement of a member of parliament sitting on a board of directors which is spending money and letting contracts in respect of which decisions have to be made by the board? Would the member of parliament have a vote in connection, say, with the letting of substantial contracts to some firm? And if he were involved to such an extent, would this be wise? Suppose some difficulty arose in a corporation—fortunately, we have been free from this and I hope we shall continue to be free from it—because of a mistake being made or because funds were misappropriated. If, following some quite innocent action or ignorance or inertia on his part, something went wrong with the affairs of the corporation, he might be very much embarrassed. I put this forward for the hon. member's consideration.

Mr. Walker: Is that a question?

Mr. Churchill: Would you like to answer it now?

Mr. Walker: Without closing the debate, may I simply say I think these are the very questions which might be discussed in detail in the committee if the subject of this resolution is sent to a committee for consideration. It might well be that an hon. member should not vote on such a board, that he should simply put forward his view. As I say, these are questions which it seems to me might best be put forward and answered in committee.

Mr. Churchill: That is why I am raising them, as a guide for committee study. I was interested in what the hon. member had to say in regard to the status of members of parliament, particularly the status of so-called backbenchers. This is often mentioned; people talk about raising the status of members of parliament. I confess that this is one problem which has never worried me. It never bothered me when I first came to this house and sat against the curtains at the back, a position in the house which I found much more agreeable than any other place I have occupied because you are not under the same amount of observation and you can ease yourself out of the chamber without being noticed, whereas when you get to the first or second rows it is noticeable when you rise and leave.

I have never been bothered by this question of the status of a member of parliament. When I was a backbencher it did not bother me. I do not know why it should bother anybody. As all of us here know that it is a considerable achievement to get elected. Not only has a member of this house to be selected by the people in his area but he has to win a nominating convention, which is often more difficult than winning an election. After that he has to win an election. So it appears to me his status is fairly well established simply by belonging to this institution for which I have such a high regard.

• (6:40 p.m.)

It is not necessary to raise the status of members of the house by putting them on the boards of crown corporations. Status depends on the individual, on the contribution he makes here. A member who makes himself an expert in any field generally gets the ear of the House of Commons. In my experience it is up to the individual member to do the work, get the information and acquire the knowledge so that he is listened to by his colleagues in the house.

I am not at all certain that raising the status of a member of the house is one of the factors that should be considered in this otherwise interesting proposition. Status rests with the member himself. Members who are diligent in attendance and competent in their work acquire a status at least within their own party, though not necessarily in the eyes of the people who sit opposite them.

When a matter comes up in the house upon which a member is recognized as somewhat of an expert he is immediately called upon to represent his party and participate in the debate. I would not use the matter of status as an argument in connection with the motion before us. I have thrown out these suggestions as points that should be considered before the motion is pursued further. As I said in my opening remarks, if it is advisable to send the motion to a committee for further study then I see no great objection to

that, but I think it should not be passed in the house without that step being taken.

Mr. Grant Deachman (Vancouver Quadra): Mr. Speaker, I listened sympathetically to the arguments advanced by the hon. member for York Centre (Mr. Walker) because I realize the growing problem of giving adequate scrutiny to the work of government. The hon. member for Winnipeg South Centre (Mr. Churchill) referred to the necessity for scrutinizing the expenditures of government, a task which falls to members of parliament. It is a difficult task to perform adequately, and it is because of that that the hon. member for York Centre has moved this motion seeking to place parliamentarians on the boards of crown corporations which perform various tasks on behalf of the crown.

To give hon. members some idea of the increase in the size of the task which falls to a house which has not enlarged its own size very much, we might note that the whole central services of government, including parliament, were contained in the three buildings on this hill in 1867. Of course the three buildings of that time were not as big as they are now. The old parliament building itself had one storey less than at present. It contained its own heating system.

The east and west blocks were about half their present size and these three buildings represented parliament and the whole central civil service of the Canadian government of that day. It was not until about 1885 that the first building containing government offices was built off the hill. That was the Langevin block on Wellington at the corner of Elgin street. The only other off the hill building for the civil service before world war I was the Connaught building on Mackenzie avenue. The museum, mint and archives had been built but did not contain departments of government.

Let us compare that with what is contained in some of the notes on the size of government in the opening paragraphs of volume I of the Glassco report, page 19, describing the scope of modern-day government. At the time of its publication it identified a total of 116 departments and agencies, the armed forces, 21 statutory boards, 42 corporations and 29 miscellaneous statutory officers, commissions and councils. It said that the government in 1960, occupied 180 million square feet of building space, the equivalent of over 100 buildings each the size of a football field and 28 storeys in height, with the value of real estate holdings estimated at $4 billion. That is the size of government and crown corporations which members must cope with when examining expenditures which today are between $6 billion and $7 billion per year.

If we were to adopt the suggestion of the hon. member for York Centre of sending parliamentarians to serve on the boards of crown corporations we would be breaking new ground among commonwealth parliaments because this is not a practice which is followed in the parliaments of the old dominions. I am grateful to the hon. member for giving me an opportunity to look at some of the material which he collected on this subject over the course of some two years during which he was waiting for his motion to creep forward on the order paper and take first place for discussion today.

I want to refer first to a letter from the office of the High Commissioner for the Commonwealth of Australia which reads in part as follows:

> The Postmaster General's department has advised that in no case is there provision for a member of parliament to be an official or an ex officio member of any of the boards or commissions which come within the province of the department.
>
> The Attorney General's department has advised us that there are two bodies on which members of the commonwealth parliament may serve, such provision being made in the legislation which established them. These two bodies are the National Library of Australia and the Australian National University . . . .
>
> In the case of the Australian National University, the act provides that the council shall include two members of the Senate elected by the Senate and two members of the House of Representatives elected by the house. No member of the council is paid any remuneration for his services on the council.

Then there is correspondence from the British High Commissioner which reads:

> —the membership of almost all such public boards, or boards of directors of government-owned companies, automatically disqualifies a member of the House of Commons from continuing as a member of the house. He could not normally escape disqualification by declining to be paid a salary, since in general the offices which disqualify a member from membership of the House of Commons are those for which salaries either will or might be paid.

This was the view of Sir Henry Lintott on the subject. There is further correspondence on the subject from the High Commissioner of New Zealand. He writes:

• (6:50 p.m.)

> —it has not been the practice to appoint serving members of the House of Representatives to serve as unpaid directors of crown corporations. I would think that possibly the State Advances Corporation

corresponds in some measure to the Central Mortgage and Housing Corporation, while possibly the Bank of New Zealand may be similar to the Bank of Canada. The boards of these institutions however do not comprise serving members of parliament. A somewhat similar position obtains in respect of producer organizations, though of course on occasions persons who have been past members of the house have been appointed. It is correct that the Minister of Works is chairman of the National Roads Board but this is a statutory body of a somewhat different character and the work of the roads board is of course carried out by officers of the Ministry of Works.

Finally, I should like to make reference to a letter which comes from the office of the embassy of the United States. They express a somewhat similar view. They make reference to the case of Springer *v.* Philippine Islands of 1928 in respect of which the United States Supreme Court ruled, six justices to three, that a statute of a territorial legislature which authorized the president of the senate and the speaker of the house of the said legislature to serve, without compensation, on a committee of three empowered to vote the stock owned by the territorial government in a bank and in a coal company chartered by the legislature was void by reason of conflict with the principle of the separation of powers. This is the stand of the government of Great Britain and Canada and is the parliamentary philosophy to which we adhere. Nevertheless the balance of the case which is cited perhaps is of interest to the house:

Consistently with that principle, according to the court, "members of the legislature . . . (cannot be) charged with the performance of" non-legislative functions. "Assuming, for present purposes, that the duty of managing this property . . . is not sovereign but proprietary in its nature, the conclusion must be the same."

I think this is the argument the hon. member for Winnipeg South Centre was making, that is, that there is a proprietary interest here even in a crown corporation.

"The property is owned by the government, and the government in dealing with it whether in its quasi-sovereign or its proprietary capacity nevertheless acts in its governmental capacity. There is nothing . . . to suggest that the legislature in acting in respect of proprietary rights of the government may disregard the limitation that it must exercise legislative and not executive functions.

Whether the members of the committee are public officers in a strict sense we do not find it necessary to determine. They are public agents at least, charged with the exercise of executive functions, and, therefore, beyond the appointive power of the legislature."

I do not know whether such a decision would apply to the House of Commons of Canada if this matter were referred to a committee of the house, but in any event one sees that to work out such a procedure certainly is not an easy thing for this house to do. There is no deep precedent in Australian, British or United States parliamentary practice and undoubtedly we would find difficulty in setting up such a procedure here. Nevertheless I should like to repeat what I started out by saying, that there is great difficulty for the parliamentarian to scrutinize the work of a growing number of crown corporations. Any member of parliament who has served, for example, on the committee on transport and communications has seen how difficult it is to come to grips with any comprehensive examination of the Canadian National Railways. He knows precisely how difficult it is to find out what goes on within the heart of a crown corporation. When Donald Gordon and the officials of the Canadian National Railways appear before the committee on transport and communications, so often we are told that it is not in the interest of that crown corporation for us to probe into the matter of the rates and the trucking aspects of Canadian National Railways because this would put them at a competitive disadvantage vis-à-vis their various competitors.

If we begin to examine the corporation to find out what it does on behalf of the people of Canada, administered as it is on behalf of the crown, we find that the pullman curtain is pulled shut and only the bare tiptoes of Donald Gordon's slippers slip out from beneath the pullman curtain and, try as we will, we cannot see what is behind it. So we see removed from us, as explained by the hon. member for York Centre, a growing number of crown corporations and members do not have an opportunity to give close scrutiny to the expenditures and actions of a large section of the crown and the government of Canada.

Some hon. Members: Question.

Mr. Speaker: Order, please. I hesitate to interrupt the hon. member, and I appreciate the suggestion of the hon. member for Rosthern that it is not quite seven o'clock, but I interrupt the hon. member who now has the floor so that I may refer to the purported amendment moved by the hon. member for York Centre. There are a number of difficulties concerning this amendment. For one thing we would need another mover of the amendment. Has the hon. member thought of this difficulty? Does he propose to have the amendment moved by someone else?

Mr. Walker: Mr. Speaker, I would rather have the bill go down because of an incorrect amendment than have it talked out.

Mr. Speaker: I am not sure this is the reason it is not being put to a vote but in any event the hour assigned to the consideration of this matter has expired.

Mr. Irvine: Mr. Speaker, could we invite some other hon. member to move the amendment, because it is an interesting one?

Mr. Speaker: I was going to suggest that even if it were moved by someone else we would have difficulty because it would be a substantive motion to have it referred to a standing committee and would require 48 hours' notice. The difficulty might be surmounted if there were unanimous consent, but in any event the hour reserved for private members' business now has expired.

GOVERNMENT ORGANIZATION

PROVISION FOR ESTABLISHMENT OF NEW DEPARTMENTS

The house resumed consideration in committee of Bill No. C-178, respecting the organization of the government of Canada and matters related or incidental thereto—Mr. Pearson—Mr. Batten in the chair.

On clause 6—*Department of the Registrar General established.*

• (7:00 p.m.)

Mr. Saltsman: Mr. Chairman, it is not my intention to take up much of the time of the committee tonight. However, I should like to make two points regarding the formation of a consumers department. Some question has been raised regarding the constitutionality of such a department and the role of the federal government in the affairs of consumers. I for one would be the last to minimize the difficulties involved in the establishment of such a department. However, I think there are many things that could be done by the federal government in this area and I want briefly to indicate some of them.

I introduced a private members bill calling for the establishment of a prices review board in which I asked for an amendment to the Combines Investigation Act which would give the administration the power to cause an inquiry to be made in respect of any increase in the price of a commodity, with a view to determining whether the increase in the cost of materials and labour warranted the imposition of such a price increase on the public.

[Mr. Speaker.]

I believe such an amendment would be in order, but I am not sure that one would be necessary in view of the powers now contained in the Combines Investigation Act. The MacQuarrie committee report of 1951 recommended that the department be divided into two sections. It specifically recommended that the powers of investigation and research be strenghtened in order to get rid of the cops and robbers attitude, and to provide more information to the public and the government in terms of the economic implications of what is taking place in Canada.

In consideration of what a consumers department might do, I think the most important function would be that of supplying information after investigation. I am not sure that the envisaged department should have the power of enforcement, because I think if the consumer is sufficiently informed after an extensive investigation into economic situations he will probably be in a position to take the situation in hand.

One of the greatest difficulties in obtaining justice for consumers relates to the dispensing of publicity, keeping the consumer informed. Some very good moves have been made in this direction, but a consumers bureau could do much more to ensure that this type of information is made available to the public. In this regard I should like to quote from *Hansard* of May 8, 1923 at page 2605. At that time Mr. Mackenzie King was dealing with the question of providing information to the public, and pointed out the importance of keeping the public informed. He said:

> What is the power of the Criminal Code to prosecute some particular person or group of persons in comparison with the power of spreading broadcast throughout the land accurate and true information with regard to a situation which is inimical to the public interest, and which the people themselves are certain to be concerned in remedying.

That statement was made quite some time ago and I think there has been a tendency since then to forget this great truth. If the public is to make intelligent decisions it must have information at its disposal, and it is our hope that a consumers bureau could supply this kind of information.

Some work of this nature is being done at this time. Just recently I saw a booklet published by the food and drug directorate. That was an excellent booklet and is a step in the right direction, but we need far more of this sort of thing. We must have a department to make sure that information of this kind is published in respect of consumer

goods generally, rather than in an isolated and spasmodic manner.

The Consumers Association of Canada has approached the government on many occasions to indicate its point of view. This is a voluntary group which has tried to help the consumer by making certain information available to the consuming public. It is significant to note that that association feels it cannot do the job by itself, but requires the co-operation of the government.

I should like to read from a letter on the letterhead of the Consumers Association of Canada over the signature of Beryl A. Plumptre, national president, dated April 12, 1966. In part she says:

> Our association feels strongly that there should be one minister of the government whose chief responsibility should be to safeguard the economic position of consumers and to ensure that in discussion of government policy due consideration will be given to the effects of this policy on consumers.

Perhaps the name of this department is not important and if we were just talking about a name this discussion would be academic. The debate raised today and the amendment that has been moved concerns far more than a name, but rather the emphasis that should be placed on the proposed department. If the government wants to do a good job in respect of consumers affairs there is no reason why such a department could not be named in the suggested fashion and made directly responsible for things relating to consumers, under the head of one minister, rather than as an adjunct to another department with other duties.

The suggested reorganization with the responsibilities that have been drawn together are, with a few exceptions, satisfactory and relevant to the entire question of consumer protection. I listened with interest and admiration to my colleague the hon. member for Vancouver-Kingsway the other night when she spoke about four particular needs of consumers. Many consumer needs have been enunciated by other members who have participated in this debate and I should like to refer specifically to one, that the consumer must have the right to be heard. We do not feel that the consumer's voice is heard loud enough in the councils of the cabinet. I do not attach blame to anyone particularly in this regard, but by the very nature of cabinet organization the voice of the consumer becomes submerged.

Theoretically everyone is interested in the consumer because all of us are consumers. Theoretically everyone is speaking as a consumer and for the consumer, but in practice cabinet ministers have specific responsibilities in respect of specific elements of our society. As has been pointed out, we have a Department of Industry the chief concern of which is, and certainly should be, the efficient operation and encouragement of industry in Canada. We have a Department of Trade and Commerce with its responsibilities. We have a Department of Labour with its responsibilities. We could go on in this particular fashion. We also need a department of consumer affairs because the consumer has an important role to play in the deliberations that take place in the cabinet. We could resolve many of our problems connected with tariffs and taxes if the voice of the consumer could be heard.

• (7:10 p.m.)

I should like to give the committee one indication in this regard. In Canada we have a national oil policy that has been devised over a number of years. It is a policy shrouded in vagueness. Even the person responsible for its administration has to admit on occasion that it is difficult to define and not easy to understand. There may be nothing wrong with the oil policy for Canada; I am not prepared to say. What I am prepared to say, though, is that when the national oil policy for Canada was set up, it was set up at the urging of certain interests and I question whether the implications to the consumer were fully understood, fully appreciated or fully taken into consideration.

I have received a copy of a letter that was sent to Hon. Mitchell Sharp, Minister of Finance, in connection with the national oil policy, in which the writer indicates the effect this policy is having on consumers in Canada. He is asking for a repeal of some of the orders in council that established fair market value for oil and gasoline products coming into Canada. He says:

> The order only increases profits for the integrated companies in Canada, it withdraws more than $1 million from the Canadian income tax volume, it eliminates market competition and only helps to strengthen the oil and price monopoly of the integrated companies, and punishes the Canadian consumer with excessive prices. We have made computations which show that the Canadian economy would save approximately $500 million per year for motor gasoline, if the market would be freed from the price control of the integrated companies which at the present time is supported by your government—
>
> It is also clear that the "fair market value" in the U.K., Aden, Germany, Italy—and even Venezuela—is around 7 cents per gallon. The difference

to the protected U.S.A. price is roughly 10 cents (and Canada has the same level due to the fact that the oil market is controlled by and geared to the U.S.A. market). Multiplying these 10 cents per gallon with the Canadian motor gasoline volume (not counting aviation gasoline) of approximately five billion gallons per year gives the staggering overpricing of the Canadian customer in the range of $500 million per year. The only way to bring that figure down is restoring competition in the Canadian oil industry by exposing it without any protection to the world market.

He goes on to quote prices and other statistical details. Then he says:

The assumed reason for setting the price of imported motor gasoline at 10.5 or 12.5 cents per gallon was according to the order in council for an import at fair market values "that it affected the interests of Canadian producers or manufacturers prejudicially or injuriously".

In other words, the interests of Canadian producers or manufacturers were taken into consideration, according to what this gentleman writes in his letter, rather than the interests of the Canadian consumer. I am not prepared to say whether the national oil policy that we have in Canada is good or bad for Canada generally; I just do not know. But I do think that if there had been a cabinet minister responsible to consumers and concerned about the interests of consumers, the results might have been different.

They are very serious charges that are made in this letter to the minister. They have not been answered. I understand that these charges are provable and that the man involved is quite prepared to back them up in any way that he is asked. It may be that $500 million out of the consumers' pocket is the price we have to pay for national identity; but if this is so, the consumer should know and it should be his or her decision to make, rather than the decision of others acting in what they think is the best interests of the consumer. When we talk about tariff policies in Canada, when we talk about import duties in Canada, the voice of the consumer should be heard as a countervailing force against the other interests that call for these considerations.

I hope the government will seriously consider the suggestions we have made with respect to establishing a department of consumer affairs, with a minister responsible to parliament and the Canadian people for the operation of the department. Like many other things, this will also come to pass. I only hope that it will not go to the last minute and we do not become involved in cliff-hanging decisions. This is a propitious time, when the legislation in respect of government reorganization is being dealt with, to deal with this suggestion also. We are not asking for full-blown powers, research projects and disclosure projects immediately. We are asking that a start be made, that this responsibility be assumed, that the importance of the role of the consumer in our society and the importance of the right of the consumer to be heard in the cabinet council be recognized.

[Mr. Saltsman.]

Mr. Fawcett: Mr. Chairman, I welcome the opportunity of saying a few words—and I will be very brief, as I usually am—in support of the amendment proposed by my colleague the hon. member for Vancouver-Kingsway. I am gravely concerned, as are many hon. members, about the fact that there does not appear to be any department whose authority it is to investigate and take the necessary action to protect the rights of the consumer. But if I am mistaken and some department has been delegated such authority, I can only say that it has been entirely remiss in its duties. However, taking into account the very obvious fact that the consumers' interests have been so completely neglected, I feel it is substantially correct to say that there is not at the present time any government authority established which is designed to take the long overdue steps necessary to protect the consumer from misleading and exaggerated advertising, unrealistic costs of financing—which in some cases is out and out robbery—deceptive packaging, inferior quality goods and all the gimmicks now being used to influence and dupe consumers into thinking that they are getting something for nothing, while in reality they are paying exorbitant prices for necessary goods, mainly because of such expensive and exaggerated advertising as well as the outlandish gimmicks to which I have referred.

May I submit, Mr. Chairman, that the prevalent rash of strikes which are seriously affecting our economy, the very alarming increase in cases of mental illness and the general feeling of unrest that appears to prevail, are all directly related to the insecurity and frustrations of people who find they have become entangled in a situation over which they have no control and over which no government department seems to have any jurisdiction.

• (7:20 p.m.)

May I further submit, Mr. Chairman, that the incidence of strikes, legal or illegal, will continue as long as our citizens are compelled to remain in this area of ever spiralling prices,

of trying to stretch the pay cheque to cover the cost of every day living requirements. I do not even need to mention the thousands of our citizens who are on fixed incomes, such as meagre and insufficient pensions, old age security, and so on.

Citizens as a whole do not relish strikes, whether or not they are directly involved. Strikes, however, are about the only method of protest the average wage earner has to bring his plight to the attention of the authorities. They are caused chiefly by the fact that the wage earner, who is also the prime consumer, finds that the requirements of a decent mode of living are getting beyond the reach of his or her income.

Let me direct the attention of hon. members to the heading of an editorial which appeared in the *Gazette* under date of May 30, 1966. The heading is, "Completely Out of Hand", and the editorial deals with the unsatisfactory and alarming situation now prevailing across our country with respect to strikes in general and the so-called illegal strikes in particular. I cannot say that I agree with all that is contained in the editorial I have mentioned, however, I do agree with the emphasis that has been placed on the increasing seriousness of the incidence of strikes in general.

The Chairman: Order. I apologize for interrupting the hon. member, but I feel he should restrict his remarks to the amendment now before the house.

Mr. Fawcett: With deference to you, Mr. Chairman, I hope to show you that these remarks are relevant to the general subject. It is my humble opinion that the situation will become more alarming each successive week and each successive month, unless concrete action is taken by some authoritative body to investigate the apparent gouging of the consumer and to take some effective action to provide the kind of protection that is so urgently needed.

My colleague, the hon. member for Vancouver-Kingsway, when speaking to her notice of motion on a subject which is directly related to the amendment, quoted a resolution which was adopted by the town council of Espanola, requesting just such a department of government as is suggested in the amendment. In this regard may I suggest that a great number of northern Ontario municipalities and town councils endorsed that Espanola resolution. I received a copy of the resolution, as well as a great number of letters from municipalities and town councils endorsing it. Every time I return to my riding I am faced with a barrage of questions about what has been done by the government to cope with the increasing costs of the necessities of life. This seems to be the main concern of all.

In addition, I receive numerous letters of complaint regarding the lack of action on this matter. I can be reasonably sure that many hon. members on the opposite side of the house also receive letters of this sort. Until some authority of government is directly charged with the responsibility of protecting the consumer, Mr. Chairman, I humbly submit that the grave situation with regard to strikes will worsen and could ultimately result in complete economic chaos. Surely, if we are to give human values the consideration they justly deserve we cannot deny the necessity of supporting this amendment. Let me say in conclusion that I welcome just such an opportunity tonight.

The Chairman: Is the committee ready for the question?

Amendment (Mrs. MacInnis) negatived: Yeas, 8; nays, 28.

The Chairman: I declare the amendment lost. Shall clause 6 carry?

Clause 6 agreed to.

Clause 7 agreed to.

On clause 8—*Duties of Registrar General.*

Mr. Knowles: Mr. Chairman, clause 8 sets out the duties, powers and functions of the registrar general of Canada. The house has rejected our suggestion that the name of this department should be changed, but I think it is not being unfair for me to say that some of those who spoke against our amendment to clause 6 were not unalterably opposed to the idea of the department of the registrar general including amongst its functions some concern about matters of interest to consumers. We have made our position clear. We would prefer a department whose major responsibility was with respect to consumer affairs, but we are accepting the decision of the house on that count.

However, we do feel that at least a bit of consideration might be given to our point of view and that the committee might be willing to amend the duties, powers and functions of the registrar general so as to include some of the things about which we have been talking. We have spelled out our position in a number of speeches that have been made, so it is not

necessary for me to repeat what has been said. Therefore, I move:

That clause 8 of Bill No. C-178 be amended by inserting therein immediately after subparagraph (a), the following new subparagraph:

"(b) Review of prices and matters of concern to consumers",

and by relettering the subsequent subparagraphs (b), (c) and (d) as subparagraphs (c), (d) and (e).

I have copies of this amendment in both English and French, and I hope that it will commend itself to members in all parties. As hon. members will note, our suggestion is with reference to a review of prices and matters of concern to consumers, and we feel it would more logically come immediately after subparagraph (a) which deals with combines, mergers, monopolies and restraint of trade.

This is the reason for putting this new subparagraph in right after subparagraph (a), and then suggesting that the other subparagraphs (b), (c) and (d) might be relettered (c), (d) and (e). As I say, the arguments for this position were made when we contended that the department as a whole should be geared to this important function. This idea was not accepted, but surely even those who spoke against our previous amendment will agree that there ought to be in the statute some provision making it clear that the department of the registrar general is the ministry in the government to be concerned about such things as the review of prices and matters of concern to consumers.

Mr. Benson: I presume I can obtain the support of five members, but I should like to defer the vote on this matter until eight o'clock.

• (7:30 p.m.)

The Chairman: Order. The Chair has some doubt whether it can really put this amendment to the committee. First, I would say that it does not appear to be relevant to the clause before the committee. Second, I would refer hon. members to May's seventeenth edition, page 549, paragraph (2), which reads as follows:

An amendment cannot be admitted, if it is governed or dependent upon amendments which have already been negatived.

Paragraph (3) on page 549 reads as follows:

An amendment must not be inconsistent with, or contrary to, the bill as so far agreed to by the committee, nor must it be inconsistent with a decision of the committee upon a former amendment.

[Mr. Knowles.]

Mr. Knowles: Mr. Chairman, are you ruling before listening to argument?

The Chairman: I will hear the hon. member for Winnipeg North Centre.

Mr. Knowles: Thank you, sir. May I suggest that there is an answer to each of the points Your Honour has been presenting to us. First, may I suggest that the subject matter of this amendment is certainly relevant to the whole function of the registrar general. As a matter of fact, the Prime Minister himself when he spoke on second reading of the bill referred to consumer affairs as something which, if dealt with anywhere, might be dealt with by an extension of the powers of the registrar general.

Likewise, the President of the Privy Council, in speaking to the amendment proposed today by the hon. member for Vancouver-Kingsway, dealt on his own initiative with the whole question of consumer affairs and with what might be done for the people under this heading. I submit, Mr. Chairman, that this is not introducing something brand new into this area; this is simply expanding a concept which, in the words of the Prime Minister and in the words of the President of the Privy Council, is already there.

The second argument Your Honour has tossed at us is the suggestion that we cannot move as another amendment a subject which has already been the subject of an amendment which has been negatived by a previous vote, or by a vote under some other heading. I suggest, Mr. Chairman, that the vote on the amendment to clause 6 was merely a vote on the change of the name of the department. There is no reference in clause 6 to the functions of the department of the registrar general. Clause 6 of the bill merely gives a name to the department. I submit that an amendment that sought to change the name, having been defeated, is not a decision on the part of the committee as to what should be the funtions of the department.

Then Your Honour suggested that an amendment of this kind should be consistent with the provisions of the bill which have already been agreed to. I suggest, Mr. Chairman, that in line with the statements made by the Prime Minister on second reading and in line with the statements made today by the President of the Privy Council, this amendment is certainly consistent with the provision of the bill.

I should also remind you that on an earlier point of order Mr. Speaker gave a very interesting ruling which is pretty close to the point with which we are now dealing. Hon. members to my right in the Progressive Conservative party raised a point of order as to whether the bill was in good form in view of the fact that it had something in it which had not been mentioned in the resolution. After considerable study of this matter, Mr. Speaker ruled that the resolution need only give the general intent of the bill, making sure of course to cover any of its financial provisions. I read again today that ruling of Mr. Speaker, in preparation for anything which might arise on this occasion, and I found it a most interesting ruling in that it seemed to make it clear that so long as the bill was in line with the general intent as set out in the resolution the bill was all right.

If it is all right for the government to bring in a bill which has in it some things which are not named in the resolution because they are in line with the intent of the resolution, then I submit that that same right should be extended to the opposition or to members in any part of the house who seek to move amendments.

Therefore, Mr. Chairman, because this amendment is relevant to the bill, is consistent with it, and has not in itself been previously decided on but simply seeks to expand the concept that is in the bill, I contend that Your Honour should allow it as in order.

The Chairman: Order. I recognize the validity of some of the remarks made by the hon. member for Winnipeg North Centre, and I recognize too that during the debate on this particular bill on second reading reference was made by other members of the house to this particular problem. However the Chair is guided not by what was said on the other occasion but by the contents of the bill and the rules governing amendments thereto.

I think we would be going a little far if we were to consider the debate on the amendment to clause 6 as dealing with only a change of name. During the debate there was considerable discussion of matters concerning consumer prices. I would read again the citation which appears at page 549 of May's Parliamentary Practice, seventeenth edition:

> An amendment must not be inconsistent with, or contrary to, the bill as so far agreed to by the committee, nor must it be inconsistent with a decision of the committee upon a former amendment.

I recognize that the previous amendment had to do with a change of name, but the debate surrounding the amendment had to do with consumer prices. I would therefore consider the amendment out of order.

Mr. Knowles: Mr. Chairman, with great respect, but because I feel I must do so, I appeal your decision to Mr. Speaker under the terms of provisional standing order 59(4).

• (7:40 p.m.)

Mr. Benson: Mr. Chairman, with the support of five other members, knowing that a vote must be taken in this regard, under the new rules I would object to this vote taking place.

Some hon. Members: No, no.

Mr. Knowles: I think the Minister of National Revenue is under one of his misapprehensions. We have the right of appeal to Mr. Speaker. We have no right to vote with regard to the decision.

The Chairman: The hon. member for Winnipeg North Centre has appealed the ruling of the Chair. I think it is now the duty of the committee to go through the regular procedure.

Mr. Speaker resumed the chair and the chairman of the committee made the following report:

> Mr. Speaker, the question is an appeal to you, under the terms of Standing Order 59(4). In the committee of the whole when clause 8 of Bill C-178, respecting the reorganization of the Government of Canada, was being considered the hon. member for Winnipeg North Centre proposed the following amendment: that clause 8 of Bill C-178 be amended by inserting therein immediately after subparagraph (a) a following and new subparagraph (b) reading: "prices, and matters of concern to consumers", and by relettering the subsequent subparagraphs as (c), (d) and (e).
>
> Using paragraphs (1), (2) and (3) page 549 of May's 17th edition the Chairman ruled the amendment out of order on the following grounds:
>
> (a) that the substance of the amendment was not relevant to the clauses of the bill,
>
> (b) that in substance the amendment was in reality the same as one which was negatived earlier in the committee proceedings, and further
>
> (c) that the amendment was inconsistent with a decision of the committee upon a former amendment.

Mr. Speaker: The hon. member for Winnipeg North Centre.

Mr. Stanley Knowles (Winnipeg North Centre): Thank you, Mr. Speaker. I am not sure that we have employed this new rule very often. I was not sure whether one would

have the opportunity of presenting argument to Your Honour, but I believe we do have that right and I am glad that Your Honour sees it the same way.

It is quite clear that under standing order 59(4) it is in order for an hon. member to appeal a ruling from the Chairman to Mr. Speaker. Nevertheless once Your Honour has ruled, that ruling cannot be appealed to the house. I should therefore like Your Honour to give consideration to the arguments which I advanced when we were in committee of the whole, in response to the points raised by the Chairman of the committee of the whole.

It was suggested that the amendment I moved, which seeks to enlarge the written powers of the department of the registrar general, was not relevant to the clause. I argued, Mr. Speaker, that clause 8 spells out the duties, powers and functions of the department of the registrar general. There is already in the bill as drafted reference to such things as combines, mergers, monopolies and restraint of trade, not forgetting such things as patents, copyrights and trade marks, all of which have a bearing on consumer affairs.

I also sought to point out when we were in committee of the whole that the Prime Minister in his speech on second reading, and the President of the Privy Council today in committee of the whole, alleged and even claimed that there is at least some provision in the composition of this department for dealing with consumer affairs.

I suggest therefore that far from this matter being irrelevant to the clause, it is highly relevant to pin down the duties, powers and functions of the registrar general, and to make it clear that these duties, powers and functions include the possibility of reviewing prices and looking at all matters of interest to consumers.

The second point that the Chairman drew to our attention was a very well known rule with which I am very familiar and which I have often quoted, to the effect that one cannot by an amendment reopen a matter on which a decision has been taken.

The Chairman was of the opinion that an amendment we moved to clause 6 of the bill, which had been voted down not many minutes before, was the same in substance as the amendment that I proposed to clause 8.

• (7:50 p.m.)

I submit this is not the case. The chairman said that whatever the wording of the amendment to clause 6 may have been the discussion ranged all round it. Well, Your Honour knows this often happens—discussion gets all over the waterfront. But when it came to a vote, what we were voting on was a very clear and limited proposition, namely that the name of the department be changed to the department of consumer affairs and that the title of the minister be changed to minister of consumer affairs. There was no suggestion in the amendment to clause 6 as to what the functions of the renamed department might be. We had no right to do so on clause 6. The only thing we could do was to deal with the name. And this is all that was done in the amendment moved by my hon. friend from Vancouver-Kingsway. I suggest that however far afield the discussion may have ranged, the decision with regard to clause 6 was to turn down a suggestion for a change of name.

The third point the Chair used in ruling my amendment out of order was that it was inconsistent with a decision already taken. It seems to me that in this respect it is worth while looking at the ruling Your Honour gave on May 24 with respect to the way in which this whole piece of legislation was brought before us.

Your Honour will recall, because you indicated it took a great deal of study to reach this decision, that it was your opinion that so long as a resolution gave the intent of the bill which was to follow, and no new financial obligations were imposed, it was appropriate for the government, in the wording of the bill, to bring in anything which was consistent with that purpose. The particular case in point was that no reference had been made in the resolution to the department of forestry and rural development, whereas in the bill itself a number of clauses referred to this department. Your Honour suggested this was only a change in name and that it was not out of line with the intent or purpose set out in the resolution.

I submit to you very strongly—indeed I put it to you as an appeal—that if the government had the right in the bill to include things which were not mentioned in the resolution but which were in line with the intent of the resolution, this right ought to extend to other members of the house whether on the government side or on the opposition side.

What we have proposed is in keeping with the intent of the resolution and the intent of the legislation, namely the reorganization of the departments of the government and the

recasting of their functions. If the government, without mentioning the department of forestry and rural development, had the right to put in several clauses on that aspect, I suggest that we have the right to ask that the several functions of the department of the registrar general be enlarged so as to include a review of prices and other matters of interest to consumers.

I submit that the case is a clear one on our side. Indeed, I confess to some amazement that the Chair found difficulty in accepting this amendment. I hope Your Honour will consider the arguments I have advanced and that you will find that this amendment, is, in fact, in order.

• (8:00 p.m.)

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, with your permission I will just say a few words to support the arguments raised by the hon. member for Winnipeg North Centre (Mr. Knowles) about the validity of the proposed amendment.

It is true that an amendment to clause 6 was presented but that amendment dealt only with the title and not with the duties of the new minister.

Those are therefore two separate things since the amendment to clause 6 dealt only with the form of the bill whereas this proposal deals rather with the substance of the bill, which is quite another matter.

Clause 6 was meant only to change the name. It would probably have been a good thing because I think that a complete lack of imagination was shown in giving that title to the new minister.

I think that whoever suggested to call it the department of the registrar general showed a lack of imagination; his vocabulary is limited and he is not familiar with the dictionary or something like that. I can see myself asking a question to the minister of the solicitor general; it does not sound right. He is not called the minister of the solicitor general but the Solicitor General.

It seems to me that whoever drafted the bill should have a better vocabulary and know the dictionary better, or that the President of the Privy Council should change the name of that department, especially if he is to be its first head. I wonder how he would like to be called Mr. Registrar General? He would not be a minister but only a registrar. But the government did not want to accept that change.

But there is no mention of the name in the new amendment; it deals only with the substance of the bill, that is to say it proposes to add another duty. And now I would like to support also the second argument after supporting the first one.

It is that the proposed new role to be given to the minister does not contradict the one that is to be given to him under clause 8, as it stands now, since it is said in subparagraph (*a*):

Combines, mergers, monopolies and restraint of trade;

The amendment seeks to add:

(b) Review of prices and matters of concern to consumers.

Well, there is a direct link between the matter of combines, monopolies, restrictive practices, and the review of prices which interest the consumers.

Therefore the amendment does not go against the provisions of the clause of the bill. On the contrary, it completes it. The amendment only makes things clearer and I wonder why it should not be accepted, not only from the point of view of the rules but also because it adds something important to the bill.

Clause 8 is intended to prevent combines and monopolies. The consumer should not be overlooked. That is precisely the object of the amendment and I wonder how anyone could object to it.

Third, why the amendment should be in order? The government now submits to us for discussion a bill to set up a new department that of the registrar general. If, at any point a member realizes something is lacking and makes a suggestion with a view to improving the new department, I fail to see how this could be out of order. It behooves the members to amend bills so as to perfect them. That is the business of the members of the opposition.

I feel the amendment proposed by the member for Winnipeg North Centre (Mr. Knowles) is intended to improve the new department we are asked to institute today. We are not dealing here with a mere question of title but with the study of prices and questions of consumer interest. This would not only improve the role of the department or its contribution, but our whole legislation as well.

That is why we feel the amendment is in order and that the arguments brought forward previously did not take into account all

that happened when the first amendment was moved. We therefore ask the house to pass it. I would ask the President of the Privy Council, if he is going to be appointed registrar, to change the title. Surely a better title than that can be found.

[*English*]

Mr. David Lewis (York South): Mr. Speaker, I rise to say a few words on the question of the admissibility of the amendment because, with respect, it seems to me that instead of the amendment's being inconsistent with anything, it was the Chairman who was inconsistent with himself—

Some hon. Members: Oh, oh.

Mr. Speaker: Order. I suggest to the hon. member that these words are entirely uncalled for.

Some hon. Members: Hear, hear.

Mr. Lewis: I apologize, Mr. Speaker, without hesitation or reservation. I meant no offence whatsoever to the Chairman and if my language was offensive I apologize to you, and to the house, and to the chairman of the committee of the whole.

What I meant to say was that there are two kinds of reasons given for this amendment's being out of order. One was the question of whether it was relevant to the bill and inconsistent with some earlier decision that was made, and the second was whether it was contrary to the first amendment, which was defeated.

It is my submission on the first two points that the fact that the first amendment was accepted admitted the relevance of the subject matter and its consistency with an earlier decision by the house, because the earlier amendment to clause 6 of the bill dealt with the subject matter of consumer affairs. It seems to me that once that was admitted as a valid amendment, then the subject matter becomes valid for all other propositions respecting amendments to the bill.

The second point I want to make is that the first amendment which was defeated dealt, as has been said, only with the name of the department. It seems to me it is not entirely logical to suggest that because the committee defeated an attempt to create a department of consumer affairs it necessarily meant the committee was opposed to adding consumer affairs as one subject, among many others, with which the department may deal. For those reasons I urge you to accept the amendment.

[Mr. Grégoire.]

Mr. J. A. Byrne (Kootenay East): Mr. Speaker, I submit that if the proposed paragraph (b) is not redundant to paragraph (a), then it is out of order on the basis that a decision of the house has already been taken with respect to the question of consumer affairs. I think the hon. member for Winnipeg North Centre (Mr. Knowles) was inconsistent when he suggested that in an earlier ruling you indicated that all related matters had been covered by resolution.

The earlier amendment was to change the name of the department of the registrar general to that of the department of consumer affairs. If that were done surely it would mean that the department would be dealing with matters of concern to consumers. Otherwise the amendment had no meaning whatsoever. It was naïve of the hon. member to suggest that the proposed department of consumer affairs would not concern itself with matters of concern to consumers. The house has already registered its disapproval of a change in name to consumer affairs, and I suggest on this ground alone the amendment is out of order.

Mr. Speaker: Order. I might say that when we had a similar appeal last year in the last parliament the Speaker was in a much stronger position because he was ruling on his own judgment, and perhaps I should not have answered the call but allowed my associate, the Deputy Speaker, to rule on his own decision.

I would like to comment briefly on the different points raised by hon. members in the course of the very interesting arguments that have been submitted. I might say that very strong argument has been advanced by the hon. member for Winnipeg North Centre (Mr. Knowles), supported by the hon. member for Lapointe (Mr. Grégoire), to the effect that adopting this amendment would not be inconsistent with the previous decision of the house or of the committee of the whole. There might be some question as to whether there is inconsistency between the two matters. I am impressed by that argument, but I shall not rule on that basis.

I shall go to the second argument advanced by the hon. member for Winnipeg North Centre, where he refers to the second and third reasons for judgment proposed by the Chairman of Committees. I might say I am not as impressed by the hon. member's suggestion that if the government has the right to include something in a bill that is not specifically in the prior resolution, this means

that a member has the same right as the government. I have very serious doubts about this proposition. In other words, what the hon. member is suggesting, if I understand his argument correctly, is that if the government has the right to include certain detail in a bill, then a private member should have the same right.

I cannot agree with this, because a resolution cannot be expected to include everything that is in a bill. A resolution is always of a very general nature and invariably there are a number of clauses and matters that appear later in a bill that do not appear in a resolution.

The fact that the government has the power to do that does not give a member of the house the right to move an amendment —which might otherwise be out of order —simply because the government has this power. To my mind the position taken by the Chairman of Committees in the first objection he has to the proposed amendment, in which he refers to the question of relevancy, is very sound.

Hon. members know by experience, much longer experience than I have—and this applies particularly to the hon. member for Winnipeg North Centre—that it is not easy to move an amendment of consequence that is relevant to a clause of a bill. In this case I do feel that the amendment of the hon. member for Winnipeg North Centre is beyond the scope of the clause or article of the bill which he seeks to amend, and I refer him, as did the Chairman of Committees, to paragraph 1 at page 549 of May's seventeenth edition.

It is my belief that the amendment advanced by the hon. member goes beyond the scope of the clause, that the amendment adds substantially to what is being proposed in the government's bill, and for this reason I must agree with the Chairman of Committees that this amendment is irrelevant and cannot be considered. I therefore confirm the decision of the Chairman of Committees.

• (8:10 p.m.)

The house resumed consideration in committee of Bill No. C-178, respecting the organization of the government of Canada and matters related or incidental thereto—Mr. Pearson—Mr. Batten in the chair.

The Chairman: The committee was discussing clause 8, and an amendment was made thereto which the Chairman ruled out of order. Mr. Speaker confirmed the ruling of the Chairman. The committee now is on clause 8.

On clause 8—*Duties of Registrar General.*

Mr. Knowles: Mr. Chairman, may I put a question to either the Minister of National Revenue or the President of the Privy Council, depending on who is in charge of this clause in the bill. In considering the functions of this department, did the government give any thought to including among its functions a review of prices or consumer affairs and, whether it did or not, will the government now consider moving, itself, the appropriate amendment to enlarge the functions of this department?

[*Translation*]

Mr. Favreau: Mr. Chairman, when the Prime Minister (Mr. Pearson) spoke on the second reading of this bill—and I refer to page 5431 of the English version of *Hansard* for May 24, 1966—he made quite clear that the government intended to explore as widely and as deeply as possible the jurisdiction of federal authorities in the consumer field with regard to those areas in which such jurisdiction has not been defined up to now. He added that the government also intended to ask—and such request has already been made to the Economic Council—for a study in the areas or spheres where federal intervention would be justified or necessary.

I said in my own remarks that the very wording of the legislation clearly reflects or indicates the government's intention to regroup under a single administration or within a single department, the statutes and organizations dealing with business matters and also with the interests of consumers.

This intention, as reflected in the present bill, indicates beyond doubt the interest taken by the government in consumers as such. Furthermore any additional piece of legislation likely to affect the consumer field shall have to be passed in the light of the recommendations made by the Economic Council, and any regulations to this effect or any regrouping of additional jurisdiction or responsibility, will have to be made after the views of the Economic Council have been submitted to the government.

On the other hand, there is something specific which has never been included in a piece of legislation up to now: the Prime Minister made clear that since there will be a minister, it will be one of his duties to speak on behalf of consumers and to protect their interests.

I repeat that in order to introduce a more precise wording of the act to the house, if

necessary, the views or recommendations of the Economic Council will have to be taken into consideration.

There are other areas—and some have been considered during the debate—many areas where federal jurisdiction is being applied in the interest of the consumer. I believe, and I say this as strongly as I can, that the present act, by regrouping under the authority of a single department or a single minister, all the legislation concerning the economy and such important acts as combines investigation, bankruptcy, patents, copyright, trade marks and companies, will allow for a constant supervision of the consumer's interest and the application of the present act will allow to co-ordinate them all with a single economic policy. As a result, an immense step forward is being taken as far as the interest of the consumer is concerned.

When we object to changing the name of the department, such objection should not, directly or indirectly be construed as government objection to legislation favouring the interest of the consumer. We have simply tried to avoid a misrepresentation of the true powers, of the actual powers if you will, vested upon the new registrar general or the minister in charge of the new department.

It is clear that if, from several angles, in some of those important areas, the responsibilities of this department are directly related to the interests of consumers, the interests of corporations and commercial and industrial concerns are also involved. Consequently, I believe that simply to call this department the department of consumer affairs, would be to a certain extent, misrepresenting the facts and the departmental jurisdiction. We thought it was simpler and more appropriate to give it a traditional name, as I say, namely that of the registrar general of Canada, who already carries out extremely important responsibilities in the administration of the nation's business.

But I do want to emphasize that the important point is to see what powers and what jurisdiction are conferred by this statute. That is where one realizes, by looking at the facts, that, to a very large extent, the government is concerned with preparing and maintaining for the future, the continued protection of the consumers' interests.

This argument applies to the change in name and it must also be used to assure everyone that, by refusing to amend clause 8 of the bill, as proposed, the government does not have, as I say, any intention which is, even indirectly, inimical to the interests of the consumers.

[Mr. Favreau.]

Besides, one of the dangers of the proposed amendment was, among others, this reference to the question of prices. One realizes how dangerous this may be from the constitutional point of view.

• (8:20 p.m.)

[*English*]

The Chairman: Order. I apologize for interrupting the minister, but he is commenting on a decision that has been made.

Mr. Douglas: Mr. Chairman, I must say that the minister's reply represents Liberalism at its best. He is trying to tell the committee how concerned he is about consumers, and that the reason the government cannot accept the amendment proposed by the hon. member for Winnipeg North Centre is not because the government is not interested, not because it is hostile toward the consumers, not because it is hostile toward doing something for them, but because three things stand in its way.

He tells us that a study must be made. This government has been in office for three years and I have noted that almost every major issue that has confronted it has been postponed because a study was under way. It has told us that it is waiting for reports, for white papers, for the results of inquiries: We are always waiting. This is a government of tomorrow; it is always going to do something tomorrow when it receives a report, completes a survey or when somebody makes up his mind as to what should be done and passes it on. It will do something, but now is never the time: Always put off till tomorrow what is facing you today. That apparently has become the slogan of this government.

The minister tells us that the Economic Council of Canada must make a report before action is taken. Surely he is aware of the fact that the Economic Council of Canada is not making a study on this question of prices but simply going to make a long-term projection as to the relationship between wages and prices. It is doing nothing by way of a thorough and definitive study into price rises and whether or not they are justified. I invite any minister here to stand up and tell me that this council is making a study into the justification of price increases.

The hon. member for Outremont-Saint Jean shakes his head.

An hon. Member: You are wrong.

Mr. Douglas: I happen to know that I am right. I have a letter from the Prime Minister in which he states that the Economic Council of Canada is not making a study as to whether or not price increases are justified, and that their special reference does not cover such a study. The government should make up its mind as to where it is going. I do not know whether by moving far to the left the hon. member's lines of communication with the government have been cut off, but the information I have from the Prime Minister himself is to the effect that that is not the purpose of the study being made by the council.

I asked the Prime Minister a question on the orders of the day, and he wrote me a letter to make it clear that there was no study being made by the Economic Council as to whether or not price increases are justified or whether they are the result of excessive profiteering. What the government is doing in this regard, as in regard to everything else, is merely stalling, using another commission of inquiry or agency to put off the day of reckoning. The day of reckoning is getting closer every time another strike occurs or a labour dispute erupts. We are kept waiting for everything, just as we are kept waiting for the Secretary of State's white paper on broadcasting.

Miss LaMarsh: It is not June yet.

Mr. Douglas: The second excuse for not accepting the request made by the hon. member for Winnipeg North Centre relates to the legal aspects. There is no constitutional obstacle to the government's studying prices with a view to determining whether or not increases are justified. If the government were going to endeavour to roll back prices or control them, then concurrent legislation with the provinces would be required. However, to conduct a review of prices and price increases to see whether or not they are justified, and to make those who are increasing prices come before the bar of public opinion to justify their actions, does not require any power which the federal government does not possess.

The fact is that this government has been hiding behind the constitution for as long as I can remember. Whenever it does not want to do anything it finds a constitutional difficulty—the constitution always stands in the way of anything that needs to be done—except, of course, during election campaigns, at which time the government is prepared to do everything. Whenever the government comes back and sits in this house, the good old constitution is trotted out again to provide an excuse for continuing the policy of inertia and inaction.

Finally the President of the Privy Council tells us not to be too disappointed about the fact that the government is not prepared to change clause 8 to give the new department wider powers to assist the consumers. He says there is a good deal of power and legislation which will give new administrative authority to this new department which will be of great benefit to the consumers.

The minister has referred to the anti-combines legislation. This legislation has been in existence for a long time, and for a long time it was under the jurisdiction of the minister who is now talking about it. Fairly soon it will probably come under his jurisdiction again. I should like to ask him how much good that has done the consumers over the last quarter of a century. The combines legislation has not helped the consumers. Investigations have been conducted into a score of commodities in respect of which the consumers of this country have been exploited, yet the consumers have not been protected. The minister tells us that we should be of good cheer because legislation will be forthcoming which will help the poor down-trodden consumers of this country. I say to him that if this legislation is not any better in the future than it has been in the past, heaven help the consumers. If the minister is not able to take any more aggressive action on the basis of this legislation over the next few years than has been the case in the past three years, the consumers are going to be no better off.

Mr. Chairman, the consumers of this country will not be fooled by the oral tributes which are being paid to the government today, nor by the lip service which is being foisted upon them. The consumers of this country want action, and all we are asking is that clause 8 be changed to give the minister some authority to do something for the them. We are not asking for legislation at this time, but simply that the minister be given authority when he takes office to do something under the provisions of whatever legislation the government will introduce. It is quite clear that the government is not prepared to take this simple but forward step. With friends like those in the government, the consumers do not need enemies.

• (8:30 p.m.)

Mr. Nasserden: Mr. Chairman, after listening to the minister a few minutes ago I could not help coming to the conclusion that the government is really interested in the consumer, and consumer affairs in this country. Looking at the clause that is before us, I cannot help feeling that if the government wanted to translate their thoughts into something tangible, a paragraph "(e) consumer affairs" could be added to the clause, which would leave the matter quite wide open. I ask the minister whether the government would be willing to add to this clause, "(e) consumer affairs."

[*Translation*]

Mr. Gregoire: Mr. Chairman, I was eagerly waiting for us to proceed to consideration of clause 8, that is the clause dealing with the duties of the registrar general, as mentioned in the margin, because I thought that according to clause 6, a new department was being established.

Now, Mr. Chairman, I was quite surprised when I referred to the Larousse dictionary. On the other hand, I was not surprised, because there was something wrong. When I consulted the Larousse dictionary, I realzied that the word "registraire" did not even exist.

I wonder what the President of the Privy Council thinks about that? He should listen, since the name to be given to the new department is not even mentioned in the French dictionary.

Therefore, we would like to know if the government wants to create a new word. When I refer to the English dictionary, I find the word "registrar". That word exists.

But the government has the habit of translating literally without checking if a word exists. Are we going to translate "registrar" by 'registraire" when this last word is not even mentioned in the Larousse dictionary?

What will we do then? Is a new word being created? This word does not exist.

When I found that the word did not appear in Larousse, I consulted another dictionary, the unabridged Littré in several volumes, and found the word "registraire", but it is an old word, fallen into disuse, which meant:

Formerly, public keeper of registers.

And when I see the definition of the word "register"—at the time when it was being heard long ago and this should be the function of the new registrar, well, it was:

A device provided in the outlets, for smoke, gas, ovens or fire-places, to set the draught and control combustion by regulating the opening.

Well, Mr. Chairman, someone has just been appointed to the job. But the word "register" has another meaning, because the registrar is the keeper of the register. What was it in the administrative sense? It is:

A registry of large fruits.

These are large fruits.

An hon. Member: The big shots.

Mr. Grégoire: Well, now. Are we to establish a department of agriculture or a department of fruits? Mr. Chairman, what will the person appointed as registrar have to do apart from being the keeper of the registry? There is another definition. In the archaeological sense, it is:

Each of the areas in which is sometimes divided the surface of a bas-relief, a stele, a painting, a vase.

So that is what he would be the keeper of? I have all the definitions here. And it is dutifully explained that the word is obsolete, that it was used long ago. And in the new Larousse dictionary, it does not appear. The word no longer exists.

What are we to do, now? That reminds me of the words Solicitor General. It was translated from the English Solicitor. Go and see what it means in French. It does not mean the same thing at all.

And then, they come up with such words. French words are made up and translated from the English by sound, even completely meaningless, even more non-existent.

Just wait; here is the definition of "solicitor general", according to the French dictionary:

Solicitor: a person who applies for a job, who begs for a favour, a service.

Hence, the man appointed there, is the man who has begged a favour, a service, in short who has applied for a job. This proves, Mr. Chairman, that when the government comes to us with legislation, or with the names of ministers, translation is made by ear, by sound; it sounds the same, doesn't it? "Solicitor", solliciteur"; "registrar", is simply translated by "registraire". It is not even in the dictionary; that does not matter, let us go ahead.

What shall we do, Mr. Chairman? Shall we agree to the creation of a new word simply to create a new department. I am against it.

Something is wrong somewhere. The government will have to take a decision. Has the Canadian government decided to create other words? Will they invent a new dictionary? And there, we are told that the registrar—even though we accept what it is, the word is not in the dictionary—is the man who will look after combines, mergers, monopolies and restraint of trade.

Now, formerly in Latin texts the word "registraire" was used. The word "register" exists and it is correct. But, the "registre", in the past, was a collection of books where were kept the memoirs and letters of various Popes. They were books and letters where the memories of Popes were recorded. It used to be French. They have done away with all that.

The Registrar is asked to deal with monopolies, patents, bankruptcies. The Pope is mixed up in bankruptcies and insolvency.

Mr. Chairman, I tell you very frankly, I ask the President of the Privy Council to change the name at least. We are told that he will be in charge of corporations, combines and that he will bear the title of "registraire". Those who bore it before him were dealing with equipment used in furnace flues or gas apparatus. The President of the Privy Council is going to take this very title.

Mr. Chairman, it seems that I should leave it at that. The President of the Privy Council should perhaps ask the committee to adjourn its business so as to find another name that exists really instead of being satisfied with an obsolete name.

Miss LaMarsh: I am at present Registrar of Canada.

Mr. Grégoire: You are going to be registrar?

Miss LaMarsh: I am at present.

Mr. Grégoire: It is a name that does not exist, that is where the difficulty lies; you do not find it in the dictionary.

Mr. Chairman, I wonder if the President of the Privy Council is ready to make up his mind, and have the name changed. I feel that it is time to stop translating English words in French consonant words. A "solicitor" is called in French a "solliciteur". We know quite well that both words have not the same meaning. "Registrar" appears in the English dictionary, it is true, but not in the French dictionary. Another word should therefore be substituted and new names which cannot be found in French should not be used. This is not bilinguism, rather it is an attempt to create words, and this is prejudicial to the French language. I do not think that such is the wish of the President of the Privy Council and this is why I am asking him to move an amendment in order to change the name of the new Department and give it a more proper one.

• (8:40 p.m.)

[*English*]

Miss LaMarsh: I wonder if I could ask the hon. member whether the word "separatist" appears in his dictionary?

Mr. Knowles: Perhaps we could have this dictionary placed in *Hansard*.

[*Translation*]

Mr. Grégoire: Mr. Chairman, I am ready to answer that question.

Separatism: a desire of the inhabitants of a territory to secede from the State to which it belongs.

Mr. Favreau: Mr. Chairman, may I point out that the use the hon. member for Lapointe is making of the dictionary is less successful than the marvellous applications he has been known to make in the house, of quotations from Pascal.

I could say this to him, which might not be based on precedent but could still be put forward as a precedent. In reply to an interlocutor who blamed him for having used in one of his works a word which, according to that man was not French, Victor Hugo replied: "If it was not, I have used it and so it has become French."

Mr. Grégoire: If the minister will allow me, the word already exists in English and it is being gallicized. That is not the same thing. French words are being created. The French language is beautiful enough, colourful enough, to create new words without having to borrow English words and Frenchifying them.

Mr. Favreau: Mr. Chairman, seriously speaking, the expression "Registrar General" has been accepted for decades among French speaking Canadians. The role of the Registrar General is in Canada a traditional one; it is now part of the functions of the Secretary of State, as the Registrar General of Canada pointed out a while ago. I do not feel that maintaining it in our own vocabulary is an affront to the French language in Canada, for we too have a right to our own

expressions; this one has already been sanctioned by usage in this particular meaning.

Mr. Habel: Mr. Chairman, I have here a copy of "Le Dictionnaire Canadien" (The Canadian Dictionary), published by Messrs. Jean-Paul Vinay, Pierre Daviault and Henry Alexander who co-operated in its preparation. I could read a complete list of three pages of professors of universities who have also co-operated in the preparation of this dictionary in which the word "registraire" is defined as follows:

[*English*]

Registraire general du Canada—Registrar General of Canada—to keep a record of—minutes—trade registrar.

[*Translation*]

Then, the expression "Registraire du Canada" is quite Canadian, and I prefer to rely on the opinion of those who prepared this dictionary than on that of the member for Lapointe; so I hope the latter will bow to the Canadian Dictionary.

Mr. Grégoire: Mr. Chairman, what the hon. member for Cochrane has just said confirms precisely what I put forward some time ago. The new department will be called the department of the registrar general of Canada. Care is being taken to say "Registrar General of Canada" and to define the thing in English. The English words are being translated into French. Nobody seeks to find some typically French expression. People rather wish to Frenchify some English expressions. This is what the hon. member for Cochrane proves through the definition he has just quoted from the dictionary. It is quite evident that, at the present time, the Secretary of State, who is actually the Registrar of Canada, at least according to the expression used, will not object if some current expression as "go-go girls" is chosen and translated into French, but this does not mean that the expression has a French character.

I object to the idea of people picking up an English word that they try afterwards to Frenchify. Let us choose some French word that we shall apply according to the true tradition.

Mr. Choquette: May I ask a question to the hon. member for Cochrane? Is he aware that the word "créditiste" is an Anglicism and that it tends to disappear?

Mr. Habel: Mr. Chairman, I was not aware that the word "créditiste" was an English word, but I know perfectly well that the hon. member for Lapointe accepts gladly to travel in a "yacht" and that such word is not a French word.

[*English*]

The Chairman: Perhaps it is about time the committee got back to clause 8.

Mr. Schreyer: I do not wish to imply that the purity of the French language is not important, but it seems to me that while we are fiddling here with the translatability of the words "registrar general", the problem of inflation in this country is slowly becoming more and more acute. Perhaps I should not have used the word "slowly", the problem is a burning one across the country.

The Chairman: Order. I should like to ask the hon. member for Springfield if he is going to relate the remarks which he is making now to clause 8?

Mr. Schreyer: Yes, Mr. Chairman, it is my intention to relate my remarks to clause 8. I was about to say that in the course of the last few days I have had the opportunity of returning to the constituency which I represent and of speaking to a good many people there. I was able to determine, as I am sure many other hon. members here have, that there is mounting concern about the rising cost of living. So far nothing in the way of tangible, effective action has been taken or even suggested by the government.

I do not believe it was too much to expect that the government would have seen fit to include in the powers and functions given to the registrar general under clause 8 the responsibility for looking into matters affecting prices in this country. I do not believe I would serve any useful purpose if I were to speak at length on this matter of the proper powers and functions of the registrar general. If there is any place in the organization of government in this country for responsibility for consumer affairs and matters relating to prices, then logically that place is in this new department being set up under the authority of clauses 6 to 10 of the bill before us.

• (8:50 p.m.)

If there is any sincere desire on the part of the government to translate into action the good intentions expressed a few minutes ago by the President of the Privy Council, then possibly the government will introduce ancillary legislation some time during the course of this session. The people of this country are getting fed up with the steady increase in the cost of living, and with their continual abuse in the marketplace in the form of improper

packaging and advertising practices which merely perplex and confuse them. They are now expecting concrete action and will not put up with constitutional excuses for much longer.

If the government sitting across the way find themselves losing touch with, and the sympathy of, the Canadian electorate, it is because in the course of the last few months the cost of living has been surging upward, with no sincere demonstration on the part of the government that they intend to do anything about it. The government have had their opportunity in this bill to show that they mean action. Obviously they are not prepared to accept the good suggestions they have been given.

Mr. Nasserden: Mr. Chairman, I wonder whether the President of the Privy Council could answer the question I asked him a minute or two ago.

Mr. Favreau: Mr. Chairman, in answer to the question which has been put I repeat what I said before. It is not the intention at this time to modify the clause. Any consideration as far as the government is concerned that might be given to changing the text of the bill, if it is enacted, will be given once the report of the Economic Council has been received.

Mr. Gilbert: Mr. Chairman, I should like to ask the President of the Privy Council a question about the speech made on Saturday by the former secretary of state, the hon. member for Outremont-Saint-Jean, in which, among other things, he said during a question period that several federal departments should disappear and new ones, such as science, and consumer and family affairs, be formed. He said that there must be a major overhaul, much more than has been done in the last few months; that changes must be made in the organization of the cabinet; and that the economy needs a major overhaul. I am wondering whether the President of the Privy Council associates himself with these remarks and is prepared to make the necessary changes in line with the thinking among the left wing of his party?

Mr. Benson: Mr. Chairman, every member of this house has the right to express himself in his own words both inside and outside this house. I know my hon. friend who made these statements—at least I presume he made them in Toronto—is writing a book, and undoubtedly in his book he will outline all his ideas. We will all be able to give them consideration in due course.

Mrs. MacInnis (Vancouver-Kingsway): Mr. Chairman, I should like to ask the President of the Privy Council a question in light of his remarks a few moments ago. Since the beginning of the session I and a number of others have received letters from people across the country in which they ask various questions about prices, the elements which go into price increases and the justification or otherwise for them. We have been asked questions in regard to protection along various lines, such as advertising, packaging and so on.

When we have put these questions to the government before orders of the day are called we have been sloughed off, usually without any answer being given, or we are told there will be investigations made later on in the year. More recently I have had questions sent back to me with the statement that no department of the government is responsible for answering such questions, or words to that effect.

I should like to ask the minister whether I would be justified in assuming from the remarks he has just made that when I receive letters and inquiries of this kind his department is now a suitable department with which to take up these matters, and that he will be the suitable person to answer such questions.

Mr. Favreau: Mr. Chairman, I cannot say whether I am the suitable person, but I can say it is correct to assume both from the statement made by the Prime Minister and by the statement I made in the name of the government that the registrar general will be the minister with jurisdiction in this regard in the future. I think both the statement of the Prime Minister and my own can be interpreted as meaning that, to the extent there is federal jurisdiction and responsibility, this will be the department which will be concerned with these matters.

Clause agreed to.

Clauses 9 and 10 agreed to.

On clause 11—*Department of Manpower —Department established.*

Mr. Bell (Carleton): Mr. Chairman, at the resolution stage I stated emphatic opposition to the marriage of the department of immigration and the major portion of the Department of Labour. In my view it will be

detrimental to immigration policy and, perhaps even worse, to the labour policy of this country. Based upon my experience, sir, as a minister of citizenship and immigration, and upon detailed observations in other countries where labour and immigration departments have been married, I believe this proposed department of manpower will be a department warring within itself. In such circumstances and within such a framework Canada cannot achieve a rational, balanced, aggressive immigration policy, and I predict that immigration will suffer, and suffer greatly, with consequent grave disadvantage to our economy.

These are views, sir, which I asserted on the estimates of the Department of Citizenship and Immigration and on the resolution stage of the bill, without apparently being able to convince the Prime Minister. I do not propose tonight to pursue the arguments further, except to reiterate that I am convinced that this is a grave error of national policy which will deprive this country of a consistent, expanded, long-range immigration policy, a policy urgently needed at this very time.

I add tonight that it would have been very helpful indeed to the committee to have had before it the white paper on immigration. I urge the minister to end the lead swinging that has been going on in this respect, and to bring forward the white paper on immigration which has been delayed now since it was first promised by the Prime Minister in December 1963.

There is the further fact that the Prime Minister's proposals leave the old Department of Labour so completely emasculated as really not to be a department at all. Except for the fact that the hon. member for Vancouver Centre has retained his responsibility, which he had in other portfolios, for Central Mortgage and Housing Corporation, he would be, at least during periods of industrial peace, virtually unemployed. He would have the smallest, the most attenuated department of government of all.

In my view, Mr. Chairman, this is turning back the clock. How it must disturb the celestial peace of Mr. Mackenzie King. For sir, it was he, under the aegis of Sir William Mulock, who established the Department of Labour, and that department was always his special pride and joy. Mulock, Lemieux and King himself were the first ministers of the Department of Labour and established, in my view, competent, imaginative leadership in that portfolio. Parliamentarians of distinction and prestige of Gideon Robertson, Wesley Gordon and Norman Rogers added lustre to the ministry till the hon. member for Ontario, one of the greatest ministers of labour of all time, brought it to its highest authority within the government and within the cabinet.

[Mr. Bell (Carleton).]

Some hon. Members: Oh, oh.

Mr. Bell (Carleton): All this tradition has been thrown away.

Miss LaMarsh: He had more people out of work than anybody.

Mr. Bell (Carleton): I am sorry; I do not hear what the hon. lady is muttering at this time.

Miss LaMarsh: Mr. Chairman, I suggest that the hon. gentleman might agree with me that the hon. member for Ontario probably had more people out of work, to work with, than any other member of this house ever had.

• (9:00 p.m.)

Mr. Bell (Carleton): I want to say to the hon. lady that there were fewer strikes when the hon. member for Ontario was in charge than at any other period in the last 15 years, and that there are many workers who owe a great deal as a result of the vocational training plan—

Some hon. Members: Oh, oh.

Mr. Bell (Carleton): There are a great many young people in the city of Niagara Falls and in other parts of the country who have a great obligation to the hon. member for Ontario.

Perhaps the hon. lady would hold her peace. She will have plenty of opportunity to speak later on. Her colleagues have been giving her a wonderful example of how to talk out government legislation. They have done that all day. They are experts. I suggest that the hon. lady should not join with them in that.

I want to say that this Department of Labour is the department which bore the brunt of the struggle against the depression in the 1930's. This is the department which initiated so many of the policies which overcame the recession in the 1950's. This is the department which has been especially chosen by the Prime Minister for the guillotine. What is the reason for this? Let us be frank about it. It was simply to tailor a department for the hon. member for Quebec West, and for Mr. Tom Kent.

Some hon. Members: Shame.

Mr. Bell (Carleton): The Prime Minister of Canada believed that because of the background of the hon. member for Quebec West, the hon. member could not be charged with responsibility for industrial relations, conciliation services, and for the other services retained in the Department of Labour.

I think the Prime Minister took very much too seriously the hon. gentleman's background as a union leader in one phase of Canadian unionism, and apparently believed that other unions and employees would not accord him full respect as Minister of Labour.

Sir, I have no desire to be the devil's advocate for the hon. member for Quebec West, whose considerable oratorial talents have become known to us. I think the Prime Minister did for the hon. member for Quebec West much less than justice. As a cabinet minister, I believe the hon. member could achieve an objectivity and impartiality equal at least to that of the hon. gentleman for Vancouver Centre, who has always been an executive of businesses which are not insubstantial.

Far be it for me, sir, to advise the Prime Minister on his choice of colleagues. It would have been far better, I say, to make the hon. gentleman for Quebec West Minister of Labour in the old Department of Labour and to return the hon. gentleman for Vancouver Centre to the portfolio of citizenship and immigration, or even to reverse the matter, than to bastardize both departments and to create two political orphans to be known as the departments of manpower and labour.

Some hon. Members: Oh, oh.

Mr. Bell (Carleton): Yes, and to choke immigration in the process. That, sir, is what I believe will happen.

Sir, the attenuation, the almost total diminution of the Department of Labour, coupled with the placing of immigration in a secondary policy role, induces me to plead tonight with the government. I wish the Prime Minister were here, so that I might plead especially with him tonight for a restoration of the *status quo ante*.

I believe that this committee should strike out the provisions for the department of manpower which are contained in clauses 11 to 14 inclusive, and when we reach clause 34 dealing with the Department of the Secretary of State, the committee should strike out subclause 1(a). Thereupon the old and generally satisfactory status would be restored.

As I can only move one amendment at a time to one clause, I intend, sir, to move that clause 11 be struck out, and if this motion should be carried, I will move subsequently to strike out clauses 12 to 14 inclusive, and later to amend all dependent and consequential clauses. The net result would be to restore the old Department of Labour, and I would hope to have it strengthened into a genuine department of manpower. I would hope to establish the Department of Citizenship and Immigration into a department freed from the responsibility of Indian affairs, so that the minister and his officers could establish and continue a long range immigration policy coupled with a real program of citizenship education and evaluation, which I do not believe will happen under the Secretary of State.

Therefore, sir, as a start to this general proposal, I move.

That Clause 11 be deleted and all clauses thereafter be renumbered accordingly.

This is the only motion that I have ever moved or ever expect to move in the chamber which would have made the Right Hon. Mackenzie King happy.

Some hon. Members: Question.

Mr. Benson: Mr. Chairman, I respectfully submit that this motion is out of order. The principle of the bill which includes the creation of the department of manpower was approved by the house at second reading. Therefore this motion which has been introduced by the hon. member for Carleton is directed to the principle of the bill, and therefore, I submit, out of order.

Mr. Knowles: Mr. Chairman, may I speak to the point of order. I agree with the Minister of National Revenue that the amendment is out of order, but not for the reasons the minister gave.

I submit that it would be quite within the power of the committee to vote down a clause, or several clauses, even though they were supported in principle on second reading. Where this amendment fails is that it is what is sometimes called an expanded negative. All that is necessary, for the Conservatives to strike out clause 11, is to muster enough votes against it. You cannot by an amendment move to strike out something that you can resolve by voting one way or another.

Some hon. Members: Question.

The Deputy Chairman: May I draw hon. members' attention to Citation 398 in Beauchesne's fourth edition:

An amendment which would produce the same result as if the original motion were simply negatived is out of order.

I declare the amendment in this form is out of order. It will serve the same purpose to vote against clause 11, as such, instead of bringing forward an amendment.

Some hon. Members: Carried.

• (9:10 p.m.)

[*Translation*]

Mr. Marchand: Mr. Chairman, I think there is more than one way to conceive of government organization. I am not mistaking this for a metaphysical proposition, but I feel that different propositions could be made, possibly all sensible, and the only defence I have to offer is based upon reason and chances of success.

It was indicated that the Department of Labour had been stripped of all meaning and that the new department, as it would be set up, could not fulfil the role that should normally be expected of it.

I should like to point out to the house that in the field of labour, there are two different realities. One is concerned with employers-employees relations, which we call industrial relations and which are basically different from manpower, manpower training, manpower classification and all other services that may be offered to workers and industry in the field of technical training.

This is so true, Mr. Chairman, that when the federal government set up or created, if you wish, what we have called the Labour-Management Co-operation Committee, it was taken out of collective labour agreements. They did not want the two to be mixed together. That is to say, there was a special committee to discuss with management questions of productivity, questions of production, questions of manpower training, and those committees were never incorporated into what was called the industrial relations set-up in the company.

Therefore, Mr. Chairman, I do not think that is a sacrilege. One may very well think that it should be otherwise, but to go as far as to indicate that this takes all meaning out of what was established by Right Hon. Mackenzie King or hon. Mr. Lemieux appears to me as pushing conservatism to the point of placing it in jeopardy.

[Mr. Knowles.]

Mr. Chairman, I do not want to talk too long on this subject. I might have the opportunity to come back to it when particular legislation is considered, but let us say that, independently of government measures, it remains that manpower in Canada is our main resource and we should all agree to try and improve it, to make it more productive and particularly to help the workers to develop fully as far as technical skills are concerned.

A few years ago in the United States a great economist tried to establish what could be the value of the human capital, of the workers. He set the economic value of the work of men in a society at over $1,000 billion, whereas the financial capital barely reached $700 or $800 billion, which means that the value of the men in strict economic terms exceeded by $500 billion that of the financial capital.

Everyone knows that the increase in production since the beginning of the century is due to a large extent—I would say 85 or 87 per cent—to the improvement of industrial technology which is based itself on the work of men.

Therefore, it is important that we should give special attention to the training of our manpower, to enable it to meet the needs of the enterprise and at the same time to enable the men to develop, to improve normally.

Now, I could answer questions if hon. members deem it advisable to ask some about the constitution of the department. But before resuming my seat, I would like to talk about immigration.

Some fear that immigration will suffer because it comes under the Minister of Manpower. There is no basis for that. It will depend on the government and probably on the Minister of Immigration. It is quite possible to have a department concerned exclusively with immigration and the government through its policy, or the minister, make immigration difficult. There is no relationship between the two.

Here is proof of what I say, Mr. Chairman. I am in favour of having immigration with manpower and I see that last year 140,000 immigrants came to Canada, whereas this year there will be almost 200,000 of them. There has been an increase of 30 per cent in each of the first four months this year, whereas when immigration came under the hon. member for Carleton (Mr. Bell), only 75,000 immigrants came to Canada that year.

[*English*]

Mr. Bell (Carleton): The member for Carleton put into effect the policies which are now bearing fruit.

Some hon. Members: Oh, oh.

[*Translation*]

Mr. Marchand: Now, if this were actually the case, I hope the member for Carleton will wait a few years in order to ascertain the results of the immigration policy we are now implementing.

At any rate, immigration must surely, but not exclusively, be related in some way to the requirements of the labour market.

Besides, when we ask immigrants to come to Canada, we are dealing with men who have relatives here and who want to make a living in our country. I feel that to restrict immigration exclusively to the requirements of the labour market in Canada would make for an inhuman and unacceptable policy. It is not our intention, therefore, to restrict immigration in this manner. Besides, I hope we shall be in a position very shortly to introduce in the house amendments which will no doubt enable the member for Carleton to sleep peacefully and to feel reassured about Canada's future.

Now, Mr. Chairman, a few members made remarks; first, the member for Lapointe (Mr. Grégoire), who is not here—

Mr. Grégoire: No, I am here.

Mr. Marchand: No, he has not gone. We did not have too many translation problems. We thought, of course, of translating "manpower" by "puissance de l'homme," but this could have created some confusion, or would have constituted a misrepresentation.

Mr. Grégoire: Mr. Chairman, if the future minister of manpower allows me, throughout his statement, he used a very appropriate term which he chose himself and which, I feel, would enhance even more the part he has to play. It is human capital. It is capital rather than manpower. Manpower designates something more finished, whereas human capital indicates a power. Since the minister used the term "human capital" all the time, I think that term might have been properly used.

Mr. Marchand: I thank the hon. member, but there is something else that is more important. Anyway, sir, that is not what I want to undertake.

It was indicated during the debate that the word "immigration" was removed from the title of the department. I listened with attention to those who spoke about it, including the hon. member for Carleton (Mr. Bell) and several others. I was impressed, not because I think that the name can change the policy or structure, but this emphasizes a reality which we all follow very intently.

Since there is no point in having useless discussions simply to win an argument or imagining that because something was done once, it would be wrong to amend it and to weaken our position. I am ready to move that the new department be named "the Department of Manpower and Immigration".

Mr. Fulton: Has the Prime Minister appointed you *ex officio*?

Mr. Marchand: I will see him early tomorrow morning, before you advise him.

I therefore move:

That the words "Department of Manpower" in subsection (1) of clause 11 be replaced by the words "Department of Manpower and Immigration" and "new Minister of Manpower", in the same clause, be replaced and that the same amendment be made wherever the words "Department of Manpower", "Minister of Manpower and Deputy Minister" are found, more particularly in subsection (2) of clause 11, as well as in clauses 12, 13, 14, 33, 35, in paragraph (d) of clause 36, in subsections (1) and (2) of clause 39, in Schedule A and Schedule B.

Mr. Winters: Mr. Chairman, I second the amendment in question.

• (9:20 p.m.)

[*English*]

Mr. Knowles: On a point of order, Mr. Chairman, was it necessary that some other minister move the amendment? After all, the bill is in the name of the Prime Minister and it is perfectly in order for the Minister of Citizenship and Immigration to move the amendment. The second point of order I wish to raise is whether this is a proper form in which to amend several clauses of a bill. After all, we have only clause 11 before us at the moment.

Mr. Fulton: By unanimous consent.

Mr. Knowles: If it is done by unanimous consent I am willing to join in that consent. But there is another point. Should the amendment not have in its earlier lines some reference to the heading that appears in the bill preceding clause 11? Let us change not only the language of the bill but the heading which precedes clause 11. I suggest this could be done by altering the amendment at the beginning to read, that the heading preceding

clause 11 be amended to read "Department of Manpower and Immigration" and that this name be used in the following clauses. I suggest that this be done either by unanimous consent or by someone moving a subamendment.

Mr. Bell (Carleton): I would submit it can only be done by unanimous consent, and certainly we on this side would be most happy to extend unanimous consent. If the hon. minister had not moved this amendment we on this side would have done so, and had intended to do so. I think the hon. member for Hamilton West is to be congratulated and I wish the government had given him a chance to move the amendment. He was one of a number of people who had the same idea. I hope the inclusion of the words "and immigration" in this portfolio title will mean something more than lip service to immigration. I hope it will mean that this department is going out specifically and definitely to promote immigration and establish a proper policy. I hope the minister will get rid of the lead swinging he has been guilty of since last December in keeping the white paper under wraps.

[*Translation*]

Mr. Caron: Mr. Chairman, when the minister moved his amendment, I was wondering whether that was necessary because, according to the bill as it is drafted, the minister holds his office during pleasure. He could have been taken from one department and placed in another without having to change the whole act. This way, the act will have to be changed if part of the department is to be transferred to the Department of Labour or another one. I think that is useless.

If the member for Carleton (Mr. Bell) said he would move that amendment, it is proof that we would make a mistake in moving it. I submit that basically it is unnecessary.

I will not object further. I do not understand the reason of such a change which is not absolutely necessary and which could well have been made without this amendment since the minister holds his office during pleasure and could readily have been transferred from one department to another without the house having to change the act.

[*English*]

The Deputy Chairman: Is there unanimous consent that this amendment be carried?

Mr. Knowles: Yes, provided there is a reference to the heading preceding clause 11.

[Mr. Knowles.]

The Deputy Chairman: Yes, and we thank the hon. member for Winnipeg North Centre for the new title and for its inclusion in the following clauses and subclauses.

Mr. Knowles: In both languages.

Mr. Bell (Carleton): Before clause 11 carries may I ask the minister if he has given consideration to the problem that I know has been raised with him by the organization known as Manpower Services Limited? I think many hon. members have had communications from this private and long established corporation. I agree that national interest must always be predominant, but I do not think we should suddenly go in and take over what has been a very long established name, I believe of international reputation. Before we proceed further I would like the minister to comment on this, and we might wish to pursue the matter further if his comment is not satisfactory.

Mr. Marchand: Mr. Chairman, we have of course taken that point into consideration. We do not have any interest in creating more confusion than is necessary, and so I hope we will find a name that will avoid this confusion and respect the rights of those who have rights in Canada.

Mr. Nielson: Will the minister also make a recommendation to the Minister of Northern Affairs and National Resources to the effect that he pass on an alternate name to the city of Edmonton?

Amendment agreed to.

• (9:30 p.m.)

[*Translation*]

Mr. Grégoire: Mr. Chairman, there is a point on which the minister—

The Chairman: Is the hon. member dealing with clause 11 or clause 12?

Mr. Grégoire: Clause 11, Mr. Chairman.

The Chairman: The hon. member still has something to say concerning clause 11?

Then clause 11 is not agreed to.

Mr. Grégoire: Mr. Chairman, I thought we were being asked to agree to the amendment. We agreed to the amendment but not to the clause.

Precisely, before agreeing to the clause, I would like to hear a statement from the minister on a matter he evaded; I do not know whether he did it deliberately or not,

whether he forgot it or whether it was to avoid discussing the subject at this time, but there is a matter on which we would like to have an explanation.

In the province of Quebec, I think—in fact, I am convinced of it—there is an ideological dispute concerning the role of the minister of manpower, namely concerning encroachment on certain fields of provincial jurisdiction.

Thus, when it is contemplated, in the field of manpower, to move a worker from one area to another, from one province to another, then certain problems may arise. The minister is aware of the statement made by the Quebec minister of labour not long ago. Could we have an explanation, from the federal minister concerning that statement? What are the intentions and what will be the role of the federal minister of manpower in that connection?

Mr. Marchand: Mr. Chairman, I do not see how I could be compelled to speak about constitutional problems while discussing the alteration of the name of a department. This question could be directly put to me and I do not think that I can be accused of trying to avoid the subject.

Anyway, we know that in that field, there is undoubtedly a provincial jurisdiction, that is all matters concerning vocational training such as the establishment of programs, of lectures come under provincial jurisdiction and are related to education. We do not intend to encroach upon that field.

There is the entire field of employment offices which has been under the federal jurisdiction for many years, namely for 25 years, and which the province in its turn would like to invade.

Therefore in this case, Mr. Chairman, I submit we do not face the threat of federal encroachment upon provincial jurisdiction, but that of provincial *ipso facto* encroachment upon a field which has been under federal government jurisdiction for 25 years.

Anyway, this is not a constitutional argument, but merely a field which has been occupied, and it does not necessarily mean that the government has exclusive jurisdiction in this field. This is a field in which we are really ready to co-operate with the provinces, taking into account the fact that Canada is a country united under a consitution and that, for the common good, the Canadian population, the workers, have the right to be protected and to receive the best possible service, in any province.

There has been talk about manpower mobility. Neither the minister of manpower nor the government has ever intended to move Canadians without reason from Halifax to Vancouver or from Quebec to Toronto. These policies of manpower mobility obviously apply within a certain natural region where people have roots and want to stay.

I think we will respect this wish of the population and this holds true not only for Quebec, but for people living in Newfoundland or British Columbia; in other words, as far as possible, everyone will be able to go on living in his own town, village, region or province.

A manpower mobility program which would not take this fact into account would be a failure, and we intend to consider it; we are ready to co-operate with all the provinces, and particularly with Quebec.

[*English*]

Mr. Baldwin: Mr. Chairman, I had intended to deal with this matter later on when we reached clause 13, but since it has been raised I might as well deal with it now. I think it can be related to this clause 11. I should like to preface my remarks by saying that I agree with what already has been said on second reading with regard to these subclauses. Most of this bill simply is window dressing, and as a matter of fact I think the government could have been prosecuted successfully under the Criminal Code for misleading advertising. There is however one exception. They attribute to the new department of manpower the development and utilization of manpower resources in Canada. I was going to ask the minister precisely the same question which has been asked. Is this to be taken, in its ordinary meaning and interpretation, as conveying to the government in the fullest sense the powers which are indicated by implication in that particular phrase?

We cannot look at that without having some regard for the history of that particular aspect of federal jurisdiction and the attempt by the Bennett government in 1934 to pass good legislation which subsequently was declared invalid by the Supreme Court and confirmed by the Privy Council and the amendment of the British North America Act in 1940 which simply was giving to the federal government and to parliament the right to deal with the matter of unemployment insurance. The passage of the Unemployment Insurance Act that year contained reference to an employment service and dealt

with the principle of unemployment insurance itself. Today we come to the proposal that parliament vest in the government the right to deal with the development and utilization of manpower resources in Canada. This having been passed, parliament then has occupied the field.

I believe, and have said so in this house, that in order for this parliament and this government to function properly in areas such as this, there can be uncontestably only one authority, and that authority should be the federal parliament. If these words are taken in their ordinary everyday meaning, the federal government and parliament having occupied the field there can be no question of provincial jurisdiction. True enough, the minister and the government will have to consult with the provincial governments. This is only proper and right, but I would discard all the rest of the legislation. However, I would be prepared to support the government in this one particular aspect of its plans in connection with this bill. One tries very hard to find something to praise the government about, and no matter how hard he tries very seldom is he able to do it.

An hon. Member: Don't try too hard.

Mr. Baldwin: I have been trying to do so for three years and always have come up with a zero.

An hon. Member: All miserable failures.

Mr. Baldwin: How this happened to creep into it I do not know. The law officers of the crown who chose these words are to be commended, because in my opinion, in this area where juisdiction must be established essentially in the federal government, it is about time this government moved, and in this one particular aspect it seems to have done so. I understand from the reply just made by the minister to the hon. member for Lapointe that it is the government's intention to give this phrase the very widest possible meaning.

• (9:40 p.m.)

Clause agreed to.

Clause 12 agreed to.

On clause 13—*Duties of minister.*

Mr. Herridge: Mr. Chairman, I should first of all like to say that I support this bill whole heartedly, as I think it represents a good move on the part of the government in putting manpower and immigration together. I should like to ask the minister one or two questions in respect of clause 13. What reorganization will be required in local offices throughout the country in order to give effect to this change, if it is adopted?

Mr. Marchand: Mr. Chairman, we intend to co-ordinate all the services related to manpower, including retraining, mobility allowances, placement and special services for youth, women and handicapped. I do not know what the name of the new service will be, but we will find an appropriate one. In any event, all these services will be under the one head.

Mr. Herridge: I have one more question I should like to ask. Will this move necessitate the recruitment of specialized staff trained to do certain work not previously done by the department?

Mr. Marchand: Are you referring to trained personnel for the department or for employers?

Mr. Herridge: I refer to personnel for the department.

Mr. Marchand: There is no doubt that we will have to train new personnel, and we are carrying out that training program at this time.

Mr. Starr: When the original transfer of the national employment service from the Department of Labour to the department of manpower was made, examinations were given to the employees transferred. They were advised that those examinations were void and had no meaning. Will the minister explain what happened in this regard.

Mr. Marchand: The results of the examinations held are not void or without meaning. They are still in existence and valid, but are not being used in themselves to evaluate the abilities of each employee. Many other criteria are being used in this regard. The results of these examinations are not being used exclusively in evaluating the abilities of these people.

Mr. Starr: Will the minister indicate what other criteria are being used, in addition to these civil service examinations?

Mr. Marchand: The other criteria being used include the known competence of employees, their experience in the department and other qualities which do not show up as a result of the examinations.

Mr. Starr: Does that mean that the deputy minister in charge of administration will select these people for future positions?

Mr. Marchand: No. A committee will be formed to deal with selections. I do not know exactly the composition of this committee, but I am sure the Civil Service Commission, the national employment service and the department will be represented. If you wish further information in this regard I will let you know tomorrow exactly how this committee is to be formed.

Clause agreed to.

Clauses 14 and 15 agreed to.

On clause 16—*Deputy minister.*

Mr. Bell (Carleton): Mr. Chairman, this clause provides for a deputy minister of Indian affairs and northern development. I should like to take one minute to say that for some years I have been strongly of the belief that there should be a separate deputy minister for Indian affairs whose jurisdiction would be related exclusively to Indian affairs. I doubt that one deputy minister can give appropriate time to both Indian affairs and northern development. I believe that in the past the detailed administration of immigration has robbed the deputy minister of citizenship and immigration of an opportunity to give as much time to Indian affairs as the importance of this subject deserves. I urge the government to amend clause 16, perhaps not tonight, but during this session, so that there can be a deputy minister of northern development as well as a deputy superintendent general of Indian affairs. If it were within my rights as a private member I would move such an amendment myself.

Clause agreed to.

Clauses 17 to 26 inclusive agreed to.

On clause 27—*Department of energy, mines and resources—Department established.*

Mr. Fulton: Mr. Chairman, I notice that the minister designate of this department is not here so I do not know whether it is the desire of the committee that the clauses under this heading stand until he is in the house, or whether we should move on to something else. Perhaps we should proceed now, in which case I have some observations and amendments to put forward. I am not sure this would be appropriate in the absence of the minister, but perhaps some spokesman for the government could give me an indication in this regard.

Mr. Benson: Mr. Chairman, I think that we should proceed at this time in view of the fact that while the Minister of Mines and Technical Surveys is unfortunately but unavoidably absent, his parliamentary secretary is in attendance, as is the Minister of Northern Affairs and National Resources. I am sure both hon. members would be pleased to deal with these matters in view of the fact there is some disposition to get on with this legislation this evening.

Mr. Fulton: Mr. Chairman, the amendment I wish to propose relates primarily to clause 29. I shall be glad to comply with the suggestion of the hon. minister, and I will confine my remarks to the applicable clause.

Clause agreed to.

Clause 28 agreed to.

On clause 29—*Duties, powers and functions of the minister.*

Mr. Fulton: Mr. Chairman, in considering the constitution of the new department of energy, mines and resources, I should like to remind the committee that the view of the official opposition was expressed by us when the estimates of the Department of Mines and Technical Surveys for 1965-66 were under consideration. We approve wholeheartedly the concept of co-ordinating policy in the field of energy and resources under one department and one minister. At that time I expressed the reservation in respect of the proposal as it was reflected in order in council 1965-2281, to the effect there should be exempted from the jurisdiction of the minister certain main areas, but primarily the areas of planning and co-ordinating of policy regarding the north and the whole of the continental shelf, which has been allocated to Canada in accordance with an international agreement arrived at in Geneva in 1958.

• (9:50 p.m.)

I should say that nothing that has developed or has been said since has caused us to change our views. Indeed the statement of the Prime Minister on second reading of this bill, especially as contained in pages 5431 and 5432 of *Hansard*, have very seriously heightened our apprehensions regarding the serious consequences of the omissions from the powers and jurisdictions of this proposed department. We were so concerned about the matter that I took the trouble, on the discussion of the estimates, of raising with the minister expressly the basis of our concern. He was

kind enough to write me on March 25, 1966, as follows:

> When the 1965-66 estimates for my department were being debated in the house on March 3 last, you asked my colleagues, the Minister of Northern Affairs and National Resources and the Minister without Portfolio whether one of them proposed to make an opening statement with respect to the work of the department "and particularly with respect to the policies which will guide the government as it sets up and administers the new department of energy, mines and resources."

He went on to say:

> My colleagues and I are having regular discussions on the concept of the new department of energy, mines and resources, and senior officers of my present department are also intensively engaged. The enabling legislation is being drafted and it is our hope that, within the not too distant future, we shall be able to present our proposals to parliament.

I replied as follows by letter of April 5:

> Thank you very much indeed for your letter of March 25th—

—etc. Then I said:

> I appreciate your keeping me informed. I hope I may be permitted to make reference again to my feeling that in setting up the department, it would be a pity if responsibility for development and co-ordination of resources policy in an area of utmost importance to Canada and within the jurisdiction of the federal government, namely the Territories, was not entrusted to the new department. It seems to me that, if it were not, this would create a most conspicuous and lamentable gap in what I am sure will otherwise be generally supported as an admirable and progressive step forward by way of co-ordination of policies in these fields.

As I say, I should have added to that general observation or reservation the expression of concern with regard to—

Mr. Laing: Mr. Chairman, would the hon. member permit a question?

Mr. Fulton: Yes.

Mr. Laing: Might I ask from what correspondence the hon. member was quoting?

Mr. Fulton: I was quoting from a letter to me from the Minister of Mines and Technical Surveys. I thought I had identified the correspondence, and I am sorry if I did not. I also quoted my reply to him in that capacity.

Mr. Laing: Of what date?

Mr. Fulton: I think I gave the date. The letter to him was dated March 25 this year; my reply was dated April 5.

As I say, Mr. Chairman, I should have added to that expression of concern the omission from the jurisdiction of this department of jurisdiction over the territorial waters and the continental shelf, in so far as these waters have been assigned to and are under the jurisdiction of the parliament of Canada. Our concern in this regard was, as I have said, heightened by the references to this subject made by the Prime Minister in his speech on May 24 on second reading of the bill. I refer particularly to the passages found in the last paragraph of the first column of page 5431 reading as follows:

> We all contemplate that at some time in the future we shall have in this country one or more provinces in the north. That situation will come, however, only after there has been substantial growth in population and in resource development. The encouragement of that resource development will be the responsibility of the minister of northern development. In a sense the minister will be acting in that, as in many other respects, as a trustee for provinces of the future.

With that statement by itself we have no quarrel and to it we take no objection. But it is important in this context to realize that the role described for the minister of northern development is that of a trustee for future provincial governments, and that therefore there are indications of very serious and practical limitations upon his role in this field. The Prime Minister went on to say:

> The minister of energy, mines and resources, on the other hand, will be exercising responsibilities that are essentially, if I may use that word, national in their character. By that I mean he will be responsible for the kind of things that do not relate to any particular province but rather involve elements of jurisdiction that are federal in nature and aspects of policy that affect the country as a whole.

Again, to that statement in isolation there can be no objection and with it we take no exception as a statement in isolation. The aspect of it to which we do take exception is that unfortunately there is a large area of resource policy and responsibility for planning resource programs which is national in nature, and which has not been entrusted to the new minister and the new department, but rather has been divided between the minister of northern development and the minister of energy, mines and resources. This can only create confusion, and because of the importance of the exception it creates a substantial and lamentable gap in the proposal to set up a new national policy and move forward with national programs and concepts of development and resource policy, and particularly a water use policy.

I see, Mr. Chairman, that it is ten o'clock. As I intend at this stage to go into the detail of our objections and reservations, perhaps I

might move the adjournment of this discussion.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Benson: Mr. Speaker, in connection with the business for tomorrow, it would be our intention to continue with this legislation tomorrow until it is completed, and then immediately continue with the three bills dealing with collective bargaining in the civil service; that is, the collective bargaining act, the public service act and the amendments to the Financial Administration Act. Then we would proceed with the resolution preceding the omnibus bills to amend the civil service pension plans.

Mr. Starr: Mr. Speaker, may I ask the Minister of National Revenue whether following that we will be taking the second reading of the Yukon bill?

Mr. Benson: I should like to defer a decision on that matter, Mr. Speaker.

• (10:00 p.m.)

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisonal standing order 39A deemed to have been moved.

[*Translation*]

AGRICULTURE—QUEBEC—PROTESTS AGAINST IMPORTS OF EGGS

Mr. Gérard Laprise (Chapleau): Mr. Speaker, on May 20 last, I asked the parliamentary secretary to the Minister of Agriculture (Mr. Beer) whether the minister had examined the telegram sent by Messrs. Lionel Sorel and Ovila Lebel, president of the Catholic Farmers Union and president of the Quebec Federation of Egg Producers respectively, and in which they showed their concern about "strange importation of eggs into Canada".

I also asked him whether it was his intention to take steps to protect Canadian egg producers against such importation.

It is known, Mr. Speaker, that for several years prices for eggs have been subject to fluctuations that are always detrimental to both small and average producers, and even to big ones at times. Imports are very often the cause of losses suffered by egg producers in this country.

In its May 18 edition, *La Terre de Chez Nous* reports that:

> Since the beginning of this year until May, egg imports in Canada totaled 23,548 cases of 30 dozen each, as compared to 1,687 cases for the corresponding period last year. These figures include inspected egg imports and may be found in the last weekly report on the poultry product market published in Ottawa.

These figures, Mr. Speaker, are really alarming and the producers are concerned. During a few months, egg prices remained at levels rather interesting for the producers, but the importers noticed it and the results are and will doubtless continue to be harmful to the Canadian producers.

The minister may tell me, as did the Minister of Mines and Technical Surveys earlier last week, that these imports are necessary because production does not meet domestic consumption, or that these imports will be exported after processing. But, Mr. Speaker, our poultry producers are precisely able to increase their production considerably, especially in the province of Quebec, to meet the demand of the Canadian market, if they can be assured of being able to sell their produce at a worthwhile price.

It would also be interesting to know the decision of the Minister of Agriculture concerning the resolution passed last year by the Canadian Federation of Agriculture, which is requesting a royal inquiry into methods of establishing egg prices. We wish to know what the government intends to do for Canadian poultry producers.

[*English*]

Hon. J. J. Greene (Minister of Agriculture): With regard to the question raised by the hon. member for Chapleau (Mr. Laprise), Mr. Speaker, my officials have had an opportunity of looking into this matter and advise the hon. member that, first of all, I did receive a telegram under date of May 10 from Mr. Sorel, President of the Catholic Farmers Union regarding importation of eggs into Canada.

During the past five or six months our egg production has been lower than our requirements, with the result that prices to producers for eggs have been at their highest for the corresponding period for the last seven or eight years. As a result, our egg requirements have been supplemented by an increased quantity of imported eggs. Practically all of these eggs are for the manufacturing trade and have not been in competition with domestic fresh eggs for table use. Despite

these importations, the price for domestic eggs has continued well above that of previous years.

The department is, however, keeping a constant watch on any imports to insure that our import legislation is complied with and necessary measures will be taken should there be any evidence of improper importations.

TRADE—CANADA-WEST INDIES—STEPS TO BRING ABOUT IMPROVEMENT

Mr. Thomas M. Bell (Saint John-Albert): My intervention tonight refers back to the debate on Tuesday, May 24, with respect to this matter of the West Indies and the questions asked about the West Indies conference that was held in Halifax on May 20, particularly referring to the full summit meeting that is to be held here in July.

May I interject here that it is significant that I am mentioning this subject tonight because the Commonwealth Parliamentary Association is now meeting. I have just come from the meeting where many members have put forward their ideas about the seriousness of the commonwealth situation. The Prime Minister on this occasion made reference to the conference that is to be held and said that an announcement is to be made. That I appreciate; but I do want to take a moment to refer to the conference that was held in Halifax; and I am pleased that the Minister of Trade and Commerce is here tonight because he attended that conference.

Different statements have emanated from the meeting held in Halifax. I would mention in particular the remarks made by a very well recognized authority on the subject of the West Indies, Acadia University political science Professor D.G.L. Fraser, who among other things said that there has been altogether too much waffling by the Canadian government with respect to the West Indies. He also referred to the fact that there have always been promises but that nothing has been forthcoming.

There has been general criticism of the lack of interest in Canada in the Caribbean, going back many years. I have in mind the statements that the Minister of Trade and Commerce made at that meeting. After arguing strenuously in his native province that, he was for anything which would benefit the maritimes, he made the type of general sweeping announcement that means nothing to me. His statement was that these West Indies meetings which are coming up in July were planned to foster more fruitful relations with the Caribbean in economic matters.

[Mr. Greene.]

My point, Mr. Speaker, is that we have once and for all to decide that our interests in the West Indies and the Caribbean area are serious interests. Trade is the big factor. It is the minister's responsibility to stand up and say that he is determined to do something at this conference. We have been having these conferences for a long while now. People in the West Indies are looking to us.

Many members have spoken on this matter, Mr. Speaker, and it has been a favourite subject of mine. The Minister of Public Works has sponsored resolutions many times in the past dealing with this matter. This is our last chance. If we fail this time to do something, the alternative is communism. I am only pointing out in advance the seriousness of this meeting. Something has to be done, and I should like to see the Minister of Trade and Commerce get up and say he is really determined to do something. This is a big challenge to him, now that he is back in politics in charge of trade and commerce, to do something for the maritimes, his native province, and to foster this relationship which means so much to the commonwealth.

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, I have been very interested indeed in the remarks I have just heard about the importance of relations between Canada and the Caribbean area. I doubt whether there is a member of this house who has had a closer association than I have had with the Caribbean area, in an economic sense or otherwise, or who has more reason to be interested in the welfare of the Caribbean area. Because as I said in Halifax, had it not been for the trade in fishery products between my native town of Lunenburg and the Caribbean area, my life would have been considerably different, if in fact I would have had one at all. So my sense of urgency in doing something both in the interest of Canada, particularly eastern Canada, and the Caribbean area runs very strong.

I am quite prepared to give the assurance, and I am dedicated to the proposition, that we must tackle this problem, as President Kennedy used to say, with vigour and do something more to add substance to the great many of the words that have been spoken.

• (10:10 p.m.)

I disagree vigorously with many of the remarks that were made at the conference by Professor Fraser. I did not attend all of it.

I did not hear all he said, but judging from reports it was negative. It is quite wrong to attribute nothing but words to what has been done, because there has been a great deal of substance as was pointed out in the speech I made at that time. For example, perhaps no area of the world has received more aid from the Canadian aid program, per capita, than has the Caribbean area. Countries in that area are, however, looking for trade and development.

Since the conference, and even before, I have had many discussions with the appropriate ministers and government officials from the area. I spent considerable time with Hon. Robert Lightbourne at Halifax and today for example I spent several hours in particular with the High Commissioner of Jamaica. This is just illustrative of the close co-operation between the two countries.

I share what I am sure is the fervent hope of the hon. member that the conference in July will actually put flesh on what he regards as the skeleton. It is the determination of this government, supported by my own resolve, to do something to our mutual advantage when the time comes. We are doing the development work to this end now.

EXTERNAL AFFAIRS—ASSISTANCE TO DEVELOPING COUNTRIES IN POPULATION CONTROL

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, the immediate matter which prompted me to ask this question of the Secretary of State for External Affairs was the statement made on May 26 by H. O. Moran, director general of the Canadian foreign aid program, that the most serious single problem facing developing countries is that of population growth.

From a long way back we have known that the population explosion is becoming more and more serious. For instance, I read the following in the February, 1966 edition of *Canadian Hunger Foundation*:

> It is estimated that the present population of the world is about 3.4 billion, and that of this number at least half suffer from undernutrition or malnutrition. If world population continues to increase at its present rate, there will be 6 billion people, and some authorities now say 7 billion, by 2000 AD. This will occur within the working life-span of our young people now in high school.

The Commission of Churches on International Affairs at Geneva last year pointed out that along with this existing problem is another important factor contributing to the gravity of the situation, and that is the lag in agricultural development, and the resulting poor harvests. FAO figures for the 1960 to 1964 period indicate a virtual standstill in regard to rates of food production per capita in Asia and Africa, and a worsening situation in Latin America.

Indeed, a member of this house, at a meeting at which Mr. Moran who has returned from India spoke, suggested that there is no reasonable prospect for an end to starvation in some countries unless the rate of population growth is curbed.

I asked the Secretary of State for External Affairs the other day as to the policy of the Canadian government in regard to assisting underdeveloped countries with population planning and family control. I feel that the Canadian government is moving slowly, yet none the less moving in the direction of support for the United Nations policies designed to grapple with world population problems. Prior to 1962 and in 1962 Canada abstained from voting at the United Nations General Assembly on questions having to do with birth control, and with population planning. At a meeting of the Economic and Social Council in Geneva, in July, 1965, Canada voted for a resolution which authorized the United Nations and its special agencies to increase its activities in the field of population control.

We note in passing that speaking in Rome last year at a meeting of the Food and Agriculture Organization, the Minister of Forestry (Mr. Sauvé) seemed to be greatly impressed by the danger of the situation when he stated we were losing the battle against hunger.

I think it is time the Canadian government made it perfectly plain where it stands on this matter. I believe this country is moving forward in its thinking. Two or three years ago there was a definite reluctance to have anything to do with measures of population control. But today even within our own country those of us on the health and welfare committee have found there is a disposition to take the attitude that this should be a matter of conscience and that it should be possible to pass on information and make available contraceptive devices in order to help in family planning and control when help is requested, when this is not forbidden by religious or other beliefs, and when the use, of this assistance is in no way obligatory.

I think the Canadian government should adopt this attitude at the United Nations and make it clear that on the request of governments which desire to have information and birth control devices we are ready to help any plans which might be put forward. There should be no attempt to press Canadian participation where help has not been requested. For example, UNICEF has now decided to defer action on family planning until next year, but it has given the go-ahead signal to its officials to consider limited family planning assistance at the request of governments. I think it would help a great deal if the Canadian government were to declare its readiness to work through United Nations agencies to help solve problems of family planning and population control when requested by the governments concerned. We should do this through our foreign aid program.

Should we not do so, an unfortunate situation might well arise. Desirous as they are of giving external aid to underdeveloped countries, the people of Canada might well conclude, if they see the world population expanding faster than food production and economic development, that sending aid to these countries is like pouring water through a sieve. They might well be tempted to say: We shall not continue, unless we see there is a sound relationship between the resources available to a country and the population they are able to look after and feed properly. Thus, in the interest of building these countries on a sound economic and social foundation we should take this further step in external aid and stand ready to help in the work of population planning and control as requested by the governments of underdeveloped countries throughout the world.

• (10:20 p.m.)

Mr. D. S. Macdonald (Parliamentary Secretary to Secretary of State for External Affairs): To round out what has been said by the hon. lady, I would add that between the 1962 and 1965 resolutions Canada was not called upon to vote or express an opinion on this question. However, as the hon. lady has said, in the spring of 1965, Canada, along with other members of the Economic and Social Council of the United Nations approved a resolution permitting the United Nations to meet requests from developing countries for assistance in the field of population control. As a consequence of this the United Nations through its assistance program, to which Canada is contributing, has given technical aid to India on population problems.

Therefore it can be said in a multilateral sense that the advice of the hon. lady has already been enacted in policy and that Canada, by her participation through the United Nations, has contributed to attempt to solve the population problems in countries which request this assistance. To the present time Canada has not received any request on a bilateral basis for any specific forms of assistance of this kind from any country.

The policy of the Canadian foreign aid program is to respond only to specific requests from the countries concerned, and of course there could be no question on our part of making a condition of any other aid that these practices be followed and that Canada's advice be taken in this regard. Therefore I think the first principle to be followed here is that we should act only in response to specific requests from the countries concerned. To the extent that a request has been sought through the United Nations agency, Canada, through her participation in the United Nations, has contributed.

Motion agreed to and the house adjourned at 10.24 p.m.

HOUSE OF COMMONS

Tuesday, May 31, 1966

The house met at 2.30 p.m.

BANKRUPTCY ACT

AMENDMENTS TO CORRECT ABUSES AND FOR ORDERLY PAYMENT OF DEBTS

Hon. G. J. McIlraith (for Mr. Cardin) moved leave to introduce Bill No. S-17 (from the Senate), to amend the Bankruptcy Act.

Motion agreed to and bill read the first time.

• (2:40 p.m.)

NATIONAL SECURITY

QUEBEC—STATEMENT RESPECTING PROVINCIAL POLICE ASSOCIATION PRESIDENT

On the orders of the day:

Right Hon. L. B. Pearson (Prime Minister): the Opposition): I address this question to the Prime Minister. It has to do with press articles today to the effect that Arthur Vachon, president of the Quebec provincial police association, is a security risk.

I ask the Prime Minister this. Did his government forward to Quebec security information on this matter, and are security files now being made available outside the ambit of federal authority so they may be used against people in this way?

Right Hon. L. B. Pearson (Prime Minister): I should like to take the right hon. gentleman's question as notice.

[*Later:*]

[*Translation*]

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, may I direct a question to the hon. Solicitor General?

Following the accusations made by the premier of the province of Quebec against the former policeman Mr. Vachon, is it the intention of the minister to hold an inquiry in order to invalidate or support the said accusations?

[*English*]

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, the Prime Minister has taken notice of a question along similar lines, and I will await the Prime Minister's reply.

Mr. Diefenbaker: Mr. Speaker, I have a supplementary question. I should like to ask the Solicitor General whether there has been any change in government policy in that security files are being bandied about and made available in this way to those outside parliament.

Mr. Speaker: Order, please. This is a question of general policy.

Some hon. Members: Oh, oh.

Mr. Speaker: It is argumentative and perhaps hypothetical.

Mr. Diefenbaker: Mr. Speaker, on a point of order.

Mr. Herridge: Mr. Speaker, supplementary—

Mr. Speaker: The right hon. Leader of the Opposition on a point of order.

Mr. Diefenbaker: Mr. Speaker, I was asking a particular question and one which, unless answered, affects the public conscience.

Mr. Speaker: Order, please.

Hon. Michael Starr (Ontario): Mr. Speaker, I should like to direct a question to the Prime Minister in his capacity as head of security in Canada. Does he agree with the statement of Premier Lesage that Mr. Arthur Vachon is a security risk?

Mr. Speaker: Order, please. The hon. gentleman's question is out of order.

[*Later:*]

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of National Defence. I can see he is just waiting to answer. In view of the fact that members of the armed forces may be disturbed by the announcement made by Premier Lesage with respect to the dismissal of Quebec provincial policeman Arthur Vachon, can the minister inform the house why this man was enlisted by the air force if he was considered a security risk, and why he was later given an honourable discharge.

Mr. Speaker: Order, please. The question is not in order.

Inquiries of the Ministry

LABOUR RELATIONS

QUEBEC—STOPPAGE OF WORK BY LONGSHOREMEN

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): I wish to address a question to the Minister of Labour and ask him whether he has received a telegram from Mr. Gerard Tremblay, the Atlantic coast district vice president of the international longshoremen's association, denying that the 15 per cent of the longshoremen whom the federation is seeking to dismiss are casual employees and asserting that many of them are workers who are not yet old enough to receive pensions but who are too old to work more than part time. Has the minister, or has Judge Lippe, had an opportunity to examine the statistics which are available in the central records bureau of the St. Lawrence river ports?

Hon. J. R. Nicholson (Minister of Labour): I did not receive a telegram along those lines today; I received one yesterday. I think a word of explanation is in order in view of the fact that I mentioned a test of 15 or 16 weeks work yesterday. It has to do with hours worked, not weeks, averaging out. It comes to about 15 or 16 weeks.

This is a matter which could, I think, be referred to Judge Lippe for consideration and advice. I certainly will give it serious attention before I speak to the mediator later today.

Mr. Douglas: May I ask the minister whether the statement made in the telegram from Mr. Tremblay is correct, that so far the shipping federation of Canada has not replied to the written submission made by the longshoremen's association, that no reply whatever has been made to the offer submitted?

Mr. Nicholson: Technically that may be correct. However, both sides submitted proposals to me and I in turn, out of the proposals which came to me, made suggestions to the two parties which I asked them to consider. I think the longshoremen's association can certainly take it from the remarks I made late on Sunday night that they had received a reply from the shipping federation. There has been a certain amount of by-play, as there is in all negotiations. It was to try to put an end to this that I adopted the course I did.

Mr. David Lewis (York South): I should like to ask the minister in reference to his statement yesterday that a fantastic offer of

[Mr. Speaker.]

wage increases had been made by the federation, whether he communicated the actual offer by the federation to the union, or whether the offer he made to the association was something other than that about which the federation had privately informed him.

Mr. Nicholson: It is difficult to answer a question of that kind on the orders of the day. I could give an extended answer but I cannot deal with the point in two or three sentences.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Would it not be a good idea if the minister were to answer these various questions and deal with the matters raised in this telegram? After all, I understand that the Prime Minister has received a warning from the Montreal port council that any further delay in bringing about settlement of this strike would be "catastrophic". Would it not be a good idea if the house would permit the minister to revert to motions so that we might hear something about this and ascertain the facts?

Some hon. Members: Hear, hear.

Mr. Speaker: The hon. member for Sainte-Marie.

[*Translation*]

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I have a question for the Minister of Labour.

Is the minister aware of the fact that the longshoremen's strike could be settled very soon, if he gave them the assurance that there will be no decrease in personnel until December 31, 1967?

[*English*]

Mr. Speaker: Order, please. I would think that question is argumentative.

Mr. Valade: May I rephrase my question, Mr. Speaker. Does the minister intend to propose to the longshoremen as a solution that no decrease in personnel will be made until Decembre 31, 1967, in order to end the strike?

[*Translation*]

Mr. Speaker: The hon. member will admit that it is the same question, put in English.

[*English*]

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I have a supplementary question for the Prime Minister. I want to ask the right hon. gentleman whether the shipping strike is affecting the progress of construction at Expo '67. Did the commissioner general of Expo '67 discuss the difficulty with the Prime Minister last week and, if so, with what result?

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker, the commissioner did discuss the matter with me last week in connection with a ship which has material for Expo '67, and which it has not been possible to unload. As a result of further discussion between the commissioner and the Minister of Trade and Commerce I hope this difficulty has been overcome, but I shall be glad to look into the question.

Mr. George Muir (Lisgar): Mr. Speaker, I wish to direct a supplementary question to the Minister of Finance who is responsible for the Canadian Wheat Board. Could the minister tell us how many grain boats are waiting to load and unload at the port of Montreal?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I cannot answer that question without making inquiries, but I can say the matter is of the very greatest concern to the Canadian Wheat Board.

Mr. Muir (Lisgar): As a further supplementary question, would the Minister of Finance supply us with those figures tomorrow morning?

Hon. Michael Starr (Ontario): Mr. Speaker, I wish to direct a question to the Prime Minister. In view of the difficulties that are now being experienced as a result of the strike of the longshoremen in Montreal, will the Prime Minister call the parties involved to Ottawa, to bring them into a different atmosphere so they may proceed to a settlement through the collective bargaining arrangement, under the chairmanship of the Minister of Citizenship and Immigration (Mr. Marchand), who has a great deal of experience in this type of work?

Mr. Pearson: Mr. Speaker, everything that can be done is being done to bring this strike to an end. The Minister of Labour is in touch with the situation, as my hon. friend knows, and if and when the time comes that the minister who is dealing with the matter feels the intervention of the Prime Minister would be helpful, naturally he will let me know.

Mr. Diefenbaker: As a further supplementary, in view of the request which the Prime Minister received from the Montreal port council, in which the council stated that any further delay in settlement would be "catastrophic", is the government going to accede to the request of the council for immediate action to get shipping traffic moving and avoid further economic loss?

Mr. Pearson: Mr. Speaker, action is being taken.

[*Translation*]

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, may I put a question somewhat similar to that which has just been directed to the Minister of Labour?

In view of the fact that yesterday and this morning I received reports from my constituency to the effect that elevators have only three-day supplies left and that our mills will have to stop operating, is the minister ready to take extraordinary and drastic steps so that the activity will be resumed on the wharves while negotiations are under way?

Mr. Speaker: The question of the member for Trois-Rivières is similar to that asked by the Leader of the Opposition (Mr. Diefenbaker).

Mr. Mongrain: Mr. Speaker, may I bring up that question at ten o'clock to obtain further details.

[*Later:*]

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I should like to direct a question to the hon. Minister of Labour, concerning his answer given yesterday to a question asked by the hon. member for Villeneuve (Mr. Caouette).

My question deals with Quebec farmers as regards the present longshoremen's strike. The minister told the house that the farmers could go to the harbours in order to get their own grain.

Did the minister receive any telegrams from various firms in Montreal, Trois-Rivières or Quebec city, to the effect that those truckers will find it difficult to drive through the picket lines in the harbours?

[*English*]

Mr. Nicholson: Mr. Speaker, I am very glad the hon. member has asked this question. I

did receive such a telegram this morning, and I should like to clear up a statement that I made yesterday, which related to the port of Montreal only. We have received complaints about interference with the activities of farmers in Quebec by strikers placing trucks to block their access to the harbours board property. The matter is under special study at the present moment, and I may say that the government has been in discussion with the authorities in Quebec about this subject.

Mr. Douglas: Mr. Speaker, may I ask the minister a supplementary question. In view of the dire consequences of a continuation of this strike, and in view of the fact that the minister has today said he has information which would take more time to relate than he has available on orders of the day, will he assure the house that he will make a full statement on this matter tomorrow so the house may be fully informed as to the facts relating to this strike?

Mr. Nicholson: I will give that suggestion serious consideration, Mr. Speaker.

[*Translation*]

[*Later:*]

Mr. Valade: Mr. Speaker, I wish to direct a question to the Minister of Labour. It deals with the longshoremen's strike and aims at clarifying the position of the parties concerned.

Does the minister or his mediator intend to assure the longshoremen that there will not be any staff cut before December 31, 1967, so that a settlement can be reached shortly in the present conflict? Does the minister or his mediator intend to take such action?

Mr. Speaker: Order. The hon. member asked the same question a few moments ago and the Chair refused it.

Mr. Valade: Mr. Speaker, on a point of order. May I refer to citation 178 of Beauchesne's? The second paragraph reads as follows:

[*English*]

Within these lines an explanation can be sought regarding the intentions of the government, but not an expression of opinion—

I am asking whether it is the intention of the minister to propose that there be no reduction in personnel until December 31, 1967. I believe this question is in order.

Mr. Speaker: The hon. member has already asked this question twice, and I find that I cannot accept it. If the hon. member feels that the question is justified and sufficiently urgent he can give notice and it will be discussed in the adjournment debate.

[Mr. Nicholson.]

Mr. Valade: Then I request that the question be debated at ten o'clock.

CANADIAN PACIFIC RAILWAY

HEARING OF APPEALS RESPECTING PASSENGER SERVICE

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is directed to the Minister of Transport. Because of the urgency of time, particularly relating to summer traffic on the railroads, could the minister tell us whether the governor in council is contemplating the various appeals made by petitioners regarding reduction of passenger traffic on the C.P.R.?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, the government will endeavour, at the earliest moment convenient to all the parties, to arrange for the oral hearings that many of them have requested. I do not think the hon. gentleman would feel it would be proper for us to try to reach a conclusion without having these oral hearings.

EXTERNAL AFFAIRS

NATO—FRENCH WITHDRAWAL FROM BOTH POLITICAL AND MILITARY ASPECTS

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I would like to direct a question to the Secretary of State for External Affairs. Is he in a position to comment on the reported intention of General de Gaulle to withdraw France from the political aspects of NATO as well as from the military aspects?

Hon. Paul Martin (Secretary of State for External Affairs): No, sir.

Mr. Speaker: Order. It seems to me that this question is of a very general nature and of the type which should not be asked at this time.

RUSSIA—PERSECUTION OF UKRAINIAN INTELLECTUALS

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I should like to address a question to the Prime Minister. I should like to ask him what action he is taking with regard to a brief he

received on Saturday protesting the prosecution and jailing of Ukrainian poets and intellectuals in the Soviet union.

Mr. Speaker: Order, please. I appreciate the importance of the question now being put by the hon. member for Ontario. However, I have very serious doubt whether it is the type of question which should be placed at this time. Although it is a matter of very great importance, it is a general question and I really do not think it should be asked on the orders of the day.

CAMBODIA—SUGGESTED ACTIVITIES OF INTERNATIONAL COMMISSION

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I should like to ask the Secretary of State for External Affairs whether he has seen the statement of the Secretary of State of the United States, as follows:

> We have been very much interested in the suggestion that has been made, I think more than once, by Prince Sihanouk that the international control commission should strengthen its personnel and its capabilities in order to assure the neutrality and territorial integrity of Cambodia.

I also should like to ask the Secretary of State for External Affairs whether he has given any thought to, or has contemplated any action in respect of, the move to Cambodia for this purpose of many of the presently underemployed staff of the international control commission who now are situated in Viet Nam.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, as my hon. friend will recall, I dealt with this question in the external affairs committee. There has been a suggestion made by Prince Sihanouk of Cambodia but no progress has been made as to whether the other members of the commission would be prepared to accept the suggestion for an expanded role for the commission. The statement of the Secretary of State was noted by me, and we have been discussing the matter with those concerned.

Mr. Harkness: I have a supplementary question. Has the minister discussed with the other members of the joint commission, India and Poland, the possibility of moving a large proportion of that staff to Cambodia where they could possibly perform a very useful function?

Mr. Martin (Essex East): I do not agree with my hon. friend's premise, Mr. Speaker. The question as to what the commission might do in Cambodia would only arise if the request for its use in the particular circumstances was in accord with the Geneva agreement.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to address a supplementary question to the Secretary of State for External Affairs. When Dean Rusk talked about strengthening the presence of the international control commission during his press interview on May 27, was he suggesting strengthening the presence of the commission by the introduction of troops?

Mr. Martin (Essex East): I do not believe so.

OLD AGE SECURITY

CONSIDERATION OF INCREASE IN AMOUNT OF PENSION

On the orders of the day:

Mr. J. E. Brown (Brantford): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. Is the government continuing to give consideration to increasing aid to recipients of the old age pension?

Mr. Speaker: Order, please. This question might be placed on the order paper.

USE OF FUND SURPLUS TO INCREASE PENSIONS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. It is one of concern to a great many Canadians. Pending action on a permanent basis, will the goverment consider taking the necessary steps in order to use the surplus in the old age security fund to increase old age security pensions by the amount that surplus would make possible?

Mr. Speaker: Order, please. This question is of a very general nature and concerns general policy. Therefore it cannot be asked at this time.

Mr. Knowles: Dix heures.

TELEVISION

COMMUNITY ANTENNA SYSTEMS—INQUIRY AS TO AMENDMENT OF REGULATIONS

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, I should like to address my question

to the Minister of Transport. Is the minister now delaying the issuing of CATV licences pending amendments to existing regulations, or the establishment of new regulations?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, the process that is being followed at the present time is the same process that has been followed for quite some considerable time.

Mr. Hales: Mr. Speaker, I have a supplementary question. Can the minister give an assurance that those people in the CATV business will have ample opportunity to express their views before any amendment of or issuing of new regulations?

Mr. Pickersgill: I will take the hon. gentleman's hypothetical question under careful consideration.

FINANCE

CANADIAN PROPOSALS TO GROUP OF TEN

On the orders of the day:

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is for the Minister of Finance. In yesterday's newspapers there appeared a report of a breakdown in the discussions among the group of ten over the question of the reformation of the international monetary system. In view of the fact that the Canadian government advanced some proposals in this regard, can the minister tell us whether any further action is going to be taken on the part of the Canadian government to deal with this matter?

Mr. Speaker: Order, please. I do not think this question involves a matter of extreme urgency, or is so urgent that it should not be placed on the order paper. I suggest that the hon. member may wish to put it on the order paper.

TRADE

POSSIBLE DECLINE IN U.K. PURCHASES IN CANADA

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I should like to address my question to either the Minister of Finance or the Secretary of State for External Affairs. Are they aware of the statement made by Mr. Douglas Jay, president of the British Board of Trade, warning Canada to buy more British goods or face a serious decline in British purchases in Canada, and calling on the Canadian government to remove discriminatory duties on British goods? If so, is any immediate response or action anticipated?

Mr. Speaker: Order. This is a question of general import and cannot be asked at this time.

[*Later:*]

Mr. Olson: I would like to rephrase a question which I asked earlier. I hope, Mr. Speaker, it will meet with your approval. I would like to direct this question to the minister of external affairs. Has the government been warned by the British Board of Trade to reduce the discriminatory duties on British goods or face a significant decline of British purchases in Canada?

Mr. Speaker: Order. I regret very much that I cannot accept this question.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO AGENDA

On the orders of the day:

Mr. L. M. Brand (Saskatoon): Mr. Speaker, I have a question for the right hon. Prime Minister. On Friday last I asked him a question concerning the agenda of the federal-provincial conference to be held in Victoria commencing June 16, and he indicated at that time that he would be in a position early this week to give a reply to this question. I wonder whether the time has now come.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I hope to be able to do this tomorrow.

Mr. R. Gordon L. Fairweather (Royal): A supplementary question, Mr. Speaker. Is there a new date for the federal-provincial conference?

Mr. Pearson: No, Mr. Speaker, though certain developments have raised some doubt in the minds of some provincial governments as to whether it will be possible to go ahead on the original date of June 16. But as at present there is no suggestion that this date should be changed.

FARM MACHINERY

CONSIDERATION BY COMMISSION OF TIED SALES

On the orders of the day:

Mr. L. R. Sherman (Winnipeg South): Mr. Speaker, my question is to the Minister of Agriculture. Can the minister say whether

the newly announced inquiry into the cost of farm machinery will include any examination of the problem of so-called tied sales in this industry, a problem which I raised in this house on March 31 in a question to the Minister of Justice?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, I believe the terms of reference of the inquiry are sufficiently broad to cover all aspects of farm machinery costs, but I will bring this particular question to the attention of the commissioner.

TRANSPORT

PURCHASE BY RAILWAYS OF NEW TYPE HOPPER CARS

On the orders of the day:

Mr. Lawrence Watson (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Transport. Could the minister inform the house whether the Canadian railway transportation companies, namely the C.N.R. and C.P.R., are planning on purchasing new, specially built hopper cars capable of carrying twice as much grain as the present largest grain cars, such as have been introduced on the United States railway lines?

Mr. Speaker: Order. This question should be placed on the order paper.

NORTHERN AFFAIRS

AKLAVIK, N.W.T.—CLOSING OF FEDERAL DAY SCHOOL

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Minister of Northern Affairs and National Resources. I would repeat the question I posed yesterday with regard to Aklavik, and ask whether he is yet in a position to answer it.

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, the old school building was condemned. We are busy building a new building, which will be ready for September 1. There is no interruption of classes; we have the children in other accommodation at the present time for the balance of the current school term.

[*Translation*]

ELECTIONS ACT

SOLICITATION OF POLITICAL FUNDS BY RETURNING OFFICERS

On the orders of the day:

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, I wish to direct a question to the Secretary of State.

Would she tell the house if the returning officer in a federal constituency can solicit financial contributions on behalf of a political party?

Mr. Speaker: The hon. member is asking for an interpretation of the act. That question is out of order.

[*English*]

EXTERNAL AFFAIRS

INDIA—REQUEST THAT FURTHER AID BE GIVEN

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. Is the government giving consideration to providing the government of India with additional gifts of wheat to alleviate the famine conditions existing in that country at the present time?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, my hon. friend will recall that we have already provided assistance to India to meet her very regrettably serious food situation, in the amount of some $75 million for this year. The high commissioner has acknowledged this, as has Mr. Ashoka Mehta, the Indian minister for planning.

Mr. Nesbitt: A supplementary question, Mr. Speaker. In view of the fact that a large portion of the gift just mentioned by the minister is a forgiveness of loans and interest thereon, is the government considering giving additional gifts of wheat, which is something the people can eat?

Mr. Martin (Essex East): My hon. friend, of course, is wrong in his facts. There was a concellation of an indebtedness of some $10 million this year. The $75 million represents a net amount.

Inquiries of the Ministry

NATO—POSSIBLE CHANGES IN ORGANIZATION

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I have a question for the Secretary of State for External Affairs. On April 8 this year the minister discussed in the house the changes in our organization of NATO and the prospect of withdrawing the Canadian air bases from France, and he used these words:

—the government of France does not intend to leave NATO.

I now ask him, has he any information concerning further substantial changes in the NATO organization?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I said, and I repeat now, that the French government has given notice of its intention not to participate in the integrated defence structure of NATO. The government of France has said, however, that it does not propose to denounce the treaty, and will continue to be bound particularly by articles 3 and 5 of the treaty. Formal negotiations on a bilateral basis or between the 14 participating countries and France have not yet been started, but negotiations based upon the determinations of national policy may soon begin.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): A supplementary question, Mr. Speaker. I should like to ask the Secretary of State for External Affairs, in view of the expressed intention of the United States to press for the removal of the north Atlantic council from Paris and the support the United States is receiving from Britain, West Germany and some smaller NATO powers, what Canada's attitude is in this regard. With the meeting a few days away, the people have a right to know what stand Canada is going to take in this regard.

Mr. Martin (Essex East): Yes, Mr. Speaker, the people of Canada have a right to know the Canadian position when that position, after discussion with our allies, has been arrived at. No final decision has been taken as yet by any one country. My right hon. friend based his question on a press report. There will be discussions among the 14 countries next Monday, when this matter will be among those discussed. The general position of Canada in all these matters will be that while we must take action consistent with our belief in a strong NATO, we hope that we will not come to the point of making the

[Mr. Martin (Essex East).]

organization one that is further removed from French participation.

Hon. D. S. Harkness (Calgary North): Mr. Speaker, in connection with these matters I should like to ask the Secretary of State for External Affairs when he is going to leave for the NATO foreign ministers' meeting in Brussels, and whether he is going to take advantage of his presence in Europe at that time to discuss with the French government the terms under which we will be leaving our two air force bases in France.

Mr. Martin (Essex East): Mr. Speaker, it is clear that we have no alternative but to withdraw from the two bases. Where the units will be relocated has not yet been determined. The negotiations could run up to April 1, 1967. I will be discussing a number of matters concerning our bilateral relations with the French foreign minister next Monday.

Mr. H. W. Herridge (Kootenay West): A supplementary question, Mr. Speaker, addressed to the Secretary of State for External Affairs. Would it not be possible for the government to give effect to the New Democratic Party proposal to return our forces to Canada for training without denouncing the treaty?

Mr. Martin (Essex East): It might be possible, but whether it is desirable is another question.

HOUSE OF COMMONS

LEGISLATION TO ESTABLISH OFFICE OF OMBUDSMAN

On the orders of the day:

Mr. R. N. Thompson (Red Deer): My question is directed to the right hon. Prime Minister. In view of the growing concern over the proliferation of judicial inquiries and royal commissions, would the Prime Minister tell us whether the government intends to bring in legislation establishing the office of ombudsman during this session?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, it will certainly not be early in the session.

TRANSPORT

SEAWAY TOLLS—FINAL DATE FOR RECEPTION OF BRIEFS

On the orders of the day:

Mr. Joseph Macaluso (Hamilton West): May I request some information from the Minister

of Transport on the matter of the St. Lawrence seaway tolls. Will the minister inquire from the St. Lawrence Seaway Authority whether they would be prepared to receive further briefs on the question of tolls on the St. Lawrence seaway and lockage fees on the Welland ship canal?

Hon. J. W. Pickersgill (Minister of Transport): The St. Lawrence Seaway Authority has already indicated to me and to one or two persons who have inquired that they would be prepared to receive briefs at any time up to June 20 which under the law, is 10 days before they have to make their recommendations to the government.

Hon. Gordon Churchill (Winnipeg South Centre): I have a question for the Minister of Transport. Will the minister undertake to transmit to the seaway authority a copy of last Thursday's *Hansard* with a covering letter indicating his approbation of the expression of opinion by the house on the question of the seaway tolls?

Mr. Pickersgill: I think the seaway authority are regular subscribers to *Hansard* and do not need to have their attention drawn to it by me.

[*Translation*]

WINTER WORKS

NOTRE-DAME-DE-LA-GUADELOUPE, QUE.—INQUIRY AS TO REPORT

On the orders of the day:

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I should like to put a question to the Minister of Citizenship and Immigration in his capacity as future minister of manpower.

Has he received any reports for the 1961 winter works concerning the municipality of Notre-Dame-de-la-Guadeloupe in the last few days and has he conducted an investigation in that connection?

[*English*]

Mr. Speaker: Order, please. I do not think this question is sufficiently urgent to warrant it being asked at this time.

Mr. Langlois: Then I request that the question be debated at ten o'clock.

GRAIN

REPORTED CONGESTION IN MANITOBA AND SASKATCHEWAN

On the orders of the day:

Mr. R. R. Southam (Moose Mountain): Last Friday I directed a question to the Minister of Transport, and in his absence the acting minister took notice of it. Can the minister say whether he has taken any action to advise officials of the Canadian National and Canadian Pacific Railway with regard to the heavy grain congestion in the eastern part of Saskatchewan and Manitoba? This question is of some urgency because we have only 39 shipping days left before July 31.

Hon. J. W. Pickersgill (Minister of Transport): I understand the information was given to the railways. I also have the impression they are aware of it.

INQUIRIES OF THE MINISTRY

On the orders of the day:

Mr. Barry Mather (New Westminster): I wish to ask this question of the Minister of National Health and Welfare. Is the minister aware of the encouraging action taken by the government of British Columbia toward combating lung cancer by declaring today, May 31, to be non-smoking day in British Columbia?

Mr. Speaker: Order, please.

Mr. Howard Johnston (Okanagan-Revelstoke): My question is addressed to the minister of manpower and immigration. Considering the serious charges and the excellent suggestions contained in the study called "Newcomers and New Learning" by Edith Ferguson, can the minister tell us whether he has received this study, whether careful attention is being paid to it, and whether steps will be taken to implement the recommendations contained therein?

Mr. Speaker: Order, please. The Chair will have to read the book before he can decide whether the question is in order.

AIR CANADA

WINNIPEG—REQUEST FOR RETENTION OF MAINTENANCE BASE

On the orders of the day:

Mr. L. R. Sherman (Winnipeg South): My question is directed to the Minister of Transport. In view of the strike situation in Montreal, would the minister consider leaving the Air Canada overhaul base in strike-free Winnipeg?

Hon. J. W. Pickersgill (Minister of Transport): Thank heaven there is no strike yet in Air Canada.

Government Organization

Hon. Gordon Churchill (Winnipeg South Centre): I would like to ask the Minister of Transport whether he would explain his answer of a minute ago, when he was thanking heaven there was not yet a strike in Air Canada. Is he anticipating a strike?

Mr. Pickersgill: I am very hopeful that there will not be a strike.

BANKRUPTCY

REQUEST FOR CONSIDERATION OF FRAUDULENT BANKRUPTCIES BY ROYAL COMMISSION

On the orders of the day:

Mr. Jack McIntosh (Swift Current-Maple Creek): I wish to direct my question to the Prime Minister. Has the Prime Minister received yesterday or today a communication from the federation of Quebec businessmen's associations asking for a royal commission on bankruptcies?

Mr. Speaker: Order, please. I suggest the hon. member is not in order in asking whether a telegram or message has been received.

GOVERNMENT ORGANIZATION

PROVISION FOR ESTABLISHMENT OF NEW DEPARTMENTS

The house resumed, from Monday, May 30, consideration in committee of Bill No. C-178, respecting the organization of the government of Canada and matters related or incidental thereto—Mr. Pearson—Mr. Batten in the chair.

On clause 29—*duties, powers and functions of the minister.*

The Chairman: When the committee rose on Monday, clause 29 of the bill was being considered.

• (3:20 p.m.)

Mr. Fulton: Mr. Chairman, at this stage of our consideration of the bill we are dealing with a department which will have as its responsibility perhaps the most vital area for Canada's future, namely, the responsibility on the one hand for developing and co-ordinating policies, plans and programs with respect to Canada's resources in co-operation with the provinces, plans for the development of the resources of the territories, the territorial waters and the continental shelf under the jurisdiction of the federal government on the other hand, and bringing those plans into a co-ordinated whole, thereby giving to this country one of the surest and most important springboards or foundations to ensure the maintenance of our independence, our future prosperity, our growth and survival as a nation, as well as the ability to play an ever more important part in the community of nations.

It is in this context that I want to discuss the deficiencies of the plans and of the organization proposed for this department. I regret that the minister who is designated as minister of this department is not in the committee at the moment because it would be interesting, and I believe important, to have his explanations at this stage and his answers with respect to our criticisms, not of the expressed intent of the legislation but rather of the ways in which it falls short of implementing that intent.

Last evening, Mr. Chairman, I had just finished pointing out the inconsistencies between policy in connection with this new department as stated by the Prime Minister on various occasions and the implementation of that policy as reflected in the right hon. gentleman's speech on second reading.

Let me review the situation very briefly, Mr. Chairman. The object on the government side, as stated by the Prime Minister and others, is to consolidate the responsibility for the development of resources policy. Unfortunately the accomplishment so far as this bill is concerned is a complete division of responsibility in that field between two departments. Indeed, in my submission, never was a policy so good in principle so completely defeated in detail by the results of legislation introduced ostensibly to implement that policy.

Last night I had directed attention to the statement of the Prime Minister which is reported at page 5431 of *Hansard* as to the roles and responsibilities of the two ministers concerned, the minister of Indian affairs and northern development on the one hand and the minister of energy, mines and resources on the other, and I had pointed out the areas of potential conflict.

This process of outlining conflict and division was continued in the speech of the Prime Minister in the tortured explanation he gave, as reported on the balance of page 5431 and down through the first column of page 5432 of *Hansard*, including his very inept use of the words "dry land" and "wet land". Well, Mr. Chairman, perhaps his use of those words is not so inept after all; they may be a pretty

apt description of the state of the government administration as it will exist after this bill goes through.

Wet land, as I appreciate it, Mr. Chairman, is usually a bog, and if not drained it becomes a quicksand. I have a very acute suspicion that the future course of administration in this field, if this legislation goes through in its present form, will be bogged down in the wet land left by the Prime Minister's proposals and it will need more than the ordinary lifebuoy to drag it out of the quicksand in which it will founder.

I want to direct the committee's attention to the specific passages found at the bottom of the first column on page 5432 and the top of the second column where the Prime Minister is reported as follows:

> To avoid confusion the minister of energy, mines and resources will handle the administrative work for the islands in Hudson bay, Hudson strait and Ungava bay, as well as for the underwater areas south of a certain line.
>
> In other words, as a purely pragmatic administrative arrangement, the water areas have been placed with the land jurisdiction in the Arctic archipelago where the land is the most extensive and important element, and the land areas have been placed with the water in the Hudson Bay area where the water areas are very much larger than that of the islands. The dividing line, so far as the departments are concerned, will run substantially along the south coast of Southampton and Baffin Islands.

So, Mr. Chairman, we have one of the most important areas of jurisdiction in resource planning and development divided in half arbitrarily.

Then the Prime Minister, failing so utterly to appreciate the disastrous consequences of that division, went on to say:

> This division is not reflected in the present bill because it has no legal consequences or significance.

What an abysmal failure, Mr. Chairman, to appreciate the very far reaching significance of what is proposed. The Prime Minister dismisses it in his next words:

> It is simply a division of federal administrative responsibility between two federal ministers about which I thought I should inform the house.

I wish indeed that we could take it as casually as does the Prime Minister. It indicates a complete lack of awareness on the part of the government of any of the significance of this field of resource development, and with the tremendous potential in the northern areas and in the continental shelf it especially indicates a complete unawareness of the importance of co-ordinating policies in this regard. Here we have the most confusing division with respect to administrative arrangements. Did you ever hear of such a half-baked idea of dividing administrative responsibility for areas having the same general problems between two different ministers?

Perhaps even more important, Mr. Chairman, than the chaos created by this administrative division is the fact that the bill is completely silent as to the responsibility for planning and co-ordination of programs for development. It is important that we bear in mind this distinction between responsibility for administration and carrying out plans and physical development on the one hand and the responsibility for making those plans and co-ordinating national policy on the other.

The bill having created chaos by an administrative division, Mr. Chairman, it further confuses the situation by being silent as to the responsibility for planning within the area of the continental shelf. I say that because in clause 17 the minister of Indian affairs and northern development is given responsibility for the territories and their resources and affairs; and while I may have some reservations about the effect of the wording, nevertheless in so far as administrative responsibility is concerned on the whole I think that is sound. As the Prime Minister has pointed out, the minister is in effect acting as trustee for future provinces. This, of course, is acceptable, and in that respect I am sure the territories will co-operate with the minister of energy, mines and resources with respect to the planning and co-ordination of programs in those areas.

However, Mr. Chairman, although the minister of northern development is given responsibility for the territories and their resources and affairs, nowhere is anyone given responsibility for the resources underlying the territorial waters of Canada or the resources of the continental shelf, that is to say, responsibility for the planning, programming and co-ordination of the development programs. In clause 29, the clause now under consideration, no mention is made of these areas or their resources.

Our view is that there must be the clearest definition of administrative responsibility and responsibility for planning and development of resource policy in these areas which, as I have said, constitute a large part of one of the most vital areas of Canadian development and interest. In our view, Mr. Chairman, you simply cannot leave out responsibility for

planning in one half the area of Canada—the territories, the territorial waters and the continental shelf.

• (3:30 p.m.)

We therefore propose to move two amendments to rectify this situation. The first would be an amendment to give to the minister of energy, mines and resources responsibility for the administration of the resources underlying the territorial waters within the continental shelf in so far as these belong to Canada. This amendment and its results must be read to some extent, of course as subject to whatever ruling the Supreme Court of Canada may make with respect to jurisdiction in this field.

I pause here, Mr. Chairman, to say that in our view, as we have already expressed it, if the ruling should support the position taken by the government of Canada there must be immediately a discussion with the provinces with regard to a fair apportionment of the benefits of these resources.

The second amendment we will move is an amendment having as its purpose to make clear that the minister has responsibility for planning and co-ordinating programs for all of these resources. Both of these amendments refer to clause 29 of the bill. I say this because I should like to complete my remarks and then speak only briefly before moving the second amendment. We feel that there must be an amendment to make sure that this minister has responsibility for planning and co-ordinating the programs for resources. So far as national responsibility is concerned for co-ordinating these plans and programs, we feel there is at the moment a substantial gap which is not repaired by the inclusion in clause 31 of the bill of the proposed new section 8A of the Resources and Technical Surveys Act.

It should be borne in mind that although there is presently in the Department of Northern Affairs and National Resources Act section 7 which clearly delineates the responsibility and authority of the minister for planning in this regard, that section is being repealed. In our view nothing adequate is provided to take its place.

When I move the second amendment I shall go into a little more detail as to why we feel the proposed section 8A of the Resources and Technical Surveys Act is not adequate to fill this gap. I mention the proposed amendment now because I want the committee to realize that the two amendments are complementary. The first one, which I will move in a moment, is to make it clear that the minister has responsibility for administration of the resources of the territorial waters and continental shelf instead of that responsibility being bifurcated as at present.

[Mr. Fulton.]

The second amendment would give the minister of energy, mines and resources responsibility and authority for planning, so far as the federal government is concerned, in this area and of co-ordinating these plans between the federal and provincial authorities. On that basis, Mr. Chairman, I move:

That Section 29 of the Bill be amended by deleting the word "and" at the end of subclause (b) and adding thereto the following subclauses:

(d) the resources underlying the territorial waters of Canada; and

(e) the resources underlying the continental shelf in so far as the same are assigned to Canada by the international agreement respecting the continental shelf reached at Geneva in 1958.

The Chairman: Is the committee ready for the question?

Mr. Laing: Mr. Chairman, I should like to speak to this amendment and say a few words in response to the points brought forward by the hon. member for Kamloops. He told us that a committee of his party had canvassed the situation and decided it was imperative that the resources of Canada, their organization and planning for their exploitation should be held in one department and not more than one. I am quite certain that does not represent the viewpoint of all the members of his own party. The hon. member referred to the regrettable gap that existed, and I think there is a gap in his knowledge of the particular conditions that exist in the Northwest Territories and the Yukon. I am going to tell him now that no member of a government who had allocated to him the responsibility for the development of Northwest Territories and the Yukon could discharge that responsibility or have any hope of discharging it unless he had control of the resources of these particular areas.

The other day the Prime Minister referred to the minister charged with this responsibility. I am quite certain that these views I am now giving to the hon. member for Kamloops would be corroborated by the former ministers in his party who have had the responsibility that I now have. The first impression one gets when one goes to the Northwest Territories, and to a lesser extent the Yukon, is that there are no resources above the ground. There has been a long-held hope that there are great resources under the ground. I

need only remind the house again, to prove that this is the very fortunate case, that in one year from 1964 to 1965, as a result of the building of the Pine Point Railway, the production of metals in the Northwest Territories rose from $17 million to $74 million. In the current year it is going to exceed $100 million. I predict it will go on to many hundreds of millions of dollars because of the development that is taking place there.

The people who reside there are hopeful of creating something other than the type of government they enjoy at the present time. They can look forward to the development of what the Prime Minister referred to hopefully the other day as one or more provinces in an area where the resources are conserved and developed for their advantage.

• (3:40 p.m.)

In order to improve the living standards of the Eskimo and Indian people in the north it is necessary to relate these native people to the resources which lie there. The hon. member has made an unconvincing case. I am sure he would not have attempted it in this house had he made a visit to the territories or been in touch with members of his own party who have responsibilities there.

With regard to offshore rights, let me say that we have in Canada at the present time about 1,400,000 cubic miles of sedimentary rock. Not all sedimentary rock contains oil but all oil comes from sedimentary rock.

An hon. Member: Hear, hear.

Mr. Laing: More than one million cubic miles of this rock is in the high Arctic islands entirely apart from the Northwest Territories compared with 135,000 cubic miles to be found in Alberta which is today our great source of oil.

So we are extremely enthusiastic about the development of the north and I as minister have to relate the ambitions, the hopes and the plans of the people who live there to conditions as they exist today. The population in the north wishes its resources to be maintained in order that the people may be able to develop the type of government they want. It will therefore be necessary to refuse to accept this amendment at this time.

Mr. Fulton: The minister has rejected the amendment and advanced an argument in support of its rejection apparently without having read the terms of the proposal. I cannot believe that a colleague of mine in this house from British Columbia would be so incapable of understanding an amendment unless he had failed to read it. I can only suppose that he did not read it and that he is stubbornly determined to oppose it simply because it comes forward as a constructive suggestion from the official opposition.

I was glad to find the hon. gentleman paying tribute to the work started by the Conservative government in connection with the Pine Point Railway. It is unusual to find members opposite saying anything good about the government which preceded their own.

Mr. Benson: There is little that can be said.

Mr. Fulton: Had the minister paused to reflect he would have realized that members of a government which took such an interest in developing the north would scarcely fail to recognize the importance of developing the administrative integrity of the resources in that area.

I should also like to inform the minister, in order to keep the record straight, that I visited the territories on two occasions during the time I had some responsibility in that area in connection with the R.C.M.P. and the administration of justice. I took advantage of that opportunity to talk to the people there and became acquainted with their ambitions and their views. I realize how important it is to the development of their plans that we should maintain the administrative integrity of those resources in the area. I should also like to assure the minister that I have discussed this question with my hon. friends in this party including, of course, the hon. member for Yukon. Unlike the situation in the hon. gentleman's own party, there is no internal dissension within our ranks.

Some hon. Members: Oh, oh.

Mr. Fulton: We are not divided by the kind of dissension which makes it impossible for members of the government opposite to introduce some of their most important pieces of legislation, the kind of dissension which holds up the Bank Act.

I have indeed discussed this question with my hon. friends of this party including the hon. member for Yukon. The essential point, and one which the minister has failed to appreciate, is that the amendment I have presented in no way lessens the administrative responsibility of the minister of Indian affairs and northern development in relation to resources within the territories. It changes in no way the provisions of section 17 of the

bill. What it does is to straighten out the bifurcated responsibility for the administration of the shelf and of the territorial waters, that is the resources of the shelf outside the land areas of the territories. Whatever the minister may say, this is a desirable and, indeed, an essential development if we are to have a policy of co-ordinated resource development in this country.

Mr. Laing: would the hon. member permit a question before he resumes his seat? Is he saying that the hon. member for Yukon supports this amendment?

Mr. Fulton: Most certainly. And let the minister not pretend that this amendment does what he pretends it is doing. I know perfectly well the game the minister is playing. Let him not pretend that this takes away any degree of ministerial responsibility for the administration of the resources within the land area of the territories. It does not.

Mr. Hamilton: Mr. Chairman, having listened to remarks made by the minister I think I should say a few words. As my hon. friend from Kamloops has pointed out, this amendment was put forward in an attempt to rectify what is in our view a schizophrenic act by the government. The Prime Minister, speaking on second reading, announced that the continental shelf would be divided between two ministers. The effect of the amendment moved by the hon. member for Kamloops is to place the shelf under one minister's jurisdiction.

Speaking on second reading I emphasized that in the future the continental shelf would be the subject of hard bargaining with nations like Russia in the west and north and with the countries of Europe to the east while the boundary line was being defined. What struck me as being schizophrenic was that the Prime Minister said that one minister would have responsibility for the shelf north of an arbitrary line while another would have responsibility south of that line. It is my firm belief that responsibility for dealing with foreign powers and for developing policy with respect to the continental shelf should be under one minister.

Had the government been content to leave the whole of the responsibility with the minister of northern affairs there would, I am sure, have been less objection taken here. This is the position adopted by the hon. member for Yukon. He was trying to preserve the resources of this area under the control of the northern development section of the government. Administratively we want to strengthen the minister of northern affairs. But since there is to be a division of responsibility between the two ministers, then at least let us put responsibility for the continental shelf under one or the other.

• (3:50 p.m.)

This could be done without reducing the power of the minister one iota under his part of the bill because there is nothing in that part which precisely implies that the continental shelf will be under his department. We simply had a statement by the Prime Minister on second reading, and under the Transfer of Duties Act it can be placed anywhere without statutory enactment.

What we are trying to do by this amendment is to put into clear, statutory language the fact that we want one minister to have charge of the continental shelf. The continental shelf is in two parts, the territorial section which runs from high water mark to three miles offshore and, second, that part of the bottom of the sea which is beyond the three mile limit and extends halfway across the Arctic, the Atlantic and the Pacific, as far as our jurisdiction will go when these areas are finally divided. What we are trying to do is give constructive help to the government so that there will be one minister to whom we can address questions about the behaviour of the government on continental shelf policy.

That is the essence of our amendment. If any one minister had this responsibility I think that would be satisfactory to most of us. As I pointed out on second reading, I thought from the words of the Prime Minister that the workings of the Department of Northern Affairs and National Resources were being cut down to a provincial government type operation and I stated that I was a little bit frightened about the personality who was going to look after the other department which the Prime Minister called "national". To keep the legislation itself coherent and logical I suggest that these amendments make sense. There is another matter I intend to raise but I think it will come up more properly after a vote is taken on this amendment.

Mr. Johnston: Mr. Chairman, I had intended to speak earlier but I think my remarks will apply equally well to the amendment and to the bill. I have gone back to the statement made by the Prime Minister on second reading at the pages referred to by the hon. member for Kamloops. It concerns

me a bit to see statements that at some time in the future we will have one or more provinces in the north, because there are some Canadians who do not look favourably on the idea of having an additional province in an area of small population, with a complete provincial assembly and all the trappings and expense that go with it in order to administer the affairs of a small group of people.

We seem to have set our minds so firmly on the concept of Canada continuing to proliferate in provinces that we have ignored, until it is almost too late to do anything else, the possibility of other arrangements such as expanding existing provinces and thus negating the necessity of setting up others that will be a material drain on the rest of Canada.

I am concerned that this particular aspect of government reorganization has been introduced at this time and that we are engaging in setting up a department of energy at a time when the question of the territorial shelf and offshore mineral rights has been placed before the Supreme Court of Canada by the federal government. The Prime Minister stated:

> The minister of energy, mines and resources, on the other hand, will be exercising responsibilities that are essentially, if I may use that word, national in their character.

If they are essentially national in character I do not think the whole question would have had to be referred to the Supreme Court of Canada. If that were the case the situation would have been adjusted automatically. The Prime Minister went on to say:

> This is purely a constitutional question and it has been referred to the Supreme Court of Canada for an opinion.

I submit that it is not purely a constitutional question but is a political question. The confederation of British Columbia with the rest of Canada was at that time a political settlement which of course had a constitutional arrangement, but there are many other factors involved than simply the constitution as such. I would recommend to hon. members an article in the winter 1966 edition of *Queen's Quarterly* by Edwin R Black, titled "Oil Off shore Troubles the Waters." In it he sets out some of the arguments for the federal case and one of them is:

> —extending Canada's sovereign boundaries westward into the Pacific ocean beyond those boundaries which British Columbia brought with it when it joined the federation in 1871.

When it gets around to tackling this issue the supreme court is going to have an extremely difficult time sorting out the constitutional implications from the political. I am convinced it will not find it a purely constitutional question and that its decision is just as likely, if not more so, to come down on the side of B.C. as on the side of the federal government. The rather pathetic suggestion that if it does we can then make the necessary readjustments, but at the moment we will go ahead and set up the machinery, anticipating the decision of the supreme court, is something which we should criticize most strenuously as a sort of *fait accompli* being presented by the government and, if anything, it is being assisted by the amendment presented by the hon. member for Kamloops.

I do not know if that was the hon. member's original intention but as the amendment is worded it is going to apply to a great deal more than offshore Arctic waters. It is going to concern the offshore waters of B.C. and I would remind hon. members that B.C. is the only province which has a Pacific coast. There are some aspects of the problem that are quite unique to the province and—

Mr. Fulton: May I ask the hon. member a question?

Mr. Johnston: Yes.

Mr. Fulton: From the words he has just used are we to infer that he believes that Canada does not have a Pacific coast?

Mr. Johnston: That is not quite the interpretation I would put on it. I would suggest that B.C. brought its Pacific coast to Canada in confederation and that they are identical. Therefore the development that was going on at that time must be considered rather than any changing of the picture. I think in a way that this part of the bill is out of order. I do not have any legal training. I cannot say that the question is sub judice or use such legal terms, but it does seem a bit improper for this house today to proceed to divide authority over part of Canada when we are awaiting a supreme court decision whether or not we have the power to do that.

Mr. Dinsdale: Mr. Chairman, the minister in charge of northern development has intimated that former ministers of northern affairs would not be quite in sympathy with the amendments that have been put forward by the hon. member for Kamloops. I shall speak only briefly because we are anxious to get on with this legislation but I want to indicate without any equivocation whatsoever

that I heartily endorse the two amendments. I should like to speak about them together in order to save time.

Mr. Laing: The Yukon is not going to like you either.

• (4:00 p.m.)

Mr. Dinsdale: Mr. Chairman, I should like to speak to the two amendments because had I had the opportunity last evening to speak on clause 15, I would have pointed out that under the terms of the omnibus bill now before us the ministerial responsibilities which come under the Department of Northern Affairs and National Resources now are rapidly withering away. As the Prime Minister himself has indicated, the responsibilities of the minister of northern development will be those of a provincial premier. This means that the former important responsibility for national planning of resource development, which was emphasized by prime minister Louis St. Laurent, has been left out in no-man's land to a certain extent. Therefore I heartily agree with the hon. member for Kamloops that in view of the transition taking place under this legislation it should be spelled out in no uncertain terms that the minister of energy, mines and resources should carry on the responsibility for national planning in the resource area which under the former act was delegated to the Minister of Northern Affairs and National Resources.

I say this because I think the minister of resources has not realized he is assuming a very important responsibility which only recently has been assumed by the federal government. In a speech in Toronto over the week end the minister of resources dealt with national resource planning in the realm of water resources. My attention was drawn to a significant editorial in the Toronto *Star* of yesterday, May 30, under the heading "Stand Up and Lead, Mr. Pepin". This article scored the minister's speech on national responsibility for water resources for failing to demonstrate the initiative and leadership which is required if Canada is to continue to cope with the crisis in renewable resource development which is now on our doorstep and has been for the past decade or so. So, contrary to what the minister of northern development has said, I heartily support the viewpoint expressed by the hon. member for Kamloops.

Others have given consideration to the anomalies and discrepancies which appear with reference to the administration of the continental shelf and, to use the learned phrase of the hon. member for Kamloops, the bifurcation of responsibility in this regard. Mr. Maurice Western, writing in the Winnipeg *Free Press*, has drawn attention to this problem in precisely the same terms as the hon. member for Kamloops did this afternoon. Here is how this distinguished journalist points up the problem:

> Mr. Pearson's original idea, evidently, was that Mr. Pepin would be concerned with matters national in character and not relating to any particular province or territory. The 60th parallel would be a convenient dividing line and Mr. Pepin would take over the controversial business of resources on the continental shelf.
>
> But the problem was not so simple and Mr. Pearson ended with a "purely pragmatic" solution, which he explained in his somewhat laborious speech of Tuesday. He seems to have thought at one point that Mr. Laing might function as a "dry land" and Mr. Pepin as a "wet land" minister. But nothing is much wetter than the north, especially the Arctic archipelago. It was decided that Mr. Laing would have charge of this area on the theory that it is land "interlaced" with water while Mr. Pepin, incredibly, would be responsible for the islands of the bay because they represent "exactly the opposite situation."
>
> Thus "to avoid confusion" the line is to run "substantially along the south coast of Southampton and Baffin island." In fact, however, the islands south of the line are part of the Northwest Territories. This is a ridiculous situation.

So others are concerned with the problem we are attempting to solve through this amendment this afternoon. A short time ago the minister interjected a suggestion that the hon. member for Yukon would not be in sympathy with the sentiments of this amendment and that the present comments I am making would not go down very well with the people of the Yukon Territory. It already has been spelled out that the administration of the mainland in the north would not be disturbed at all by the amendment. What we are endeavouring to do is to rationalize the anomaly outlined in the comments made by Mr. Maurice Western in his article in the Winnipeg *Free Press* of May 25.

If it would serve the minister's purpose that he assume total responsibility for the continental shelf, that would get around the difficulty in precisely the same way as the amendment put forward by the hon. member for Kamloops; in other words, he would have the total responsibility. I am sure my hon. friend from the Yukon would be heartily in sympathy with this viewpoint. What we are asking is that the confusion which is obvious at least to most members of the house and to distinguished members of the press gallery shall be ended in one way or another. Either

the minister of resources should assume this total responsibility or the minister of northern development should do so.

As a former minister of northern affairs and in view of the rapid withering away of the department of northern affairs I would say, speaking sentimentally, that it might be placed under the jurisdiction of the department of northern development. If the minister cannot accept our amendment, I hope sincerely that in the interest of peace, order, good government and good common sense he will seize the initiative and resolve this difficulty by placing it under his own moral responsibility.

Mr. Davis: Mr. Chairman, before the vote is taken I should like say two or three words. I listened with considerable interest to the hon. member for Kamloops. The word he used most frequently was "gap"; he referred to the yawning gap between several departments which was developing because of this legislation. He thought this applied particularly in areas of policy. The hon. member for Qu'Appelle got up and said that this responsibility should be in either one department or another. In other words, his primary concern seemed to be with overlapping in the future administration of the government's policies with regard to matters such as water and energy. One speaker from the opposition side is concerned about gaps and another about overlapping. I suggest there is some inconsistency in this regard.

In respect of fundamental matters like water and energy, which nowadays are becoming of increasing interest in this country, there have been various government departments involved. Necessarily there is some degree of overlapping and some degree of co-ordination but this legislation is designed to minimize the degree of overlapping. More of the responsibilities in connection with water and energy have been put together in one new department, the department of energy, mines and resources.

• (4:10 p.m.)

The amendment refers to this matter. The hon. member for Kamloops is concerned primarily with the fact, and this is substantially an interpretation of his words, that the new minister of energy, mines and resources will not have authority over planning, programming and co-ordinating of policies with regard to energy. I respectfully submit that the clause as it now stands does give the minister that power. The clause reads:

> The duties, powers and functions of the minister of energy, mines and resources extend to and include all matters over which the parliament of Canada has jurisdiction—

I wish to emphasize the words, "all matters over which the parliament of Canada has jurisdiction." Surely "all matters" includes planning, programming and co-ordinating. Surely this is what policy-making is all about, and I trust that policy-making is still one of the principal functions of the government of Canada. Therefore I would suggest that the amendment to this extent is redundant and unnecessary.

I listened with some interest to the hon member for Okanagan-Revelstoke who, coming from the province of British Columbia and being a member of the Social Credit faith, believes that the offshore mineral resources, at least on the west coast, should come under the jurisdiction of the province as distinct from the jurisdiction of the nation. I happen to hold the contrary view. However, I suggest that wherever the jurisdiction for these resources resides, and I believe it resides with the nation, this subject clearly comes within the terms and wording of the present clause. Therefore the clause does not have to be amended.

Unlike several hon. members on the opposition side who really skated around the issue of whether off-shore mineral rights belong to the province or the nation, I categorically state that I believe these are matters which this clause now covers in its present form. They are certainly covered by subclause (a), energy, mines and minerals.

Reference was made to the present minister and some recent statements he has made. I know that the present incumbent, the Minister of Mines and Technical Surveys is a very intelligent and capable man who has come to understand effectively and quickly not only the administrative details but also the policy implications and responsibilities of his new department. I am convinced that he and certainly this government intend to strike clearcut stances and declare clearcut policies in respect of resources. I think this is vital and important, and I suggest to hon. members that to add more lines to clause 29 would merely proliferate the words and perhaps undermine the power of the federal government. I suggest we should all vote against it.

Mr. Diefenbaker: Mr. Chairman, I have listened to the arguments of the hon. gentleman who preceded me. He seemed to advance them with a certain amount of diffidence. He started off powerfully and ended up almost apologetically. His final words were to the effect that any amendment of this kind would weaken the powers of the department. I find it difficult to understand that argument.

The hon. gentleman referred also to the fact that the members of the opposition were dodging the question of the ownership of offshore mineral rights. The present government of Canada has done just that. The question of mineral rights should not have been submitted to the Supreme Court of Canada. It should have been decided in a truly national way after discussion and consideration at a conference with the various provinces. Instead of that being done the government wanted to get away from its responsibility to make a decision, a course it has followed during the three years it has been in office.

I have a high regard for the minister, but as I listened to his argument to the effect that of the north will strengthen the administra- dividing by arbitrary lines the various areas tion of the great resources to which he referred I must say that I felt it was indeed one of the most unusual arguments I have ever heard. The government is going to say to one minister, this part of the sea is your jurisdiction, and to another minister, this part of the sea is your jurisdiction. Let me suggest that this government needs no assistance so far as being at sea is concerned. I cannot understand what is behind the attitude taken by members on the government side toward this amendment. I would have thought it would be accepted as a serious endeavour to strengthen the department.

I listened with tremendous interest to the minister as he paid warm words of tribute to the Pine Point Railway development.

Mr. Laing: I was trying to hatch your vision.

Mr. Diefenbaker: I am very glad to find there has been a change of attitude on the part of the minister opposite. When we went ahead with this proposition the Liberals ridiculed it as another example of the weakness of the vision of northern development. That which was heresy when we were in office is now embraced by the present government as an example of its wise foresight in bringing the development of the north to fruition.

[Mr. Davis.]

Some hon. Members: Oh, oh.

Mr. Diefenbaker: We remember the immortal words of the Prime Minister when the Conservative party spoke of the new northern development. He said: What are they going to do, build roads and railroads from igloo to igloo? There is always hope when there is recognition of wrongdoing, however late. There is always hope for those who adopt that attitude. Imagine the change that took place. They ridiculed this vision and said it was a nightmare. We went ahead in the face of the most bitter criticism on the part of the Liberal opposition of that day and proceeded with the development of the north. The people of northern Canada realize that it is in consequence of our actions that tremendous mineral developments are taking place in the north.

The reference made by the minister to the Pine Point development was what one might call a tribute in reverse. He now admits that the reason he mentioned it without specifically paying a tribute was to assure to the Conservative party a subtle compliment. He hid that compliment very well when he spoke.

Speaking of development, what is going to happen when one minister is in charge of one portion of the sea and another in charge of another portion? Why does the government establish this division and what is behind it? Where is the incumbent minister of this department? Is he away today on some political harangue? Why is he not here when this whole matter is being considered? What possible excuse can there be for his absence?

Mr. Laing: Mr. Chairman, I rise on a point of order. I know the right hon. gentleman would not wish to leave the impression with anyone that he was unfairly attacking a minister. The minister in question today is in Winnipeg attending a meeting of the resource ministers council of Canada making plans for a convention on the subject of pollution to be held in the city of Montreal in November. I am sure this convention will be of tremendous value to Canada.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: Mr. Chairman, I am sure that indicates how little hon. members opposite have upon which to base their applause when they pound their desks in the manner they have. The place for a minister when a matter dealing with his responsibility is before parliament is here in the house. I

think even at this stage there should be a move made to postpone the discussion of this subject until he has returned. Today he is on an important mission and certainly we should not go ahead behind his back to make a determination of an amendment of which he knows nothing and which possibly he in his wisdom might decide is worth while.

• (4:20 p.m.)

Some hon. Members: Oh, oh.

Mr. Starr: They laugh because they know he has no wisdom.

Mr. Diefenbaker: I suggest that this portion of the bill be left over for further consideration. I should like to give an example of the kind of thing that is going on. I cannot understand the division of responsibility that is taking place. The hon. member for Kamloops mentioned divisions a moment ago. One of the finest examples is the shadow-boxing going on between the Minister of Finance and his predecessor. I recall one of Abraham Lincoln's sorties that I think illustrates the situation very well. He spoke at one time of two men, somewhat intoxicated—that does not apply—who got into a fight. Both were wearing overcoats. They fought for over an hour and when it was over each was wearing the other's coat.

As I thought of this example of unity within the ranks of the present government I could not help but recall Abraham Lincoln's story. We do not know what their stand is on the question of northern development. The Minister of National Revenue is fully conversant with these things, but in connection with northern development some questions have been asked of him regarding Mr. John Doyle and they have not been answered.

Mr. Benson: Mr. Chairman, on a point of order—

Some hon. Members: Oh, oh.

Mr. Diefenbaker: I have the floor now.

Mr. Benson: On a question of personal privilege, Mr. Chairman—

Mr. Diefenbaker: I have the floor.

The Chairman: Order, please. The Minister of National Revenue on a point of order.

Mr. Diefenbaker: Mr. Chairman, on what point does the hon. gentleman rise?

Mr. Benson: On a question of privilege. The right hon. Leader of the Opposition indicated that questions have been asked of me with respect to northern development, which is really not the case. Perhaps he is referring to one question concerning an individual's personal tax affairs which was put on the order paper last Friday. I can assure him that it will be answered promptly.

Mr. Diefenbaker: Fine. Now we are making progress. We did get one answer in this connection which shows something about what is going on in these departments with regard to northern development. It is difficult to understand. The question was asked by the hon. member for Saskatoon and is recorded at page 5673 of *Hansard*:

1. Is the federal government aware of a press release of Canadian Javelin Limited concerning a $35 million paved highway to connect Goose Bay with the Gulf of St. Lawrence and, if so, has the government announced its intention to build such a road?

2. Has the said road been approved by the government and (a) if so, when (b) if not, what is the present position of this project?

This question was answered by another minister, not the Minister of Northern Affairs and National Resources who has to do with northern development. The answer was:

1. The answer to both parts is no.

2. No such project has been approved by the government.

The answer was given by the Minister of Public Works. Mention was made by the hon. member for Saskatoon that he had certain information in this connection. The government has no knowledge of this great developmental plan that will help the Doyle interests, nothing of that kind whatsoever. I have before me a press release of Canadian Javelin Limited which deals with the question of development. We want to know what is behind this. The release describes the developments that are taking place. Mind you, a reputable company such as the one with which Mr. Doyle is connected would not be putting forth things that are not true because even in his present condition he is one of the worshippers of this government, one who, according to those who know, devoted himself in various ways to assuring that this government would actually be formed. This is what the press release says:

The federal government of Canada has announced its intention to immediately build a new $35 million paved highway which is to connect Goose Bay on lake Melville with the gulf of St. Lawrence and the strait of Belle Isle. This highway will permit winter shipments from the proposed mill as it will provide access to a year-round port on the gulf of St. Lawrence. The new road will play an

important role in the harvesting and transportation of the wood as it bisects Jubilee-NALCO forest reserves. These reserves contain approximately 50 million cords of valuable black spruce.

Certainly a man of Mr. Doyle's standing would not be placing before the public a completely untrue statement. I can only review this matter, sir, in relation to the development of the northern areas of Canada by saying that there has been too much division opposite. One minister looks after one phase of development and another minister looks after another. The answer given yesterday does not meet the situation and I would suggest that there be a little more consultation.

Returning once more to the question of division of responsibilities let me ask, can anyone contend—it surprises me to find the minister of northern development doing this—that there can be any justification for dividing the areas of the sea between two departments on a territorial line enunciated in a general way by the Prime Minister in the course of his remarks? What is the reason for this? Are our great northern areas going to secure developments that otherwise would not take place? Surely there is no efficiency in this.

The explanation given is that if we accept this, swallow it, somehow or other developments are going to be initiated in northern Canada by those who now are the government of this country, who ridiculed the potentialities of northern Canada throughout the years and now want to go ahead with further developments. Instead of having unity they are going to divide the northern sea areas between two ministers. If division is going to increase efficiency, why have they not distributed the responsibility among three or four ministers? What is the purpose of this? It may add to the number of ministers, but the Prime Minister has said it will not. What is the purpose here?

Why does the minister, so out of hand, brush aside a suggestion that I thought he would have been the first to at least consider? He is not the one who is going to administer these matters; another has been chosen and that other is away today. I suggest that the minister who is piloting this bill through the house might very well postpone further consideration of it. You never know, when the absent minister comes back he might be one of the first to agree, because of the views he has expressed, that what we are trying to do is increase efficiency in this connection. What is being done by the government in taking responsibility for development and dividing it, subdividing it and handing it out to one minister and another will achieve a state of chaos, which is something this government needs no assistance in bringing about.

[Mr. Diefenbaker.]

• (4:30 p.m.)

Mr. Nielsen: Mr. Chairman, I have been unavoidably absent from the house during the initial stages of this discussion because of attending a very thought-provoking and useful discussion with the members of the Carrothers commission who are most concerned about matters affecting the north and northern development. I really do not know what all the fuss is about. I do not know what everyone is arguing about because the matters before the house should properly be under the control and jurisdiction of the people of the north, not of this house.

Mr. Davis: You are on the wrong part of the bill.

Mr. Nielsen: I am not on the wrong part of the bill at all. If the hon. member for Coast-Capilano had any appreciation of matters concerning the north he would not make aimless remarks. Clause 17(b) deals specifically with matters about which I am going to speak. So far as divisions are concerned—

An hon. Member: We are on clause 29.

Mr. Nielsen: We are now talking about the transfer of responsibility for resources which lie in the north from one department to another, and I intend to speak about this.

So far as division is concerned, I can remember when those who now sit opposite were on this side of the house and the former minister of transport, now Canadian high commissioner in England, said in one of his speeches—this will give an indication of the kind of attitude displayed toward the development of the north by those who now sit over there—"I am sick to my stomach of all this talk about northern development where nobody lives but Indians and Eskimos anyway".

Mr. Byrne: That is why he is high commissioner.

Mr. Nielsen: Exactly. That was his record.

Mr. Diefenbaker: You say that is why he is high commissioner? Those are Liberal rewards.

Mr. Nielsen: The hon. member for Kootenay East has interjected before. When the Leader of the Opposition was speaking he said "Don't be so childish". This came from an expert on all things childish. He finds it so easy to change feet when he opens his mouth.

Speaking about divisions existing over there, I say that the minister should look within his own ranks and within his own heart because I know he does not like these changes. He felt very baldy about the responsibility for resources being forcibly taken away from him and given to someone else for whom some position had to be found. The resource responsibility in the minister's department was and is one of the most important. As I understand it, the position being taken on this side is that the administration of those resources should remain with him, and so it should, until such time as we can soften his hard heart and those of his colleagues in the government and get them to transfer the responsibility where it properly belongs. Until that time there can be no argument with the principle that he is acting in all respects like a provincial resource minister. He has the responsibility of controlling these resources until such time as that responsibility is transferred to properly constituted assemblies in the Yukon, Mackenzie and elsewhere in the north wherever provinces may be set up.

Mr. Laing: Would the hon. member speak to the member for Kamloops?

Mr. Nielsen: I have spoken to the member for Kamloops and I can find no division between the policy he has stated and the policy I am stating now.

Mr. Fulton: The trouble is, the minister cannot or will not read the amendment.

Mr. Nielsen: I am sure the minister can perceive it but with the propensity he has—and I do not attribute any motivation to him in this connection—of being unable to view things otherwise than in a political light it is sometimes difficult for him to see the unity which exists in constructive suggestions from this side of the house.

We in the north believe that the responsibility for resources should be under one minister instead of being divided in the way that is proposed.

An hon. Member: Which one?

Mr. Nielsen: I can think of a reason for the delineation of this arbitrary line which strikes northward from the western boundary of Hudson bay, skirts around the southern edge of Baffin island, over to Resolution island and thence to the eastern boundary of Canada in the Arctic, excluding all the islands south of that line which would come under the jurisdiction of the new proposed department.

That territory is in the north and was hitherto administered by the Minister of Northern Affairs and National Resources. The minister shakes his head negatively, but this is so. He had responsibility for this resource and now it is being taken from him and, as the Leader of the Opposition put it, with respect to the continental shelf and territorial waters resources one minister has responsibility for one portion of the Arctic ocean and another minister for another portion. It seems completely illogical, and indeed it is. There is no justification for it.

However, I am pleased to see the amendment that has been put forward by this side advocating that resources underlying the territorial waters of Canada and the continental shelf be placed under the jurisdiction of one minister. That does not impair in the slightest way the jurisdiction of the Minister of Northern Affairs and National Resources over his existing responsibilities with regard to administration of resources in the north. That is his one important responsibility and one which we look forward to assuming in due course.

Mr. Laing: Mr. Chairman, will the hon. member answer a question? He is even more familiar than I with the geography of the high Arctic islands. I am sure he would admit that over half of the sedimentaries in the Arctic are covered by water.

Mr. Nielsen: I will agree immediately with the minister but I fail to see the relevance of the statement he has just made.

Mr. Laing: The relevance pertains to the fact that the hon. member for Yukon said he supports an amendment which would remove jurisdiction over those waters and the minerals under them from the Minister of Northern Affairs and National Resources.

Mr. Nielsen: Precisely; I was speaking with respect to waters above the continental shelf and resources underlying the territorial waters of Canada. This does not impair in the slightest the jurisdiction of the minister.

Mr. Laing: I want to make myself clear. It has been known to Canadians, not only in the

time of this government but previously, that over 50 per cent of the oil and gas which we hope and expect to take out of the north is under water. The hon. member is now supporting an amendment to remove jurisdiction over this resource from the Minister of Northern Affairs and National Resources.

• (4:40 p.m.)

Mr. Nielsen: Mr. Chairman, I fail to see how the amendment impairs at all the administrative responsibility of the minister if it is accepted.

Mr. Hamilton: This is the key point, Mr. Chairman. When the Prime Minister spoke in the house on May 24 he said that the minister of Indian affairs and northern development would be like a provincial minister. On the other hand, he said that the minister of energy, mines and resources would be exercising responsibilities which are essentially, if I may use his word, "national" in character.

These lands underneath the sea are not provincial. Let that be clear. By international law the lands under the sea have been given to Canada, not to any province. Let us be clear about that. This does not mean that the federal government has to administer every little detail, because I am sure there will be discussions with the provinces and the territories about administration. But as to the silly argument that half the wealth of the north is under the sea, that is not the point at all.

Either the minister is to be, as the Prime Minister said, like a provincial minister or he is not. Either the other minister is to be, as the Prime Minister said, a national minister or he is not. The words of the Prime Minister are so clear, Mr. Chairman, that to try to divide a national responsibility and give part of it to a provincial minister just does not make sense.

We are not giving up one bit of the rights of the province of the future in the north to administer its own resources. They go to the high water mark like those of every other province do. The boundary of the province of Ontario stops short of the high water mark. The boundary of the province of Manitoba stops short of the high water mark. The boundary of the province of Quebec stops at the same point, short of the high water mark. Therefore, why should the Northwest Territories have more than any other province? If we are to be consistent, let us keep this bill consistent. If we are to have a national minister, then give him national responsibilities. But do not divide the cake in half.

[Mr. Laing.]

If we still want to keep the resources of the continental shelf under the jurisdiction of one minister and if it is clearly understood that the continental shelf is to be looked after by the national minister and that the responsibility is delegated to the minister of the north, then that is good enough for me. I am simply making it very clear that a resource which is the property of Canada by the international law of the sea should be dealt with by the national minister.

If parliament wishes to place that national duty upon another minister then that is its privilege. But it should be one or the other, Mr. Chairman. We want that resource dealt with as one unit, as the property of the people of Canada, regardless of negotiations with the provinces or territories in connection with administering it. We will fight hard to keep the power of administration in the hands of the territories so far as administering those resources is concerned, but let me make it very clear that the resources at the bottom of the sea, whether in territorial waters or beyond the territorial waters, are the property of the national government by international law.

Mr. Nielsen: Mr. Chairman, I hope that the hon. member for Qu'Appelle has helped to penetrate the lack of appreciation on the part of the minister of the point we on this side are attempting to make. I believe that the reason he fails to understand lies in the fact that even though he pays lip service to the idea, as does the Prime Minister, he does not even treat seriously the possibilty that one day there may be a province of the Yukon or a province of Mackenzie. I say that because if at this moment he thought of the Yukon, the Mackenzie, the eastern Arctic and possibly the high Arctic as provinces of the future and treated them in his mind as provinces, then the distinction would become clear at once and he would appreciate the responsibility he has regarding potential future provinces of this nature. That responsibility would be on all fours with the responsibility of any provincial resource minister and is quite distinct from the responsibility he now has with regard to resources under territorial waters and the resources of the continental shelf.

That is the distinction, Mr. Chairman, between the responsibilities, and to me that is the nub of the amendment. It is not difficult for me to think in terms of the future development of the Yukon and other northern areas as provinces because I am from

that area. It is not difficult for me to see that this amendment does not impair in the slightest the administrative responsibility that the minister now holds vis-à-vis his function as a resource minister in a provincial sense compared with his functions in the Yukon and Northwest Territories. That is why this amendment should commend itself to the minister but he has so far failed to appreciate the nature of the amendment and has suggested that there are divisions on this side when none exist at all.

Having explained that position, Mr. Chairman, I will resume my seat, believing that perhaps the words of the hon. member for Qu'Appelle and my words have finally penetrated the thinking of the minister. I see him in discussion with the junior minister of transport who I suggest—

Mr. Laing: He is being very helpful.

Mr. Nielsen: I am sure he is. I am sure he appreciates the point being made on this side, and he is one among the very few over there who has any sense of appreciation of northern problems and the north.

Mr. Turner: On a point of order, Mr. Chairman, not quite in the same terms always as the hon. member for Yukon.

Mr. Nielsen: I am trying to be nice to the junior minister of transport.

An hon. Member: Can you be?

Mr. Nielsen: Oh, yes. I would commend the amendment. Now that the Minister of Northern Affairs and National Resources is silent I know that we have got through to him and he now sees the validity of the amendment. He stills looks a little quizzical but I would suggest to him that he take a minute or two to consult his colleague the Minister without Portfolio, whereupon he will see the light and be the first on his side to rise in support of the amendment.

Mr. Douglas: Mr. Chairman, I desire to say only a few words about the amendment. As I understand it, the hon. member for Kamloops is concerned, as are many of us, about the proposal that the continental shelf shall be divided by a line north of which responsibility will lie with the minister of Indian affairs and northern development, with the area south of the line coming under the jurisdiction of the minister who will head the new department of energy, mines and resources. I think that this concern is shared by a great many of us.

If the hon. member were moving, that all of the continental shelf and all of the territorial waters and minerals which lie thereunder should be transferred to the minister of Indian affairs and northern development, then I would certainly support the amendment. But this amendment does not provide that the minister of Indian affairs and northern development shall have such jurisdiction. On the contrary, it suggests that jurisdiction over minerals which are under the territorial waters and over all of the continental shelf shall be transferred to the new department of energy, mines and resources. It seems to me that if the proposal being made by the government is confusing and I think it is, the passing of this amendment would compound the confusion.

• (4:50 p.m.)

Mr. Fulton: How would it do that?

Mr. Douglas: I want to point out that if we are going to have adequate development of the minerals under territorial waters we will have to work out arrangements whereby they can be developed by the same people who are developing minerals on the land. I believe that the government of Canada must eventually enter into arrangements with the provinces to allow the provinces to administer the development of resources under the territorial waters. These arrangements would include a provision, of course, whereby the federal government would receive a share of the revenue from such development.

If we do not do that, what we will have increasingly will be two kinds of development going on side by side, one on the land and for three miles out under the sea and one set of regulations, one type of permit, one type of drilling regulations, one set of royalties, and totally different administrative procedures established for the territorial waters. This arrangement will not work satisfactorily or efficiently. I believe the time will come in Canada when the administration of mineral development, whether on the land or in territorial waters, will be under the same authority. I believe that it has to come. It may take a long time to work out but I think it is inevitable. If this is true, I suggest that all the minerals under the territorial waters and the continental shelf should be under the minister of Indian affairs and northern development.

If we follow the proposal in the amendment, this is what will happen: In the north applications for drilling permits and all the

regulations that have to do with mineral development will be under the minister of Indian affairs and northern development. However, if a company wants to drill three miles off the shore of an island—I do not know how you know if you are three miles off the shore of an island when there is 20 feet of ice—it will have to apply to the minister of energy, mines and resources. If the north is to be developed, surely it has to be developed as a unit.

I do not profess to be any authority on the north, but as a result of visiting certain northern parts of Canada it seems to me absolutely ridiculous to think you can develop minerals in northern Canada by trying to follow a line three miles along the coast. It is true that the hon. member for Yukon said that when the time comes for the north to develop into provinces, as I hope it will, then there will have to be some arrangement between the federal government and the new provinces for the joint administration of the minerals under the territorial waters.

Surely in the meantime these resources ought to be developed as a single entity, under a single minister. If the committee believes we will have confusion under the government's proposal, imagine the confusion we will have if, in the development of the minerals of northern Canada, gas, oil and mining companies have to deal with two ministers merely because one company at one point is drilling through the ice where there is land and in another place the company is drilling through to the water under the ice. Surely that would be a ridiculous and fantastic situation, an administrative nightmare.

I certainly hope that the government will reconsider the suggestion for dividing the continental shelf. I agree with the official opposition that the continental shelf and the territorial waters ought to be under one minister, and that minister ought to be the minister of Indian affairs and northern development. Since this amendment will not accomplish that but rather will further confuse the situation, I do not believe I can support it.

The Deputy Chairman: Is the committee ready for the question?

Amendment (Mr. Fulton) negatived: Yeas, 28; nays, 69.

The Deputy Chairman: I declare the amendment defeated.

[Mr. Douglas.]

Mr. Fulton: Mr. Chairman, in my remarks before I introduced the amendment just disposed of I said we felt there should be two amendments to clarify this bill. The purpose of the second amendment is to restore the planning authority to the full extent, that is to say, to the extent previously enjoyed by the Minister of Northern Affairs and National Resources. I have referred to section 7 of the Department of Northern Affairs and National Resources Act which contains three different subclauses giving the minister, first, a general power to formulate plans for the conservation and development of the resources of Canada, and for research with respect thereto. Second, he may co-operate with the provinces and with municipalities in carrying out any surveys or development plans. Third, he may consult with and inaugurate conferences with representatives of industry, universities, etc.

I should say that that section will no longer be at the disposal of the planning and co-ordinating minister by virtue of the proposed repeal of that act. While it is true that there is in the bill before us a proposed new section of the resources and technical surveys act, in my view there are serious areas of difference between the powers and authority conferred by this proposed new section and the powers previously available to the northern affairs minister under section 7 to which I have referred.

• (5:00 p.m.)

Primarily the differences are that the minister is not specifically given authority to confer or co-operate with the provinces in formulating and carrying out a plan and he is not specifically given authority to convene conferences of various bodies with respect to study and research into the use and development of our resources. I am in no way denigrating the powers given under the proposed section 8A but if one studies them and compares them with the powers contained in section 7 of the present Northern Affairs Act, the divergencies will become obvious, and in our view it is desirable that the authority of the minister should not be diminished but should be enhanced by this legislation.

When he introduced the Department of Northern Affairs and National Resources Act Mr. St. Laurent drew attention to the necessity of planning Canada's resources both material and human, and section 7 was in his view, and in the view of parliament at that time, an important provision with respect to

the planning authority given to the minister upon whom responsibility for these material resources was conferred.

Accordingly, I move:

That Bill C-178 be amended by re-numbering section 29 thereof as section 29(1) and adding thereafter the following subsections:

2. In addition to the duties, powers and functions outlined in subsection (1) hereof, the minister may formulate plans for the conservation, development and use of the resources of Canada specified in subsection (1) and for research with respect thereto, and, with the authority of the governor in council and in co-operation with other departments, branches and agencies of the government of Canada, provide for carrying out such plans.

3. The minister may co-operate with the provinces and with municipalities in formulating and carrying out any plans under subsection (2).

4. In carrying out his duties and functions under this section the minister may consult with and inaugurate conferences of representatives of producers, industry, the universities, labour and provincial and municipal authorities.

Mr. Aiken: Mr. Chairman, I should like to make some comments in connection with the amendment we are now considering. I believe it essential that the department to be set up should give leadership in the development of our water resources and in the war against pollution. In order to achieve this result it must be given the tools with which to do the job. The minister must be able to give the necessary leadership. We need to look at the proposed set-up in order to decide whether this can be done under the terms of clauses 29, 30 and 31. I will direct my remarks to clause 31 which deals with the authority granted to the minister of energy, mines and resources.

While research, co-ordination and inventory with relation to water resources are a necessary prerequisite to action, it is obvious that action must follow if any leadership is to be given on a national basis. I have, therefore, read and reread the proposed new subsection 8A of the Resources and Technical Surveys Act to determine the real intention of the government in this respect. The foundation for any real action is lacking. May I illustrate my point by an example.

Senior levels of government can best give guidance by the initiation of pilot projects. In the case of the United Nations agencies, the International Bank for Reconstruction and Development and the International Development Association, pilot projects are undertaken in developing countries to indicate the essential worth of an agricultural, industrial or educational project. The actual development of such projects and the subsequent operation of them are strictly within the field of the developing nation itself. The pilot project, however, is financed by the international agency to give leadership and impetus to the commencement of such projects.

Likewise, in the fields of water resources and pollution pilot projects are essential. In the Ruhr valley of Germany water resource co-operative associations have been operating since the year 1904. Whole river basins are controlled by one authority and the cost of pollution control is charged directly to those who pollute the stream in proportion to the extent of pollution. The system has been successful in spite of the fact that the Ruhr valley is one of the most highly industrialized and heavily populated areas of the world.

These associations were given almost complete multipurpose authority over water quantity and quality in entire watersheds by their special laws. They have for up to 50 years made comprehensive plans for waste disposal, water supply, flood control and land drainage. Members of the association are principally the municipal administrative districts and the industrial enterprises, and general public supervision is carried out by a government ministry. They have authority to plan and construct facilities for water resources management and to assist their members with the cost of constructing and operating such facilities.

• (5:10 p.m.)

On February 23, 1966, giving acknowledgement of the need for federal leadership in the urgent problems of pollution control in the United States, President Johnson sent a message to Congress proposing the setting up of pollution control programs for entire river basins. He proposed combined efforts by all means at American disposal, federal, state, local and private, to reduce progressively the pollution of United States waters. He proposed a clean rivers demonstration program which would unite all the pollution control activities in a single river basin from its source to its termination. I have complete details of his proposals and of the federal participation, but they are not essential to the point I am trying to make.

To turn now to Canada's problems, the Minister of Mines and Technical Surveys seems to be saying in his speeches that the management of water resources and pollution control are a provincial responsibility. He seems to be saying that the federal government should not evolve a national water

resources policy or program or a national anti-pollution drive. He seems to feel that he does not have either the constitutional authority or the responsibility for a national program involving water resources.

According to a press report of a speech he made in Toronto on Friday, May 27, he outlined the federal government role in water policy as one of taking inventory, of basic and applied research, of development of nationally accepted pollution guide lines and of continuing liaison with the provinces and the United States. These are all necessary prerequisites to a policy of action on water resources and pollution, but they are not enough. They do not provide for any action by the federal government. They provide no leadership.

The Ontario Water Resources Commission is doing an excellent job in pollution control and so are many other provincial bodies. But the development of industry, increased population and new types of waste are making the race against pollution a losing one for all local jurisdictions. Furthermore, we must make plans for the future and carry them out on a national basis.

A pilot project for a clean water development involving federal, provincial, municipal and industrial co-operation could well be carried out in several areas of Canada. Indeed, we do not need to go very far for the essentials of such a project because one could well be carried out on the Ottawa river. There is a twofold federal interest. First, the river forms a boundary between two provinces and, second, the river flows through the national capital region. There are also strong provincial interests.

On the Ontario side there are two conservation authorities in existence, one on the South Nation river and the other on the Rideau, the latter having recently been formed. However, there is no authority for the Ottawa valley as such and it would be useless to have such an authority on one side of the river if there were not a similar authority on the other. There are extensive municipal and industrial interests because each municipality and industry is interested in receiving clean water from upstream. This is a pilot project in which the federal government could well give leadership. I mention it only as an example but it is a fair example. It is nearby, and the proposal indicates that the federal government can easily undertake leadership in a pilot project.

[Mr. Aiken.]

While we have reasonably good working arrangements for international boundary waters under the International Joint Commission, it is very strange that we have no procedures established for dealing between and among provinces on water resources and pollution. Surely this is a fundamental federal responsibility. Surely this should be a first priority for the new department which we are considering.

We hear a great deal of talk about constitutional problems. These are always present in a federal system such as we have, but while they are present they have not deterred the federal government from taking leadership and responsibility in the purely provincial matters of health involving hospital insurance and medical care, of welfare involving pensions, of education involving university grants and vocational schools. Why then do we tread so timidly in dealing with the urgent national problem of pollution?

Returning again to the powers proposed to be given to the new department under the amendment, I believe that this amendment is necessary in order to give the minister authority to deal with the problems that are facing us. I can find no clear wording in the bill as it stands which indicates an intention to propose and carry out pilot projects under federal initiative. The very wording of the clause which includes the words "co-ordinating, promoting and recommending" but not the words "carrying out", or anything similar to them, indicates the lack of resolution of the government in this field. This is why I rose to speak in connection with this amendment.

I sincerely believe that the problems of water resources and water pollution in Canada are serious and deserve national attention, and to get national attention the leadership must come from the federal government. It is true that there is provincial responsibility. There are indications that the provinces are not only aware of the problem but are doing something about it. I think they are looking to the federal government to take the initiative. I think they are looking for the passage of this bill which to some degree at least will co-ordinate the responsibilities for water resources.

I believe the provinces are waiting for an indication from the federal government that it intends to take the leadership and lay plans for the future. We all know that pollution is not a problem that can be settled quickly but a start on settling it can be made

quickly. Pilot projects can be commenced. Policies can be laid down and a start can be made with leadership from the federal government and from the new minister. It is essential that this be done, but what is completely lacking in this bill is any indication that the government intends to give the minister that authority. There is also a lack of intention on the part of the minister to take any leadership.

I hope that the amendment will be given serious consideration. If it is not accepted then there will be an acknowledgement by the government that it has no intention to give the minister any power to do anything more than undertake research, to make plans, to put forward proposals and to co-ordinate activities. These are all essential but following them action will be necessary to deal effectively with the problems of pollution.

• (5:20 p.m.)

No matter how fast we go on this problem, it continues to develop; we cannot keep ahead of it. Quite suddenly the Americans have realized they are so far behind that they may never catch up. Mr. Chairman, we must never let that situation arise in Canada. The only way in which we can ensure that it does not arise here is to start now.

Mr. Peters: Mr. Chairman, I should like to support the amendment, if it does what the hon. member for Parry Sound-Muskoka indicates he wishes it to do. In reading it, however, I am not sure it does so. I am concerned that we have to be so legalistic in the wording of amendments to the bill because it makes it exceedingly confused rather than a bill containing a simple statement of what it is sought to accomplish.

I agree that while we were discussing the water levels of the great lakes last year it was very apparent at that time to anyone who was on that committee that there was a breakdown of communication between the various departments concerned with the matter of water. They certainly were not working in co-operation with each other and there seemed to be little understanding of where one jurisdiction ended and another started. It appeared that there was more oversight in connection with the management of water in Canada than there was supervision. It seemed odd to me that the person who measured the water flow was not the person who measured the water depth. On came under the Department of Transport and the other under the Department of Public Works. Rainfall involved another department and the long-term forecasting of water levels and maintenance of water levels involved another department.

I would have preferred a very simple amendment to establish a director general of water, in the person of a gentleman by the name of Mr. Patterson, to solve the whole problem because in every department this gentleman was called on when there was a problem and was able to shed some light not only on what had happened in Canada but also on what had happened in the United States. I was surprised to learn that he sat on a couple of boards which were international in scope.

I agree with the hon. member for Parry Sound-Muskoka that the problem is a major one. I am surprised that the officials of the various departments have not decided already to change the jurisdiction of their departments so that they will be able to do what they wish to do and so that much of the overlapping which has not produced any result will be eliminated. I also see another gentleman around at this time who in my opinion has, with justification, been kicked from one department to another. It is my hope that he will not receive any special recognition in the new department which is to handle the energy resources of our nation, because he would do as lousy a job as he has in the past in the two or three departments where he has served. I said the other day, and I still hope it is true, that we do not establish departments for the deputy ministers whom we may be moving around but for the job we want done. I hope that is the case in relation to this amendment. I am not sure, however, whether the amendment does exactly what the hon. member for Parry Sound-Muskoka wishes it to do.

I think the Minister of Northern Affairs and National Resources particularly, and certainly the Minister without Portfolio, are most interested in the problem of water. In addition there are three or four other cabinet ministers who have been very much concerned about our water resources and the fact that there is no co-ordination and does not seem to be any desire for co-ordination on the part of many of the officials in some of the departments. This type of confusion may seem amusing occasionally because it produces all kinds of odd situations, but it seems to me that as Canadians we should be very shocked when we reach a position where the senior officials in our nation are not able to

project long-range water forecasts for a particular water system as important to Canadians as the great lakes and have to rely on the United States army engineers for a long-term forecast of the water situation in the great lakes.

I am not suggesting that we are going to solve this problem all at once. I think the remarks of the hon. member for Parry Sound-Muskoka commend themselves to the house, and if the amendment does what he says it will do I think it should receive support. I know the government resists amendments from the opposition, and perhaps rightly so, but I should like the minister, who is familiar with this subject, to give consideration to the amendment to ascertain whether it would put water resources under one jurisdiction so that we could measure the flow of our water ourselves and make the long-range weather forecasts which have a great bearing on this resource. I should think the minister would be wise to give consideration to this amendment or persuade the government to bring in an amendment which would accomplish this purpose.

The minister may be interested to know that in the committee on industry, research and energy development this morning a question was asked along this line and an outline was given to the effect that changes were being comtemplated. I think it is safe to say that in this regard the official indicated some changes had been made but that the changes were not large enough to bring the complete control of the water resource under one branch. I may be unfair to him, but it was my impression that he said he would like to see this whole resource brought into one place so that all the facets of the water problem which face Canada could be handled at the same time and could be solved more readily.

I hope that the minister will consider this before he rejects the amendment out of hand. Having read the amendment I say that I do not think it does what it is hoped it will accomplish, but if there is merit in the proposal made by the hon. member for Parry Sound-Muskoka I would hope that the minister would consider standing this clause provided it is the intention of the government to establish a director general of water.

In this regard I certainly would recommend Mr. Patterson because I think if we had one person, one department or one section of a department which could co-relate all the things involved we would come much closer to solving the problem than is possible now with the diversity we have in respect of our water resource.

Mr. Laing: Mr. Chairman, I should like to reply to hon. members who have spoken. I believe they have taken part in a debate which is extremely valuable because what we are discussing I think in time will be proven to be the greatest resource of all that Canada possesses. Any time matters of this magnitude are discussed in the house there is profit for all of us. I wish to remind hon. members who have spoken that I have had some experience in endeavouring to evolve national programs which are meaningful economically and geographically beyond the borders of the provinces. There are other members here who are familiar with the viewpoints of the provinces, and I am quite sure they would confirm my impression that most of them are extremely jealous of the resources that lie within their borders. This should not surprise us; indeed, if it were otherwise we should be surprised.

• (5:30 p.m.)

It is imperative from the point of view of provincial interests and taxes that they develop and exploit the resources within their borders as broadly as possible. However, I would hope that in most fields of exploitation of the resources of Canada we can prove that by co-operation, understanding and common purpose as between the provinces, in so many instances, we can make the whole greater than the total of its parts.

When I had the responsibility in this particular field I spent as much time as I could speaking to and working with the Council of Resource Ministers. I think this is a vehicle that is not appreciated today in this country, but one that could become very important indeed.

That council is meeting in Winnipeg today and I think Hon. Sterling Lyon, minister of mines and natural resources for Manitoba, has just been elected chairman. He has made a statement in reference to his hopes for the great convention to be held in Montreal in November in respect of water pollution and has stated that over 1,000 people will be present. This is the type of thing that the national government, in co-operation with resource ministers, can stimulate.

It was contemplated by my predecessor that as a result of the resources for tomorrow conference in Montreal in 1961 great things

would be done. I should say at once that at the convention at which water pollution will be discussed that in all probability, as a result of requests, representatives of interested parties including municipalities, provinces and, indeed, corporations which realize the costs they are going to be confronted with as a result of the requirements of society in the future, will be in attendance to the extent that they will probably overtax the accommodation that can be provided.

I believe that we can do a great number of things along these lines in the future. I want to give credit to the hon. member for Parry Sound-Muskoka for being very consistent in his insistence that something be done in the realm of creating a national policy on water. I draw to his attention that the provinces are particularly knowledgeable and jealous about the tremendous value that can come to their governments as a result of the development of these resources in a regional way, and it will be the responsibility of the ministers, through the resource ministers council, to convince each province that nothing will be lost to any of them but that more will be gained in total and I think this can be demonstrated.

I am particularly happy that the minister has signed an agreement for studies in the region extending from the eastern slopes of the Rockies across the three prairie provinces in respect of the waters which flow across these provinces into Hudson Bay.

I want to pay tribute to the government of Alberta and its officials, who said very frankly that they could take action in that province that would hurt the province of Saskatchewan, which is common knowledge to us all because the placement of dams in Alberta at certain places would bring great economic improvement to Alberta but would hurt the position of Saskatchewan, but instead are now working with the federal government under a new program, signed by the new minister, which will provide 50 per cent of the estimated cost of $5 million to devise a means to use water to the optimum degree throughout the three prairie provinces. Under that program there is contemplated, as a primary estimate, the building of no less than 120 dams of various sizes for the containment of water at various places. The progress in this regard has been very good. This whole problem is much more difficult of solution in respect of the Great Lakes.

The hon. member for Timiskaming, who dealt with a number of points of view in respect of water resources, overlooked the power of prayer. I should like to remind him about that power. In the proposed amendment there are very wide provisions for the minister to work with almost any government, and when I read it I was reminded of the lighthearted composer who spoke of animal, vegetable and mineral, because it seems they are all contained in this amendment.

I agree with the hon. member for Kamloops that probably his amendment spells out more clearly and reasonably what should be done, though I am a little concerned over the fact that municipalities are mentioned. I am sure that any minister or former minister would be concerned, because when we are negotiating with provinces they are concerned with responsibilities in respect of work done in various areas in that the programs should be routed through them rather than developed directly with municipalities.

It is quite obvious that I have now received the word. A suggestion has been made from the other side which will be taken care of, and I understand that the minister has had a discussion with the hon. member for Kamloops in respect of an amendment that may be suitable.

Mr. Fulton: That is correct, Mr. Chairman.

Mr. Benson: Mr. Chairman, perhaps I could say a word or two about the proposed amendment. I have consulted with the hon. member for Kamloops and with the law officers of the crown and an amendment to clause 31 is being drafted in proper form which would in our opinion more properly deal with the situation. The government accepts in principle the idea proposed by the amendment of the hon. member for Kamloops, and I am wondering whether that hon. gentleman will withdraw his amendment so that we can then agree to clauses 29 and 30 and consider the rest of the bill, at which time I will be prepared to move, say at six o'clock, the amendment being prepared.

Mr. Hamilton: Mr. Chairman, I mentioned earlier this afternoon that I intended to raise another matter and it has a bearing on the minister's suggestion, which I should like to support. Perhaps we could stand one or two clauses of the bill and consider the remainder. The Prime Minister made a promise in the house on May 24 in respect of our consideration of this bill and I should like to

quote his words briefly, as reported in *Hansard* of that date at page 5429:

> During the May 9 discussion preceding the introduction of the bill the hon. member for Qu'Appelle (Mr. Hamilton) suggested that it would be helpful in dealing with this legislation for each of the ministers concerned and affected to take part in the debate and in turn deal with that part of the legislation which directly affects his or her responsibility.

The following is the key statement:

> It is the government's intention to follow that procedure. The ministers who are concerned with this reorganization will be present to make statements and answer questions in respect of those matters which have been or are now being transferred to their responsibility. It may be that this could be done during second reading, but it may be found that it would be more effective to do it at the committee stage when the bill will be considered section by section, because each section will deal with particular ministerial responsibilities and the appropriate minister could handle that section.

What I am really proposing here in support of the minister's proposal is that we let this matter stand and consider the other parts of the bill. I think we should do so for two reasons to give the government plenty of time to draft an amendment in conformity with the suggestions of the hon. member for Kamloops and to defer consideration of at least one part so that we can put questions to the new minister.

During the past three months I have informed the minister about the questions I wish to ask, and if we could now consider the rest of the bill we would then have an opportunity of hearing the minister answer those questions. I think we should accept the minister's proposal and let this clause stand.

• (5:40 p.m.)

Mr. Olson: Mr. Chairman, just before the amendment is withdrawn, if it is to be withdrawn, and the new amendment is presented to the committee by the government, there are one or two suggestions I should like to make. First of all, I think we need a great deal more information respecting the purpose that this amendment or an amendment to clause 31 is designed to achieve.

I have no disagreement whatever with vigorous plans and programs in co-operation with the provinces for dealing with water pollution and so on. But what is in the amendment does not deal specifically with water resources. I suggest to you, Mr. Chairman, that if this amendment is to have any operative effect it must certainly be confined to the words, "the minister may formulate plans for the conservation, development and use of the resources of Canada."

If the purpose is to grant to the federal government, by means of a clause in this bill, higher or prior authority over that of the provinces in dealing with the formulating of plans for the development of resources in Canada, I am not in favour of that kind of legislation. I think there needs to be a great deal more co-operation and, what is more, more active ways and means must be found of setting programs in action in so far as water pollution is concerned. But there is nowhere in clause 29, the amendment proposed to clause 29, or for that matter in clause 31 dealing with the new section 8A, anything that confines this matter to water resources. If it is to include other resources I think there will be a very serious constitutional problem in this respect. Even if it is only for water resources it seems to me it is the wrong way of granting this superior authority to the federal government.

What I am saying is not intended to take anything away from the desirability of a higher level of co-operation and more active programming and planning. The Minister of Northern Affairs and National Resources mentioned, I believe, that the conference of ministers was meeting in Winnipeg today and agreement had been reached between the prairie provinces and the federal government to co-operate in developing plans and programs for the Nelson River drainage basin. I have no objection to this and in fact I wholeheartedly support it. But we need some better explanation with regard to how this kind of amendment will effectively achieve what the hon. member for Kamloops and the hon. member for Parry Sound-Muskoka claim it will achieve, because it is not confined to water resources.

In so far as paragraphs 3 and 4 of the proposed amendment are concerned, which call for co-operation with the provinces and the calling of conferences and so on, I think they are almost superfluous to the legislation because this is being done by the minister now. The proof of this is to be found in the example stated today. The minister said that agreement has already been reached with the three prairie provinces with respect to draining the enormous Nelson river basin. When the government comes in with a new amendment I think it ought to be fairly clear that if it is designed to give the federal government a superior authority in the matter of setting up plans and programs for the development

and conservation of water resources it had better say what it means and not just refer to the resources of Canada.

Furthermore, Mr. Chairman, I think we should carefully consider the constitutional and statutory division of responsibility respecting resources because the provinces have by an act of this parliament full authority to set up plans and programs for the conservation and development of resources. In so far as Alberta is concerned I think the act was passed in 1930. If we are to try now to supersede that authority by a clause of this bill, I think we will be doing it in the wrong way and will perhaps wind up with something that is undesirable in the long run.

I wanted to state those qualifications, Mr. Chairman, if there is any intention to bring in this kind of amendment. I do so not because of the wording of the amendment introduced by the hon. member for Kamloops but because of the explanation given by the hon. member for Parry Sound-Muskoka that this was the purpose of the amendment. I suggest there will be resistance on the part of the provinces in this respect. Furthermore, with respect to the application of this kind of statute, if the provinces do not agree then you run into the constitutional problem of which is the superior authority in dealing with resources.

I wanted to make these observations, Mr. Chairman, and I shall withhold any further comment until we see the amendment which the government brings in. I hope it will not attempt to set up a superior authority with respect to water or any other resources.

Mr. Fulton: Mr. Chairman, may I express appreciation to the Minister of Northern Affairs and National Resources and the Minister of National Revenue for the indication that the government accepts in principle the amendment that I have moved, although they would prefer to redraft it so that it may appear in an appropriate place under clause 31 of the bill. I agree that this is probably the appropriate place in which to include this amendment. So far as I am concerned, therefore, I am quite prepared for myself and this party to agree, if I have the permission of the committee, to withdraw my amendment and leave it to the government to introduce an appropriate amendment when clause 31 is reached. We also agree that clause 31 should stand at the present time in order to give an opportunity for drafting of the agreed amendment.

May I say just a few words with regard to the concern of the hon. member for Medicine Hat who has just resumed his seat. I would remind the hon. member again perhaps he did not hear me say this when I introduced the amendment—that it is not a new provision. The wording is almost precisely that which is found now in section 7 of the Department of Northern Affairs and National Resources Act. In other words, the amendment as I introduced it, and the purpose I have in mind, is simply to preserve in the bill before us the planning and the co-ordinating authority which the present Department of Northern Affairs and National Resources Act confers upon the Minister of Northern Affairs and National Resources, and transfer it to the minister of energy, mines and resources. So there is no new authority in this amendment.

Indeed, as the hon. member said, we have just been reminded that two or three co-operative developments, as far as the federal and provincial governments are concerned, have taken place. They have taken place, if I understand the position correctly, precisely because of the authority and initiative contained in section 7 of the Department of Northern Affairs and National Resources Act. That is why I feel it is so desirable to carry this authority and initiative over into the new act.

If we do not do this, then by virtue of the fact that the northern affairs act is to be repealed this authority will be lost, or at least lost in its present form. So I can assure the hon. member that so far as the purpose I had in mind in introducing the amendment and the wording of the amendment in its present form are concerned, it confers no new power. Of course, parliament is powerless to confer on the government of Canada any overriding authority. We can only enact what is within our present jurisdiction under the British North America Act. The provision embodied in my amendment was felt to be within parliament's jurisdiction, and was contained in the act introduced some time ago by that very fine constitutional lawyer, Right Hon. Louis St. Laurent. Mr. St. Laurent was not very often wrong in his constitutional law, although he was sometimes wrong in his politics.

May I again express appreciation to the government for their willingness to accept the principle of the amendment.

• (5:50 p.m.)

Mr. Herridge: Mr. Chairman, unfortunately I have been absent on other business since

question time today but I am very glad to be here at this moment. I read the amendment introduced by the hon member for Kamloops and I endorse it fully. I will say again that I am glad to note he is now following in our footsteps. I was also very glad to hear him say that the government accepts the principle and purpose of the amendment and intends to introduce an amendment in another place in the bill. I am sure all of us were delighted with that because we all know the circumstances regarding the provinces. Nothing can be done in the matter of water resources except by consultation, agreement and planning with the provinces concerned.

I will be very interested to hear the reply of the Prime Minister to a question which I wish to put to him tomorrow regarding whether he has received a letter from Hon. J. W. Gardiner of Saskatchewan with respect to the water resources policy of the government of Saskatchewan, Alberta and British Columbia. However, I was very pleased to hear the remarks made by the member for Kamloops, and I am sure we are all looking forward to the amendment which will be introduced later by the minister.

Mr. Aiken: Mr. Chairman, in view of the remarks of the hon. member for Medicine Hat I would like to say to him that I am perfectly aware of the constitutional problems and the constitutional position. In supporting the amendment my intention was to give the minister power and direction to proceed in this matter within his constitutional authority and no further. I felt that the bill could be more direct and specific in instructing and directing the minister in regard to his duties, but certainly no one would suggest that we can go beyond our constitutional authority. I want to make my position very clear in view of the point raised by the hon. member.

The Chairman: The hon. member for Kamloops has requested the unanimous consent of the committee to withdraw his amendment to clause 29 of Bill C-178.

Amendment withdrawn.

The Chairman: Does the minister wish to have clause 29 stood?

Mr. Benson: No, Mr. Chairman. We will ask that clause 31 stand.

Clause agreed to.

Clause 30 agreed to.

[Mr. Herridge.]

On clause 31—*Short title.*

Mr. Fulton: Mr. Chairman, I hope I will be here before clause 31 is called again because I am very interested in the amendment which the government wishes to introduce after the drafters have gone over it. I have asked the minister to give consideration to this matter.

With leave of the committee I should like to anticipate schedule A for a moment. I should like to raise a question as to whether part 5 should not include the measure known as the Dominion Water Power Act. If I recall correctly, it is referred to in the order in council of December 22, 1965, which was tabled here on January 18, 1966, but it does not appear among the list of statutes which will come under the authority of the minister of energy, mines and resources.

I see it is in part 4. My question then would be whether it should not be in part 5 rather than in part 4? In other words, should not the act be administered by the minister of energy, mines and resources rather than by the minister of Indian affairs and northern development? I would be grateful if the minister would look into that question and perhaps give us the answer when we consider clause 31.

Mr. Benson: I will be very glad to do that.

The Chairman: Shall clause 31 stand?

Some hon. Members: Agreed.

Clause stands.

On clause 32—*Treasury Board.*

Mr. Knowles: Can the minister give us a very brief statement about the proposal regarding the treasury board? May I ask in particular if it is to become a department such as other departments of the government? I notice it is to have a president who ranks as a cabinet minister, a secretary who ranks as a deputy minister, and such other officers and employees as may be necessary.

Mr. Benson: I will answer this question very briefly as I do not wish to take up too much time of the committee. The intention is to make the treasury board a separate ministry with a separate deputy minister and its own staff. As you know, at present the staff of the treasury board is not large. The intention is to let the privy council office administer the staff, the handling of their salaries and office expenses and so on rather than to set up another department under another statute.

I should like to add further that the recommendations for the establishment of the treasury board are identical with those made in the Glassco commission report. May I refer the hon. members to pages 53 and 54 of the plan for management which appeared in September of 1962 concerning the role of the treasury board as the central management agency of the government of Canada and the ways in which this role needed strengthening and reinforcing. This is almost carried out to the letter except for the fact that in this recommendation a separate minister was to be appointed with no other responsibility. The Prime Minister has indicated that for the present I will act as the president of the treasury board as well as the Minister of National Revenue.

Clause agreed to.

Clause 33 agreed to.

The Chairman: It being six o'clock, in order that the house may proceed to the consideration of private members' business it is my duty to leave the chair.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED UNDER ADJOURNMENT MOTION

Mr. Deputy Speaker: It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at ten o'clock this day are as follows: the hon. member for Chapleau (Mr. Laprise), Television—offer of Northern Quebec Telephone Company Ltd. to serve Chibougamau-Chapais; the hon. member for Winnipeg North Centre (Mr. Knowles), Education—inquiry as to abolition of university fees; the hon. member for Brantford (Mr. Brown), Health and Welfare—grants for recreation centres for senior citizens.

• (6:00 p.m.)

It being six o'clock the house will now proceed to the consideration of private members' business as listed on today's order paper, namely private bills, public bills.

PRIVATE BILLS

GENERAL MORTGAGE SERVICE CORPORATION OF CANADA

Mr. A. J. P. Cameron (High Park) moved the second reading of Bill No. S-8, respecting General Mortgage Service Corporation of Canada.

He said: Mr. Speaker, General Mortgage Service Corporation of Canada was incorporated by this parliament in 1961, being chapter 78 of the Statutes of Canada 1960-61, and its charter was amended by this parliament in 1963, being chapter 72 of the Statutes of Canada 1963.

It is now desired to change the name of the company to that of General Mortgage Corporation of Canada and to provide that the corporation may use in the transaction of its business either the name General Mortgage Corporation of Canada or the name Société Générale d'Hypothèque du Canada, as and when it so elects, and that it may sue or be sued in either or both of such names.

It is further desired that chapter 78 of the statutes of 1960-61 as amended, being chapter 72 of the statutes of 1963, be further amended by substituting the words "series A bonds" for the words "series A mortgage bonds" wherever the words "series A mortgage bonds" appear therein, and by substituting the words "series B bonds" for the words "series B mortgage bonds" wherever the words "series B mortgage bonds" appear therein.

Mr. Frank Howard (Skeena): Mr. Speaker, I did not want to interrupt the hon. gentleman when he was introducing his bill but it would have been helpful to know the ownership of the company. It is always a matter of consideration to us whether a company like this is a so-called Canadian company or whether its ownership, either effectively or absolutely, rests in the hands of a company in some other country. I wonder whether I could pose that question to the hon. gentleman before he concludes his formal remarks on second reading, if the information is readily available.

Mr. Deputy Speaker: Order. Perhaps the house would give the hon. member for High Park permission to speak now without prejudicing his right to speak again on second reading.

Mr. Cameron (High Park): Thank you, Mr. Speaker. In reply to the question asked by the hon. member for Skeena (Mr. Howard), to the best of my knowledge this is an entirely Canadian corporation. Its business consists simply in issuing bonds to persons who are inclined to invest their money in that type of security and using the moneys thus produced to buy additional bonds. It is an authorized lender under the National Housing Act and kindred acts. The series B bonds are issued in

the ordinary field of general mortgage lending as provided for under the law and in accordance with the Canada life assurance act.

If it is appropriate for me to mention this, Mr. Speaker, the officers of the company are a Mr. L. J. Whitney, who is a solicitor and has been connected with Dominion Life Insurance Company for many years, Hon. C. P. McTague, and others. Based on information I have and from personal knowledge of these gentlemen, I can assure my hon. friend that this is entirely a Canadian undertaking and a Canadian corporation.

Mr. Howard: Mr. Speaker, I want to express appreciation for that information and for the fact that the house gave the hon. member for High Park the opportunity to supply it without interfering with his rights under the rules.

Some of us have a different attitude toward Canadian-owned companies as distinct from those that are foreign controlled. In fact, I understand that within the hon. gentleman from High Park's own group in this house there is a raging controversy now taking place over whether or not we should enhance Canadian ownership of our industry and our service companies or whether we should rely more heavily than in the past on investment and ownership by groups or companies in foreign countries, notably the United States. I do not want at this moment to inject any of the controversy within the Liberal party into the debate on this bill. I simply make passing reference to it and say that there are members of the house who would be interested in knowing whether or not this particular company fell within the one category or the other.

The fact that it is at the moment a Canadian company, or is owned, operated and controlled entirely within Canada, is of course no guarantee that this situation will prevail in the future. In fact, with respect to General Mortgage Service Corporation of Canada I think we are entitled to speculate about the possible outcome of the difference of opinion which sharply divides the cabinet on the question of Canadian or foreign control of companies in this nation. Depending on the outcome of that split within the government this particular company may or may not be affected.

I for one am not too partial to the view expressed by the Minister of Trade and Commerce (Mr. Winters), and by the Minister of Finance (Mr. Sharp) probably to a slightly lesser degree, that we must rely heavily upon investment funds from other countries in order to maintain our economic equilibrium and growth. I rather subscribe to the view of the previous minister of finance who was unceremoniously fired from the cabinet as a result of that difference of opinion. Nevertheless it is something with which I think the house is entitled to concern itself, because even though we are simply being asked with respect to General Mortgage Service Corporation to make a slight alteration only so far as the name is concerned and another slight alteration so far as particular words appearing on certain of their bonds are concerned, I think we are duty bound to look a little beyond the present position and to wonder about the actual operations of the company itself.

This bill came before the house during the last session of the last parliament and was one of those which got the axe, as it were, when the Prime Minister (Mr. Pearson) decided to call the election, thus wiping everything from the order paper. The hon. member for High Park can at least find a little comfort in the thought that had the election not taken place he would not be sponsoring this bill at this moment, because in all probability it would have received assent some time last fall had everything gone as planned. But, Mr. Speaker, this did not come about and accordingly we have again to consider the bill and all the implications inherent in its passage.

• (6:10 p.m.)

Again we have to look at the situation. It was not sufficient that the time of parliament should have been wasted last session in dealing with such an insignificant matter as the deletion of two words in the name of a company; we have to do the same thing all over again. The degree of interest shown in this bill was evidenced by the very cursory examination given to it in the Senate, both this session and last session, involving a simple explanation by the sponsor of the bill and the acceptance thereof by the Senate and others as sufficiently satisfactory to give approval to the bill. There were no committee proceedings or any hearing on the bill so far as I have been able to discover. There is no indication that the banking and commerce committee of the Senate gave more than the usual polite, surface examination of the change in name.

I believe we have to go a bit beyond that both from the point of view of the eventual

operation of the company and from the point of view of whether or not parliament should meekly accept applications of this sort. Should we rubberstamp this bill because the change happens to be requested by the corporation itself? I submit it will not make one iota of difference to anyone except perhaps the printers who may have to print some bonds or the typists who may have to type some letters for this company. Other than that, it will make no difference whether or not the bill passes. The company will remain in business. It will continue to engage in the practice of borrowing money at a certain interest rate in order to lend it at a higher interest rate and thus be able to keep the difference.

It does seem rather illogical that the time of the Senate—perhaps it has nothing better to do—should have been spent on this bill and that it should come to the house and we should consider the matter and pass it on to a committee for whatever examination that committee wants to make. Then the bill would be reported back here for committee consideration and would be given third reading. This procedure would seem especially illogical, at least on the surface, when the principal point of the bill is so insignificant, particularly in relation to the economy of Canada. It may well be that unless some other course of action is taken by the government this bill may not reach third reading. At the end of this session it and a number of other bills may have died on the order paper.

Even although there may be something illogical about this statement, I submit it should not be our business to concern ourselves with this matter. One may argue that if it is so insignificant why should I bother taking up the time of the house talking about it? Why should we not simply give it our stamp of approval and allow the bill to be rushed through parliament without any concern on the part of anyone? I submit that to do that would detract from the principal objection and that by acquiescence in an obsolete procedure we would be endorsing that procedure. About the only way attention can be drawn to the ridiculous situation is for me and others who are concerned to proceed—

Mr. Fairweather: To make speeches.

Mr. Howard: —to make nuisances of ourselves. I did not catch the interjection but perhaps I caught the sense of it.

Mr. Churchill: May I ask a question?

Mr. Howard: I would be more than happy to answer a question.

Mr. Churchill: Has the hon. member received any indication from the government, any response to his repeated requests for a change in the procedure with regard to these bills?

Mr. Howard: The simple answer is no, none whatever. It is as if one were talking in a vacuum. I am sure the hon. member for Winnipeg South Centre, with the experience he has had in other fields of endeavour, will say that it is not a unique situation for this government to give no consideration to this situation because this is the policy they seem to follow in connection with other matters as well.

We have had no response, no indication of support for the contention that this type of bill should not come before parliament. There has been no acknowledgement of our suggestions, not even a rejection of the idea. However, we have received endorsation of our ideas from a number of private members on the government side. Without drawing individuals into this debate I may say we have received support from those who happen to be sponsoring particular bills. I do not say that this support has been occasioned by that fact. I believe it is an indication of general concern on the part of private members.

By persisting in this action we hope somehow to get the government to act. The government has control of the order paper and if it so desired would be able to introduce a public bill to deal with this matter. As we know, this particular authority is vested only in the government and not in the hands of a private member. Our only method of prevailing upon the government to listen to the pleas we make, therefore, is the course we are following. I am sure that if the government asked each member of the house they would not find one member who would desire to preserve the present system and there would be almost unanimous approval for bills of this type not being brought before parliament.

What does it matter whether this company is called General Mortgage Service Corporation, General Service Corporation, General Mortgage Company or any other combination of the variety of adjectives that are contained in its name? What does it matter what sort of title they put on their mortgage bonds or whether they call them mortgage bonds or

some other type of bonds? It does not matter a bit. The claim is that it is necessary because the word "mortgage" in the title or on the bonds is something of a misnomer since the expression "mortgage bond" is generally used to describe a mortgage secured directly by real estate whereas these bonds are secured by the mortgagors themselves. But what does it matter, even though the name may not be precisely applicable? It does not matter a pinch of salt whether we pass the bill.

• (6:20 p.m.)

I suggest it does matter, however, that this corporation has come to parliament with a petition, spend I do not know how much money to have a private bill introduced, put down its deposit and put the whole antiquated machinery of parliament in operation to deal with the insignificant matter of changing a name from one thing to something else. We could react to this ridiculous state of affairs by defeating the bill, in which case I venture to suggest that General Mortgage Service Corporation would not be affected by one solitary cent. It would still be in business borrowing money from someone at a low interest rate in order to lend it to someone else at a higher interest rate. It would still be one of the elements driving consumer interest rates ever higher. It would still be one of the elements withholding loan money in the hope that interest rates would rise and that the corporation would find itself in a more lucrative position. It would still be one of the elements which would desire to bilk the individual home owner of every cent it could in interest rates on mortgages. The defeat of this bill would not affect the corporation's attitude or activities one way or another.

In addition to the general obstinacy of the government about recognizing a valid argument there is another reason why, regardless of the outcome of the more general matter concerning a wider principle, Bill No. S-8 may be still on the order paper when parliament prorogues at the end of this session, just as was the case last year. And I submit it will make no difference to anyone.

I realize that the time allotted to me is fast running out, if it has not already done so. I sincerely hope the government will take cognizance of what we have requested and make some public declaration in the near future about its intentions so that we may cease spending this hour talking about the inconsequential things we have been discussing and being talking about the public business instead.

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, a few minutes ago I asked the hon. member for Skeena (Mr. Howard) whether there had been a response from the government in the face of repeated suggestions by him and other hon. members that the method of procedure in regard to such bills should be reconsidered and perhaps some other method introduced. I was astonished to learn that no notice whatever had been taken of that request.

It appears to me that when there are 13 private bills before the house awaiting consideration, all of them with one exception from the Senate, the government should pay some attention to what is after all a reasonable request, namely, that the procedure should be re-examined. To ignore this request completely strikes me as discourteous; it is certainly not helpful to getting business through the house.

As I understand the hon. member for Skeena and others who have spoken in similar vein, they are not disposed to prevent the passage of most of these bills but they are trying to find a method by which procedure can be changed. As the hon. member for Skeena has said, this rests with the government.

We have had experience in the past of the methods, and they are legitimate, by which hon. members can hold up the passage of private bills until some proposal of their own has been considered. Here is an instance where the government should at least recognize the fact that a reasonable suggestion has been made by those who have been discussing these bills and that a conference should be held to see whether a suitable change cannot be made. Consequently I rise to support the plea of the hon. member for Skeena and those who have made a similar plea in the past that the government take notice of this request and endeavour to take some action.

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I am taking this opportunity to congratulate the mover of Bill S-8. The hon. member for Skeena (Mr. Howard) has just remarked that it is not a very important bill, but in spite of the minor importance he attaches to this bill, we think that it is worthwhile mentioning that a company founded several years ago and probably organized to do business in English-speaking Canada, has suddenly realized that

a French title must be adopted in order to become bilingual.

I hope all our companies will follow the example of the General Mortgage Service Corporation of Canada, because as long as companies continue to operate throughout Canada under a unilingual title, such companies will not deserve to be called Canadian companies in the true sense of the word.

• (6:30 p.m.)

To my mind, even if the bill were to be adopted in the house only to give the company a bilingual character, I think it would suffice to make it important.

I do not quite understand the argument of the hon. member for Skeena who does not find it important, because I believe he is also for a bilingual Canada. I believe that all Canadian companies should try to do the same for the 1967 Centennial.

As to the manner of introducing the bill, and all other bills introduced here, I agree with the hon. member for Skeena, and once again I wonder how long this overlong parade of bills is going to keep coming from the Senate to the House of Commons, going from the House of Commons to the committees, from the committees to the house and so on. The time wasted in such futile procession is unthinkable.

A while ago the member who spoke before me asked the hon. member for Skeena a question to find out what answer the government had given to his request to improve that procedure. And to think that the same member was a minister in years past. He never thought of improving that procedure and now he is urging the government in office to do it.

When will we see the end of this game where each side blames the other and when will me make a concrete improvement? I feel that it would be so easy for the government to introduce an amendment in the house. It seems to me that a bill like this one would be passed within 10 or 15 minutes, if it did not have to go through that whole procedure.

With regard to the company mentioned in this bill, I was very happy to hear that, for a change, it was a wholly Canadian company with Canadian capital.

We are and will always be against foreign investments which seep into this country through Canadian companies but operating on capital coming from outside Canada. Mr. Speaker, if ever—and that is the hope of any nation which wants to come of age—we are to become at last masters in our own house, this parliament will have to encourage Canadian companies whose capital is entirely Canadian. On the other hand, if we keep on encouraging companies with 50, 75 or even 80 per cent of their capital coming from outside, or if we grant them the same benefits as to the Canadian companies with Canadian capital only, I say that we are not working in the interest of the Canadian people.

We are asking our people to invest, but we do not guarantee them the protection they need against those foreign investments which take over the best in Canada.

It is easy to say today, Mr. Speaker, that Canada is a rich country, but that is true only for those who come to Canada to benefit from its resources. The time has come to change all that. The central government should put a stop to those investments and encourage Canadians to invest in their own country.

We will, once again, refer this small bill to the committee. I wonder how many weeks it will take before it comes back to the house? However, to promote bilingualism and in view of the fact that the main objective of this bill is to give a French name to that company, I hope that this bill will come back as soon as possible to be passed by the house.

[*English*]

Mr. Reid Scott (Danforth): Mr. Speaker, I shall not delay the house long on this bill but I want to endorse the proposal put forward by my colleague from Skeena and the support it received from the hon. member for Winnipeg South Centre (Mr. Churchill). For some time we have been suggesting that it is a gross waste of our time to have this constant parade of company bills whose sole purpose is to change a name or add a French name to the English name.

Of course this is a laudable practice which companies are following and we are all glad to see it taking place, but it could be more adequately dealt with in the way which the hon. member for Skeena (Mr. Howard) has suggested, by a piece of legislation which would permit changes of name of this character to be made by supplementary letters patent.

Under the Ontario companies act corporations can not only change their names but also the objects of companies, their capitalization and their stock structure merely by formal application for amended or supplementary letters patent, and it seems to us something of that type could be available in cases such as

Bill S-8. As the former house leader for the Conservative government has said, this matter could be dealt with by some sort of joint house meeting to explore ways and means of expediting measures of this kind so that we would not have to spend our time on them in the House of Commons.

We in the N.D.P. do not particularly enjoy holding up bills but sometimes it is the only way we can get a commitment from the government that some sort of action will be taken. A very painful exercise in this regard was carried on some years ago by the hon. member for Skeena and the hon. member for Timiskaming (Mr. Peters) with respect to divorce petitions and eventually some action was taken, but not before three or four sessions had produced considerable hardship for a lot of people, something regretted by everybody but which was necessary in the circumstances of that time.

It would be unfair to hold up the present bill because it is not the fault of this company that the government is not prepared to take any kind of corrective action. We shall not hold it up but we serve notice on the government that if some action is not agreed upon and concrete steps taken, then in order to emphasize our point we may have to talk at great length on these bills and explore them very carefully.

Because this bill deals with a mortgage corporation I want to put on the record some material dealing with the increasing and drastic drought of mortage money in Canada. This is a subject that members of the opposition have tried to raise on orders of the day. We did have a short discussion on it with the minister but time ran out and it was not possible to make our point. For some weeks now we have been saying that a drastic, dangerous and serious situation is building up in the house building industry caused by the lack of mortgage money, and I hope the company named in this bill will be able to help out in this drought.

When we raised the question previously we were told that house building would continue at a slightly reduced level from that of the preceding year and that the government was going to provide sufficient mortgage money to equal its commitments of last year and make up for the shortage of money available from private lenders such as the company named in the bill under discussion. We tried to emphasize that there was a delayed reaction in matters of this kind, and now I want to read into the record six examples of what is happening in my own city of Toronto.

[Mr. Scott (Danforth).]

• (6:40 p.m.)

Mr. Deputy Speaker: Order. I am wondering whether the hon. member for Danforth is not now departing from the actual principle of the bill before us.

Mr. Scott (Danforth): Well, Mr. Speaker, I thought I had kept myself within the confines of the bill. It is a bill which deals with the provision of mortgage money. Since we are on second reading and the whole principle is involved, I thought it might be permissible to develop this theme a little. I certainly will try to stay within the ambit of the bill. If I depart I know, Mr. Speaker, that you will not hesitate to point this out to me.

Mr. Fairweather: Perhaps it would be a service to have more mortgage money.

Mr. Scott (Danforth): My friend from Royal says it would be a service to have more mortgage money. I agree. To emphasize the seriousness of this matter I wish to give a few examples which were released by the Toronto Metropolitan Home Builders' Association on April 29, 1966:

Builder No. 1

—last year had 137 loans

—to date this year have received no loans through regular lenders

—has put me right out of business—construction program stopped completely

—at least 20 trades possibly 100 people directly affected by our shut down

I should like to emphasize this and say that there is a great need for mortgage services in this very serious and dangerous situation.

Builder No. 2

—no money coming through regular lenders has caused complete shutdown of my construction program.

Mr. Deputy Speaker: Order. I am sure that if the hon. member for Danforth reads the explanatory notes of this bill he will realize that the principle of the bill is not very closely connected to the argument he now is making. I realize this bill deals with a mortgage corporation, but the shortage of mortgage funds to which the hon. member now refers is not the principle of Bill No. S-8 which now is before us.

Mr. Scott (Danforth): Of course, Mr. Speaker, I agree with you completely that the shortage of mortgage funds is not the principle of this bill, but I am hoping one effect of the

bill will be to reduce that shortage if companies such as this make more funds available. Perhaps this company will be operating in the Toronto area. Perhaps the hon. member for High Park (Mr. Cameron) can tell us that. This company might be in a position to help out in this very dangerous and drastic situation.

Builder No. 3

—within two months all my trades people will be directly affected by our construction shutdown.

Builder No. 4

—approximately 200 people will have to be laid off within two months

—I've had to refuse 115 pre-sales because of short mortgage money

Builder No. 5

—one month to six weeks will see us laying off trades, complete slowdown or stoppage of our construction program will be caused unless money situation improves considerably.

Builder No. 6

—effect of short money on trades is fantastic

—trades scared to death that they are not going to have work, they see that within one month or six weeks they will be unemployed.

—trades cutting their own throats price-wise, they are almost panicking just to try and cover overheads.

I have read this into the record, Mr. Speaker, merely to support our suggestion that the action this government has taken to date to meet this crisis truly has been inadequate. In his speech the minister said he wanted private lenders, such as the one mentioned in the bill under consideration, to fill the void, but no matter what their views are they are totally unable so to do because they are private businesses and are obligated to operate in areas where they receive the maximum return on their money. Therefore they are not the slightest bit interested this year in making further loans under the provisions of the National Housing Act.

Mr. Deputy Speaker: Order. Again I must remind the hon. member for Danforth that the argument he is now advancing has very little if anything to do with the principle of the bill before us. I would request that he stay within what ordinarily are considered to be the confines on second reading of a bill.

Mr. Scott (Danforth): Well, Mr. Speaker, you are making it very difficult for me. Naturally I respect your ruling. You will understand that it is not always easy to stay strictly within the ambit of the bill under discussion. I do not wish to prolong the matter. I merely wished to make the point for the future, that, notwithstanding what the minister has said and the assurances he has given, his officials in their pronouncements have indicated that the situation for the rest of the year will become grave and serious. Every indication we have from the building trades from coast to coast is to the effect that the worst is yet to come and that the stoppage of mortgage moneys now, for whatever reason, will not be felt for two or three months. Present mortgages are being used up and in two or three months from now the very dangerous and difficult effects will be felt. At that time it will be almost too late to do anything because builders will have disbanded and the trades will have been discharged.

I hope I shall be proven wrong, but I believe the present policy of the government cannot help but have a dangerous effect upon the whole construction business in Canada. Once again may I say I hope I am wrong, but every indication we have at the present time is that unless a change of policy and a change of heart are brought about the whole building industry in Canada faces very difficult days.

Mr. Deputy Speaker: The hon. member for Timiskaming.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, in rising to speak to this bill I am concerned about the fact that when particular members sponsor this type of bill they are not willing to give a complete explanation of the reason a bill of this type is introduced. This is a waste of parliament's time. I am not going to speak about it from the same point of view as did the hon. member for Skeena (Mr. Howard) and the hon. member for Winnipeg South Centre (Mr. Churchill), although I agree they have indicated the solution. I wonder why the hon. member who introduced this bill did so when all it purports to do is to change the name to allow a French translation of the name by removing the word "service" from the present name. It is true there are two other clauses in the bill which slightly modify the act. In one case the word "mortgage" is added where it did not appear before. In respect of both series A bonds and series B bonds they add the word "mortgage". Surely this company does not have enough money to throw around to be willing to spend the amount of money they must spend merely to change three words.

• (6:50 p.m.)

I think we would be naïve to think that this company is doing it just for that purpose. It is an act of parliament which they are

asking for and I do not believe that the explanation we have been given, or that contained in the explanatory note, really is the purpose of this bill. Perhaps something hinges on the wording of the bill in that it states:

Whereas General Mortgage Service Corporation of Canada, hereinafter called "the Corporation"—

They are reducing the name to simply "General Mortgage Corporation of Canada", leaving out the word "service". I am wondering whether this has some significance as to the type of mortgage money that will be made available. If there is nothing more important in this bill than that change, either the directors of this company think we are extremely naïve or they are extremely naïve in believing their shareholders are going to agree to an expenditure of money for this purpose.

The fees paid to the directors last year amounted to $2,800. They all live in the city of Toronto. I suggest they are receiving this money unjustly if the only thing they can do is recommend a change of name. It surprises me that the sponsor of the bill would abide the wishes of this "kookie" company in bringing this kind of immature, mundane legislative measure before parliament, knowing full well that this body has many more important things to consider.

Mr. Fairweather: Would the hon. gentleman permit a question?

Mr. Peters: Certainly.

Mr. Fairweather: Would the hon. gentleman not agree that the company is not at fault but that the fault lies with parliament itself because it has not seen fit to amend its procedures? It is hardly proper to call the company "kookie" because of this fact, and perhaps that expression could more aptly be used in a different direction.

Mr. Peters: I agree that we have a responsibility to do something about the situation but I feel also that some responsibility is attached to the sponsor of bills of this kind.

If anyone cares to look at the report of the Superintendent of Insurance for 1964, which is the last year for which he has made a report, he will find that General Mortgage Service Corporation of Canada has an authorized capital of $10 million with a paid up cash value of $1,115,784 and total assets amounting to $7,146,000 including mortgage loans, both first and second.

[Mr. Peters.]

One might compare this company with another which also has an authorized capital of $10 million but which has a paid up cash value of $7,200,000. The fees paid to the directors of the company now under discussion amount to $2,800. I presume the directors of the other company work a little harder because their fees amount to $36,435.69. It is also interesting to note that the second company pays $80,000 in staff pensions and insurance fees whereas the company under consideration pays only $195 for the same purpose. One can compare salaries and find some difference. One company pays $1,850,000 in salaries whereas the other company pays $81,000.

I suggest that the sponsors of bills of this kind should give more consideration to their responsibilities to parliament. Parliament is not an operation similar to a law office where every client is accepted. Perhaps I am wrong in making such a comparison, but I think that members of this house should consider their responsibilities to parliament before accepting the sponsorship of whimsical legislative measures such as are contained in bills of this type.

If one reads the report of the Superintendent of Insurance regarding loan and trust companies he will find that this particular company does not stack up very well, and I suggest that the sponsor should consider his responsibility seriously and not act as a lawyer handling a client's case. If he is prepared to sponsor such a bill he should be prepared to give a complete and thorough explantion of the reasons behind it. In support of my suggestion let me point out that it appears that very few members are willing to sponsor proposals such as the one before us.

The report of the Superintendent of Insurance makes a distinction between various incorporated companies. The company under consideration falls into a particular category because it was originally incorporated by an act of parliament in 1961. However, if one considers the situation further he will find that the company was originally incorporated under letters patent.

We do not wish to be unfair to this company and so far as we are concerned we have no objection to the bill being given second reading at this stage, but I hope in future that other members who sponsor bills of this kind will take into consideration their responsibilities to parliament.

Mr. Deputy Speaker: Is it the pleasure of the house to adopt the said motion?

Mr. Howard: On division.

Motion agreed to, bill read the second time and referred to the standing committee on finance, trade and economic affairs.

Mr. Deputy Speaker: The hour for consideration of private members' business has now expired and the house will revert to the business interrupted at six o'clock.

GOVERNMENT ORGANIZATION

PROVISION FOR ESTABLISHMENT OF NEW DEPARTMENTS

The house resumed consideration in committee of Bill No. C-178, respecting the organization of the government of Canada and matters related or incidental thereto—Mr. Pearson—Mr. Batten in the chair.

The Chairman: When the committee was interrupted at six o'clock clause 34 which appears at page 11 of the bill was about to be considered.

On clause 34—*Powers of the Secretary of State.*

Mr. Prittie: Mr. Chairman, I do not wish to make a speech on this clause but I should like to ask a question. In view of the absence of the Secretary of State I presume I should direct my question to the Minister of National Revenue.

Mr. Benson: The minister will be here in a moment.

Mr. Prittie: Perhaps I should wait until she arrives. During second reading of the bill I advocated that there should be a federal office of education and that the numerous educational activities of the federal government should come under that office. At that time I quoted a news story which appeared in the Ottawa *Citizen,* written by Joan Cohen, which said that a home had been found within the federal government for an office to deal with education, that this was to be located in the Department of the Secretary of State, and that the responsibility for university grants was being transferred from the Minister of Finance to the new office within the Department of the Secretary of State.

• (7:00 p.m.)

Now that the Secretary of State is here, I should like to ask her this question. I have referred to an article which appeared in the Ottawa *Citizen* of May 21, written by Joan Cohen, which referred to a new office established in the Department of the Secretary of State. I later asked the Minister of Finance if it was true that university grants were being transferred from his department to that of the Secretary of State, and he replied that it was. I should like to ask the Secretary of State whether the article written by Mrs. Cohen in the *Citizen* is substantially correct. I am sure she knows the article to which I am referring.

Mr. Churchill: What was the substance of it?

Mr. Prittie: I will not read the whole article again, but for the benefit of the hon. member who has asked the question I will read parts of it. I did read it last week on second reading of the bill.

Mr. Bell (Carleton): It has all been read into the record.

Mr. Prittie: It is in the record at page 5467 of *Hansard.* The substance of the article was that the federal government had found a home for education within its confines and that this home would be in the office of the Secretary of State; and as a first step, university grants would be administered by that office. In my speech last week I indicated that there are other educational functions which they are now carrying out, and that these should be transferred there as well. I can appreciate the fact that the government wants to move very slowly in this field.

For the minister's information I should like to refer to yesterday's issue of *Le Droit.* Perhaps the minister has seen the news story there which reports the speech of le Père Roger Guindon, the director of the University of Ottawa. The story is headed, "L'éducation: un droit provincial, mais une priorité au fédéral. Voilà ce qu'a déclaré le Père Roger Guindon durant la cérémonie de collation des grades de l'Université d'Ottawa." It is interesting to get this type of statement from a person in Father Guindon's position. I suggest to the minister that there is not nearly as much opposition to the proper sort of federal involvement in education as some people in this country may think.

Mr. Scott (Danforth): Mr. Chairman, I just want to ask the minister a short question. How is she getting along with the $6 million painting that she was going to buy?

Miss LaMarsh: Mr. Chairman, I thought I made it clear in the house that I had flown a

kite in an attempt to find out what public opinion was. Public reaction is rather surprising. I have been informed that there has been a lot of radio broadcasting, telephoning-in sort of thing, and discussions on this subject. The hon. member for Ontario has talked about buying a $6 million painting when the aged of this country do not have an increase in their pension. This kind of argument does not pay any attention to the fact that $6 million spent once is $6 million, and that even $10 a month adds up to an expenditure of $100 million if carried on indefinitely every year. This sort of thing has been discussed on some of the radio programs and my mail has been running about half and half. In this respect my mail has been surprisingly heavy.

Mr. Bell (Carleton): How does the hon. lady spell that?

Miss LaMarsh: H-a-l-f. There has been a great deal of interest in this matter. I have received letters from those in the art world in particular and people who appreciate the goal which was intended, which was to erect a symbol of excellence similar to that which exists in the museum in Holland with regard to Rembrandt's "Night Watch". I suppose that every tourist who goes to Holland visits Amsterdam to see this painting, and for the same sort of reason every tourist who goes to Paris visits the Louvre first to see the "Mona Lisa".

It was my opinion that the National Gallery, which really is not very old and which I think has never spent more than $100,000 on any one acquisition, might benefit in very many ways from being the setting for a very fine jewel in the world of painting. I do not know that the owner of the painting in question would be prepared to sell it to Canada, or whether the price I have suggested it might be worth would be acceptable to him. I do not believe that most Canadians feel this kind of investment is a bad one. After all, billions of dollars are spent each year in this country for many different purposes and I cannot believe that because an expenditure is not made on one hand, all expenditures on the other hand or for any other purpose should be withheld.

I am looking forward to the arrival of the new director of the gallery, who is to start tomorrow. I hope to have some conversations with Dr. Boggs and members of the board about this painting or a similar kind of project. To my knowledge Canada has not rejoiced in being the recipient in its gallery of gifts such as the Hirshhorn gift to the U.S.A. Indeed, Dr. Buchanan who died recently and was a member of the board, saw fit to leave his collection to his native province of Alberta. I think hon. members will have noticed lately that individuals have been leaving similar collections to their provinces. This happened recently in the case of the province of Ontario. I would hope that Canadians would be encouraged to leave their treasures to the country so they would become national treasures.

I cannot think of any better way to teach people that Canada has an appreciation for the very finest objects of art than by providing a home for a work of art such as this. It seems to me that, as the Bible says, man does not live by bread alone, and we need a goal in our cultural life which perhaps does not exist at the moment. Canadians often think they do not deserve the best that they are second rate and the best that is in the world cannot be ours. I know that voting money in this amount for such a purpose is not very common for this or any other country. But if this amount of money was spent on something which could be put on display next year at Expo, it would be a terrific drawing card and would be the diamond in the sceptre of the National Gallery's existence. Indeed, it might even begin to pay for itself. The acquisition of this painting has commended itself to many people, and I would be very happy to know what the hon. member had in mind and whether he believes it would be a good thing for Canada to have.

Mr. Scott (Danforth): Mr. Chairman, I only raised the point because the minister has an uncanny ability for making pronouncements which catch the public eye. This announcement in particular, for some strange reason, seems to have evoked a fantastic response, certainly in my experience, both pro and con. We have seen much the same reactions as the minister has outlined. The minister said she was sort of flying a kite in this suggestion. I was wondering whether she is still flying the kite, or have any steps been taken to make a positive offer for the purchase of the painting?

Mr. Bell (Carleton): Don't incite her to make another speech. Let us pass this bill.

• (7:10 p.m.)

Miss LaMarsh: The kite is still in the air so far as the government is concerned. I will

have to reserve answering at the moment what my personal opinion might be.

Clauses 34 to 46 inclusive agreed to.

Schedules A and B agreed to.

Mr. Bell (Carleton): We have been making wonderful progress and I hope we will continue to do so, but I would like to make a plea to the minister that he now consider the suggestion that this bill be divided into six separate bills. This omnibus bill is the worst legislative draftsmanship that I have ever seen, and I am sure that it is only presented in this form because the hon. member for Ottawa West, the house leader, has insisted that this is the way to get the bill passed by the house. I am not going to say anything more.

I would really like to make a plea to the other place that they divide the bill and send it back to us in the form of six separate bills. I am sure that all of us here would welcome this legislative tidiness, with enthusiasm.

Mr. Churchill: I want to support that suggestion. I think that is perhaps the best way in which it can be done, and I hope the other place will pay attention to what we say here. We pay attention to what they say on some occasions. That would be the easiest and neatest way of doing it. I support the division that has been suggested by the hon. member for Carleton.

The Deputy Chairman: We will now revert to clause 31.

Mr. Benson: As indicated this afternoon, I have prepared an amendment adopting the principle put forward by the hon. member for Kamloops. I would like to move that Bill C-178 be amended by adding the following to clause 31, immediately after clause 8(a) as set out on page 9 of the bill:

8B(1) In carrying out his responsibilities under Section 8A, the minister may formulate plans for the conservation, development and use of the resources specified in that section and for research with respect thereto, and with authority of the governor in council and in co-operation with other departments, branches and agencies of the government of Canada, provide for carrying out such plans.

(2) The minister may co-operate with the provinces and with municipalities in formulating and carrying out any plans under subsection (1).

(3) In carrying out his duties and functions under this section, the minister may consult with and inaugurate conferences of representatives of producers, industry, the universities, labour and provincial and municipal authorities.

I would simply like to point out that this includes all of the words put forward by the hon. member for Kamloops and supported by various members in the house, except for the introduction to the amendment.

Mr. Bell (Carleton): I think the hon. member for Kamloops should be congratulated upon his legislative paternity.

Mr. Hamilton: My remarks on this particular amendment will be to the point. One of the most powerful sections of the Northern Affairs and National Resources Act was section 7, which is now in essence fairly well repeated in the amendment that has been proposed by the government and was originally proposed by the member for Kamloops. On reading the proposed clause 31 of this particular bill several things struck me. It simply gives to the minister power to:

(a) conduct applied and basic research programs and investigations and economic studies . . . . and

(b) study, keep under review and consider recommendation—

What this amendment does is to add a little more punch to the active section of the bill and allows the minister, in carrying out his responsibilities, to

—formulate plans for the conservation, development and use of the resources specified . . . in co-operation with other departments, branches and agencies of the federal government of Canada, provide for carrying out such plans.

This is an operative type of legislation.

In the second clause the minister may co-operate with the provinces and with municipalities in formulating and carrying out any plans under subsection (1). The point I want to make is that under section 7 of the Northern Affairs and National Resources Act we, as the federal government, were able to take the initiative on such far-reaching proposals as the Resources for Tomorrow conference held in 1961, to set up the Canadian Council of Resource Ministers, and to propose the Saskatchewan-Nelson system. This proposal was originally made in 1958 and was finally accepted in 1965. It took seven years before federal initiative under section 7 of the Northern Affairs and National Resources Act was carried out. The fact is that the minister had the power and direction of the act to carry out this initiative. There are other things such as ARDA which are actually the type of thing that the minister can put before his colleagues in the government when there is a section in the act directing him to 'formulate plans for the conservation, development. . ." etc.

I would therefore like to support his amendment and congratulate the government upon incorporating in this act a section from the old act, and for not letting it float around. I think you will find that this section will strengthen tremendously the power of the minister.

I have another matter which I wish to mention briefly, so as to avoid speaking again. The Prime Minister made a promise that each of the new ministers would make a statement. I do not want to hold up this legislation and if I could get from the minister presiding over the legislation some sort of an indication which would appear in the record that the minister, when making his statement on estimates to the house, will deal with a number of very important policy statements, I will be satisfied.

Mr. Churchill: Which minister?

Mr. Hamilton: The minister of energy, mines and resources. I am asking that the minister indicate his thinking on a number of policy matters which are causing grave concern across the country. That would be satisfactory to me. I know where the minister is and I know how important it is for him to be present at the meeting of the Canadian Council for Resource Ministers in Winnipeg; but I would like to list, for the convenience of the minister a number of questions that are on our minds.

• (7:20 p.m.)

We should like to know what is the minister's policy in relation to the national oil policy on such questions as (a) setting annual targets to industry. We have not had a statement from the minister on this subject for two years now. Then, (b), what is the attitude of the minister toward building a refinery at Quebec, which negates the background of the whole national oil policy? (c) What is his policy on the second oil pipe line to Montreal? (d) What is his attitude toward oil and gas regulations in the north—and I am particularly dealing with the continental shelf? (e) What are his attitudes with regard to the oil and gas regulations on the continental shelf which are now in existence? These are matters, Mr. Chairman, vital to the whole future of Canada, and we must have a clear-cut statement from the minister so that we know where we are going.

The second major question which I want to put before the committee for the minister to discuss when he makes his statement deals with the national energy policy. We should like from the minister some statement (a) as to the relations he foresees between the Federal Power Commission of the United States and the National Energy Board of Canada. There is obviously trouble brewing on this front unless there is a clear-cut policy to avoid the difficulties ahead. Then, (b), we also want from the new minister a statement on the national transmission grid, which is vital to the whole concept of sovereignty and using our energy as a basic part of strengthening our bargaining power in the field of resource use on the continent. (c) We should like a statement from the minister with regard to the relationship between atomic power and hydro reserves in Canada. (d) We should like projections on what the minister foresees is the energy demand for new industrial complexes in Canada during the next 20 to 30 years.

The third subject, Mr. Chairman, deals with water policy. (a) We desperately need something which has been recommended since 1962, and that is a study on the supply of water in Canada. I can go into detail on this, but that is sufficient to indicate the subject. (b) Even more importantly, we need a study of the demand. If we have to use United States figures and translate them into figures showing Canadian use, this is a little embarrassing when we are trying to estimate our demand for water. Before we can discuss water intelligently we have to know the supply and demand picture. Then, (c), we should like from the minister officially in his new capacity a statement on the NAPA plan which the United States has proposed and has been pushing on the legislators of this country in private sessions. And, (d), we should like a statement from the minister on the Kiernan plan proposed by a Canadian engineer. We should like the direction of the minister on these subjects.

That, Mr. Chairman, is a list of the 12 or 13 subjects which are the real pressure points for those of us who are trying to resolve our policy in connection with energy, minerals and resources. Instead of my waiting for the minister to make a statement before asking these questions, I would ask the minister in charge in the committee whether he would convey to the minister of energy, mines and resources these examples of the type of questions upon which we should like a statement from him when he speaks on his estimates.

Mr. Benson: Mr. Chairman, I would be most pleased to undertake to bring the questions that my hon. friend has raised to the

attention of the minister of energy, mines and resources. I am sure he will appreciate advance notice of these questions and will deal with them when he makes a statement on estimates. I cannot, of course, obligate the minister, but the list having been prepared, and its being a comprehensive and useful one I will bring it to the attention of the minister; and I am sure he will deal with these matters on his estimates.

I would point out that it is not through neglect or through any desire not to be here that the minister of energy, mines and resources is not in the committee today. His absence is due to federal-provincial conferences now taking place. In speaking to my hon. friend a few minutes ago I indicated that it was essential for him to be there in the interest of resource development in Canada.

Mr. Churchill: Mr. Chairman, just on that point, the minister said that he would bring these matters to the attention of the minister of energy, mines and resources, which perhaps is all he can do. But it is almost a point of honour now with the Minister of National Revenue—a gentleman's agreement—that the topics raised by the hon. member for Qu'Appelle will be the subject of responses by the minister of whom he is speaking. Our concession on this side, of course, is to pass the bill now in committee stage and get on with other matters. That is a major concession, in view of the importance of the subject matters raised by the hon. member for Qu'Appelle.

Mr. Benson: Mr. Chairman, when I indicated that I would bring them to the attention of the minister of energy, mines and resources, I am presuming that he will have the courtesy to reply to the questions raised by the hon. member.

The Deputy Chairman: Shall the amendment carry?

Some hon. Members: Carried.

Amendment agreed to.

Clause as amended agreed to.

Title agreed to.

Bill reported.

PUBLIC SERVICE

PROVISION FOR ESTABLISHMENT OF COLLECTIVE BARGAINING SYSTEM

Hon. E. J. Benson (for the Prime Minister) moved the second reading of Bill No. C-170, respecting employer and employee relations in the public service of Canada.

He said: Mr. Speaker, it is the intention of the government, with the co-operation of hon. members, to proceed with second reading of the three bills, C-170, C-181 and C-182, which together would provide for the introduction of collective bargaining into the public service and for a number of other important reforms in the processes of public administration. If it is agreeable to the house, Mr. Speaker, I would like to begin by asking hon. members to consider Bill C-170, the proposed Public Service Staff Relations Act. Following second reading of that bill, I would like to proceed to Bill C-181, the proposed Public Service Employment Act, and then to Bill C-182, which contains proposed amendments to the Financial Administration Act.

Hon. members have already approved the establishment of a joint committee of the Senate and the House of Commons which, it is hoped, will review all three measures and report its views to the house prior to third reading. It is my intention after each bill has been read a second time to propose a motion to provide for referral to this committee, which has been established by the house.

In speaking to Bill C-170, I would like to begin by reviewing very briefly the principal features of the system of collective bargaining for which it would provide.

Under the proposed system, bargaining rights would be available to virtually all public servants except those carrying managerial responsibilities and those serving management in a confidential capacity. It would not be available to employees of crown corporations now covered by the Industrial Relations and Disputes Investigation Act, to members of the armed forces and the Royal Canadian Mounted Police, or to certain smaller groups for whom it would be difficult or inappropriate to establish terms and conditions of employment by means of collective bargaining.

• (7:30 p.m.)

The system would be administered by a staff relations board, similar in composition to the labour relations boards that operate in the different jurisdictions across Canada. The board would have the power to define bargaining units and can certify employee organizations as bargaining agents. It would also provide an administrative umbrella for other third party functions, including the arbitration of disputes and the adjudication of grievances.

For a period of about two years, bargaining units in a large part of the public service would be defined in such a way as to correspond with the occupational groups identified in the classification structure now being developed and implemented by the Civil Service Commission. This feature, recommended by the preparatory committee on collective bargaining, is designed to ensure that bargaining rights are extended as quickly as possible, with a minimum of destruction to the ongoing processes of pay determination, and in a manner consistent with the interests of employees and the effective operation of the public service.

For the great bulk of the public service, the interests of the employer in bargaining would be represented by Treasury Board. Provision is made, however, for the designation as separate employers of a number of agencies, such as the National Research Council and the National Film Board, that have traditionally had a significant measure of independence in matters of personnel management. The interests of employees would be represented, of course, by employee organizations able to meet the normal tests for certification as bargaining agents.

Agreements reached would be binding on the parties. Arguments about their interpretation would be subject to mandatory grievances procedures and, ultimately, to independent adjudication.

The dispute settlement provisions in the bill are of great importance. In applying for certification as a bargaining agent, an employee organization would be required to choose one of two dispute settlement options; one providing for recourse to binding arbitration, the other for a procedure requiring reference to a conciliation board and offering, in defined circumstances, to employees other than those deemed necessary in the interests of the safety or security of the public, the right to strike. Each bargaining agent would be bound by the procedure of its choice and would be unable to change its option for a period of three years. The reason for the three-year period is to move through one bargaining period and on to the next before there can be a change in the option of employee representatives.

The arbitration of disputes would be the responsibility of an independent arbitration tribunal. For any one dispute, the tribunal would consist of a permanent chairman and two members drawn from panels of individuals representing generally the interests of employer and employees. Awards of the tribunal would be final and binding on both sides.

I want to say how pleased I am, Mr. Speaker, with the reception given by the house to the Prime Minister's statement when he moved the resolution. I am likewise pleased to note the support for the underlying principles of the bill that has been expressed outside this house by the principal employee organizations.

A number of points were made during the debate on the resolution on matters affecting the proposed new system of staff relations in the public service. No doubt all of these will be given careful consideration in the joint committee. In the meantime, I would like to comment on one or two of the more important of those comments which were made.

There were warm words of praise for the National Joint Council of the Public Service of Canada. I am happy to associate myself and the other members of the government with the sentiments expressed. For more than two decades the council has served as a focal point of joint consultation in the public service. Its deliberations have led to a steady stream of improvements in conditions of employement and, what is perhaps more important, a steady growth in the maturity of the relationship between representatives of the employer and the employees.

For some months, Mr. Speaker, the National Joint Council has been reviewing its future role in the light of the anticipated introduction of a system of collective bargaining. Recommendations resulting from this review were approved by the council last week and were received in my office a few days ago. The government will wish to consider these recommendations before taking a definite position on the issues involved. I can now say this much, however: The government believes that in the new system there will be need for an institution like the National Joint Council in which representatives of bargaining agents and representatives of the employer can come together and jointly seek solutions to problems that go beyond those of particular bargaining units. Like the preparatory committee on collective bargaining, we believe that, if preserved and nurtured, the traditions associated with the council could be put to good use in the new system.

In the debate on the resolution, a question was also raised about the future role of the Pay Research Bureau. Let me say at once that in my opinion there can be no doubt

about the valuable service rendered by the Pay Research Bureau since its creation in 1957, nor about the increased objectivity which its work has brought to the consideration of the remuneration of employees of the public service. I would like to commend officials of the bureau who, in the past deccade, have built it into one of the most respected research organizations of its kind in Canada.

As hon. members know, the preparatory committee made quite specific recommendations about the future of the Pay Research Bureau. The government has not yet dealt with these recommendations. It seemed to us that they could not be dealt with in a satisfactory manner until consultations with employee representatives could take place in the full knowledge of the characteristics of the legislation we are now considering. We believe that the Pay Research Bureau should be retained as an independent and impartial unit whose findings are made available to accredited representatives of both employer and employees. We are satisfied, however, that decisions about its future terms of reference and method of operation should be made only after employee representatives have had an opportunity to consider those matters in the context of the collective bargaining legislation and to express to the government their considered views.

In the debate on the resolution, mention was also made of arbitration mechanisms proposed by the preparatory committee, mechanisms which, as the bill indicates, are considered by the government to be appropriate. The arbitration tribunal proposed in the bill is directly comparable to the arbitration tribunal which has successfully dealt with disputes in the Whitley Council system of the United Kingdom since 1925. During the more than 40 years that it has functioned, the British tribunal has dealt with some 600 cases and, throughout this very long period, has enjoyed the confidence and support of representatives of both employees and successive governments.

One hon. member, commenting upon the proposals of the preparatory committee, expressed some doubt as to the wisdom of making no provision for the public expression of dissenting views in awards of the tribunal. It seems to me, however, that an award which associates the chairman of the tribunal with only one of the members is apt to be divisive, encouraging one of the parties to welcome the award and the other to resent it. The manner in which awards are to be made is an important element of the proposed legislation that will no doubt be analysed in greater depth in the joint committee. I am sure that members of the committee will wish to ascertain the views of the staff associations on this question. Although our position on this point is by no means rigid, it seems to me at the present time that the proposal for an award signed only by the chairman has much to commend it.

I have already indicated that, where a bargaining agent rejects arbitration in favour of the process involving conciliation and the right to strike, provision is made for the designation of employees whose services are necessary in the interests of the safety and security of the public.

• (7:40 p.m.)

This proposal has been the subject of some comment outside the house and it is important, I think, that there should be no misunderstanding of its character and significance. The absolute requirement for such a provision is clear, I think, to anyone who comprehends the many areas where public servants provide services which, if withdrawn in some circumstances, could endanger individuals in the community. A number of examples come to mind, including prison security, air traffic control, and hospital care. The identification of all such services is of course not possible without a systematic review of work being performed throughout the whole public service of Canada.

In considering this aspect of the proposed legislation, hon. members must differentiate between what might be described on the one hand as useful and important services, and on the other, as services necessary in the interests of the safety and security of the public. Almost every public service is, in one way or another, important to the well-being of the community. The proposed limitation on the right to strike is not intended to deny that right to all whose services may be deemed important. Such a limitation would be so severe as to serve almost as a statutory prohibition of all strike action.

In relation to this aspect of the proposed legislation, however, it is not necessary for me to remind hon. members of the ultimate sovereignty of parliament and its authority to protect and safeguard the public interest. It is, I believe, our duty in dealing with issues of this kind to legislate in such a way as to deny no man the ordinary rights and privileges of Canadian citizens unless in the public

interest it is absolutely necessary to do so. On the other hand, no one should doubt the capacity or willingness of parliament to qualify such rights and privileges where they are being used in gross disregard for the well-being of the community.

Let me remind hon. members of the objectives of this legislation which the Prime Minister suggested that all members should bear in mind as they examine and evaluate the provisions of this bill. These were: first, to protect the public interest; second, to respond in an understanding and responsible manner to the aims and aspirations of organized employees; third, to preserve the capacity of the public service to function in an efficient manner; and fourth, to respect the principles underlying industrial relations law and practice in Canada.

With respect to the first objective, there has not been, and indeed there cannot be, any equivocation. The public interest must be served. In the development of all aspects of these bills, this basic requirement has been a primary consideration.

With respect to the second objective, I am satisfied that in its principal elements this legislation is a reasonable response to the claims of all interested employee organizations. However, I do not expect every one of these organizations to support all the details of the bill, if only because their wishes and aspirations are not in all respects the same.

With respect to the third objective, I believe that improvements in morale will result from the introduction of collective bargaining and mandatory grievance procedures, and will in time produce substantial gains in the efficiency of the public service. Hon. members know that this legislation is only one of a number of steps which the government is taking, or proposing to take, to gear the administrative machinery of government to the present and future demands of Canadian society.

Many of these steps are in the field of personnel management. Reforms in this field are as important and as necessary as reforms in the processing of income tax returns—I might perhaps say they are even more important—or as the need for reforms in the presentation of estimates to parliament. Each in its own way represents a change which adapts the machinery of government to the new age in which we live. Each in its own way will, I am sure, contribute to the administrative efficiency of the public service.

[Mr. Benson.]

Finally, the proposed legislation in most of its basic principles is consistent with the provisions of statute law which regulate these matters in the private sector. It provides for the definition of bargaining units and the certification of bargaining agents. It imposes an obligation on the employer to negotiate in good faith with certified bargaining agents with a view to the conclusion of collective agreements. It provides for third-party adjustment of disputes arising out of the interpretation or application of collective agreements and arbitral awards. It permits employees to choose freely the organizations by which they wish to be represented in collective bargaining, and to replace those organizations when they no longer enjoy their confidence. It prohibits interference in the affairs of employee organizations by representatives of the employer, and it assures the right of every employee to belong to an employee organization of his choice.

In two important respects, Mr. Speaker, the proposed legislation goes beyond that which governs the relationship of employers and employees in most other jurisdictions. It grants bargaining rights to all professional employees, and it provides to all employee organizations applying for certification as bargaining agents the right to choose between alternative methods of dispute settlement.

In the long history of staff relations in the public service of Canada, organized professional employees have played a prominent and responsible part. In recent years they have been among those advocating a system of collective bargaining and arbitration. Now that such a system is being provided, the government can see no reason why they should be denied access to it.

As far as we know, the proposal for alternative methods of dispute settlement has no counterpart in other jurisdictions. We believe however that, when coupled with the provision for the designation of employees necessary to the safety and security of the public, it represents a sensible response to the requirements of the public service. As hon. members know, some groups of organized employees have expressed a strong desire for a system in which disputes are settled by binding arbitration and others have made it clear that they oppose arbitration as a matter of principle. The government has concluded that in the public service, in a system designed to embrace a wide spectrum of occupations—indeed, it will be the largest

employer-employee relationship governed by collective bargaining in this country—organized employees should have the freedom to choose a dispute settlement procedure with which they are in basic agreement and by which they are prepared to be bound.

Hon. R. A. Bell (Carleton): Mr. Speaker, this bill is as complex and intricate as it is voluminous. Together with its companion measures, the Public Service Employment Act and the amendment to the Financial Administration Act, it constitutes an immense change in the approach to personnel management and staff relations in the public service.

At the resolution stage I endeavoured to outline the principles which we on this side think should govern collective bargaining in the public service, and indicated clear support for those principles. With reservations which I shall mention tonight, I support this bill although I must assert that a detailed study of it and of its two companion measures leaves many questions unanswered. The minister's statement tonight, to which I listened carefully, did not remove these uncertainties.

• (7:50 p.m.)

It is still not clear how this collective bargaining bill will be integrated with the regular procedures under the new public service employment bill and with financial control under the Financial Administration Act. Indeed, few of these questions have been answered by the minister's opening presentation tonight, and they will require to be pursued before the proposed joint special committee of the Senate and House of Commons.

Because this bill will go to that joint special committee I believe it is desirable, indeed important, that members of this house should not adopt final, or hard and fast positions on second reading. In the special committee all interested parties will have the opportunity to give evidence and make submissions, and thereafter there will be ample time to take up positions.

Within the public service itself, sir, there is still but little appreciation of how radical, indeed how revolutionary will be the changes wrought by this bill. Many of the familiar and established procedures will go out the window and be wholly abandoned. The whole system of salary determination which has been built up over the years will be altered beyond recognition. This will not be achieved without major headaches—headaches for management and employee alike. There will be major and startling upsets in the public service of this country.

In many departments wholesale dissatisfaction has already arisen with the classification revision program, the so-called red circling program. Many employees feel a sense of discrimination and hurt, and I hope the government will be able to allay those fears which have already been aroused.

The house should not think that the public service is wholly unanimous in favouring the changes now proposed. The old system of salary determination, based upon reports of the Pay Research Bureau and involving cyclical revision, is not unanimously condemned by any means. Many intelligent civil servants would prefer to retain the existing system in preference to collective bargaining. For myself, sir, I believe the change to a system of collective bargaining is both inevitable and desirable and will accrue to the great advantage of the majority of civil servants.

Equally, I have never concealed my hope that it could have been achieved by a process of gradualism. In my view the Whitley councils in Great Britain would be the best model for us. They have no statutory or legislative basis, and my hope had been that before this we could achieve the same results in this country by a process of broadening down from precedent to precedent. It became obvious, of course, that this was not possible, and that section 7 of the old act would not lead to this result.

Obviously we have come to the stage today where we must now have this legislation, but what troubles me most about this bill is its complexity. It purports to dot every "i" and to cross every "t". In the joint special committee I shall need some convincing that this exhaustive complexity will not lead to inflexibility or to excessive rigidity in employee relations. I say to you, sir, nothing could be more undesirable than to initiate a new system of collective bargaining and confine it in a legislative strait-jacket at the very outset.

In my view the new system must have room for experimentation, room to live, to breathe and to grow. Personally, I have never seen any employee relations legislation so exhaustive, so saturated with detail as is this bill. In committee I submit that we must ask ourselves whether this very exhaustiveness is

not self-defeating—whether the system so rigidly defined may not break down of its own weight. I hope that it will not, but I would like to see less definition, less exhaustive presentation and more opportunity for the system to live and, as I say, to breathe and to grow.

In the final analysis, Mr. Speaker, two human factors will determine the success or failure of the new system—first, the calibre of the persons appointed to the Public Service Staff Relations Board and to the Arbitration Tribunal and, second, the good will and loyal competence of the negotiators for management and the representatives of the bargaining agents. I reiterate what I tried to say at the resolution stage, that the appointments to the board and to the tribunal must be of the very highest calibre. There must not be even a breath of suspicion of patronage, and I speak of patronage as either political or bureaucratic. Indeed, sometimes I think bureaucratic patronage is worse than political patronage. I repeat, there must not be the breath of suspicion of patronage in these appointments.

It will be the responsibility of the rank and file of civil servants themselves to make certain that their employee organizations, which will be their bargaining agents, do not fall into improper hands—into power-hungry or influence-seeking cliques. If civil servants generally just leave it to "George", if they let minorities rule the employee organizations, then I say that collective bargaining will be no new Valhalla, and they will have only themselves to blame. The early stages of collective bargaining particularly will necessitate wise leadership and genuine employee relations statesmanship among the heads of the employee organizations.

If I read the bill correctly it does purport to retain as the final basis of an arbitration award the principle of salary determination which has become known as "fair comparison." The Arbitration Tribunal is instructed to have regard to "the conditions of employment in similar occupations outside the public service." Personally I believe that is proper. The government of course should always be a model employer, exercising a good influence towards all employment across the nation, but the role and status of public servants should not get out of line, either upwards or downwards, with those prevailing generally in similar occupations. The basis of "fair comparison" has worked satisfactorily as a general rule and should be retained as a basic test for negotiation, conciliation and arbitration.

There is one aspect of the bill which may cause some concern. The Arbitration Tribunal is instructed to have regard to "such geographic, industrial or other variations as it may consider relevant." This of course is well understood in the prevailing rates employment, but for classified civil servants a national uniformity of pay has always been maintained, subject only to some bonuses for overseas or northern service. If there is to be a change in this policy, so that in the future a secretary in Vancouver may have a different pay scale from one in Saint John, we should be told about it. We must be vigilant that a basic change in the national policy of uniformity of pay is not just smuggled in.

• (8:00 p.m.)

The bill is not fully clear in my view as to precisely what matters may be the subject of collective bargaining and what may not. The companion and integrating bills, the Public Service Superannuation Act and the amendments to the Financial Administration Act, do not make it clear either. For example, is a matter such as bilingualism for certain persons and not for others, to be a subject of collective bargaining? This is not clear. What I should like to reiterate is that there must be no intrusion by collective bargaining, either directly or indirectly, upon the merit system. In my view it is this merit system which has given Canada the finest public service of any nation, and no erosion of and no encroachments upon it can be tolerated. It is only upon the assumption that the combined effect of the new public service bill and schedule B of this bill will protect the merit system that I would be prepared to support it at second reading.

The Minister of National Revenue, as I endeavoured to do at the resolution stage, has paid a well merited compliment to the work of the 22-year-old National Joint Council. I of course am not aware of what the recommendations may be as to the future role of that council. The minister has not disclosed the recommendation in this regard tonight. No doubt he will do so before the joint special committee. I should like to say I believe it has an important role and that there is no organization within the public service which has more effective public contributions to its credit. In the future it must be continued and we shall expect, before the committee, a clear

statement of what this government is prepared to suggest in respect of the role that the National Joint Council should play.

The minister has been a little more vague tonight than I would have hoped in relation to the future role of the Pay Research Bureau. I have a somewhat paternalistic feeling for the Pay Research Bureau, because my first action when originally elected to parliament was to persuade the then minister of finance, the hon. Donald M. Fleming, and the right hon. gentleman from Prince Albert to establish this bureau. I say to the minister that he must not be at all equivocal on this matter. There must be a role for the Pay Research Bureau because as a source of objective, impartial wage and salary comparisons, its continuance is in my view, imperative.

Mr. Speaker, as I understood the minister's statement tonight he definitely was equivocal in relation to this. I hope when he replies he will make it clear that the Pay Research Bureau will continue and will be the source of the information essential if collective bargaining is to be effective, and which I think cannot be found elsewhere.

Now, Mr. Speaker, one of the most important and effective features of this bill is that dealing with grievances. In any organization as large as the public service of this country, the existence of a substantial number of grievances, some well founded some less well founded, is inevitable. At least one quarter of my total working hours each day is devoted to listening to grievances of civil servants in this area and taking them up with ministers or appropriate senior officers. When I sat on the other side of the house, almost two-thirds of my time was devoted to this time consuming but necessary aspect of an Ottawa member's life.

I believe the grievance procedures in this bill are good. Perhaps they will relieve Ottawa area members like my sincere friend from Ottawa East (Mr. Richard) to enable them to devote more time to constructive legislative duties, although I have some doubts. I think my hon. friend from Ottawa East and my hon. friend from Russell (Mr. Tardif) would agree fully with these statements. I know the hon. gentleman who leads this house now, the hon. member for Ottawa West (Mr. McIlraith) has had more experience than any one of us. One of the ironic things is that civil servants are universally and instinctively against political influence until personal problems arise, and then they resent it if their M.P. does not have enough pull to fix the problem.

Finally, sir, I should like to deal with the principles of the bill as they affect the right to strike. For myself I want to reserve the right of final decision on the issue until all the evidence has been heard and exhaustive discussion has taken place in the joint special committee. On all sides of the house there are major differences of opinion on this subject. The same is true among the employee organizations.

What I fear is that this bill falls between two stools; it recognizes the right to strike for some employees, but refuses it to others. Then it permits those for whom strike action is recognized to bargain away that right. Frankly, to me, this seems to be an attempt to get on all sides of the issue and is likely to fail for that reason. I have been interested to note that the almost universal reaction of newspaper opinion is firmly against the right to strike. For myself I doubt that either recognition of the right to strike or the prohibition of the right to strike really matters anything like as significantly as some people urge.

Recognition of the right will not make employee organizations any less responsible and, on the other hand, it has been my experience throughout life that prohibitions never have been successful in preventing persons with a sense of moral outrage from taking retaliatory action. Actually the only real issue is not whether a strike can be prevented one way or another, but whether, if held, a strike in the public service would be legal or illegal. However, when you encounter that dread tragedy of a strike of public servants, the question of legality or illegality is not very serious or significant, in my view. It really is only a matter of academic exercise.

Parliament always should be seeking to prevent any conditions arising where the possibility of strike action could ever be contemplated. If, for example, the legitimate grievances of the postal workers as revealed to Judge Anderson and Judge Montpetit had been aired in this chamber, we never would have had a postal strike. Civil servants in the Ottawa area had put all their political eggs in the one Liberal basket at that time, and the Ottawa members were silent. The government just sat on a powder keg until, predictably, it exploded into a postal strike.

Obviously, before third reading, there will be much more to say on this subject of the

right to strike. That is all I would wish to say at this particular time. I have made my personal position clear. We should await the hearings and the evidence in the committee before making further comment.

There is one principle of the bill with which the Minister of National Revenue dealt which affects the issue very directly, and which I do not think can be allowed to stand. That is the unique provision that the chairman of an arbitration tribunal shall always be a one-man majority, even when his two colleagues are in disagreement. In committee, this extraordinary principle will have to be eliminated, if arbitration is to be realistic. I never have heard of this type of provision. It may exist elsewhere, but I never have seen a situation where one man can be a majority in a body of three. In committee this extraordinary provision will have to be explained to me in a manner which the minister has not done tonight, or else certainly I will be one of those who decidedly will vote against it.

Mr. Benson: Mr. Speaker, is the hon. member not aware that this is exactly the system of arbitration which has been used in the United Kingdom for many years in the Whitley council, and has worked out very well in that particular case.

• (8:10 p.m.)

Mr. Bell (Carleton): Mr. Speaker, if that is the case, I am not aware of it. I can only say that to me it is a most extraordinary principle that a chairman can be a majority of a body of three. I think it is a form of dictatorship the like of which I have never seen presented in legislation to this parliament. So far as I am concerned, unless there are arguments that I have not heard at all, this legislation is not going to pass in that form of dictatorship.

This bill does initiate, as I have said, a totally new era in the relationship between the government of Canada and its employees. I would hope personally that there would be a much greater awareness among the rank and file of public servants and civil servants of the vast changes which are in store, and that the deliberations of the joint special committee might profit greatly from wise representations, not merely of employee organizations but of other thoughtful and interested persons, including individual civil servants, members of the public, and national organizations which have a great interest in what is the position of the public service.

[Mr. Bell (Carleton).]

Therefore, Mr. Speaker, with the reservations that I have expressed, we support the second reading of this bill. Hon. members on this side of the house will seek in committee to improve and alter the provisions of the bill to ensure that the bill which ultimately passes this parliament is the best that can be devised in the national interest, and the best for the benefit of what we believe to be the finest public service in the world.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, as the hon. member for Burnaby-Coquitlam (Mr. Douglas) said at the resolution stage when he spoke on behalf of our party, we welcome this legislation. We feel it is an important milestone in the history of the government of this country for us to be establishing the principle of collective bargaining for our federal public servants. We also welcome the other two bills which are companion pieces to this legislation and which will be dealt with after we pass this bill. I refer to the bill establishing the public service employment act and the bill amending the Financial Administration Act.

We welcome the fact that among these pieces of legislation the number of employees who are to be known as public servants is widened, and we welcome the extent to which the government has accepted some of the very useful recommendations of the Glassco Commission. All told, we feel that a good job for the public service and for public servants is being done by bringing forward these three pieces of legislation.

It will be no surprise to any member of this house if I suggest that my speech is not going to be one of nothing but praise. I shall have some criticisms to make. But even so, I wanted my first words to emphasize what has already been said on behalf of this party, namely that we are glad the day has at last come when we are going to establish collective bargaining in the public service. We also welcome the fact that these three pieces of legislation will be referred, after each one has had second reading, to a special committee where we can go into the details of them. I hope the government's attitude will be one that will accept useful and constructive suggestions that are made when these pieces of legislation are before that special committee.

Mr. Speaker, having made it clear that we are pleased to have this legislation, I should like to make a few criticisms and indicate a few points where we think improvements can be made. Necessarily I shall be referring to

items that are covered within the contents of the bill, but I shall not break any rule by referring to the clauses as such; rather, I think it is important to do as the hon. member for Carleton (Mr. Bell) did, namely give notice at this point of some of the things that we think should be gone into when we have this legislation before the committee.

The first thing I should like to say is that we feel the government at long last having accepted the idea of collective bargaining for public servants, should have demonstrated more confidence in this principle than I believe to be exhibited by the terms of the legislation. I think not only should it have shown more confidence in the principle of collective bargaining, but I agree with the hon. member for Carleton that the government should have shown more confidence in the experience it has had over several decades in dealing with civil servants through their various organizations. Even though it can be said that we are entering a new era, in the sense that we are going to have collective bargaining, it is not the beginning of consultations between the government as employer and its employees.

There has been a good deal of experience in this field. The Minister of National Revenue (Mr. Benson) tonight paid tribute to the growth and improvement that has taken place in those relations. He referred to the maturity that has come about. It seems to me that if the government does have an awareness of the fact that there has been experience in terms of consultation between the government as employer and its public servants as employees, it should have demonstrated this by not hedging the principle of collective bargaining quite so much as has been done in this piece of legislation.

Part of what I have in mind in this respect was alluded to by the previous speaker when he referred to the complexities of the bill that is now before us. I recognize that it takes a fairly lengthy piece of legislation to deal with this matter, but it does seem to me that those who drafted this bill have gone a little too far in trying to provide for everything. To the extent that an attempt is made by legislation to deal with every possible situation, room for negotiation, room for good will between parties which respect each other is limited.

I suggest that it would be better to rely a little more on the good will and experience that has been built up between the government and its employees. In this connection I suppose the outstanding example of what I am talking about, when I say there is a lack of confidence in the principle of collective bargaining, is the way in which the government has given the right to strike and at the same time has hedged it. I am aware of the fact that newspaper editorial opinion to a considerable extent has not welcomed the recognition by the government of the right to strike on the part of civil servants, but I should like to commend the government for not having worried about this. I commend it for having accepted the fact that, at least as far as it is prepared to go, civil servants are citizens like the rest of the workers in Canada and should be accorded the same rights.

• (8:20 p.m.)

But when the government gives the right to strike to public servants, and then says that that right can only be exercised if the appropriate bargaining units make a choice in advance to which they are tied for three years, then I submit that it has, to a considerable extent, denied the freedom of the right to strike which has supposedly been given to our civil servants. I am surprised that once the government was prepared to grant the right to strike it did not give it in at least the same and unconditional way that is provided for other employees in the Industrial Relations and Disputes Investigation Act. This requirement that a bargaining unit must decide in advance whether it wants to have recourse to arbitration or whether it wants to retain the right to strike, I suggest is unrealistic and a denial of the right that is supposedly being accorded.

Not only does this way of dealing with the matter deny the right to strike, but it puts the right to resort to arbitration in what seems to me to be an unreal position. I always thought that any two parties which have respect for each other and are on any kind of equal terms have a natural right at any time to agree to arbitrate and to agree to a third party sitting with them to ajudicate on a dispute; that they have the right in advance to agree, if they wish that arbitration will be accepted.

I suggest that the extent to which arbitration under this legislation becomes something that a bargaining unit has to choose three years in advance as an alternative to the right to strike, puts our public servants in a strait-jacket that is not consistent with the publicity that has been given to the idea that

this right has been accorded to civil servants. I hope that when we go into committee we may have an opportunity to take a new look at this. I think the choice should not have to be made in advance. If the right to strike is granted, it should be there on an unconditional basis.

I shall now move to another area which I think is a limitation in this bill. I refer to the grievance procedures which are established in it. There is much to be said for those procedures that is good, but I see two limitations. On the one hand I think that the range of matters that can be the subject of grievance procedure is too narrow, and on the other hand I suggest that the machinery for handling grievances involves the kinds of delays that can be fatal to a satisfactory solution to the grievances that employees or bargaining units may bring forward. I hope therefore that we can take a good look at the grievance procedure and perhaps improve it with respect to the points that I have made.

Another point to which I should like to draw attention relates to the whole question of how bargaining units are to be chosen and established, but I wish to draw attention more particularly to the fact that there are clauses in the bill which seem to me to open the door to what in certain circles, is called raiding. We will go into these defects when we get into committee on the bill, but I urge that if my reading of the bill is correct, if there are sections that make it possible for this practice to take place, we should tighten it up and make these provisions more clear.

There are certain areas in the bill where it seems to me that there are inequalities between the two sides, namely employer and employees. For example, I find that there are various penalties that are provided for employees or for representatives of bargaining units, penalties that are mostly monetary, but I find no corresponding penalty on the other side of the fence. I know the argument will be made that the employer on the other side is the government; perhaps eventually the employer is the parliament of Canada.

It seems to me, however, that if errors are made or if there is a departure from the spirit and intent of the whole principle of collective bargaining on the part of the individuals who represent the employer, similar to departures which are possible on behalf of individuals who represent the employees, some disciplinary measures should be enforced to assure equality on the two sides of the picture.

[Mr. Knowles.]

Finally I would like to draw attention to the fact that in this bill something is carried over from the old Civil Service Act which will also be carried forward if the government has its way, in the new public service employment act, and that is what amounts to an outright prohibition of political activities on the part of civil servants. The hon. member for Carleton used the words "political" in his speech, but he was not talking about the kind of political activity to which I refer.

Mr. Bell (Carleton): I will talk about that in the next bill.

Mr. Knowles: The hon. member indicated that whenever civil servants in the Ottawa area who eschew political activity are in trouble, they want their members of parliament to use any political influence they have. I was a little disturbed when the member for Carleton used the phrase "let George do it". I wondered which George he was referring to. Surely the purpose of this legislation is to get away from that practice.

The particular provision in the bill now before us which seems to me unfair is the one that goes a long way with respect to the business of political interests or activities. I do not object to the provision that would make it improper for a civil servants union to make contributions for political purposes compulsory in order to belong to that union. I quite agree with that. But it seems to me it is going a little too far to say that a union representing employees, even one which handles money that is given to it voluntarily by some of its members to be given to this, that or the other political party, is to be denied the right to be certified or to engage in collective bargaining in any way whatsoever.

• (8:30 p.m.)

I know that every time this question of political activity on the part of civil servants comes up there is a certain type of editorial response that is automatic, but tonight I am going to rely on the spirit of the statement of the Minister of National Revenue (Mr. Benson), particularly in the closing part of his remarks. He used phrases that indicated that the purpose of this legislation is to accord to civil servants their rights as Canadian citizens. We think that that is exactly what this legislation is all about. We think that for far too long civil servants have been only the objects of great praise on our part. We agree that they are the greatest civil servant group in the world, doing the job which keeps parliament and the country going, but having

given them that praise, we then make them second class citizens by denying them, for example, the right to collective bargaining that is accorded to employees in private industry.

I suggest, Mr. Speaker, that full rights as Canadian citizens include not only the right to belong to unions of organizations that are free to engage in collective bargaining, but also include full political rights. If we have reached the point where we are able to grow up a bit in relation to the rights of civil servants—the rights of public servants, as we shall call them from now on—I suggest we grow up all the way. Certainly there will be headaches as a result of these new freedoms which we grant; but I submit, Mr. Speaker, that prohibitions create more headaches than freedoms and I urge very strongly, now that we have gone this far with this principle, that we go all the way with it.

There are other details in the bill, Mr. Speaker, with which we shall be dealing when we get the bill to the special committee to which it and the two others will be referred. I agree with the previous speaker that this is not the time for us to be taking rigid positions on either side; rather, it is time for us to state the subjects which we think should be surveyed and reviewed. I hope that as a result of the study which will be given this bill and the other two by the special joint committee we will be able to bring back to the House of Commons legislation which will make what we are doing a milestone in our Canadian history, that it will bring about an improvement in the kind of service we will get from our public servants, and that it will establish for them their full and untrammelled rights as Canadian citizens.

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I do not intend to speak at any length on the particular measure before us at the present time, but I do want to state the support of our group for the principle of collective bargaining for the public service. It seems strange that this principle, which has been recognized for so long in other areas, has taken so long to be applied to the public service of Canada. As I stated, we are in full support of the principle which has been enunciated.

We believe that the rights of those who are engaged in the public service of Canada should be safeguarded and promoted in every possible way. But, Mr. Speaker, coupled with the bestowal of those rights and privileges I am sure that those engaged in the public service are cognizant of the responsibilities that rest upon them in view of the somewhat different type of occupation in which they engage when compared with the activities of those in the private sector. I am sure that this fact will be recognized both by the government as employer, and by the employees.

As pointed out by the Prime Minister (Mr. Pearson) in introducing the resolution preceding this measure, the preparatory committee, under the direction of Mr. Heeney, did invaluable work in evolving this system which is now being presented to us for consideration. We have been advised that some of the recommendations are already in process of implementation, and this whole measure as we have it is based largely on the recommendations of that committee.

This fact, Mr. Speaker, coupled with the fact that this measure is to be referred to the special joint committee of both houses of parliament, makes it more or less unnecessary for detailed study and analysis in the house at this time. In fact, because of the complexities of the measure, it is practically impossible for us to analyse it here and give it the study which it requires. However, when the matter is referred to the special joint committee there will be an opportunity given for detailed analysis, for questions and answers, and for the detailed study of every aspect of this matter.

I might say, Mr. Speaker, that many questions remain unanswered. Some have been answered by the Prime Minister, and others have been answered tonight by the Minister of National Revenue (Mr. Benson); but many other questions still remain unanswered. We trust that when the matter does go to committee ample opportunity will be given to accord the bill the consideration it merits.

In introducing the resolution the Prime Minister outlined the objectives the measure is designed to realize. I think they are very commendable and I will just mention them. First of all, it is designed to protect the public interest; second, to respond in an understanding and responsible manner to the aims and aspirations of the employees; third, to preserve the capacity of the public service to function efficiently in serving the people of Canada and, fourth, to respect the principles underlying industrial relations law and practice in Canada. If this measure and the companion measures to which reference has been made serve to achieve these objectives, then of course they will be very worth while and commendable indeed.

Public Service Collective Bargaining

I just want to refer to two questions which have been raised in the course of debate thus far. The first is the provision for strike action. That is what I had in mind when I mentioned, in the first instance, that along with the rights which are safeguarded, responsibilities will also devolve upon those who are employed in the public service. We feel that the attitude they have taken in days gone by is a good omen for the future, and that they will act in a responsible way even though their rights are safeguarded.

Another question which comes to mind is one raised by the hon. member for Winnipeg North Centre (Mr. Knowles) and concerns contributions to political activities. I do not know just what type of financing will be required in this respect, what type of fees will be necessary, and so on, but I should like to raise one point. I do not know whether this is covered in the bill, but if there is to be any provision for compulsory check-off of dues or contributions, then I should like to emphasize very strongly that those making contributions should not be required to do so if they are to be used for political action with which the contributor is not in agreement. I want to make that perfectly clear.

As I have indicated, Mr. Speaker, I do not intend to speak at length on this matter because I feel that every aspect of the bill can be considered thoroughly when it goes to the special joint committee.

• (8:40 p.m.)

[*Translation*]

Mr. Alexis Caron (Hull): Mr. Speaker, I think that Bill C-170 introduced today by the government has been long in coming. I know that since I came to the house in 1953, I have been asking that the civil servants be given the right to negotiate with governmental authorities about their working conditions and salaries. Something was done in that direction in all the committees set up to study the Civil Service Act.

I was happy a little earlier to hear the hon. member for Carleton (Mr. Bell) say that he supported the new legislation, with some reservations. I remember that as parliamentary secretary he was given the task of refusing the request I made to give the civil servants the right to negotiate with their employer. He has changed his mind since, and I am happy about that. It will be one more vote for this legislation. The hon. member for Fraser Valley (Mr. Patterson) pointed out that it took a long time for the act to become a reality in Canada.

[Mr. Patterson.]

It was discussed under Mr. St. Laurent's government. Then, the whole thing went dead. Nobody objected to it, but nobody did anything. When the Conservative party was in office, I suggested it and the Liberal party supported me. But the Conservative party, including the hon. member for Carleton, was dead against giving the employees the right to negotiate their working conditions.

I do not intend to speak for a long time. A committee will study that matter and I hope that we will be given the opportunity to discuss that bill clause by clause and to make the necessary changes. I agree with all those who spoke before me and said that the legislation is not perfect. As a matter of fact, it was prepared by human beings and, therefore, reflects all the imperfections of human nature. It is possible to improve it. I say that the Liberal party will not object to amendments being submitted to improve it.

It is impossible to predict beforehand what the arbitration board will be like. I know that there will be such a board and that the employees and the government will each have a representative on it and that both of them will agree to find a third member able to understand their needs, those of the government and those of the employees.

That is how an understanding can be reached. I hope that it will be possible to create an arbitration board which will really be conscious of its obligations, and that is how we will be able to eliminate patronage, as mentioned a little earlier by the hon. member for Carleton. But as you know patronage is dead. There was a little in the past with regard to hourly-paid employees, but it has completely disappeared. With the new attitude which prevails today, it cannot exist. There was a time when I recommended hundreds of people and the hon. member for Carleton did the same thing. They were accepted. The new attitude has changed all that; it is impossible to recommend anyone. Once in a while, maybe, a man will be hired to replace another one; but it does not happen regularly any more. At the present time, contracts are given out. That may be preferable for I admit money can thus be saved. We were somewhat surprised to lose that opportunity of giving a man a job from time to time.

I agree that patronage must disappear, for it cannot improve the situation in parliament. It was done away with in Quebec and things are looking up. I believe the same will apply here when it has completely disappeared. Even

though the Créditistes do not seem to want to admit it—they do not believe in anything—they will not believe it until they have placed their hands in the wounds; doubting Thomases that they are, they do not want to believe.

I say that since patronage has disappeared in Quebec everyone is better off for it; the same will probably apply in Ottawa when it has disappeared here also. Even if it caused some astonishment the member for Ottawa East (Mr. Richard) and myself must admit that new conditions have altered the situation; if patronage must disappear, let it be so.

It is said in certain quarters that the bill is not clear. That is a fact. Some things in it are not clear. It is quite difficult. What the employees wanted could not be foreseen. They will clarify things when they ask for specific working conditions and salaries. When the arbitration tribunal is created then their conditions can be studied and the government will see if it can grant them their requests. And so, stability will be achieved. It could not be had from one day to the next.

While talking of conditions, arbitration and what could improve the situation, mention was made of the right to strike. The right to strike, Mr. Speaker, was not requested by the employees, postal workers excepted. None of the others asked for it. The right to strike can be dangerous for a civil servant.

Let us suppose, for instance, that the employees of a department decide to go on strike. This would create a situation which would have an impact not only on those responsible for the working conditions complained about, or merely on those responsible for salaries, but on the whole Canadian people. Have we really got the right to give employees the possibility to cause concern among the Canadian people.

If the employees of the Eddy Company go on strike, this is their sacred right and we cannot prevent them from exerting it. This concerns their working conditions and the Eddy Company. If the employees of the International Paper go on strike, it is normal. This concerns their working conditions and the International.

We all know that the postmen's strike was prejudicial to all Canada. Mail was not delivered; we were obliged to send somebody from Hull to Montreal with insurance policies and this person brought back policies to be distributed to insurance agents in Hull. Those who were living far from the head office could not work. Were we responsible? Were the various insurance offices responsible? No. Yet, thousands of people had to suffer the disastrous consequences, and only the government could settle the problem.

I say it is dangerous. I am not against it, but I say the government must have thought about it seriously before deciding to grant the right to strike.

I am convinced public servants will not take advantage of that in an arbitrary fashion, because I am also convinced they do not want it. They did not ask for it, they do not intend to use it, but the fact that it is in the act constitutes a danger.

When I asked for civil servants the right to settle their own problems with the government, I always insisted that we should avoid granting them the right to strike, because I thought it was dangerous.

I have met thousands of civil servants in both my riding and the city of Ottawa, and not a single one ever told me he was in favour of the right to strike.

In view of this fact, we are going to examine this bill seriously. I will not object to this point, but I think the government has taken a dangerous step.

Mr. Speaker, the political activities of civil servants were mentioned. Well, this I cannot accept. The hon. member for Winnipeg North Centre (Mr. Knowles) told us that they should be granted the right to enter into politics, to subscribe to political parties. I know that they do not want this. They want to be independent of political parties. They want to be free to work, to earn their salary, whichever government is in office. They absolutely want to stay away from political organizations, because this represents some danger.

Moreover, when an employee goes into politics against a given party, he is prone to try and prejudice this party, if ever it comes into office.

If the New Democratic Party, which is now claiming for civil servants the right to go into politics, came into office—but this will probably never happen—its members would probably be the first to complain about that privilege having been granted, since they would suffer tremendously.

I suggest that we cannot grant them the right to go into politics. They are satisfied as they are. They can stay like that and I hope that the amendments moved in order to enable them to go into politics will not be passed.

As I said at the beginning, Mr. Speaker, the bill is complex and requires extensive consideration. I do not intend to speak any further this evening. I hope in committee to make the necessary comments to improve the situation.

Moreover, I think that we must stop right now and consider the matter, and one day we will be in a position to give civil servants what they are entitled to expect from the government.

• (8:50 p.m.)

[*English*]

Mr. David Lewis (York South): Mr. Speaker, I want to say a few words on the principle of the bill and indicate some of the difficulties which I see in it, but before doing so I want to make clear that the suggestions I make are not intended to take anything away from the fact that this bill is a milestone in Canadian civil service history and, if it is improved in some respects, it will be an even more shining milestone than it is now.

My first suggestion is that the bill shows a certain amount of fear about the way in which in practice it would work out, with the result it is far too detailed. Too many t's are crossed and too many i's are dotted. There is too little discretion left to the board, and too little room for applying changing conditions. Everything is codified in a way which is likely to cause a great deal of difficulty in the actual, practical working out of this kind of legislation.

It would have been much better had the bill contained fewer specifics, had the government been prepared to let it rest on certain general principles and put the details into regulations which can much more easily be changed on the recommendation of the board, or of some other body which is specified in the bill. In my opinion this is the major defect in the bill. It attempts to set out almost every conceivable detail. I speak with some years of experience in such matters and I say that in labour relations it is impossible to do that and carry out an effective, practical job.

The second major difficulty about the bill is that the Public Service Staff Relations Board has far too many functions in addition to the certification of bargaining agents. It is not only given the job of certifying the bargaining agents, which should be undertaken by an entirely impartial third party, but it also has duties in relation to conciliation—in relation to the items which are to be placed in conciliation, because its chairman sets them out—and it also has duties in relation to the appointment of adjudication and the manner in which they are to work.

In other words, it is a super board and because it is given powers—on the one side the certification of bargaining units, and on the other the authority to guide all the labour relations through the course of bargaining, conciliation and so on—it has too varied a set of powers to avoid becoming rigid. It will be much more concerned with the details of labour relations processes than would an ordinary labour relations board charged with certifying bargaining agents.

The body charged with certifying bargaining agents ought to be limited to that job, and I for one cannot see why that job could not be entrusted to the existing Canada Labour Relations Board. However, if the government felt it wanted some special civil service body to do that job and make that kind of decision, it could have a separate board undertake it, even though it be a part-time outfit meeting only for the purpose of dealing with certification applications, which do not arise often.

I repeat that it is a bad principle to have the body which creates the bargaining units, and therefore is the body which creates the instrument through which labour rights are to be enjoyed, also act as the body which in effect controls day by day the exercise of those rights the body which creates the rights ought to be separate from the body which controls the day by day exercises of those rights by the parties which gain them. For the life of me I do not see why it was not possible to place those two functions in two separate bodies.

My third general comment, which I make with all the emphasis at my command, is that the bill commits a terrible error in defining a bargaining unit in a detailed way, in effect almost saying to the body which is to certify the bargaining agent precisely what the composition of a bargaining unit should be.

It has been found by every labour relations board in every jurisdiction in Canada, and indeed in every other jurisdiction where such bodies exist, that this is an imprudent thing to do; that the prudent thing is to define a bargaining unit in the widest sensible terms —not the widest possible terms—and then leave to the board which certifies the bargaining agent enough discretion to be able to

adjust its certification to the demands of the parties, to the wishes of the parties, and to the particular circumstances surrounding the facts of an application for certification. The proposed board does not have that discretion. It is limited to certain stated, statutory categories, out of which it cannot move. I submit, Mr. Speaker, that this will be found by the board, by the government and by the Public Service Commission to be a confinement that will be most impractical and undesirable.

• (9:00 p.m.)

The fourth comment I wish to make is that there is a further limitation on the process of collective bargaining which, to me, is disturbing; that is, the statute gives the employer specific rights which it says are exclusive to the employer. I do not so much object to this being done as I object to the fact that the clause which gives the employer those rights does not make them subject in any way to the collective agreement between the parties.

For many years this was the case with collective agreements. They contained a proviso that such and such should be the exclusive function of management. But any modern collective agreement will provide that such and such shall be the exclusive function of management "subject to the provisions of this agreement". In other words, if the parties can agree that something in relation to dismissal or promotion for example, can be done in some other way than the way set out in some regulation, or the way desired by the employer, then the right of the employer should be qualified by the agreement of the parties in the case of a collective agreement, or by the award of the arbitrator in the case of arbitration. The terms of the bill constitute in this respect a serious limitation on collective bargaining.

My next point has to do with another example of the excessive power which has been given to the board as defined. There are provisions which say, in effect, that if an adjudicator or a board of arbitration trying to adjudicate or reach a settlement of a grievance bumps up against what is called a point of law or of jurisdiction, the adjudicator or the board does not have authority to deal with it but must refer it to the Public Service Staff Relations Board for decision. In the meantime, the arbitration proceedings cease.

In other words, there is a grievance procedure, provision is made for arbitration, and an attempt is made to provide an expeditious way of settling the matter. Then the adjudicator or the board come up against a point of law—or someone argues it is a point of law. Usually it is the employer who says that jurisdiction to deal with a particular case is lacking. The board then goes home and has to refer the matter to a super board for a decision on the point of law or jurisdiction before arbitration can proceed. Again, this seems to be an instance where one board is given far too much power. There is nothing in labour relations which sours collective bargaining so quickly as protracted delays in the settlement of grievances.

In the same way it seems to me to be objectionable in principle that when conciliation is set up as one of the choices under the act it is not the parties themselves who set out the issues the conciliator has to deal with. They may signify these issues to the board, but it is the chairman of the super board who sets out in writing the matters to be dealt with and gives them to the conciliation board to consider. I cannot see the reason for this unless the government is setting out to take away with one hand part of what it is giving with the other; unless it is fearful of the results of genuine collective bargaining and wishes to place limits upon it.

The parties should be able to determine these matters themselves and if, in the course of conciliation proceedings, they happen to think of something else rather than what they thought of earlier, they should have the right to change. Often in the course of negotiations one party starts out asking for a, b and c while the other wants d, e and f. Then somebody says: give us g and we will abandon a and b. Unless the legislation provides for flexibility to meet situations of this kind, the machinery will work less effectively than it ought to work—I suppose to say it would be unworkable would be to use too extreme a word.

Finally, perhaps the minister would explain to us why two things are necessary. First, why should it be necessary to wait for as long as two years after this machinery has been established before certification takes place. And why should it be necessary for an organization to make a choice as to which of the two processes for dealing with disputes it will choose, right at the start, before it is certified? My hon. friend from Winnipeg North Centre (Mr. Knowles) said the choice was for three years. As I read the legislation it is at least for three years, because at the

end of that time if the parties wish to make a change from one process to another they have to make application to the board, and it is the board which will consider the application and make the change, not the parties. Why should that be necessary?

Obviously, what the government is doing by this provision is to invite any prudent civil service organization to choose the path with the strike at the end of it. If I had anything to do with a civil service organization and I knew that if I chose the arbitration procedure nothing could be done for three years, and even after that I would have to make application to the board should I wish to make a change, I would choose the other course, the one that leads to a strike.

It seems silly to invite this kind of thing by requiring a choice so far in advance and making the choice so rigid once it has been arrived at. I hope I have not misread the legislation. If I have, I would be glad to learn that some of the fears I have expressed are not justified.

As my hon. friend from Winnipeg North Centre and the leader of our party, the hon. member for Burnaby-Coquitlam (Mr. Douglas) have stated, we greet this legislation without hesitation. I congratulate the government for bringing it in, but I hope that when we get to the committee stage hon. gentlemen opposite will make some changes which I am certain will enhance the rights which are set out for the employees, and improve the working of the legislation itself.

• (9:10 p.m.)

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I must apologize first for having been away when the minister made his statement. I happened to be at supper. But I am pleased, as all members of our group, with the introduction of Bill C-170.

Civil servants, as well as members of the house, have been awaiting this bill for a long time. Several find the bill long and not very clear in parts, but I think it is precisely the right tool to make our work easier in the committee, because this bill must be used as a tool by the committee.

That is why the members of that committee will have to be chosen carefully, because it is precisely within the committee that those who will find the bill difficult to understand will be able to amend it as required.

I hope that government members appointed to the committee will be adaptable enough to discuss this bill with all the fairness called for by this legislation.

Mr. Speaker, this bill will finally enable employees to negotiate with their employer. It follows that good relations between employers and employees will be ensured through the selection of the men who will meet with employers, in the present case, members of parliament and government members. I think that if on both sides, we make every effort to remove the obstacles likely to interfere with the due process of negotiations, then we shall have achieved our purpose.

When I speak of the selection of employer representatives, I am thinking of political pressures and action. Whatever the member for Hull (Mr. Caron) may say, there is always some political action to expect and to avoid, especially in this case.

For instance, if we take members on the side of the employer who use the dues of the employees to finance a political party, I tell you in advance that something is surely going to run amiss, just as it does run amiss when—as I can prove in my area—an employee who is not for a party, as the N.D.P. for instance, has to pay his dues to his union, knowing that his dues will be used against him for the campaign. It seems to me such cases should be considered in committee. The dues of employees should no longer be allowed to help any political party, even though it may claim to protect the employees. Mr. Speaker, we are all here to protect the rights of the workingman; we are all here to protect the rights of human beings. I cannot see in the house any party in a position to claim exclusive right to defend the rights of the workers and to use that claim to justify the use of such dues.

Mr. Speaker, those are points that the members of the committee will have to take into consideration, and especially incorporate into the act in very clear terms, so that the group of employees who will negotiate with the employer are not tied down by any party whatsoever.

We will have justice only when both these negotiating groups feel absolutely free, absolutely detached from politics.

I was listening a while ago to the hon. member for Hull who said: That will eliminate patronage, there is no patronage any more. I think the member for Hull is joking when he says there is no patronage any more because in the country, like in our province, there is more patronage than ever before.

I say that everyone will have to take his responsibilities, because I consider that here the employer is a member, and the member is the man elected in the constituency. When, for instance, post office contracts are let without the knowledge of the member elected by 60 per cent of the constituency, I wonder how the hon. member for Hull would call that, if not patronage.

Mr. Speaker: It seems to me the remarks the hon. member for Roberval (Mr. Gauthier) is now making go well beyond the scope of the bill under discussion, namely Bill No. 170 or

An Act respecting employer and employee relations in the Public Service of Canada.

I therefore ask the hon. member to confine his remarks to this subject matter.

Mr. Gauthier: Thank you very much, Mr. Speaker, but it was because the hon. member for Hull had been allowed to deal with the matter of patronage. I think this also comes within the ambit of the debate, because I set out the required qualities of the employers group to negotiate with employees.

The dominant shortcoming here of the employers group is the evil of patronage. I am precisely saying that we need a preventive to this evil, so that it does not develop any more.

The committee will have to consider what deals with the arbitration tribunal. Well, Mr. Speaker, when we talk about arbitration I am fearful, because I find that if the bill is well thought out, if the bill is well drafted, I believe that arbitration will be lessened. I hope it disappears, because the arbitration boards we now have are not too satisfactory. That is why I rely mainly on the good work of the committee. I also hope that a member of our group will be on that committee, for we will have something to say, and we hope that this bill will serve the employees as they wish and as they deserve, and the employers as their duty commands.

Mr. Speaker, I do not want to hold the house any longer, but, as I believe that perhaps this committee will have 25 or 26 members, I rely on the government's sense of responsibility to make sure that one of our group is appointed to it.

Mr. Côté (Longueuil): Provided he attends the sittings.

[*English*]

Mr. J. T. Richard (Ottawa East): Mr. Speaker, I wish to say only a few words, because like other speakers who have preceded me I believe this is a matter which will be discussed in detail in committee, as should be the case. My main remark at this time is in answer to some of those who have said that this is a long overdue act. Perhaps, if we have found the right solution, it is long overdue. I should like to remind members of the house, however, that every one of us on both sides of the house—and let us not make of this bill a political issue—

Mr. Bell (Carleton): Hear, hear.

Mr. Richard: —has for many years been working in the interest of civil servants. This accolade does not belong to any party in this house. To my knowledge all individuals at least have said the same thing; that is, on both sides of this house over many years members have said that they were interested in bettering the lot of the civil servant and in improving the relationship between employer and employee.

Over the past few years we have had bills affecting civil servants. In 1961 we had long committee hearings at which we had a very thorough representation from the associations. I should like to remind some of those who were not on that committee in those days that some of the things which are found in this bill now go much further than anything asked at that time by the associations. It was difficult at that time even to convince the associations that we really could have true collective bargaining. The word "strike" was hardly heard of. Many of the things which have been included as a result of the Glassco Commission, and some of the representations made by employee associations, the government and others since that time, are radical in relation to representations made in the past by associations of the civil service.

• (9:20 p.m.)

I am not going to discuss the provisions of the bill because this is not the time to do so. Of course, Mr. Speaker, I am in favour of collective bargaining, as I was in 1961; but as to how the provisions of this bill will provide for the employer and employees the proper system for conducting proper negotiations, I am not sure. I think we should wait until we are in committee and ascertain the attitude of the interested parties. I am sure that at that time we will find that many of the clauses which I have read rather quickly will seem to be, as one hon. member mentioned, rather rigid and the procedure may be complex. I

am not an expert in labour relations, but it occurs to me that at the time the bill is before the committee some changes may have to be accepted. I do not wish to delay the passage of this bill before it is referred to committee, and I will save any further remarks that I have until another time.

Mr. Speaker: If the minister speaks now, he will close the debate.

Hon. E. J. Benson (Minister of National Revenue): Mr. Speaker, at this time I am not going to comment in any detail on the remarks made by hon. members on all sides of the house. Immediately this bill passes second reading I will move that it be referred to the special joint committee, where members of the committee will have the opportunity to hear representations from all interested parties, which of course will include the existing civil service organizations.

I should like to reiterate the fact that the government, in bringing this bill to the house and referring it to committee, considers it on a completely impartial basis. Our aim as a government, as must be the aim of all hon. members of the house, is to come out of that committee with the best possible piece of legislation and the most workable piece of legislation in order to ensure that the civil servants of Canada have their full rights to collective bargaining as envisaged in the bill presented to the house and that the legislation be passed in its most workable form.

Many of the questions that have been raised are similar to questions and ideas which were brought forward by civil service associations at various stages of the hearings of the Heeney committee, and were later included in representations made to the cabinet committee in connection with this particular bill. I am sure these representations will also be placed before the special joint committee.

I hope the committee will be able to meet as soon as possible, perhaps starting next week, will hear representations, and will then move through this legislation as soon as possible in order that the legislation might be completely enacted—that is, this and the succeeding two bills—before we rise for the summer recess. I admit that I may be a little optimistic—

Mr. Knowles: When is the summer recess?

Mr. Benson: I admit that I may be a little optimistic in this regard, but it is quite important that this legislation be enacted in order that we may move this fall into collective bargaining with the public service of Canada; because after we start moving into collective bargaining with the civil service a two-year period will elapse before all the organizations will have started to negotiate agreements whereby conditions of employment, wage rates, and so on are arrived by agreement with the government, rather than through an arbitrary decision of the government.

As I have said before, I think the system in Canada which has caused us a good deal of difficulty in the past, has been one whereby arbitration has taken place before a decision has been arrived at by the parties involved or before they have even sat down and had the opportunity to speak one with the other and put forward their points of view. My only hope, and the hope of the government, in referring this particular piece of legislation to the committee is, as I have said, that we come out of the committee with a workable piece of legislation that will provide all the rights which I believe belong to the public servants of Canada, and yet will provide the basic protection of the public of Canada whom all of us represent.

Motion agreed to, bill read the second time and referred to the special joint committee on the public service.

PUBLIC SERVICE

LEGISLATION RESPECTING EMPLOYMENT IN GOVERNMENT SERVICE

Hon. E. J. Benson (for the Prime Minister) moved the second reading of Bill No. C-181, respecting employment in the public service of Canada.

He said: Mr. Speaker, in developing Bill C-181, the proposed public service employment act, the government has had three basic objectives: first, to preserve and extend the merit system of appointment and promotion under the control of an independent commission responsible only to parliament; second, to provide the commission with a flexible framework of law with which to operate, one well suited to the task of staffing a modern public service with qualified personnel; and third, to relieve the commission of any responsibility for the regulation of classification, pay and conditions of employment, or for the control of personnel policy, and to remove from the law any detailed provisions relating to these matters, in order to make

possible a genuine system of collective bargaining and to provide in Treasury Board a focal point of central managerial authority.

In pursuit of these objectives, which are consistent with some of the most important recommendations made by the Royal Commission on Government Organization, we have come to the conclusion that, within a wider jurisdiction, the commission should be given a more specialized role as the central staffing agency of the public service. It is for this reason that important changes of terminology are proposed: a public service employment act instead of a Civil Service Act; a public service commission instead of a Civil Service Commission.

• (9:30 p.m.)

I need say very little, Mr. Speaker, about the contribution made to the Canadian public administration by the present Civil Service Act, which has its roots in the statute passed by parliament in 1918. By the standards then prevailing, the Civil Service Act of that year was one of the most advanced measures of its kind in the world. By establishing the merit system in a clearcut manner, it provided a foundation for what has come to be recognized throughout the world as a great public service. The Civil Service Act has served this country well and I hope that steps will be taken to ensure that its fiftieth anniversary, the year after next, will be appropriately marked.

The government believes that the essence of the 1918 act has been carried forward into Bill C-181. The principle of appointment and promotion according to merit has been retained and, if anything, stated more explicitly than ever before. Provision for an independent commission has also been retained. Indeed it is hoped that in some respects the proposed measure would put the commission in a position of even greater independence than that which it now enjoys. Finally the security of the merit principle has always been linked to the authority of the commission to control appointments to and promotions within the service. No part of the bill now before the house would in any way limit or qualify that ultimate authority.

Under the proposed legislation, the merit principle of appointment and promotion would not only be retained; it would in fact be extended to large areas of public service employment to which it has never before applied as a matter of law. For example if the bill is passed by parliament, all positions occupied by prevailing rate employees and ships' officers and crews, of which there are some 30,000, will come automatically under the merit system and within the jurisdiction of the Public Service Commission. I am sure that such changes will be welcomed by all those who value the non-political character and traditions of the public service.

I believe that in the preparation of Bill C-181 great care has been taken to preserve the merit principle. Let me make it clear however, that if, after careful examination and study, hon. members have any doubts about this, the government will be prepared to consider seriously any changes that may be suggested to improve the relevant provisions. We are satisfied that without the merit principle both the public service and the people of Canada would be less well served than they now are.

It should be noted, Mr. Speaker, that under the proposed legislation, the Public Service Commission would be given discretion to vary its methods and procedures in order to meet with maximum effectiveness the needs of different departmental programs and the conditions prevailing in the labour market. A conscious effort has been made to ensure that in the independent commission there is a capacity to respond flexibly and intelligently to changing requirements and circumstances.

Among other things, Mr. Speaker, Bill C-181 would permit the Public Service Commission to delegate its powers of appointment and promotion to the deputy heads of departments and the chief executive officers of other agencies. As the public service grows in size and complexity and as its activities affect an increasing number of citizens in so many important areas of their daily lives, it becomes essential for public administrators to be given increased authority to meet the demands that are made upon them quickly, realistically and efficiently, without reference in every case to a central agency. Unless such authority is made available, public administration tends to lose touch with reality, to become simply a matter of rules and regulations. Unless such authority is made available, it becomes increasingly difficult to ensure that the public interest is properly served. Just as it is important to protect the merit principle, so it is necessary to keep in mind the advantages to be gained in terms of administrative efficiency and effectiveness by a sensible distribution of authority within the public service. It is for this reason that the proposed measures would give the commission the capacity to delegate its appointing

authority to deputy heads and other chief executive officers.

The nature of delegated authority should not be misconstrued. Authority that may be delegated may also be withdrawn. Delegated authority is authority held in trust. It presumes a commitment on the part of those who accept it to use it in accordance with such direction as may be given by the delegating authority. It provides for a desirable administrative separation of those who determine policy and prescribe standards and those who apply policies and standards in the day to day administration of the public business.

It should be noted, Mr. Speaker, that the delegation of authority in no way removes responsibility from those to whom it is assigned by law. Under the proposed measure the Public Service Commission might delegate authority but it would retain responsibility for its exercise. The commission would be in a position to establish the conditions and standards governing the use of delegated authority and to monitor the exercise of such authority by departmental officers. It would also have the capacity to revoke an appointment made contrary to law or to the terms of delegation. Finally the commission would retain its traditional responsibility for the hearing and determination of appeals.

By making it possible for the commission to reduce its operational load, the proposed legislation would permit it to devote more attention to the development and maintenance of sound selection standards. It would also permit it to provide departments and Treasury Board with substantial assistance in career planning and in the administration of programs designed to make more effective use of scarce personnel resources.

Although responsibility for the effective utilization of manpower will rest with Treasury Board, Bill C-181 gives to the commission an important role in the operation of interdepartmental training and development programs and in the provision of assistance to deputy heads in the training and development of employees within departments. These are not new responsibilities. For the past decade the Civil Service Commission has made a substantial contribution to the efficiency of the public service through its training and development programs. It is hoped, however, that in its new role the commission will be able to increase the scope of existing programs and relate its activities in these areas more directly to the emerging requirements of the service.

The bill would also give the Public Service Commission broad authority to make regulations necessary to carry out and give effect to the provisions of the proposed act. This is an important change. Under the provisions of the Civil Service Act, regulations have been made by the governor in council on the recommendation of the commission. The change would not only increase the capacity of the commission to discharge its mandate; it would also serve to emphasize its independence from the government of the day.

Mr. Speaker, at the beginning of this statement, I mentioned that in developing Bill C-181 the government pursued a number of objectives, one of which was to leave rates of pay and conditions of employment outside the jurisdiction of the commission and beyond the detailed regulation of statute law, in order to permit the processes of collective bargaining to operate with a minimum of confusion and delay. I will have more to say about this when I come to Bill C-182, to which I hope we will be able to move when the debate on this measure is completed.

Mr. Speaker, in commenting upon the essential characteristics of Bill C-181 and in contrasting it with the Civil Service Act I have emphasized the very important responsibilities of the proposed Public Service Commission, responsibilities which, although reduced in some areas, would be significantly increased in others. Let there be no doubt in the minds of hon. members about the importance the government attaches to the role of the Public Service Commission. The quality of the services provided by the government to Canadians in all walks of life will depend in no small degree on the success of the commission in staffing the public service with competent and qualified personnel. For this reason the legislation before us is of great importance. I know it will receive careful examination and study when it is referred to the joint committee which has been set up for the purpose of looking at these three particular bills.

• (9:40 p.m.)

Mr. Speaker, a question has been raised about the long-standing prohibition of political activity of a partisan nature by public servants. Except for one or two technical amendments, the provisions relating to this matter in Bill C-181 are the same as in the present Civil Service Act. In other words, no substantive changes have been made. However, the government is aware that since the original statutory prohibition was written into law

there have been changes in the size and character of the public service and in public attitudes toward political activity. It is aware also of the fact that in a number of jurisdictions both in Canada and elsewhere steps have been taken to relax the traditional form of prohibition and to make it possible for certain types of public servants to take part in political activities. It may be that we should be considering some change here.

The government does not advocate change, but it has an open mind on the subject. The government felt that in presenting the legislation it should not change this particular clause in the bill; but if there was a consensus of agreement within the committee consisting of all parties represented in the House of Commons, then the government would be open to considering the advisability of making such a change in the proposed legislation. And, of course, if the change were made in Bill C-181, changes would have to be made in the other pieces of legislation which are closely related to it.

Hon. R. A. Bell (Carleton): Mr. Speaker, whatever political party may sit to your right, good government in this country cannot be achieved without a public service of the highest competence and proficiency, of genuine dedication and of unchallenged integrity. Such a public service Canada has experienced, due in large measure to the merit system initiated under the Civil Service Act of 1918, which I believe to be a landmark of Canadian history for which we are indebted to the wisdom and statescraft of Sir Robert Borden.

The tradition of this house, since 1918 at least, has been that public service problems are discussed objectively and devoid of political partisanship. To that tradition I intend to be true in what I shall say tonight.

This parliament, sir, has no task so basic, or in my view so fundamental, as to assure that public service employment now and in the future shall be an attractive and rewarding career for the very best young Canadians. With the increasing involvement of government in every aspect of the daily life of the individual, the public service must be composed, I submit, of the very best—not the second best but the very best—and ablest of our young Canadians recruited for service to their nation. If we are to recruit such young Canadians we must provide rewards which are genuine and real. Service to the state must be considered the highest form of service and those who pursue a public service career must be given the confidence that they will not be led down blind alleys; that they will not have their potential for advancement and promotion restricted by red tape; that they will not have their initiative blighted by needless, frustrating administrative techniques; and that they will not have their leadership qualities lost in the giant mechanism of an inhumane bureaucracy.

The very drastic change which this bill represents from the familiar system of personnel management now in vogue, and in vogue since the Civil Service Act of 1918, has been set forth in the minister's opening statement tonight. I think that members of the house and members of public service should be made aware of the convulsive eruptions in established patterns which will result from the passage of this bill and its two companion bills. In discussing the previous bill I have already expressed the view that the sweeping nature of the proposed changes has not been fully understood among the intelligent rank and file of the public service.

Sir, it is a significant fact that since its reconstitution in 1918 the Civil Service Commission has been the guardian of the merit system, responsible for appointments and promotions, but responsible as well for classification, establishment, standards and grades. It has been responsible further for recommendations as to salary and wage levels.

In effect, it has had a threefold role. Now, let it be clearly understood by the house, the new Public Service Commission will be shorn of two of these three roles or functions. Classification and establishment becomes exclusively a Treasury Board function, intended to be delegated as a general rule to deputy heads. In the jargon of the day, if I may so describe it, these allegedly are managerial functions to be now determined at the managerial level. The protection of an independent commission has been removed and the classification or the grade of an individual is placed squarely under the responsibility and jurisdiction of a political board, the Treasury Board, and of deputy ministers who, however non-political they may be, report after all to ministers who cannot be described as non-political.

Let this house remember, sir, that classification can be just as important as a salary increase. In the civil service those of us from Ottawa know that there is an old practice known as "classification creeping", which means giving a boost to an employee by

reclassification of his position as opposed to promotion or salary increase.

The commission has heretofore been the guardian against abuse in this respect. Hereafter, however, the commission will be eliminated from this area and the only protection against political, partisan and bureaucratic influences at work in a department will be the vigilance of the collective bargaining agents under the companion public service staff relations bill. Will the bargaining agents be either powerful enough or vigilant enough to protect against abuses in classification and establishment? They have no direct authority. Can they wield an indirect club?

I want to be clear on this, Mr. Speaker. The status and role of the old Civil Service Commission is being wholly abandoned in this field. Deputy ministers vulnerable to political pressures, and Treasury Board, which has a most competent and dedicated staff with a leading public servant as its secretary, but which, after all consists wholly of partisan politicians, will be taking the final decision and will have responsibility in this sensitive area.

I wonder what would happen if the golden, persuasive powers of, shall we say, the Secretary of State for External Affairs (Mr. Martin) were exercised upon his under secretary to induce the latter to recommend that "dear old Bill" be reclassified from grade 3 to grade 5. We know, of course, that the present Secretary of State for External Affairs would never do it. In his present portfolio, and previously as minister of national health and welfare, his statesmanlike qualities have completely subdued any innate partisanship he may have, even though not all his departmental officials have recognized his political objectivity. But consider, sir, if you will, what some less enlightened colleague or some successor might do with this open invitation to use reclassification as an instrument of political patronage.

As I have said, over the years the Civil Service Commission has been the protector against politicians using classifications as a political instrument. Is there to be a guardian of political purity in the future? Can the bargaining agents be that guardian? I do not know, but I confess that I have some worry that there is a thin wedge of what might become a very large wedge being inserted.

• (9:50 p.m.)

When the commission was in control of classification there was a central body which could achieve relative uniformity in grades across the whole public service. Now, if the functions to be vested in treasury board relating to classification are to be delegated as a general rule—and I think this is the plan—to deputy ministers, what assurance have we that a hodge-podge will not be the result. May it not be that in one department a job is done by an employee of one grade whereas in other departments the grade of the person doing equivalent work will be two or three grades higher or lower. Will the bargaining agents be a sufficient guard against empire building in one department which may be contrasted with rigid frugality in another. I think this is one of the aspects upon which the special committee will have to assure itself.

Now, sir, I recognize basically these proposals stem from the Glassco report. It has become accepted practice to preach that a new era of governmental efficiency will result from a divorce of so-called management functions from recruitment and promotion. At this stage, all I say is count me as dubitant. I believe too many amateurs on royal commissions have been playing around in the professional field of public administration. I am not prepared to accept their amateur preaching as necessarily gospel. At this late hour of the evening, I confess I am getting a little tired of royal commissions general.

The third field in which the present Civil Service Commission has responsibility at the present time is pay determination. This is to be, hereafter, the subject of collective bargaining. I say nothing further at this time on that subject except to welcome most heartily the decision of the government to retain the functions of the Pay Research Bureau. The point I want to make abundantly clear is that the new Public Service Commission will be a body very different indeed in authority and in jurisdiction from the existing Civil Service Commission. It will be shorn of two of the present three major functions, and I am not positive that this represents progress. At least in the field of classification, it may well involve serious retrogression.

One of the by-products of the trifurcation—this is a word that has come into popular use in this house lately—of civil service procedures, is that discipline and dismissals are dispersed to three separate bodies. I believe that confusion will be the inevitable result. In my opinion, it is unrealistic to suggest that dismissal for incompetence is for

the Civil Service Commission, whereas dismissal for misconduct or breach of discipline is for Treasury Board and dismissal for matters affecting the safety and security of the nation is for the governor in council. The appeal procedures are to be different for each type of case. Indeed, I think it would take a Philadelphia lawyer, and Your Honour and I are not in that category, to work his way through the three bills to determine just what is the appeal procedure.

The provision for suspension or dismissal in the interests of the safety or security of Canada or any state allied or associated with Canada, and for review of such suspension or dismissal is little more than window dressing in this bill. An order of suspension or dismissal made by the governor in council under the new bill—I think perhaps I might be now confusing in my mind this new bill now under discussion with one we will be discussing immediately afterwards—is said to be conclusive proof of the matters stated therein in relation to security or safety. Now, of what value in those circumstances is any review or appeal? Recite whatever the governor in council wants to recite, and the proof of the recital is conclusive. Under those circumstances, I think any review is a sham and a delusion. I think these sections of these other two bills will need much additional thought after the report of Mr. Justice Wells in the Spencer matter, and perhaps might be subject to review again at a later date when the report of the proposed new commission on security procedures is available.

In my view, sir, the appeal procedures generally proposed under this bill are primitive and unsatisfactory. They are much less satisfactory than under the present act. There is no provision made in this bill for an employee appealing to be represented at the inquiry. It may be argued that the Bill of Rights gives everyone the right to counsel. Frequently, however on civil service appeals, representation by a staff association officer or by a friend may be equally effective, if not more effective, than by a member of our profession. It pains me to say this, but it is a fact. Unlike the old act, there is no provision for this in the new bill.

Equally bad is the fact that the nature of the inquiry and investigation is left in an atmosphere vague and unclear. If there are to be appeals, and obviously there must be, then let them be genuine appeals to impartial and independent tribunals. I venture to draw attention to the provisions of Bill No. C-63, which I have on the order paper but which regrettably is unlikely to be reached for debate at this session. This bill would establish a genuine appeal, and proper procedures before an appeal panel. I commend it tonight to the minister as I shall to the special committee. I say that a simple inquiry or investigation by the very body appealed from is not an appeal at all. It is just a sop and a sham. The only way to assure justice is to establish appeal panels of impartial persons outside the commission itself.

Now, the principles established by the government for adjudication of grievances, which would include dismissal for misconduct or for breach of discipline, as I have said are much to be preferred to the inadequate procedures provided in this bill for appeals from dismissal for incompetence, which incidentally is no longer defined, or for appeals in closed competitions. I think these provisions of the bill must be greatly strengthened, and I will submit that Bill No. C-63 shows the correct approach. I believe as well that the time has arrived to allow, under proper safeguards, at least a limited right of appeal in open competitions. It is in this field that I receive more complaints than any other, and some measure of relief to satisfy the complaints of unsuccessful applicants appears to me to be desirable now.

The minister has mentioned what is one of the most significant features of the bill, that is the proposal to bring under the ordinary procedures of selection, appointment and promotion, the prevailing rates employees, ships crews and officers. Personally, I endorse this proposal fully, and what I hope will be the complete abandonment of political patronage in this field. For many years I have been convinced that the continuation of patronage in the field of the trades and of ordinary labour is a blot upon our public personnel administration. I am sure that not all of our colleagues on either side of this house share that view. I do not profess to speak for colleagues on my own side in this respect. There are members on both sides of the house who look upon the existence and continuation of patronage in the prevailing rates field as the bedrock of political organization. They take the attitude which one J. H. Price did in a letter to Robert Baldwin back on February 6, 1943, and I quote:

> Patronage is power; our men won the victory, and they are entitled to prize money.

Business of the House

• (10:00 p.m.)

Well, sir, after having been responsible for probably as many patronage appointments as any other member present in this house, I am inclined to believe that patronage for a politician is a snare and a delusion. In my previous term I saw over 16,000 people from the Ottawa area seeking patronage employment, and I tell you that takes some doing. I think probably only the hon. member for Ottawa West (Mr. McIlraith) has ever equalled that. Few of us in this chamber have any training in personnel recruitment or management and I doubt whether the test of a good member of parliament should be his ability in this field. Personally, I welcome the new legislative proposal.

But I would give this warning: The techniques of examination and selection for the prevailing rates groups must not be too rigid or inflexible. It is unlikely they can be modelled upon the existing civil service examination procedure. Humanity and compassion must not be removed from the process of selection applicable to this type of employee. Some of the best prevailing rates employees today could never have passed any type of conventional examination. Among widows, long removed from the labour market, among those who have suffered major illnesses or other reverses in life, there will be found many wonderful people with the will and the incentive to succeed in this type of employment and I believe it is imperative that they should not be eliminated by standard tests or examinations designed for the youngsters just out of school.

Yes, wisdom, compassion and humanity must play a full part in the selection process. These were among the factors which politicians brought to their recommendations and they are factors which I believe must be continued in the new selection process.

But perhaps for the sake of compassion, wisdom and humanity I should call it ten o'clock.

BUSINESS OF THE HOUSE

Mr. McIlraith: Tomorrow we shall complete the second reading stage of this bill and bring forward item 59 on today's order paper, second reading of Bill C-182, an Act to amend the Financial Administration Act. We shall then proceed to estimates for the rest of the week, and we shall start off with the Department of Industry, the Department of Defence Production, the Department of Citizenship and Immigration, the Privy Council, Legislation, Veterans Affairs and Labour in that order. I reserve the right to change the order later in the week if necessary.

[Mr. Bell (Carleton).]

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

[*Translation*]

TELEVISION—QUEBEC—USE OF TELEPHONE COMPANY FACILITIES

Mr. Gérard Laprise (Chapleau): Mr. Speaker, several times, but in vain, I have asked the incumbent Secretary of State (Miss LaMarsh) or her predecessors to put an end to the injustice being suffered by the people of Chibougamau and Chapais concerning television service.

I am told, as the taxpayers of those two cities are told, that the funds voted to the C.B.C. for service extension are inadequate and that they will have to wait.

Now, Mr. Speaker, I am informed that the Northern Quebec Telephone Company Ltd. which has a microwave service between Grand Remous, Val d'Or, Rouyn and Chibougamau via Senneterre, and between Chibougamau and Notre Dame de la Doré, in Lake St. John, has offered its facilities to the C.B.C. to carry the television signal to Chibougamau-Chapais via Rouyn or Lake St. John.

That is why on May 20 last I asked the Secretary of State whether this offer had been considered and whether a decision had been taken on this matter. I know that the people of Chibougamau-Chapais are anxious to know what the intentions of the government are as regards this new possibility.

I believe that it would now cost little to the C.B.C. to use private enterprise, to co-operate with it to ensure a long-sought and wanted service to the people of Chibougamau-Chapais, a service to which they are entitled.

The Secretary of State has no more excuses and I hope that the citizens of Chibougamau-Chapais will be satisfied with the answer she will give tonight and I must point out that the only satisfactory answer will be the assurance that they will soon have the benefit of free television service, as is the case elsewhere in Canada.

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, I hope I can give satisfaction, on behalf of the Secretary of State (Miss LaMarsh) and of the Canadian Broadcasting Corporation, to the population of Chibougamau-Chapais. Personally, I was ready a month ago to give the same answer to the hon. member, who had put the question last March.

The question of the hon. member, Mr. Speaker, raises this whole issue of the extension of television services in Canada.

Although no country in the world, except our United States neighbours, has more television and radio broadcasting stations, on the basis of population, than Canada, there are unfortunately—and the Secretary of State as well as the Canadian Broadcasting Corporation realize this and work closely on this—remote areas which are not yet served or are inadequately served by this excellent education medium, that is television. One of these areas is that which interests the hon. member for Chapleau, namely Chibougamau-Chapais.

The hon. member asked on March 29 last and again on May 20 whether the Secretary of State had received an offer from the Northern Quebec Telephone Company Limited to provide broadcasting facilities for television service in the area of Chibougamau-Chapais, and what consideration she had given to this offer.

I shall answer to the hon. member that the minister has indeed received such an offer from the Northern Quebec Telephone Company Limited and that she referred it—as was in order—to the C.B.C. for consideration.

The minister, who acts only as an intermediary, cannot, as the hon. member knows, prepare radio and television development and extension programs for the C.B.C.

Mr. Laprise: She can recommend passage of the estimates though.

Mr. Béchard: Let it suffice to refer the hon. member to the speech delivered in this house by the Secretary of State, upon consideration of her estimates on March 9, 1966, as recorded on page 2454 of *Hansard*. In view of the time at my disposal, I will not read the words of the Secretary of State, but I believe the hon. member can refer to them.

[*English*]

EDUCATION—INQUIRY AS TO ABOLITION OF UNIVERSITY FEES

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on Tuesday, May 24, as recorded in *Hansard* at page 5424, I put this question to the Prime Minister:

> In view of the statement made on Friday night—

The reference was to Friday night, May 20.

> —in an address by the Minister of National Health and Welfare, to the effect that in Canada we are getting closer to the abolition of tuition fees in universities, will the Prime Minister say what steps the government is taking in this direction?

As Your Honour will recall, there were a number of questions on education that day and with your usual impartiality you treated all of them alike, and so this one got posted for the first available adjournment motion, namely tonight.

My question was based on a speech made by the Minister of National Health and Welfare (Mr. MacEachen), the text of which he was good enough to make available to us. But I also noticed a very good report of his speech in the Montreal *Star* of May 21, and I should like to quote two or three portions from the report in the Montreal *Star:*

> The day "is not far off" when federal and provincial government officials will have to discuss with Canada's universities the abolition of tuition fees, health minister MacEachen said last night.
>
> • (10:10 p.m.)

Later on in the report I note this:

> This being so, can we continue providing free education in that segment of the educational system which only lays the basic foundation for a space-age career, while maintaining the financial barriers in the higher education levels from which an increasingly greater percentage of our work force must come?

Then later these words:

> Education is a responsibility of the provinces, Mr. MacEachen said. But the Federal Government had a responsibility to see that the "privilege" of higher education is transformed into "a right."

That indeed was a significant statement made by the minister with which I am sure all of us agree. He went on:

> With the co-operation and understanding of all concerned, I think it will be possible for the Federal Government to fulfil its national obligations without eroding provincial prerogatives and without transgressing on academic freedom.

Mr. Speaker, I enjoyed reading the speech and I was pleased to see it so well reported in the Montreal *Star*. The sentiments were noble. What is the federal government doing about them?

Mr. P.-E. Trudeau (Parliamentary Secretary to Prime Minister): Mr. Speaker, I listened with some bewilderment to the statement of the hon. member for Winnipeg North

Centre (Mr. Knowles). He was asking a question of the Prime Minister concerning a statement made by the Minister of National Health and Welfare. I listened with interest to the statement, as reported by the hon. member, but I did not see with much clarity in what way the minister intended to exercise this federal government's intention, as expressed by him.

We all know that education primarily is the responsibility of the provinces. I should say that is is totally the responsibility of the provinces, except in very limited cases concerning protection of certain minority rights. I think the hon. member for Winnipeg North Centre is perfectly right in asking this kind of a question. Personally I should like to see him ask it of the minister who made the statement rather than of the Prime Minister.

I am in total agreement with the people who feel that a technological society such as we have in Canada should lend great importance to the area of education, and certainly the state should want to see that education becomes as universal as possible. The state, however, in this circumstance is the provincial state. The federal government, by way of bursaries and other aids to individuals, certainly can help the educational process; but stated in the way the hon. member asked the question, in other words in the way of acting towards the abolition of fees, this certainly is not a matter which is within federal jurisdiction. The federal government cannot in any way legislate toward the abolition of fees.

Mr. Knowles: Then what did the minister mean?

Mr. Trudeau: I am asking myself, sir, what the minister meant. Obviously he had in mind some way of helping, probably through bursaries, grants or loans to individuals engaged in the educational process. If by this he means in effect that fees in some way will be erased, then I am satisfied. If he means more than this, then I am not satisfied. I feel that perhaps the minister was hoping the day would come when all parties in government in Canada would look at section 93 of the B.N.A. Act concerning education to see whether in some respects perhaps a constitutional amendment is required. But on this, of course, the New Democratic party also would have to ask its own supporters in Quebec what they meant because, as the hon. member knows, their view on this is somewhat at variance with the views expressed in other parts of Canada. Reform of any section of the constitution cannot be obtained without complete agreement.

[Mr. Trudeau.]

HEALTH AND WELFARE—GRANTS FOR RECREATION CENTRES FOR SENIOR CITIZENS

Mr. J. E. Brown (Brantford): Mr. Speaker, on Friday, May 27, I asked the following question:

> Can consideration be given by the Department of National Health and Welfare to recommending grants for the construction of social and recreational centres for senior citizens equal in amount to grants by any province under an act of the legislature for such purpose?

The reason I asked this question was that at the present time the senior citizens club at Brantford, Ontario, is starting out on a campaign to raise funds to build a social and recreational centre for senior citizens of Brantford. The land has already been purchased. It is a very desirable piece of property, located very close to the centre of the municipality of the city of Brantford. I believe the club should be congratulated on the site it has chosen for this centre.

It is hoped that a start will be made on the building for the new social and recreational centre very shortly. An architect has been employed, the plans have been drawn for the new centre, and there is no doubt that a building of this kind is greatly to be desired and would be an excellent thing for all senior citizens of Brantford and vicinity who would desire to make use of such a centre.

For the information of the house I would point out that I have been in contact with various officials of the Department of National Health and Welfare and have been told that there is no basis for making a grant of this nature for the construction of a social and recreational centre for senior citizens. I can scarcely believe this to be true. However, Mr. Speaker, I do know that the federal government is being asked for grants for all sorts of beneficial projects from one end of Canada to the other and it is very difficult to start allocating money in this way.

At the same time I should like to point out that the municipality of the city of Brantford has agreed to pay 20 per cent of the cost of construction of this building and the province of Ontario has agreed to pay 30 per cent of the cost of construction. All I am asking is that the federal government agree to pay 30 per cent of such cost in order to match the provincial grant. The provincial grant is made possible under the elderly persons social and recreational centres act of Ontario, 1961-62 revised statutes of Ontario, chapter

37. Under this act the province of Ontario, as I have said, has agreed to pay 30 per cent of the cost. Under the act the province will not make this grant unless the municipality has agreed to pay 20 per cent of the cost. This has been done, and it becomes a question of whether the federal government will see fit to make a grant in this regard.

I know that such a centre would benefit large numbers of senior citizens in my constituency. It would be for their general health and well-being, and there is nothing I would like to see happen more than a contribution made by the federal government. I am sure the senior citizens of my constituency would benefit substantially by such a grant.

• (10:20 p.m.)

Mrs. Margaret Rideout (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I have listened with a great deal of interest and concern to the remarks made by the hon. member and I must say that in my constituency a similar home is being built, so I share his concern in this most important matter. However, since the inception of the fitness and amateur sports program in 1962 there have been many inquiries and requests for financial assistance toward the construction of sports facilities for the aged, for municipalities, schools and colleges across the country. While all these requests have been considered and given the utmost attention by the officials of the department and the government, it has been impossible to accept them because of the limited funds made available to the advisory council which was set up under the authority of the Fitness and Amateur Sport Act. While we agree that there is a definite need for this type of assistance in Canada, regretfully it is impossible to announce any change in the policy of the government at this time.

I want to assure the hon. member for Brantford (Mr. Brown), however, that we will continue to look at this whole question in a sympathetic manner with the hope that action along the lines he suggests may be taken in the not too distant future.

Motion agreed to and the house adjourned at 10.25 p.m.

HOUSE OF COMMONS

Wednesday, June 1, 1966

The house met at 2.30 p.m.

[*Translation*]

VETERANS AFFAIRS

THIRD REPORT OF STANDING COMMITTEE

Mr. Gérald Laniel (Beauharnois-Salaberry) presented the third report of the standing committee on veterans affairs in both French and English.

[*Note: Text of the foregoing report appears in today's Votes and Proceedings.*]

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

PENALTY FOR CRUELTY TO ANIMALS

Question No. 1,141—**Mr. Bell (Carleton):**

1. Has the Minister of Justice, since April 23, 1963, received representations requesting amendments to the Criminal Code to prohibit a person convicted of an offence related to cruelty to animals from owning or otherwise possessing animals for a stated period?

2. If so, when and from what organizations were such representations received?

3. What action has been taken or is proposed to be taken in respect of such representations?

Hon. Lucien Cardin (Minister of Justice): 1. Yes.

2. April 29, 1963, from the Ontario Humane Society.

3. The representations are under study in connection with the next Criminal Code amendment bill.

CONTRACTS WITH EASTERN PROVINCIAL AIRWAYS

Question No. 1,164—**Mr. Forrestall:**

1. Does Eastern Provincial Airways at present hold any contracts for service to the government of Canada, other than with the Post Office Department?

2. If so, what services do these contracts cover?

3. What is the duration of each such contract?

4. What equipment, by designated type, is being used in any such contracts and at what tariff schedules?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by all departments as follows:

1. No.

2, 3 and 4. Not applicable.

PROTECTION OF LABORATORY ANIMALS

Question No. 1,182—**Mr. Chatterton:**

1. Did the Minister of Justice in 1963 receive a brief from the council for the protection of laboratory animals and, if so, to whom was the brief, or the subject matter of the brief, referred?

2. What detailed action has been taken by the government with regard to this brief?

3. Were representatives of the Canadian Federation of Humane Societies appointed to any governmental committee dealing with this brief and, if not, for what reason?

4. Were representatives of the Canadian Federation of Humane Societies permitted to attend, as observers, any governmental committee dealing with this brief and, if not, for what reason?

5. Is the government giving consideration to the introduction of legislation dealing with the subject matter of this brief?

Hon. Lucien Cardin (Minister of Justice): So far as the Department of Justice is concerned:

1. The Minister of Justice received a submission from the council for laboratory animals under date of July 22, 1963.

2. The Minister of Justice referred the submission to the Minister of National Health and Welfare under date of July 25, 1963.

3 and 4. No such committee was set up in the Department of Justice.

5. The Department of Justice is not considering such legislation.

U.K. LEGISLATION APPLICABLE TO CANADA

Question No. 1,242—**Mr. Allard:**

Are there any enactments of the parliament of the United Kingdom which by their express terms still apply to Canada and, if so, what are they?

[*Translation*]

Hon. Lucien Cardin (Minister of Justice): This question seeks a legal opinion, which it is not the practice to give to the house.

Questions

[*English*]

TARIFF CHANGES RESPECTING SHIPPING CONTAINERS

Question No. 1,250—**Mr. Orlikow:**

Was a recommendation made in the report of the restrictive trade practices commission on the acquisition by Bathurst Power and Paper Company Limited of Wilson Boxes, Limited, in 1962, that "appropriate tariff changes be made to restore competitive conditions in the supply of containerboard and in the supply of shipping containers" and, if so, is the government considering implementation of that recommendation?

Hon. Mitchell Sharp (Minister of Finance): Yes, the restrictive trade practices commission did make a recommendation along these lines. This recommendation, together with other recommendations which have been made by the commission on tariff matters, is being studied in connection with international trade negotiations.

FOREIGN INVESTMENT IN CANADA

Question No. 1,261—**Mr. Allard:**

1. Must foreigners wishing to make investments in Canada, apply to any federal agency and agree to certain conditions and, if so, what are these conditions?

2. Must foreigners wishing to recover investments and profits they have made in Canada submit to certain conditions and, if so, what are these withdrawal conditions?

3. Does the federal government or any of its agencies have advertising or recruitment offices for the promotion of foreign investment in Canada and, if so, in what countries?

4. Is there a liaison or information service between the federal and provincial governments concerning foreign investments in Canada?

5. Does the federal government or its agencies direct foreign investments to the various regions of Canada and if so, what standards does it apply in such direction?

6. What conditions, if any, should be met by the city of Sherbrooke, Quebec, in order to favour foreign investment within its limits?

7. From what countries were investments made in Canada in 1964 and 1965 and how were they distributed between the provinces?

Hon. Mitchell Sharp (Minister of Finance):

1. No.

2. No, provided they have complied with the Canadian tax laws prior to withdrawal.

3. No. However, the area development agency of the Department of Industry does advertise from time to time to inform foreign investors of its program. The trade commissioners of the Department of Trade and Commerce posted abroad forward inquiries respecting foreign investment in Canada to the federal Department of Industry.

[Mr. Cardin.]

4. Any general inquiries from foreign investors are referred to the various provincial industry departments. If an inquiry relates to a particular province, or to particular provinces, then such provinces only are advised of the inquiry.

5. No. The federal Department of Industry will provide interested parties with the locations of the designated areas under the area development program and with the names and addresses of provincial, municipal or regional officials to be contacted.

6. The area development agency of the Department of Industry, which is actively engaged in assisting communities to launch programs of industrial development and promotion, does not differentiate between domestic and foreign investment. Decisions by domestic as well as foreign investors whether or not to locate at a specific site do appear to be influenced very substantially by the quality and the relative cost of municipal services and utilities available.

7. Gross foreign direct investment in Canada in 1964 and 1965 was as follows:

	1964	1965
	(millions of dollars)	
United States	195	
United Kingdom	31	
Other sterling area countries	—2	not
Other OECD countries in Europe	37	yet available
All other countries	—6	
Totals	255	390

Net investment flows to Canada for portfolio investment in Canadian securities during these years were as follows:

United States	776	630
United Kingdom	—46	—55
Other sterling area countries	—	
Other OECD countries in Europe	10	2
All other countries	5	
Totals	745	577

Other types of foreign investment flows are covered in the DBS publications 67-0011, Quarterly Estimate of the Canadian Balance of Payments and, 67-002 Sales and Purchases of Securities Between Canada and Other Countries.

Provincial distribution of the ultimate disposition of these inflows is not available for either year.

*CRIMINAL CODE AMENDMENT RESPECTING CRUELTY TO ANIMALS

Question No. 1,280—**Mr. Irvine:**

1. Since April 8, 1963, has any brief or submission been presented by the Ontario Humane Society to the federal justice department or any other department requesting amendments to the criminal code which would give magistrates the power to prohibit, for specific periods of time, the keeping or harbouring of animals by any person or persons who have been found guilty of cruelty to animals?

2. If so (a) on what date was the first such brief or representation made (b) have any subsequent briefs or representations been made on this subject (c) what action is contemplated by the department regarding these briefs or representations?

Hon. Lucien Cardin (Minister of Justice): 1. Yes.

2. (a) April 29, 1963, (b) subsequent representations on this subject have been received from various societies and individuals endorsing the views of the Ontario Humane Society, (c) the representations are under study in connection with the next Criminal Code amendment bill.

A. G. HEAKES—COMPLAINTS RESPECTING MAIL DELIVERY

Question No. 1,383—**Mr. Langlois (Mégantic):**

1. Has Mr. A. G. Heakes been unable to obtain an accurate reply to his inquiries into his mail to his mother, Mrs. W. A. Heakes, on or about December 1, 1965 and filed under the file numbers 8A-64, 278, 79-80 and, if so, for what reason?

2. Was Mr. Heakes unable to obtain any answer to the said inquiries until after he had complained to the Postmaster General on February 17, 1966 and, if so, for what reason?

3. Was it found necessary to reopen the investigation into this matter after Mr. Heakes had complained to the Postmaster General that the reply to the said inquiries from Mr. Durocher, district director of postal services, dated February 21, 1966, was false and, if so, for what reason?

4. Was the same investigation made in connection with (a) Peter T. Marsh, at the University of Saskatchewan, Saskatoon (b) Henry H. Marsh, Whitehorse, Yukon (c) Mrs. P. J. Rowsell, 1204 Clyde, Ottawa?

5. What is now happening and what has happened to the mail addressed by Mr. Heakes to his mother at her last known address, 17 Glebe Road, Toronto?

[*Translation*]

Hon. Jean-Paul Côté (Postmaster General): 1. No. The reply was as accurate as possible in the light of the information provided by Mr. Heakes, who had requested an inquiry respecting letters sent to his mother between December 1964 and November 1965 to three different addresses in the Toronto area. Mrs. Heakes was not residing at any of the given addresses and, since the letters in question had not been sent by registered mail, there was no record of their handling.

2. No. The District Director of Postal Service, Montreal, replied to Mr. Heakes on 21st February which was before it was possible to take action on his letter of 17th February. Initial inquiry had been instituted by Mr. Heakes at Postal Station "B" Montreal, where inquiry forms were completed and forwarded to the office of the District Director for attention. Thus, there was no correspondence exchanged at the time.

3. Investigation was re-opened by request of Mr. Heakes, who alleged that he had been given false information. This charge appears to have been based upon the fact that he was not informed that changes of address had been filed with the Post Office in Toronto, calling for redirection of mail for Mrs. Heakes to an address in Saskatoon. Withholding of this information was in accordance with regulations whereby, for obvious reasons, the addresses of postal patrons cannot be divulged. It was not known at the time that Mrs. Heakes had not actually left the Toronto area.

4. (a) Yes. Investigation has revealed that changes of address had been filed by Dr. Peter T. Marsh, of the University of Saskatchewan, Saskatoon, on the basis of a General Power of Attorney, respecting Mrs. Heakes' affairs, which was executed in Toronto in December 1964. (b) and (c) No. These names did not come up in the course of inquiry.

5. Any mail addressed to Mrs. Heakes at 17 Glebe Road, Toronto, would now be delivered there. Effective 29th November 1965, mail was forwarded to Saskatoon on the basis of a change of address filed by Dr. Marsh who began to return it to Toronto during the month of February 1966 leading to the conclusion that redirection was no longer desired. Verbal confirmation of this was subsequently obtained from Dr. Marsh.

[*English*]

ARDA PROJECTS, CARLETON CONSTITUENCY, ONT.

Question No. 1,431—**Mr. Bell (Carleton):**

1. Have any projects been approved under ARDA affecting the electoral district of Carleton since April 22, 1963?

2. If so (a) what are they (b) what was the objective of each (c) what was the cost of each?

3. Are there any projects affecting this electoral district now under consideration?

Questions

4. If so (a) what are they (b) what is the objective of each (c) what is the estimated cost of each?

Hon. Maurice Sauvé (Minister of Forestry): 1. Yes.

2. (1) Eastern Ontario Rural Development Study; This project covers the 11 eastern counties of Ontario and is primarily an economic evaluation of farm size, land capability, and mode of farming with the objective of establishing the requirements for the formation of viable farm units. The total cost of this project is estimated at $36,100, shared equally between federal ARDA and the province. (2) Drainage Assistance in eastern Ontario; There are 966,000 acres of land in the 11 counties of eastern Ontario which are poorly drained but which have a high capability for agriculture. A portion of this land is within Carleton county. During the next five years federal ARDA will provide one third of the funds for a $1,500,000 program to provide outlet drainage ditches. The balance of cost will be paid equally by the province and the municipalities involved. (3) Farm Pond Assistance Program; This provincial wide program is designed to increase farm productivity by supplementing farm water supply for livestock, spraying, and irrigation. During the next two years federal ARDA will contribute one quarter of the $700,000 to be expended; the provincial contribution will also be one quarter while the local contribution will be one half. The total federal provincial contribution may not exceed $500 for any one pond per 100 acres of land or fraction thereof. (4) The Canada Land Inventory; This $18,000,000 nation-wide survey will assess land capabilities for agriculture, forestry, recreation and wildlife. In addition, certain socio-economic factors will be evaluated. The work is probably more advanced in eastern Ontario than any other region of Canada. At the present time, the capabilities for agriculture and forestry and the present land use have been mapped in the eleven eastern counties. Work on the wildlife and recreation sectors of the inventory is presently underway in the same area. Federal ARDA will assume the entire cost of the inventory.

3. Yes.

4. The details of projects are not yet resolved and are under discussion with the province of Ontario.

[Mr. Bell (Carleton).]

DRAINAGE OF AGRICULTURAL LAND ON INDIAN RESERVES

Question No. 1,435—**Mr. Thomas (Middlesex West):**

Does the government intend to extend its co-operation with the province of Ontario, through ARDA, to a program of drainage of agricultural land on Indian reserves in the province?

Hon. Maurice Sauvé (Minister of Forestry): The Agricultural and Rural Development Act and the rural development agreement entered into by the province of Ontario and the federal government pursuant to that Act, provides that ARDA may be applied to Indian lands and Indian people. The government may then extend its co-operation to a program of drainage of agricultural land on Indian reserves if it is requested by the province.

REPORT ON BAY OF FUNDY TIDES

Question No. 1,455—**Mr. Coates:**

When is a report expected on the study at present being carried out by the Atlantic Development Board into the feasibility of harnessing the Bay of Fundy tides from a power point of view?

Hon. J. W. Pickersgill (Minister of Transport): I am informed by the Atlantic Development Board as follows:

The report on subsurface investigations in the Minas basin area for a possible tidal power site has been received. Previous to this study, preliminary investigations had been carried out of foundation conditions in the Shepody Bay-Cumberland Basin area.

REQUEST FROM B.C. FOR ADDITIONAL VOCATIONAL FUNDS

Question No. 1,483—**Mrs. MacInnis (Vancouver-Kingsway):**

1. Has the federal government been asked by the government of British Columbia to make additional funds available under the 75-25 formula so that additional vocational facilities can be provided?

2. If so, what was the government's response?

3. Has the Vancouver school board offered assistance to those in charge of the manpower development program and the war on poverty program?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Prime Minister's office and the Department of Citizenship and Immigration as follows:

1. No.

2. Not applicable.

3. No.

TOWN OF OROMOCTO

Question No. 1,497—**Mr. MacRae:**

In connection with the development of the town of Oromocto (a) how much did the government pay per acre for land in the townsite area (b) how many lots have been laid out per acre (c) what is the average cost of servicing an acre of land or each lot (d) is it a basic principle of the development corporation to make a profit from the sale of the lots?

Hon. Léo Cadieux (Associate Minister of National Defence): 1. (a) $270 per acre (b) Approximately 2.5 lots per acre including roads, rights of way and park areas; (c) Approximately $2,659 per lot. (d) No.

COST OF CANADIAN NATO BASES

Question No. 1,505—**Mr. Mather:**

What, in dollars, was the cost of Canadian military bases and personnel in France since their establishment under NATO?

Hon. Léo Cadieux (Associate Minister of National Defence): The capital costs, paid by the Canadian government, of fixed facilities at Canadian bases in France were as follows:

Marville	$ 8,744,000
Grostenquin	8,940,000
Metz	2,270,000
Total	$19,954,000

These figures do not include the costs of facilities provided by the commonly financed NATO common infrastructure program. The Canadian base at Grostenquin was closed and turned over to the French authorities at the end of 1964.

The personnel, operation and maintenance costs of the Canadian bases in France since they were first established are estimated at $482,000,000. These costs include military and civilian personnel costs, equipment operation costs, station support costs and other operating and maintenance costs of the headquarters, 1 air division (Metz), No. 1 wing (Marville), and No. 2 wing (Grostenquin).

Questions

CONSTRUCTION OF TECHNOLOGY INSTITUTE, SEPT-ÎLES, QUE.

Question No. 1,514—**Mr. Blouin:**

In the context of the federal-provincial program to help technical and vocational training institutes, did the federal government pay part of the cost of construction of the institute of technology at Sept-Îles, Quebec, during the year 1964 or 1965, in accordance with an agreement with the government of Quebec?

[*Translation*]

Mr. J. C. Munro (Parliamentary Secretary to Minister of Citizenship and Immigration): Yes.

[*English*]

POST OFFICE BUILDING, INWOOD, MAN.

Question No. 1525—**Mr. Stefanson:**

Has the government any plans to build a post office at Inwood, Manitoba and, if so (a) has land been purchased (b) when will this project be proceeded with?

Hon. Jean-Pierre Côté (Postmaster General): No. The post office at Inwood, Manitoba is in the category of offices where the postmaster is normally responsible for the provision of suitable accommodation as a condition of employment. (a) and (b) Not applicable.

C.M.H.C. LOANS, TROIS-RIVIÈRES, QUE.

Question No. 1,526—**Mr. Mongrain:**

1. What was the number and the total amount of loans made by Central Mortgage and Housing Corporation directly from its office at Trois-Rivières in each of the years 1960, 1961, 1962, 1963, 1964 and 1965?

2. How many loans by other financial institutions has C.M.H.C. approved in each of these years?

Hon. J. R. Nicholson (Minister of Labour): 1 and 2.

GROSS NHA LOANS APPROVED FOR NEW HOUSING IN TROIS-RIVIERES FIELD OFFICE AREA
1960-1965

Period	Approved Lenders			CMHC			Total NHA		
	Number of Loans	Number of Units	$000	Number of Loans	Number of Units	$000	Number of Loans	Number of Units	$000
1960	24	25	279	286	334	3,076	310	359	3,355
1961	86	88	994	576	625	6,243	662	713	7,237
1962	98	100	1,185	432	451	4,784	530	551	5,969
1963	83	92	1,082	483	500	5,571	566	592	6,653
1964	5	6	70	378	390	4,509	383	396	4,579
1965	13	13	175	487	494	6,057	500	507	6,232
1960-1965	309	324	3,785	2,642	2,794	30,240	2,951	3,118	34,025

NHA Loans Approved for University Housing Projects(1) Trois-Rivières Field Office Area, 1961-1965

Period	Number of Loans	Number of Students to be Accommodated	Amount of Loan $ 000
1961	1	125	529
1962	1	50	195
Total	2	175	724

(1) Approved by Order-in-Council.

Net NHA Loans Approved for Municipal Sewage Treatment Projects in Trois-Rivières Field Office Area 1961-1965

Period	Number of Loans	Amount of Loan $ 000
1961	—	—
1962	1	139
1963	—	—
1964	2	613
1965	1	29
Total	4	781

HOURLY PAID NATIONAL DEFENCE EMPLOYEES, HALIFAX

Question No. 1,533—**Mr. Forrestall:**

What is the total number of hourly paid employees of the Department of National Defence, Halifax area?

Hon. Léo Cadieux (Associate Minister of National Defence): 1,680.

[Mr. Nicholson.]

"THIS HOUR HAS SEVEN DAYS"

Question No. 1,565—**Mr. Prittie:**

1. Have any letters and telegrams been received since April 15 by the office of the Prime Minister on the subject of the television program "This Hour Has Seven Days" and, if so (a) how many (b) how many of these have criticized the position taken by the management of the C.B.C. in this matter (c) how many have expressed support for the management of the C.B.C. in this matter?

2. Have any petitions been received since April 15 by the office of the Prime Minister criticizing the management of the C.B.C. and, if so (a) how many (b) what is the total number of signatures on these petitions?

3. Have any petitions been received since April 15 by the office of the Prime Minister supporting the position of the C.B.C. management and, if so (a) how many (b) how many signatures were there on such petitions?

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): 1. Yes, 569 letters and 225 telegrams; (a) 794; (b) 780; (c) 14.

2. Yes, (a) 4; (b) 9,563.

3. No. (a) Not applicable; (b) Not applicable.

"THIS HOUR HAS SEVEN DAYS"

Question No. 1,566—**Mr. Prittie:**

1. Have any letters and telegrams been received since April 15 by the office of the Secretary of State on the subject of the television program "This Hour Has Seven Days" and, if so (a) how many (b) how many of these have criticized the position taken by the management of the C.B.C. in this matter (c) how many have expressed support for the management of the C.B.C.?

2. Have any petitions been received since April 15 by the office of the Secretary of State criticizing the management of the C.B.C. and, if so (a) how many (b) what is the total number of signatures on these petitions?

3. Have any petitions been received since April 15 by the office of the Secretary of State supporting the position of the C.B.C. management and, if so (a) how many (b) how many signatures were there on such petitions?

Hon. Judy V. LaMarsh (Secretary of State): (1) Yes; (a) 950; (b) 875; (c) 42 (33 were unclear as to what position was being taken).

(2)Yes. (a) 23; (b) 2,972.

(3) None.

QUESTION PASSED AS ORDER FOR RETURN

GOVERNMENT OFFICE SPACE

Question No. 1,243—**Mr. Orlikow:**

1. In the past ten years, have any federal government departments increased their office space and, if so (a) which departments (b) by how much in square feet (i) in Ottawa (ii) outside Ottawa (c) of this space, how much is in buildings owned by the government of Canada and how much is in privately owned buildings?

2. Of the space occupied by the government in government owned buildings, what was the cost of building construction per square foot and what is the actual cost of maintenance per building per square foot (a) in Ottawa (b) outside Ottawa?

3. Of the space occupied by the government in rented buildings, what is the actual rental per square foot and what is the cost to the government of maintenance per square foot (a) in Ottawa (b) outside Ottawa?

4. For what period is the government committed to remain and to pay rent in the buildings in which it has rented quarters (a) in Ottawa (b) outside Ottawa?

5. Does the government assume financial responsibility for structural and decorating cost of rented space?

6. What plans for new space for government departments, commissions, crown corporations, etc. does the government have for the next five years and, of this, how much will be in government owned buildings and how much in rented quarters?

7. In the space required in the next five years, what is the estimated cost per square foot for buildings to be built by the government and what is the estimated cost of maintenance per square foot per year in the buildings to be built by the government?

8. Of the space proposed to be rented for government use in the next five years, what is the estimated rental cost per year per square foot, and what is the estimated cost of maintenance?

Return tabled.

• (2:40 p.m.)

LABOUR RELATIONS

QUEBEC LONGSHOREMEN'S STRIKE—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I ask leave, seconded by the hon. member for York South, to move the adjournment of the house under standing order 26 for the purpose of discussing a definite matter of urgent public importance, namely the labour dispute at Montreal, Trois-Rivières and Quebec between the Shipping Federation of Canada and the international longshoremen's association, and its serious effects upon the economy of the country.

I would like an opportunity to make some remarks regarding the urgency of this matter.

Mr. Speaker: Order, please. I would invite the hon. member to submit remarks not about the urgency of the matter but about urgency of debate of the matter.

Mr. Douglas: Mr. Speaker, I shall confine my remarks to the urgency of debate at this time. It is not necessary to point out to the house the widespread and harmful effects which a continuation of this labour dispute can have on the economy, the serious effect which it will have on the export of our goods and particularly grain shipments, which to a very large extent determines the deliveries which prairie farmers can make of their wheat.

The fact that there has been violence on the waterfront during the last 24 hours is something which I think causes great concern. We in this party do not for one moment condone that violence, but we suggest that the quickest way to bring an end to such violence is to find a speedy solution to the dispute.

We feel that a discussion in the house today will provide an opportunity for full discussion of the facts upon which the dispute is based. The house has not had an opportunity, other than by some fragmentary answers given by the Minister of Labour, to learn what is the real cause of the labour dispute and what are the points at issue. It seems only fair to both sides and to the public that these facts should be known and should be fully discussed in the hope that a solution can be reached.

I should like to point out that no other opportunity presents itself at this time to discuss this very important matter. We had hoped that the estimates of the Department

of Labour would have been before the house today; had that taken place it would not be necessary to raise this matter now. If the government decides to bring down the labour estimates this would obviate the necessity to proceed with this motion, but if there is no other opportunity it seems to us this matter ought to be discussed now.

As hon. members know, the labour estimates have been put at the end of the long list of departmental estimates announced by the Minister of Public Works last evening. It is unlikely that those estimates will be discussed before another ten days or two weeks. That is too long to wait before discussing a matter which is of such pressing importance and which could have such devastating consequences for the Canadian economy. For that reason we feel debate is urgent at this time in order that a full statement can be made by the Minister of Labour and hon. members may have an opportunity to debate this very important question.

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, having regard to the fact that the mediator has been sitting since nine o'clock this morning and presently is actively engaged in this matter, this is not the time for me to make a statement. I am quite prepared, however—and I have spoken to the house leader about this—to have the estimates of the Department of Labour brought on immediately this afternoon.

Mr. Speaker: In view of the assurance given by the hon. minister, I am sure the hon. member for Burnaby-Coquitlam will agree that there is no necessity to adjourn the ordinary business of the house.

Mr. Douglas: Mr. Speaker, I quite readily concur in your suggestion. If the labour estimates are to be brought down this afternoon I ask the permission of the house to withdraw my motion.

[*Translation*]

MOTIONS FOR PAPERS

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Notice of motion for papers No. 133 is acceptable to the government, subject, however, to the reservations concerning official documents and the authorization of the municipal authorities concerned.

Would Your Honour call notice of motion No. 132; I ask that the others be allowed to stand.

[Mr. Douglas.]

[*English*]

TUNNEL UNDER RAILWAY TRACKS, ST. HYACINTHE, QUE.

Motion No. 133—**Mr. Ricard:**

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 exchanged between the authorities of the city of St. Hyacinthe on the one hand, and any department of the government of Canada on the other hand, in relation to a project for the construction of a tunnel under the railway tracks of the C.N.R. opposite Choquette boulevard in the city of St. Hyacinthe.

Motion agreed to.

CONDITION OF NATIONAL MUSEUM

Motion No. 132—**Mr. Orlikow:**

That an order of the house do issue for copies of any reports received by the government relating to the physical conditions, safety and structure of the national museum.

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, all the reports referred to in this notice of motion are reports made by the departmental engineers and therefore are privileged since they are made to their own superior officers. I have discussed the matter with the hon. member and I would ask him to withdraw the motion. I have no objection whatsoever to giving him all the information we have available, but I would not wish the motion to pass.

Mr. Orlikow: That will be satisfactory.

Order discharged and motion withdrawn.

NATIONAL SECURITY

QUEBEC—R.C.M.P. REPORTS PROVIDED TO PROVINCIAL GOVERNMENT

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, having regard to the state of affairs in which Mr. Vachon finds himself, is the Prime Minister now in a position to let the house know the circumstances under which R.C.M.P. reports came into the possession of the Quebec government; and will he indicate what justification there can be for such an occurrence?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, having regard to this matter of security information, there has been no change in the policy which has prevailed now for a good many years. R.C.M.P. files are never made available to any person other than properly authorized officials of the government of Canada. I should add this general

statement, however, without reference to any particular case, and I know the house will appreciate why I do so.

It is essential for the enforcement of law and the maintenance of order and national security that there be an exchange of information when deemed necessary between law enforcement agencies in Canada. Such exchanges have been going on for many years, Mr. Speaker.

Mr. Diefenbaker: Mr. Speaker, will the Prime Minister say when this information was made available to the province of Quebec? The house has a right to that information, because otherwise these secret files could be used for purposes of personal assassination, which is something that cannot be justified.

Mr. Speaker: Order, please. The right hon. Leader of the Opposition is repeating the question he originally posed, to which the right hon. Prime Minister has replied.

Mr. Diefenbaker: Mr. Speaker, I rise to ask this question. When was this information made available, or was this also kept under cover for 14 months?

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please.

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I should like to ask the Prime Minister whether the cabinet has given consideration to the use of the armed forces in connection with the threatened Quebec provincial police strike, referred to today in a Toronto newspaper.

Mr. Pearson: Mr. Speaker, as the hon. member is aware, the only occasion on which the armed forces of the federal government are used for the purpose of maintaining law and order is consequent upon a request made by a provincial government in accordance with the law. If and when such a request is made the federal government then discharges its obligations under the law. There has been no such request in respect of the situation referred to by the hon. member.

Mr. Fairweather: I have a supplementary question, Mr. Speaker. In view of the provincial election to be held on June 5 in Quebec, will the Prime Minister assure us that no such extraordinary remedy will be used even if the Quebec government asks for it?

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please. The question asked by the hon. member is hypothetical.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, in connection with this matter of the exchange of information I should like to ask the Prime Minister whether the government examines each case to see whether the information given has been misused. If so, should there not be a reconsideration in respect of the exchange of such information?

Mr. Pearson: Mr. Speaker, in following a practice which has been in effect for many years it is not possible for me to give details of security matters of this kind to the house. I can assure my hon. friend that all the matters he has mentioned are taken into consideration.

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I have a supplementary question for the Prime Minister. Was there any such request during the troubles which occurred in respect of the S.I.U., when the then minister of labour contemplated the use of troops?

Mr. Speaker: Order, please. This question is not in order.

Hon. George Hees (Northumberland): Mr. Speaker, I have a supplementary question. Will the Prime Minister advise the house when the information regarding Mr. Vachon was made available by the R.C.M.P. to the Quebec government?

Mr. Speaker: Order, please. This question is not acceptable.

Mr. Terence Nugent (Edmonton-Strathcona): I have a supplementary question, Mr. Speaker. When security information is made available is there any understanding as to the purpose for which it may be used, or is it made generally available for political purposes, as in the case of files given to the Prime Minister?

Mr. Speaker: Order, please.

Mr. Diefenbaker: Mr. Speaker, I rise on a question of privilege. Surely the rights of the individual and the protection of fundamental freedoms should not be denied in this way. This is a serious matter, namely the use of information gathered by the mounted police in a provincial election by a provincial government to destroy the effectiveness of someone to whom it is opposed.

Some hon. Members: Hear, hear.

Inquiries of the Ministry

Mr. Speaker: Order, please. There is no question of privilege here at all. The right hon. gentleman may have a grievance, but certainly this is not the time to redress grievances.

Mr. Nugent: On a point of order in connection with the ruling on my question, Mr. Speaker, I think my question is perfectly appropriate. I would ask Your Honour the reason for the ruling whereby we are not allowed to know the basis upon which security information is given out.

Mr. Speaker: Order, please. The question is argumentative.

Some hon. Members: Oh, oh.

Mr. Hees: On a point of order—

Mr. Nugent: The question is argumentative, but it is a fundamental question of right.

Mr. Speaker: Order, please. I would ask the hon. member to resume his seat.

Mr. Hees: On a point of order, Mr. Speaker, might I, with respect, request Your Honour to explain why my question to the Prime Minister, asking when this information was given to the Quebec government, is out of order?

Some hon. Members: Shame.

Mr. Speaker: Order.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I wanted to direct a question to the Minister of Public Works and ask him whether I clearly understood the statement made by the Minister of Labour, namely that the labour estimates would be before us first thing today, as the very first item.

Hon. G. J. McIlraith (Minister of Public Works): That is correct, Mr. Speaker.

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I should like to ask the Minister of Justice whether he authorized the R.C.M. Police to release the Vachon file for use by people in the province of Quebec.

Mr. Speaker: Order, please. The hon. member for Winnipeg South Centre will recognize that this is the same question that was asked a moment ago. The hon. member is requesting information, and in view of the way the question was put I cannot see that it should be asked at this time. If the hon. member feels that there is a matter of extreme urgency, or of urgency here, the matter can be dealt with on the adjournment debate tomorrow.

Mr. Churchill: No.

Mr. Diefenbaker: That being so, Mr. Speaker, and in view of the ruling I give notice now, sir, that I am going to move the adjournment of the house tomorrow to discuss this matter which affects the liberties of Canadians.

Some hon. Members: Hear, hear.

[*Later:*]

Mr. J. R. Keays (Gaspé): I should like to direct a question to the Solicitor General. Since the Quebec provincial police association has been properly warned that Mr. Vachon is a security risk, what action is being taken by the government to protect national security in this case?

Mr. Speaker: Order. The hon. member will realize that this question is of a general nature and cannot be asked at this time.

CANADIAN BROADCASTING CORPORATION

PROTESTS BY STAFF RESPECTING "SEVEN DAYS" DISMISSALS

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is directed to the Secretary of State. I would ask the hon. lady, in view of the critical situation created by the threat of a strike of C.B.C. producers, if she can inform the house whether publicly owned facilities were used by the C.B.C. public affairs staff in Toronto to create an unofficial, nation-wide campaign to protest the firing of the co-hosts of "Seven Days".

Hon. Judy V. LaMarsh (Secretary of State): I cannot answer that question, Mr. Speaker, because I do not know the answer; but I shall find out.

[*Translation*]

BANKRUPTCY

REQUEST FOR CONSIDERATION OF FRAUDULENT BANKRUPTCIES BY ROYAL COMMISSION

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I should like to put a question to the Minister of Justice.

Has he been asked recently by the Quebec minister of justice to set up a royal commission on fraudulent bankruptcies in Canada?

Hon. Lucien Cardin (Minister of Justice): No, Mr. Speaker.

[*Later:*]

Mr. Laprise: Mr. Speaker, I have a question for the Minister of Justice.

Has he received from the Quebec Federation of Businessmen Associations and from the Canadian Lumber Dealers Association, a request for a royal commission on fraudulent bankruptcies in Canada?

Mr. Cardin: Mr. Speaker, as far as I know I did not receive the submission referred to by the hon. member.

[*English*]

Mr. Jack McIntosh (Swift Current-Maple Creek): I am rising on a point of order, Mr. Speaker. Yesterday I asked a question in almost identical words and you ruled it out of order.

Mr. Speaker: The hon. member just used a very important word, "almost". If the hon. member was entitled to ask the question and I should have recognized it, I apologize to him.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I claim your indulgence, Mr. Speaker, because there is something more fundamental in this question than meets the eye.

Some hon. Members: Oh, oh.

Mr. Herridge: In view of the fact that the parliamentary band and chorus are going to perform at the gala evening being undertaken by the O.A.C.-O.V.C. Mac-Alumni on Wednesday, June 8, in the West Block—without charge—would the Minister of Labour mind getting in touch with the president of the musicians' union in Washington, U.S.A. in an effort to obtain his permission for this performance and its recording?

Mr. Speaker: Order, please. I am sure the Minister of Labour has noted the suggestion made by the hon. member.

ADMINISTRATION OF JUSTICE

SPENCE ROYAL COMMISSION—INQUIRY AS TO REPORT

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, I wish to direct this question to the Prime Minister. I wonder if the right hon. gentleman is in a position today to advise us when he expects to receive the Spence report. I presume this question is in order because of the Prime Minister's great knowledge of files.

Sone hon. Members: Sit down.

Mr. Speaker: Order, please.

Mr. Muir (Cape Breton North and Victoria): Mr. Speaker, on a point of order, I refuse to sit down as the result of comments from across the way. Would you kindly point out to me, sir, why my question is out of order? I am asking the Prime Minister when the Spence report may be expected.

Mr. Speaker: Perhaps the hon. gentleman will resume his seat and point out to me when the question was ruled out of order. I did not rule it out of order.

Mr. Muir (Cape Breton North and Victoria): Then may I again pose my question to the Prime Minister?

Mr. Speaker: The hon. gentleman does not have to ask his question again. The question was asked, and if the Prime Minister wants to reply to it he may do so now.

Right Hon. L. B. Pearson (Prime Minister): In spite of the insulting way in which the hon. member put the question—

Some hon. Members: Hear, hear.

Mr. Pearson: —I will say that although I have not formally dissociated myself from this commission, I do not know when the commissioner intends to make his report.

Mr. Muir (Cape Breton North and Victoria): I have a supplementary question. May I thank the right hon. gentleman for his insulting reply.

Mr. Speaker: Order, please.

An hon. Member: Can't you take it?

Mr. McIlraith: There is some decency in some members.

Mr. Speaker: May we have order. I ask for the assistance and co-operation of hon. members to please try to put questions in a more orderly way.

TRADE

SHIPMENTS OF POWDERED MILK TO AFRICAN CHILDREN IN RHODESIA

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): I would like to direct a question to the Minister of Trade and

Commerce which he may take as notice. Are shipments of powdered milk destined for schools and missions for African children in Rhodesia being presently prohibited under the terms of the Export and Import Permits Act?

Hon. Robert H. Winters (Minister of Trade and Commerce): I do not believe so, but I will take the question as notice and if my answer is not correct I will so inform the house.

[*Translation*]

BROADCASTING

INQUIRY AS TO PRODUCTION OF WHITE PAPER

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I should like to put a question to the Secretary of State.

Since the committee on broadcasting is scheduled to meet again tomorrow afternoon and the Keate report suggests that the government publish the white paper as soon as possible, can we expect the government to speed up its publication so that it might be made available to the committee within the next ten days?

[*English*]

Hon. Judy V. LaMarsh (Secretary of State): We are now in the month of June, Mr. Speaker, when I promised it to the house.

PILOTAGE

INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. Frank Howard (Skeena): I would like to direct a question to the Minister of Transport. When is it expected that the royal commission on pilotage will make its report?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I wish I knew.

Mr. Howard: May I direct a supplementary question to the Minister of Justice and ask him if he asked the R.C.M.P. to look into this.

Mr. Speaker: Order, please.

INDIAN AFFAIRS

SASKATCHEWAN—PRESERVATION OF INDIAN SHRINE

On the orders of the day:

Mr. L. M. Brand (Saskatoon): I have a question for the Minister of Northern Affairs and National Resources but in his absence I will put it to his parliamentary secretary. Since the Historic Sites and Monuments Board has met and presented its recommendations to the minister regarding the Cree Indian shrine Mistaseni, would the minister now be in a position to inform the house what decision he has made regarding the removal of this valuable shrine to safe ground?

Mr. Stanley Haidasz (Parliamentary Secretary to Minister of Northern Affairs and National Resources): Mr. Speaker, may I take this question as notice.

LABOUR RELATIONS

MONTREAL—PROTECTION OF FEDERAL PROPERTY IN LONGSHOREMEN'S STRIKE

On the orders of the day:

Hon. D. S. Harkness (Calgary South): Mr. Speaker, I wish to address a question to the Solicitor General. In view of the outbreak of violence on the Montreal waterfront has the R.C.M.P. been instructed to protect government property and installations in that port?

Hon. L. T. Pennell (Solicitor General): The R.C.M.P. is giving assistance to the harbour police in protecting federal property in the port of Montreal.

Mr. Harkness: I have a supplementary question. Has the number of R.C.M. Police been augmented so they can properly carry out this function?

Mr. Pennell: The number of R.C.M.P. supplied has met the request of the Montreal harbour commission police.

Mr. R. Gordon L. Fairweather (Royal): I wish to direct a supplementary question to the Minister of Trade and Commerce. What steps have been taken to isolate and gain free passage for goods and materiel designed for Expo '67 in view of the secretary general's grave concern about the progress of the construction?

Mr. Winters: Some of it is being held up right now. It is impeding the work of Expo.

Mr. Fairweather: What is being done about getting it released?

Mr. Winters: We are exerting our best endeavours to move all the goods and equipment we can, but the strike is a matter of grave consequence to Canada, and Expo is suffering with the rest of our economy.

AGRICULTURE

CONSIDERATION OF RESOLUTION RESPECTING FEED GRAIN

On the orders of the day:

Mr. C. F. Kennedy (Colchester-Hants): Mr. Speaker, my question is directed to the Minister of Forestry. In view of the urgent necessity for planning supply and storage of livestock feeds for the coming winter, can the minister indicate when resolution No. 48 on the order paper will be dealt with?

Hon. Maurice Sauvé (Minister of Forestry): This will be decided by the house leader.

Mr. Kennedy: A supplementary question, Mr. Speaker. May I then direct this question to the government house leader?

Hon. G. J. McIlraith (Minister of Public Works): Yes, Mr. Speaker. It will be done as soon as the government gets a chance to have its legislation dealt with by the house.

CHAROLAIS CATTLE—SALES TO U.S.

On the orders of the day:

Mr. Lawrence E. Kindt (Macleod): Mr. Speaker, may I change the tone of this assembly. I wish to direct a question to the Minister of Agriculture concerning Charolais cattle. One hundred and fifteen head of cattle were imported from France last October and kept in quarantine at Grosse Ile, Quebec. They were recently distributed to farms and ranches throughout Canada for a further 90 day quarantine. This matter is urgent because U.S. buyers in Canada are as thick as flies. They wish to buy these cattle because the U. S. government prohibits imports from France owing to the foot-and-mouth disease, so Canada is being used as the back door.

Mr. Speaker: Order, please.

Mr. Kindt: My question is as follows. What action does the government intend to take to prohibit sales of these Charolais cattle to the U.S.?

Mr. Speaker: Order. I doubt whether the question is very urgent, but I am inclined—

Mr. Kindt: But Mr. Speaker—

Mr. Speaker: Perhaps the hon. member might wait until I finish. As I said, although I do not think the question is urgent I am inclined to allow the minister to answer it.

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, it is heartwarming that whenever this assembly gets too rowdy, a question is directed to the Minister of Agriculture in order to temper the feelings and elevate the debate.

In answer to the thesis propounded by the hon. member, I would say that at present there is no restriction with regard to the export of these cattle. My understanding is that the buyers and sellers of cattle are very happy that there is a free market across the border in respect of the sale of cattle, and I think we want to continue it that way.

Mr. Kindt: Supplementary Mr. Speaker, how much of the taxpayers' money was spent to bring in these cattle? Were they not brought in for the sake of crossbreeding for Canadian producers?

Mr. Speaker: Order, please. Perhaps that part of the question might be placed on the order paper.

Mr. Kindt: I shall discuss it at ten o'clock tonight.

Mr. Greene: The hon. member will be flying solo.

QUEBEC—SHORTAGE OF FEED GRAIN

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Since we have temporarily embarked on the subject of agriculture, Mr. Speaker, which seems a more specific subject than most that have been dealt with today, may I ask the Minister of Agriculture or the Solicitor General whether any special provisions have been adopted to ensure that farmers will be able to load grain in spite of the strike, in view of the fact that some farmers' grain trucks were dumped in Montreal when they were attempting to take feed to their animals?

Hon. J. J. Greene (Minister of Agriculture): We have the situation under careful scrutiny, Mr. Speaker. I do not believe any special measures have been taken in respect to farmers any more than other people who are suffering the ill effects of this strike. I can assure the hon. member we will keep the matter under continuous surveillance, and if there is a critical situation with respect to feed we will take such action as we deem necessary at that time.

Mr. Harkness: May I ask a supplementary question. In view of the fact that yesterday or the day before the minister said farmers could get their grain directly in this way, has he taken any measures at all to ensure that

convoy protection or something of that nature will be provided so they can get the grain back to their farms? Is he prepared to do that?

Mr. Greene: At the time I answered the question the port of Montreal was open and things were peaceful. Since that time there has been a deterioration in the labour situation, and the only action that is being taken at the present time, as was indicated earlier, is that federal property is being protected by federal officers. To date no action has been taken to forcibly open the facilities for farmers to procure grain. Actually I believe it is the wholesalers who obtain the grain directly from these sources.

Mr. George Muir (Lisgar): May I ask a question of the Minister of Finance. I wonder if the minister is now in a position to provide the house with information regarding the grain situation at the port of Montreal, about which I asked yesterday.

Hon. Mitchell Sharp (Minister of Finance): The hon. member for Lisgar asked me yesterday how many grain boats were awaiting loading and unloading at the port of Montreal. I inquired from the wheat board and they informed me that in the port of Montreal there are 41 ocean vessels waiting to load and 18 lakers waiting to unload, for a total of 59. At the three ports there are 57 ocean vessels waiting to load and 27 lakers waiting to unload, for a total of 84 vessels.

Mr. Muir (Lisgar): May I ask a supplementary question. I wonder if the minister would give us the number of bushels involved in those vessels. In addition, I should like to ask him if the government has given any consideration to having these cargoes handled at Baie Comeau or the Atlantic ports?

Mr. Sharp: I do not believe the information would be very relevant in so far as the amount waiting to unload is concerned, but the amount of export loading that is delayed is approximately 25 million bushels. I can assure the hon. member that all the forces of the government are being concentrated on trying to get this strike settled.

CANADIAN BROADCASTING CORPORATION

REPORTED USE OF DRUG IN SCENE FOR "THIS HOUR HAS SEVEN DAYS"

On the orders of the day:

Hon. L. T. Pennell (Solicitor General): Yesterday, Mr. Speaker, I promised to reply to a question asked on Monday, May 30, by the right hon. Leader of the Opposition concerning a report from the R.C.M.P. related to the filming of a C.B.C. documentary on youth.

At the request of the C.B.C., investigations were conducted by the Metropolitan Toronto police and the R.C.M.P. The result of the investigation by the R.C.M.P. was referred to the Department of Justice. An opinion was given that the report of the R.C.M.P. did not provide the basis for a charge under the Narcotic Control Act or the Food and Drugs Act. I understand that the same conclusion was reached with respect to the report of the Toronto Metropolitan police under the provisions of the Criminal Code.

BUSINESS OF THE HOUSE

LEGISLATION TO BE DEALT WITH BEFORE SUMMER RECESS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. It is a question I have asked on two or three previous occasions. Is he yet in a position to indicate to the house the government legislation which it is planned to deal with at this part of the session, and will that list include medicare?

Right Hon. L. B. Pearson (Prime Minister): Some of the legislation in question, I am glad to say, has been dealt with. The remainder of the items which should be dealt with before we even consider any summer recess I shall be able to list at the beginning of next week. This list will certainly include medicare.

AIR CANADA

INQUIRY AS TO PROGRESS IN SETTLING LABOUR DISPUTE

On the orders of the day:

Mr. Barry Mather (New Westminster): I should like to direct a question to the Minister of Labour. Having in mind the wage dispute between Air Canada and certain of its employees which may threaten the operations of Air Canada, can the minister say whether he has yet received the report of the conciliation board? If so, is the appointment of a mediator under active consideration?

Hon. J. R. Nicholson (Minister of Labour): I have been getting this same question more or less regularly each day for the last three or four days. I did not get it yesterday. If I had received it yesterday I would have said

that the report had been received and was being dispatched immediately to the two parties concerned, as is required by the act. I understand they are meeting today to discuss the report.

PENITENTIARIES

MILLHAVEN—INQUIRY AS TO COMMENCEMENT OF CONSTRUCTION

On the orders of the day:

Mr. A. D. Alkenbrack (Prince Edward-Lennox): My question is for the Minister of Public Works. When will construction begin on the new Millhaven penitentiary?

Mr. Speaker: Order. This question should be placed on the order paper.

GRAIN

INQUIRY AS TO FINAL DELIVERY QUOTAS

On the orders of the day:

Mr. Lawrence Watson (Assiniboia): I should like to direct a question to the Minister of Finance. On May 17 I asked him a question pertaining to quotas. He said he would look into the matter and make a report to the house. I wonder if he is ready to give that report now.

Hon. Mitchell Sharp (Minister of Finance): I have been in communication with the wheat board on a number of occasions about the equalization of quotas. It is my understanding that the board itself is issuing a statement about its intentions and its objectives very shortly. If that statement is not issued I will give one in the house myself.

HOUSING

REQUEST FOR C.M.H.C. FINANCING FOR OLDER BUILDINGS

On the orders of the day:

Mr. Reid Scott (Danforth): I should like to address a question to the Minister of Labour in his capacity as spokesman for Central Mortgage and Housing Corporation. Can we at this session expect legislation implementing the government's election promise that National Housing Act financing would be extended to older homes?

Hon. J. R. Nicholson (Minister of Labour): I do not recall any such election promise, but I can assume that when government policy in this matter has been settled, it will be announced in this house.

Mr. Scott (Danforth): At ten o'clock I will read the minister the election literature.

Inquiries of the Ministry

COMMONWEALTH RELATIONS

INQUIRY AS TO CONFERENCE OF PRIME MINISTERS THIS SUMMER

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Can the Prime Minister say whether the fact that one or two or more prime ministers have indicated they expect to be in London in July has anything to do with the prospective prime ministers' meeting to be called in connection with all the matters that are ordinarily dealt with at this conference, but in particular the Rhodesian situation?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, as my right hon. friend knows, at the conference in Lagos last January it was agreed that there should be a resumption of meetings, in certain circumstances, in London in July. So far as I know these meetings will still take place in London in July. Although some members of the commonwealth feel that September would be a better date for the talks, and exchanges have been going on as to whether they should be postponed, there has been no proposal for postponement yet.

Mr. Diefenbaker: A supplementary question, Mr. Speaker. Is the Prime Minister in a position to say whether progress has been made during the informal—if that is the appropriate expression—negotiations which have been going on between the representatives of the British government and Prime Minister Smith's regime?

Mr. Pearson: Mr. Speaker, the talks that have been going on should not, I think, be designated as negotiations. There have been, as my hon. friend the Secretary of State for External Affiars has pointed out, talks to see whether negotiations would be productive, and whether there is a basis for any such negotiations. They are talks about talks, in other words. The talks that took place in London I believe are about to be resumed shortly in Rhodesia, but the preliminary character of the talks still persists.

Mr. Speaker: Order, please. I am very sorry to say that the question period has expired.

Supply—Labour

SUPPLY

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

DEPARTMENT OF LABOUR

1. General Administration, including grants as detailed in the estimates; the expenses of the International Labour Conferences and the promotion of labour-management co-operation $4,569,100.

The Chairman: Shall vote No. 1 of the main estimates of the Department of Labour carry? This item appears on page 200 of the blue book of estimates, and was under consideration on Friday, May 27 last.

Mr. Douglas: Mr. Chairman, I understand that the Minister of Labour said earlier today that he would be prepared to make a statement about the labour dispute which is now causing a good deal of dislocation in the ports of Montreal, Trois-Rivières and Quebec. I wonder if the minister wants to make a statement at this time?

Mr. Nicholson: Mr. Chairman, my recollection of what I said yesterday, confirmed by a reference to *Hansard*, is that I would give consideration to the suggestion that was made, and that I might make a statement on motions today. I have considered that suggestion.

I intimated earlier this afternoon that the mediator has been working with the parties since nine o'clock this morning. Part of the difficulty, and I am sure that this is not through any lack of confidence on either side, is lack of communication in this particular field. The discussions taking place today are of the nature of an educational process, and communications between the parties are progressing within a more relaxed environment than previously, without the pressures that existed over the weekend. While these negotiations are progressing I do not think the minister ought to make a statement which might be taken out of context and might add to the difficulties that now exist.

My hon. friend sought to move a motion to adjourn the house. Nevertheless the estimates are before us. My hon. friend or any other member of the house may wish to comment, or make suggestions respecting this particular matter.

Mr. Douglas: The minister's reticence at this time is rather difficult to understand in view of the fact that he has already made some statements, giving only part of the

[Mr. Speaker.]

story, with reference to the dispute now taking place within the port facilities of Montreal, Trois-Rivières and Quebec. I had hoped that the minister would take this opportunity of making a full and complete statement as to the basic causes of the strike.

Yesterday, when my friend and deskmate, the hon. member for York South asked the minister certain questions, the minister said that they would take too long to answer on orders of the day. Now that he has an excellent opportunity to give answers, he seems reluctant to do so.

• (3:30 p.m.)

We want to know, Mr. Chairman, what is the major cause of this strike? The minister in his statement to the house on Monday last, May 30—

Mr. Nicholson: I hesitate to interrupt the hon. gentleman. Respecting the telegram that the hon. member questioned me about yesterday, may I point out that I did receive one telegram the day before yesterday. I think that the telegram the hon. member for Burnaby-Coquitlam received illustrates the point I have just tried to make. Some of the persons interested in this matter have failed to appreciate suggestions which have been made to them. In that connection I think it might help if I read a wire that went off this morning, for use by the mediator, if helpful. That wire is to Mr. Tremblay to whom the hon. member referred yesterday. Mr. Tremblay is the Atlantic coast district vice president of the ILA. My wire reads:

> Retel 31 May during the further discussions taking place today I have asked that your representations be given consideration regarding the older longshoremen who would be affected by reduction of gangs with a view to devising arrangements that would accommodate them. Would also say that my statement in the House of Commons was subjected to observations and inferences that were unwarranted and out of context. There was no prejudicial reflection on my part on the position of your organization.

Because of that communication, and others, I feel that a statement by me as minister at this time would not be opportune or advisable.

Mr. Douglas: Mr. Chairman, I must respectfully differ with the minister. It seems to me that a statement would be very much in order, particularly if it were to clarify some of the statements which he made on Monday, which statements in my opinion were highly inaccurate.

It is not a matter of being out of context. The first telegram dated May 30, which the minister received from the Gérard Tremblay pointed out to the minister that the main obstacle to the settlement of the longshoremen's strike lay in the fact that the shipping federation insisted on reducing gangs, and only guaranteeing job security to 85 per cent of the workers. This meant that 15 per cent of the workers would be laid off.

When I asked the minister about that, what was the minister's reply? At page 5675 of *Hansard* he said this:

> The shipping federation offers job security for all the people who had worked for more than a given period of last year; in fact they offered job security for all those who had worked, I think, for more than 15 or 16 weeks. That was put forward for consideration. This is where the figure of 85 per cent comes in. I am advised that the other 15 per cent or less comprises the casual groups such as the taxi drivers, students and those who work for a limited period each year.

That was the minister's statement. The fact is, as was pointed out in the telegram sent to the minister by Mr. Gérard Tremblay, that these are not casual workers, taxi drivers and students; they are longshoremen who, because they have not yet reached the age of 65, are not old enough to receive a pension. But they are too old to work the entire shipping season. They do not work part of the time on the docks and part of the time at something else. They work part time on the docks because they do not have the physical strength and stamina to work full time. They work part of the day and go home for a rest. Remember, this is exacting, physical labour. The minister gave the house and the country the impression that these men—the regular longshoremen—would not be kicked out and that this proposed lay-off of 15 per cent would apply only to casual workers such as taxi drivers and students.

The union is contending that these older men who are not able to work the whole shipping season should not be thrown into the discard. It is not only a matter of losing a job. If an older worker who yet has several years to go before retirement, is thrown out at this time, he will not be eligible for a pension at the age of 65; he will lose all the benefits and pension rights he has built up for 20 or 30 years. This is a fundamental point. The rest of the longshoremen are fighting a battle, not for themselves but for this 15 per cent of the older workers who cannot work full time and who would not only be out of a job but completely without security at the age of 65, should they be callously discarded now by the shipping federation.

Surely the Minister of Labour must be aware that a couple of years ago his predecessor appointed Judge Lippe as a commissioner of inquiry to look into the matters which were disturbing the smooth operation of port facilities, particularly in Montreal. In the course of this inquiry Judge Lippe recognized the existence of this problem involving the older workers. He recognized that where such heavy physical labour is demanded the retirement age ought to be lower —probably 60 years—but that in the meantime some agreement for the partial retirement of these men in the 60-65 age group should be brought about.

Had the government acted on this recommendation which, I understand, Judge Lippe made, the problem would not now have arisen. But it exists, and instead of recognizing it and trying to get the shipping federation to accept a solution, the minister informs the house that all is well—that there is really no problem and that the 15 per cent who are to be thrown out of work are students, taxi drivers and people who are not really longshoremen at all. Well, the information I have is that they are longshoremen—men who have spent the best part of their lives working on the docks and who are entitled to some job security and protection.

When I asked the minister whether the Freedman principle ought not to apply, the minister answered, as reported on page 5676 of *Hansard*:

> —even Mr. Justice Freedman did not suggest that casual employees should be looked after in the way suggested in the telegram.

My understanding of the Freedman proposal was that where technological change makes it desirable to reduce the work force, this should be a matter for negotiation and that some of the benefits of technological change should be passed on to the workers and used to provide retirement benefits for those thrown out of work by automation. Mr. Speaker, if ever there was an example of a need to apply the Freedman formula, surely it is in this instance.

The other question which has not been clarified by the minister has to do with wages. I asked the minister a question about this on Monday last, in reply to which he said, as reported on page 5675:

> As I have said, very substantial increases—some say fantastic increases, I would suggest—in pay were offered. In return for these, the shipping federation has suggested, and I think properly, that they

might expect increased productivity during the second year of the agreement.

I think the house has a right to know the extent of these so-called fantastic increases.

My hon. friend from York South (Mr. Lewis) tried to find this out. He asked the minister yesterday whether the offer which was submitted to the longshoremen was a figure submitted by the minister as a bargaining basis or whether it was a figure which had been accepted by the shipping federation and which the hon. gentleman had been authorized to offer to the longshoremen. It was at this point that the minister said it would take too long to give an answer on the orders of the day.

• (3:40 p.m.)

They are quite within their rights in suggesting, whatever wage increase is offered to them, that before they agree to any reduction in the work gangs they have a right to some assurance that this 15 per cent of the workers who are to be displaced will be given proper job protection and proper security in their old age.

My reason for raising this matter today is that I think that the longshoremen have a right to have their case presented fairly and properly. I do not suggest that I can present it fairly and properly. I have not taken part in the negotiations. I do not know what wage increases have been offered to them. All I have seen is an exchange of telegrams—

Mr. Nicholson: Would the hon. member permit a question?

Mr. Douglas: Yes.

Mr. Nicholson: Does the hon. member not think that an experienced counsel in the field of labour relations, who has been with this matter for several weeks, is in a better position to explain this situation to his clients with the assistance of the mediator, rather than a discussion in this house?

Mr. Douglas: Mr. Chairman, the experienced counsel is not in this house. What I am seeking to do is to point out that the only information that has been given to the house regarding this labour dispute has come from the minister, and his statement of Monday last sounded like a press release from the shipping federation.

If the minister wants to pose as the spokesman for the employers, then let him get into a department where he will be such a spokesman for the employers, and not stay in the labour department where he is supposed to be unbiased and impartial. I am saying that the longshoremen have a right to have their case presented fairly. It has not been presented fairly by the minister, and that has been shown by the telegrams exchanged between himself and Mr. Gérard Tremblay.

The minister has not given the house the facts. It is from the statements of the minister that the people will gather their impression as to the reason for this labour dispute. The minister has not told the house all the facts with reference to the 15 per cent of the men who are to be thrown out of jobs. He has not told the house and the country what sort of wage offer has been made, and whether it has been made by the employers or merely made by him as a basis for negotiations.

In the telegram which the minister received from Mr. Tremblay, the latter stated that the longshoremen have not yet received a written reply to the offer they submitted to the shipping federation. That is why we want to know whether this wage offer is a definite offer, made in writing, to which the shipping federation is committed, or are these merely figures which the minister is using in the process of negotiation? Until we have this kind of information we do not know what is the real cause of the dispute.

The people of Canada are naturally concerned about this strike. It is doing great harm to our export trade. The Minister of Finance has already told us that some 25 million bushels of grain which should be shipped are held up. The public is going to become increasingly annoyed at the delay in shipping.

As a member of the house I am anxious to know where the responsibility lies. Does it lie with the men? Are the men being unreasonable in their demands? Are they asking too much? Or, does the responsibility lie with the shipping federation? Is it trying to use this present situation as an excuse for throwing 15 per cent of its employees out of jobs merely because those employees have become older and less able to work? Is it trying to use this situation to get rid of employees to whom it will have to pay a pension in a few years? Is it trying to use this situation as a means of cutting down overhead and avoiding obligations with reference to some of its workers who have been working for it for over a quarter of a century?

We want to know. The country has a right to know. The whole issue has been befogged

and beclouded by the statements of the minister. Today the minister is very reticent, but he was not so reticent on Monday when he was presenting the employers' side of the case. There is no reason why he should be so reticent today.

Mr. Turner: Would the hon. member permit a question?

Mr. Douglas: Yes.

Mr. Turner: Does the hon. member think he is contributing to the settlement of this strike by questioning the impartiality of the Minister of Labour?

Some hon. Members: Hear, hear.

Mr. Grafftey: The same old cry.

Mr. Douglas: Mr. Chairman, this is the first time I ever knew that statements of ministers have become sacrosanct.

Mr. Turner: You are questioning the impartiality.

Mr. Douglas: I am saying that any person who will read the minister's statement of last Monday, which I put on the record, will recognize whether or not the minister has been partial in this matter. The minister makes the statement that a proposed increase is fantastic, and then refuses to tell the house whether or not this was an actual increase offered by the management.

A minister who describes 15 per cent of the people who are being laid off, not as longshoremen but as taxi drivers and students, without having checked the records in the central bureau of the St. Lawrence river ports, and a minister who quotes figures on the basis of the information given to him by the shipping federation, certainly in my opinion is not acting in an impartial manner.

I am not raising this in order to make a settlement more difficult. I am raising it because I do not want the Canadian people to be under any misapprehension as to the cause of this strike. If there is information we have not got, then let the minister give it to us. But I am saying that in so far as the limited information I have, which is merely in the telegrams that have been exchanged between the vice president of the I.L.A. and the minister, it would indicate that the basic problem has to do with the reduction of work gangs, that the people being displaced are in a great many cases long service longshoremen, and that the only reason they are able to work for only part of the shipping season is because of their age and infirmity.

And I say that if those facts are correct, the longshoremen are fully justified in saying that those men ought to have some consideration, and that merely paying the younger and able bodied workers a little more money does not give the shipping federation the right to toss the old men out on to the scrap heap.

• (3:50 p.m.)

In closing, Mr. Chairman, I just want to say that this dispute is only one of many that are on the horizon. The seaway employees, disputes in Air Canada and the C.B.C. are only the ones that have come under federal jurisdiction, but there is hardly a province of Canada in which there are not labour negotiations proceeding, and threatened strikes. I am sorry that in many cases where they come under his jurisdiction the results of these labour disputes will be placed on the doorstep of the Minister of Labour.

For over two years we in this party have been trying to warn the government that these labour disputes will become more common and more violent unless the government faces up to two problems. First there is the steady increase in the cost of living, and every increase in the cost of living is inevitably followed by a demand for increased wages. That is only natural. Unless the government is prepared to bring down some program that will meet the difficulty of the rising cost of living, they can expect more labour disputes and not less.

The other problem which we have pointed out to them is that automation is going to be an increasing factor in causing economic dislocation. The investigation by Mr. Justice Freedman laid down the principle and that principle now has to be worked out in terms of practical legislation. The government now at long last is getting around to the setting up of a department of manpower, and talking about re-training. But three valuable years have been wasted. Little or nothing has been done to set the stage for the problems of automation and the solutions which must be found to those problems.

Last Friday, at page 5632 of *Hansard,* the minister made what I thought was a most amazing proposal. He said:

> I have not been in this office long enough to be able to say whether the solution lies in the establishment of arbitration or of labour courts, such as those that have been set up in Australia and other countries of the world. The answer may lie in that kind of action because, while they have had divided success, on the whole they have been successful.

I throw that idea out as something that merits the serious consideration of all members of this house and of all Canadians.

Well, Mr. Chairman, surely this is a policy of despair when a government, which says it cannot do anything about the rising cost of living, is prepared to do something when workers demand increased wages to meet the rising cost of living. What is proposed? It proposes that it may set up courts for compulsory arbitration so that it may say to the worker: "Somebody other than you will determine the price of your labour." The government is not prepared to determine the price that the Steel Company of Canada, Limited, will get for steel or that General Motors Corporation will get for a car, or that Canada Packers Limited will get for a pound of bacon; but the government is prepared to consider setting up an authority which will determine what price the worker will be paid for his sweat and his toil.

Surely the government does not think they can get away with that. The setting up of the kind of court which the minister has proposed is simply an indication—

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

Mr. Douglas: Yes.

Mr. Nicholson: Are you suggesting that I proposed such a thing? Did I not also ask the advice of the house on the question of some other possible solution? Will the hon. member please read another passage which will show that the remarks he quoted were taken out of context. I refer to the passage at page 5636 of *Hansard*, where the very item to which he is referring was raised in a question by the hon. member for Middlesex West. I think one of the difficulties in respect of taking statements out of context is that it gives rise to trouble. I would appreciate it if the hon. member for Burnaby-Coquitlam would read the question and answer at page 5636 of *Hansard*.

Mr. Douglas: Well, Mr. Chairman, I would be very glad to read the question, but I should like to point out to the minister that in addition to the statements which he made in the house last Friday, he has been making statements outside the house along this line. I listened to one of them myself when he appeared on television. The minister may say that he is not making this as a firm proposal, but I certainly would suggest to him in all kindness that he cannot blame the public if they gain the impression that he is trying to condition public thinking to the introduction of such a policy. The general feeling of many of us is—

Mr. Nicholson: Mr. Chairman, is the hon. member not going to read the passage?

Mr. Douglas: Surely. I was going to say to the minister that I get the impression that he is flying a kite to see what public reaction will be to compulsory arbitration.

The minister at page 5636 of *Hansard* was asked a question by Mr. Thomas (Middlesex West), and the question is:

Mr. Chairman, I should like to ask the minister a question while his mind is still on the point. Has consideration been given by his department to the use of compulsory arbitration as a means of settling disputes, rather than resorting to strike action, as has been the case for many years?

Then the minister said:

I am going to suggest that I take note of questions and deal with them perhaps at the end of the period. However, I think this particular question merits a special answer and I would be glad to give one.

Very serious consideration has been given to this matter by the department and by experienced departmental officials over a period of several years. As a member of cabinet I know something of the difficulties that we have had in trying to work out and find an acceptable formula. If you really believe, as I happen to, in the importance and the significance of collective bargaining, which enables management and labour to sit down on opposite sides of the table and unburden their hearts and take strong positions if necessary, it is difficult to say in all cases compulsory arbitration would be necessary, or advisable.

I ask the minister to look at that.

Mr. Nicholson: Please read the next paragraph.

Mr. Douglas: The minister said that it would be difficult to say in all cases compulsory arbitration would be necessary or advisable. Is he saying that in some cases it would be necessary?

Mr. Nicholson: Just read the next paragraph please, and do not stop in the middle of the excerpt.

Mr. Douglas: I will read the next paragraph to the minister. It would be much better for him to make a speech, but if he wants me to make it for him, fine.

On the other hand, I think—and I am speaking only for myself, certainly not for the government, nor do I even express the consensus of my department—there are many cases where the national interest is at stake. I can think of safety and security in the air line industry, for instance, where weather services have to be maintained. Then there is the movement of passengers and freight in many cases on our railroads. It is just as important perhaps,

in my view, to have compulsory arbitration in these fields as in certain aspects of civil service activities, as proposed in the legislation that is now before this house.

The minister certainly has not helped anything by asking me to read. The fact that he now enumerates some of the economic activities in which he would support compulsory arbitration—

Mr. Nicholson: Would you read the next paragraph please.

Mr. Douglas: Before I go on to read the other paragraph which the minister wants read, may I point out that since he already has dealt with the handling of freight and the operation of the railways, I suppose the loading of ships comes in much the same category. Do I take it that he is now going to include the longshoremen among the categories which should come under compulsory arbitration? I will read the last paragraph:

I cannot give the hon. member a definite answer, but I can assure him—and this is why I made the appeal earlier today—that any constructive suggestions, which any member of this house or any other person may have to make as to how we might solve this extremely difficult question, when our national interests and economy are at stake, would be very welcome.

• (4:00 p.m.)

Mr. Chairman, I do not wish to be unkind to the minister, but I want to say that I am sure if the Liberal government had gone to the country last November and said to the people, "As soon as we assume office we will generally advertise, asking anyone who has any idea about how to run this country to please submit it and it will be received, but in the meantime we have not the remotest idea what we are going to do about this matter," they would never have been elected. I am sure that if they had said, "As soon as we get into office we will open a special mailbox to receive—"

Mr. Nicholson: Mr. Chairman, may I ask the hon. gentleman another question. Is he suggesting that a minister of the crown should not invite the views and opinions of members of this house. I thought that was one reason why we were having a debate this afternoon.

Mr. Douglas: Mr. Chairman, I have no objection to the minister's asking for suggestions. As a matter of fact, I will make some in a moment. What we are saying is that surely there ought to be some leadership given by this government. Surely a government that asked the people of Canada to elect it to office should give some leadership. Surely a party that has talked about 60 days of decision should not be now saying: We do not know what to do about rising prices, automation and labour discords such as have occurred as a result of our inaction and inertia. Surely a government after dawdling for three years, doing nothing about rising living costs, and doing nothing about bringing in legislation to resolve the problems created by automation and technological change ought to give us something better than a statement by a minister to the effect that as soon as the people tell them what they should do they will do something.

The Deputy Chairman: Order please. I regret to interrupt the hon. member, but his allotted time has expired.

Sone hon. Members: Carry on.

The Deputy Chairman: Is it agreed that the hon. member should be allowed to continue his speech?

Some hon. Members: Agreed.

Mr. Douglas: Mr. Chairman, I shall take only a few more minutes, but I might say that at least one quarter of my time has been spent in reading the minister's speech for him, at his request.

Mr. Nicholson: Is that not a penalty you must pay when you read excerpts from *Hansard*?

Mr. Douglas: The minister has spoken about suggestions that might be made. Let me inform him that he did not have to wait until now for suggestions. We on this side of the house have been making suggestions to the government for the past three years, pointing out that this country, along with the rest of the western world, has now embarked upon a great scientific revolution, and that technological change is taking place altering our whole way of life, and will alter it even more in the decades that lie ahead.

This country must adapt itself to completely changed conditions and entirely different situations. The old techniques will not suffice, and it will not do for the government to sit with its eyes shut to a steadily increasing cost of living, and do nothing. The government has done nothing about automation in the past three years but now comes to us and says it is in a mess because workers want more wages because it costs more to buy groceries in the stores. The government has said that workers are out on strike because

some employers want to throw 15 per cent of their employees on the scrap heap, but that if the people have any suggestions, they would like to hear them. Surely that is not good government.

This government has known for three years that these problems existed, but they have swept them under the rug and turned a blind eye to other major economic problems which face this country. The government is now wallowing in a mess, yet the very best it can say is: We would be glad to have some suggestions from the opposition.

Let me conclude by returning to my original point. I hope the minister will now make a statement clarifying the situation with reference to the strike taking place at the ports of Montreal, Trois-Rivières and Quebec, and that he will tell us exactly what the employers have offered in writing, and what the employees are demanding. I hope he will tell us what steps the government is taking to try to resolve the difference that may exist between the positions taken by the two disputants. If the minister can give us that kind of information we will then be in a better position to assess where responsibility lies and decide what steps must be taken to reach a solution.

Mr. Diefenbaker: Mr. Chairman, I think there will be general agreement with the views expressed by the hon. member who preceded me, that there has been gross delay and inactivity on the part of this government. The strike has gone on now for several weeks, since May 9 or 10, and regularly we have been led to believe that everything was being done by the government that could be done to bring about a solution to this strike, which is becoming more serious with the passing days.

Let me quote the words of the Minister of Trade and Commerce in answer to a question posed by the hon. member for Lisgar. The minister is reported at page 5743 of *Hansard* for May 31 as follows:

> —I can say the matter is of the very greatest concern to the Canadian Wheat Board.

The situation is of concern to the farmers in the province of Quebec who need feed to operate their dairy farms. This is something that concerns law and order in every part of Canada, particularly when one realizes that in order to divert a new waterfront eruption 300 policemen are on duty, and that in spite of this fact violence has already taken place. The only answer we can get from the government takes the form of a suggestion that nothing is being done about it, but ultimately it will disappear. That is a strange proposition.

Perhaps some explanation can be found in the fact that after this government has been in office for three years individuals like the president of the professional association of millers of Quebec do not even realize that there has been a change of government. This fact indicates the tremendous impact that has been made by the present government.

Mr. Nicholson: Would the right hon. gentleman permit a question? Does he not regard that as a compliment to him?

Mr. Diefenbaker: It certainly does not indicate a compliment as far as the government of Canada today is concerned. The president of that association of millers sent me a telegram in which he said:

> Have just heard on radio that you stated that we could pick up the feed grain with trucks at the port elevators. What about the stevedores who will not allow the trucks to get to the elevators and also will not allow non-striking port employees to get to their work. This is what is happening at the elevators in Quebec. For the last time, accept your responsibilities before it is too late.

He did not even know that the Minister of Labour was around or that this government was in office, because he put the blame on us. What is the government doing about this situation? Are they waiting and hoping, and like Barkis, willin'? While the government waits, making the kind of equivocal statements to which reference has been made by the hon. member for Burnaby-Coquitlam, things are becoming worse and worse.

• (4:10 p.m.)

All of us have heard the old legend about Rome burning and Nero fiddling. One has only to think of the activities of this government to realize that this example does not begin to describe the indolence, inactivity and inaction of this government. I listened with interest to what the hon. member for Burnaby-Coquitlam said as to what could be done. He was in office in the province of Saskatchewan. That was of course before there was any alliance with any great labour unions. But I recall that there were strikes when the C.C.F., the parent body of the N.D.P., was in office. I remember even in 1953 that the provincial transportation system was tied up because of a strike.

As I listened to the hon. member—and this seems to be a characteristic of that group as they wrap about themselves the mantle of perfection—I recalled something of the cost of

living within the province of Saskatchewan. After all, action on price fixing is a matter for the provinces, except in an emergency, and then only in circumstances permitted under the War Measures Act. As the hon. member spoke a moment ago as to action that might be taken, I recalled so well that in 1946, I think it was, the government of Saskatchewan, the socialist government of Saskatchewan, passed legislation that all prices in Saskatchewan had to be approved, that increases in prices that could not be justified could result in action being taken. I have said before that the legislation was never brought in, because it had to be proclaimed and they never proclaimed it. I have often mentioned the fact that if they had brought it in there would have been only three classes of persons in Saskatchewan: those in jail, others waiting to get in, and the rest waiting to be tried. They did not bring it in, but they have the solutions now. I would like to know what those solutions are.

They talk of the results of automation, and certainly automation is one of the most tremendous challenges throughout the free world. But how are you going to meet it? Not by the kind of generalizations that were mentioned today; not by rising and simply saying, "We have in our minds what could be done"; not by an alliance with great labour unions. Indeed, alliances of that kind are now being frowned upon in the United States. Only a few days ago Mr. George Meany, head of the A.F.L.-C.I.O., enunciated the principle of the danger of a great union's being allied with a political party. That union of his was part and parcel of the Democratic party; it won a couple of elections as a result. But the other day he expressed grave fears as to whether there should be any continuance of that alliance. Indeed, I interpreted his remarks to mean that no labour union of any importance should again find itself in a position of being allied with a political party: for after all, all of us have done our part for labour; none of us has any monopoly.

I look at my hon. friends opposite, and they give the impression as they speak that only they have any affection for labour. Well, Mr. Chairman, I am not going to review the years and go back over history, but the very foundation of trade unionism was under Macdonald in the face of great trouble, difficulties and opposition; and through the years no political party has had a monopoly of the desire that labour should receive its fair consideration. That has been the history of this matter. But when I listen day after day to the unctuous pronouncements of my hon. friends to the left, I ask myself, "Do they mean it? Are they as sincere as they appear? Has sincerity become something that only they possess in this regard?" I give my hon. friends the opportunity of clarifying this, and I am sure they will; they are great debaters.

I have heard these things over and over again, sir, and this afternoon I feel compelled to say a word in this regard. They often lead us to believe that there is something wrong with parliament, and that if only we had a socialist government things would be so different. We had a socialist government in Saskatchewan. The hon. member for Burnaby-Coquitlam was the premier of that province, and with distinction. They had such bitterness in the legislature of Saskatchewan that the leader of the opposition sued the premier of Saskatchewan and they went through to the Supreme Court of Canada. Of course, that is in the past.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: I am simply pointing out that I remember so well the debates in Saskatchewan, and the legislature then was not always that peaceful, namby-pamby kind of institution which they today would indicate the rest of us should make the House of Commons. They are only human beings and they are following the usual ways of human beings. I thought I ought to point this out because, Mr. Chairman, week after week they rise, they speak, and sometimes as I listen to them I think of the words of Agrippa, "Almost thou persuadest me..." It might be that I could be persuaded if I had not had the experience in Saskatchewan.

However, I know they will understand that I was just provoked into this and thought I should make a few references to this matter, because we have listened now for three years to this kind of thing. While I have every regard for the contribution that was made by the socialist government of Saskatchewan in social welfare, I am not unmindful of the fact that our province went back economically and in population during the days of socialism.

Mr. Winch: Mr. Chairman, could I ask the Leader of the Opposition a question?

Mr. Diefenbaker: Certainly.

Mr. Winch: Could I ask the Leader of the Opposition if it is possible for him to lower

his halo a little bit, and will Diefenbaker the almighty now tell the government and this house how to handle the situation in Montreal, with which we are most concerned?

Mr. Diefenbaker: Mr. Chairman, the hon. gentleman's halo choked him long ago.

Some hon. Members: Hear, hear.

Mr. Winch: Will you now advise the house how to handle the problem?

Mr. Diefenbaker: I am asking the government now to give us some idea of what they have in mind.

• (4:20 p.m.)

I was quite surprised to find the Minister of Labour coming out so strongly in favour of compulsory arbitration. He asked the hon. member for Burnaby-Coquitlam to read on. As he did this I was reminded of Right Hon. Mackenzie King. You could never catch him: Of course he was the hon. member for Prince Albert. If you quoted anything that he had said, he would tell you "Read on". Sooner of later you could be absolutely sure to find the very reverse of what he had said earlier. Apparently the Minister of Labour is also of that school; he says "Read on".

Mr. Nicholson: Mr. Chairman, may I put a question to the right hon. gentleman? Is it not a fact that he said on more than one occasion he was a great admirer of prime minister King as a political tactician in the house? Does the same compliment apply to the Minister of Labour?

Mr. Diefenbaker: All I can say is that whatever were his powers of extraterrestrial communication, often he came up with the right answer. I must say that the Minister of Transport also possesses ability in that direction. I think the Minister of Labour might consult him and find that answers will be forthcoming, such as they may be.

I wish to ask the minister whether or not the views expressed in the several telegrams that have been sent by Gérard Tremblay are in fact borne out by the facts? I have received a telegram which I will read to you and I will ask the minister to give us his answer to this. It says:

> We disagree with claim that shipping federation has offered to guarantee employment for all regular longshoremen—

Will the minister say whether regular longshoremen will be guaranteed employment?

[Mr. Winch.]

Will they be guaranteed their pension rights? It goes on to say:

> It is not true that all longshoremen who work 750 hours or less in navigation season are casual employees. Many of them are longshoremen who are too young to die or to receive a pension at age 65 and too old to work.

Will the minister clarify this? Will he place facts before the house and the country? It goes on to say:

> Recommendations of Judge Lippe when he was commissioner in inquiry ordered by your predecessor Hon. MacEachen concerning St. Lawrence river and maritime ports re some sort of partial retirement prior to pension that can only be obtained at age 65. Urge you to examine statistics available from central records bureau for St. Lawrence river ports . . . Regret that you qualify employer's offer as fantastic.

That was the wage offer.

Will the minister say what this "fantastic" offer was? Up to the present time all we know about it is the generalization. For weeks on end there has been a cavalier disregard by this government. They say "All will be well. We cannot act now because something will interfere with this action." My hon. colleague, the former minister of labour, asked the following question which appears at page 5743 of *Hansard*:

> I wish to direct a question to the Prime Minister. In view of the difficulties that are now being experienced... will the Prime Minister call the parties involved to Ottawa, to bring them into a different atmosphere so they may proceed to a settlement through the collective bargaining arrangement, under the chairmanship of the Minister of Citizenship and Immigration (Mr. Marchand), who has a great deal of experience in this type of work?

This is amazing. Mr. Marchand—and I use his name only because of the reference I intend to make rather than referring to his constituency—is a man with wide experience in labour matters. Why is he not brought into this? The Minister of Industry has not had much experience in this field. The hon. member for Verdun—I am sure has had experience. But what about the Minister of National Health and Welfare? He should be in on this as he is a man of great experience.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: I am always willing to speak of the qualities of any minister opposite, and I wonder why he was not used. It would have been a great opportunity to use his experience. What they did is to get only the Minister of Industry, because he comes from Montreal, and the Parliamentary Secretary to the Minister of Labour, the hon. member for Verdun. Why did they not bring in someone with experience? I am glad to

hear the applause that greeted the mention of the Minister of National Health and Welfare. It indicates there is agreement over there that he should do something. Why was he not called in? Why did they simply bring together the lame and the blind to deal with this problem? This is something I would like to know.

The Prime Minister said:

> Mr. Speaker, everything that can be done is being done to bring this strike to an end. The Minister of Labour is in touch with the situation, as my hon. friend knows, and if and when the time comes that the minister who is dealing with the matter feels the intervention of the Prime Minister would be helpful, naturally he will let me know.

How long must the shipping transportation of Canada be held up before the government believes that some action should be taken?

An hon. Member: They want 60 days for decision.

Mr. Diefenbaker: I said to the Prime Minister that in view of the request which the Prime Minister received from the Montreal port council, the council stated that any further delay in settlement would be "catastrophic". Think of the tremendous loss each day. The Wheat Board is piling up wheat which cannot be shipped. The Minister of Trade and Commerce says it is a very trying and difficult situation, and yet there is nonchalance and an easy-going uncertainty on the part of the government. They are in a rut. After all, there was always support in the house from some hon. gentleman to the left. Why has some action not been taken?

• (4:30 p.m.)

The hon. gentleman for Burnaby-Coquitlam said there would be an increasing number of strikes unless action is taken. What does this mean? He said that one of the reasons is the tremendously high cost of living, which goes up continually. There has been no action, nothing but wait and hope. They expect charity to come to their rescue. If ever there was an example of the inertia of a government, this is one. I repeat that three weeks, 21 or 22 days, have passed and the answer is: We are thinking about it. While the wheels of commerce cease to turn, the government of Canada refuses to take any action whatever. Surely if ever there was a problem that should be dealt with in part by the proposed department of manpower, this is one. What about the great Mr. Kent? You recall his name. He is the head of the war on poverty. We have not heard of him, but he ought to be in on this problem.

Again, I say why has not the Minister of Citizenship and Immigration, the minister of manpower to be, been called upon? If the statements made in the telegram from the workers, from Gérard Tremblay, are correct, then the workers have some justification for what they are doing. Before any of us can prescribe we have to know the facts. I now ask the minister to absolve himself from his vow of silence, and if he can get any help from the President of the Privy Council I will not object to hearing from him. He comes from Montreal—and that is the No. 1 qualification because no one can get into these discussions unless he comes from Montreal. This is what barred the Minister of Citizenship and Immigration.

Mr. Starr: What about the Minister without Portfolio; he is from Montreal?

Mr. Diefenbaker: Well, he has other responsibilities. Let us hear from the minister, and then I will have something further to say. In all seriousness, sir, can you not see yourselves if you were sitting over here, and we were in the government? The hon. member for Ontario, and I never said this about him before, was a minister of labour who understood matters and got things done. But if a strike continued even for a few days, the virulence of the attack that was launched on us was something to behold.

I do not say that the present minister is not acquainted with the problems of labour. As a corporation man throughout the years he dealt with labour. He has about him a kindliness that should certainly have results if given an opportunity to operate. Before having anything further to say on this matter, I ask the minister to dispel this aura of silence that seems to have gripped the government with regard to this problem, and let us know the facts.

This is not something like mounted police records that can be spread about, as in the Vachon case. They are pretty good at that—spreading about slander, and destroying. This is a practical thing. I hope the minister will be prepared now to place the house in possession of the facts, and will be able to do that which will be almost impossible: to explain how the government of which he is a member has sat, considered, examined and done nothing effective for so long.

Mr. Mackasey: I have to admit, Mr. Chairman, it is difficult to follow the Leader

of the Opposition. I enjoyed his speech because I realized that the greater part of it was delivered with tongue in cheek.

Mr. Diefenbaker: Not at all.

Mr. Mackasey: I particularly appreciated his remarks, which I thought were so accurate, not pertaining to the strike but pertaining rather to the sanctimonious attitude of the socialist party which sits in this house. As a labour man—and I consider myself a labour man—I do not apologize to the Leader of the Opposition for having participated in the discussion on the week end. I can recall in 1942 supplementing my income when I was in university by working as a longshoreman on the Montreal waterfront. I became aware of many of the problems that labour is discussing in 1966 because they existed even then in 1942 and 1943. I sympathize with labour on many of the aspects of this situation.

As a labour man I was somewhat appalled at the efforts of the leader of the New Democratic Party earlier in the day when, under the guise of being concerned for labour, he callously rose in this house to demand an emergency debate on the longshoremen's strike, knowing full well, or at least he should have known as a labour representative, that a debate confined to that particular strike could have gone a long way toward jeopardizing, indeed neutralizing, much of the progress that had been made over the week end. There has been progress made today in Montreal.

Mr. Winch: Will you report on that progress?

Mr. Mackasey: More and more, I get a little nauseated at the sanctimonious attitude adopted by the socialists in so far as labour is concerned. I think it is time they started showing some responsibility in the house and stopped jeopardizing the cause of labour under the guise of being the spokesmen for labour in the House of Commons. Knowing most members of the house as I do, I find no shortage of spokesmen for labour in our party or in the ranks of the official opposition.

• (4:40 p.m.)

What this situation needs is more frankness and blunt talk, and less hypocrisy. I know that the minister will be speaking later in this debate, and I will leave it to his good judgment to divulge to the house what he thinks should be divulged of the in camera sessions of Friday, Saturday morning, all day Sunday and Monday morning.

I should like to express my views as to some of the problems preventing the settlement of this costly strike on the waterfront. It is not a question any more of dollars and cents. It is no longer a question of how much management should pay or how much labour wants. The leader of the New Democratic Party was accurate in his assessment that we are now entering a new phase of management and labour relations. This country, now an industrial nation, can no longer afford the luxury of having segments of society pulling against each other, if we are to continue prospering.

The problems and aspirations of management must be the problems and aspirations of labour, and vice versa. Judge Freedman recognized this in his historic document. Similar to the document drawn a decade ago by Judge Rand, I believe the one drawn by Judge Freedman will, in time, be incorporated into the dictionary of labour terms.

In all fairness to the present Minister of Labour, he was one of the first both inside and outside this house to endorse, espouse and advance the philosophy of Judge Freedman. Only last month in a speech in Vancouver, not to labour but to manufacturers, he warned the manufacturers association of the moral obligations they had to the people working for them, a moral obligation put on paper by Judge Freedman, a moral obligation which management must realize more and more.

Underlying this strike, Mr. Chairman, is the concept of the moral obligation management has to longshoremen who suffer from arthritis, heart attacks, fractured limbs, colds, exposure to the elements, and from 10, 15 or 20 years on the waterfront loading and unloading ships under the cruelest of circumstances. Management has a responsibility to these people. The Minister of Labour made that abundantly clear to both parties in this dispute.

Many people in my constituency are longshoremen. Stripped of the propaganda of what is sometimes an unfriendly press, stripped of the gangster elements that periodically infiltrate the waterfronts around the world, the average longshoreman emerges, in the ports of Montreal, Trois-Rivières and Quebec as an average and decent man, wanting no more for himself and his family than I, or you, Mr. Chairman, or any other

Canadian would want. My sympathies lie with the longshoreman and I do not hesitate to say so.

We must expect management to accept the philosophy of the Freedman report, just as we must expect management of a railway, when a line is abandoned, to accept its legal and moral obligations to all those who lived in the towns or villages, whose lives have been disrupted by the unilateral decision of the railway.

On the other hand, labour must realize its responsibilities to management, if there is to be teamwork. We must develop and encourage in Canada co-operation between management and labour, so that if management recognizes its responsibilities under the Freedman report, labour must realize that if this country is to maintain its competitive position in the markets of the world, it cannot resist technological changes, new inventions, or new ways and means of increasing productivity per manpower hour.

This fundamentally is the issue. In all fairness to management, to the shipping federation, and to labour, this is a new concept which has been introduced into the scheme of things for the first time. Perhaps the parties have been tardy; but after all, free bargaining between management and labour is going on. Perhaps I am revealing secrets out of school but, under persuasion by the Minister of Labour, management has accepted responsibility to the people dislodged by automation, and labour has accepted its responsibility to co-operate in ways and means that will increase productivity, in the final analysis making our products exportable and not subject to inefficiency and high shipping costs.

It might asked, why, if both sides have accepted such principles, this strike has not been settled? I submit it is because this is the first time that such a concept has been introduced in this area of labour relations. There are differences of opinion between management and labour as to what the moral obligations on either side are. Those moral obligations have not been set out before in written form. It is only logical and normal, therefore, when you are dealing with six locals, and with a multiplicity of shipping concerns, that there should be differences of opinion.

Labour in the Montreal area is represented by a very efficient and responsible legal adviser, who has the respect of the minister, as well as of management. It is significant that the only point of difference at the moment between the parties is not a question of wages, salaries, or costs per hour, but what are the moral obligations of the parties, and to whom those apply.

I do not feel that anyone can evaluate moral responsibility toward longshoremen in terms of the number of hours that have to be worked in one year. I think it is necessary to go into the histories of people. In case any hon. member asks for information, I might point out that labour had tentatively consented, provided everything else meets with their approval, to the appointment of a conciliator whose role it would be to see whether work gangs could be reduced moderately—not immediately but, say, in one year from now.

Labour has said in return: If we accept such a proposition, which would mean that possibly 200 or 300 men in total would be out of a job, in the interest of increased efficiency, what would happen to such men? Management has said: We will see that they have a job.

In any event, attrition will take its toll of the 200 or 300 men. Really the difference of opinion involves the definition of a longshoreman as opposed to someone who works periodically, either at the week end or in the evening, moonlighting in the labour market. A distinction exists, and must be resolved.

On the other hand, and here I do not speak on behalf, or with the authority of the Department of Labour, my sympathy lies with the longshoreman who, when struggling to work 500 or 600 hours, which is not very much by our standards—

Mr. MacInnis (Cape Breton South): Would the hon. member permit a question? Am I to understand from his last remarks that the longshoremen's union, in the three ports involved, permits moonlighting on the job?

Mr. Mackasey: I know the hon. member who has asked the question is a labour man. You can define it any way you like. One of the paradoxes and hypocrisies of the labour movement is the willingness on the part of its members to fight each other, or anybody else, over certain aspects of labour; and yet, after a man has worked for 40 hours in one industry, he can stop working in that industry, and go somewhere else to work as scab labour. That happens all the time.

Mr. MacInnis (Cape Breton South): Does the constitution of the longshoremen's union permit a man to go to another union and moonlight?

Mr. Mackasey: These questions would be fine if we were in a standing committee. It is obvious the hon. member is not familiar with the practice in the Montreal area. Thousands of part-time workers are required in the Montreal area to help when times are busy. The point being discussed between management and labour is this: Into which category do these particular workers fall? Are they genuine longshoremen, or people who earn their living as watchmen, trainmen, railwaymen or postal workers, and who go down to work on the docks during periods of peak activity?

• (4:50 p.m.)

The difference of opinion arises because management is trying to define a longshoreman on the basis of the number of hours he works. I think this is wrong. A longshoreman who presently works only 500 or 600 hours a year may have worked 3,000 hours a year a few years ago when he had the vigour to do so. It may be his health has been ruined by his employment—by the almost inhuman working conditions to which he has been subjected. I do not think we should say, dictatorially, that because a man worked only 200 hours in a particular year he should not be entitled to job security. To do so would be cruel and inhuman; it would be in conflict with the Freedman principle.

Since there are comparatively few people affected, some four or five hundred, I suggest it might even be necessary to prepare a case history of each of these men. It might well be found that a man who had worked only 500 hours in the year just ended had worked on the waterfront for 20 years and should certainly be considered as a legitimate longshoreman.

These are some of the problems which representatives of labour and management are discussing today in Montreal under the guidance of an experienced mediator, Judge Lippe. I would suggest to those who are genuinely interested in the attainment of a settlement—I exclude those who are more interested, for political reasons, in embarrassing the minister—that it is not in the best interests of these negotiations, or of the parties concerned in them, that the terms offered by management and suggested by labour, be made public in the House of Commons before those who are directly involved have had an opportunity to delve deeply into their differences. This is the reason for the minister's reluctance to go into detail concerning the dispute at this particular point in the negotiations.

[Mr. MacInnis (Cape Breton South).]

Hon. members who speak from the far corner, labour lawyers and others who have worked within unions, such as the hon. member who asked me a few questions several minutes ago—know how quickly the whole aspect of a labour dispute can be changed by a wrong word or an incorrect report. These things can happen. Why force the Minister of Labour into a position where his words may be misconstrued, where certain adjectives can be added, or deleted, or honestly misunderstood? I am not especially concerned about the Minister of Labour. He is big enough to shoulder his own responsibilities and suffer his own embarrassments. But I am interested in the thousands of longshoremen who are out of work at this moment and who, contrary to public opinion, are not hoodlums, gangsters or bums but, for the most part, decent, honest labouring people who fear automation.

Somehow, through the efforts of the mediator and of the Department of Labour, management has to make them understand that they have nothing to fear. Management must itself be given to understand that it has a moral responsibility to those who have worked so hard on its behalf in all kinds of weather for so many years.

In conclusion I would humbly ask, as one who was privileged to sit in on some of these discussions, that in discussing the estimates of the Department of Labour we in this house should refrain from yielding to the temptation of embarrassing the minister and at the same time jeopardizing the results of the negotiations which are going on at this very moment.

[*Translation*]

Mr. Mongrain: Mr. Chairman, I am one of those who would have preferred not to take part in this debate because I am convinced that while conciliation is under way, it might be wiser not to mix things up.

The fact remains just the same that I represent a city and a region which are vitally concerned by this problem and, for over a week, I have been getting urgent representations which force me to intervene in the debate.

I state beforehand, of course, that I will abstain from making any criticism of representation which could create problems for the conciliation board now sitting.

Before getting to the heart of my remarks, I will say just the same that I listen with great interest when the leader of the New Democratic Party (Mr. Douglas) and the Leader of the Official Opposition (Mr. Diefenbaker) discuss in the house problems which concern us because of their great experience and deep knowledge of all the aspects of such a problem.

As far as the leader of the New Democratic Party is concerned, I admire his statements and stands much more when he forgets to indulge in partisan considerations. This means that most of the time when he speaks outside the house they detract from his views a little, because we in this house, who try to approach the discussion in the most independent manner, feel all the time undercurrents of partisanship against the party in office.

Kindly note that, up to a certain point, I admire not only the leader of the New Democratic Party but his party's philosophy which I am studying conscientiously.

As far as the Leader of the official Opposition is concerned, Mr. Chairman, he is interesting for another reason, because what he says constitutes a kind of entertainment for the house.

When you hear him speak, you realize that there is an expert on things parliamentary and a first class performer in the art of make-believe. He takes an argument which might seem worthless and he puts on an extremely impressive show which probably does not help to solve problems as important as the ones we have been considering this afternoon, because in the end the economy of Canada as a whole is concerned and it is such an urgent question that I think we should all concentrate on working out a solution and forget partisan considerations.

Personally, Mr. Chairman, for a week I have been aware of the reactions in my riding from the employers, not only in the maritime transportation industry but also in all the industries in my region which are affected by those problems. I know the reactions of the leaders of the longshoremen and I feel I can say that, all in all, until now, we are perfectly happy—

Mr. Knowles: Five o'clock.

[*English*]

The Deputy Chairman: In order that the house may proceed to the consideration of private members' business, it is my duty to rise, report progress and ask leave to sit again at the next sitting of the house.

Progress reported.

The Acting Speaker (Mr. Rinfret): When shall the committee have leave to sit again —next sitting of the house?

Mr. Knowles: Or later this day?

An hon. Member: Carry on.

• (5:00 p.m.)

Mr. MacEachen: Mr. Speaker, I wonder whether it might not be the wish of the house to continue this discussion until six o'clock and waive the private members' hour? If this is the wish of hon. members it is agreeable to us on this side.

Mr. Knowles: Yes, Mr. Speaker, there has been agreement on this.

Mr. Rapp: Mr. Speaker, five o'clock.

The Acting Speaker (Mr. Rinfret): Is it agreed that private members' hour be deferred and that we proceed in committee with the estimates of the Department of Labour?

Mr. Bigg: No, Mr. Speaker.

Mr. Rapp: Five o'clock, Mr. Speaker.

The Acting Speaker (Mr. Rinfret): As there is not unanimous consent—

Mr. Nicholson: I think I should advise the house that word has been received which may necessitate my being in Montreal tomorrow.

Mr. Thompson: Mr. Speaker, I wonder if we might not appeal to those who have refused to give unanimous consent. Some of us have not had a chance to speak in this debate and it seems reasonable to me to continue it until six o'clock and set aside private members' hour.

Mr. Bigg: I call it five o'clock, Mr. Speaker.

The Acting Speaker (Mr. Rinfret): As there is no unanimous consent, it being five o'clock the house will now proceed to consideration of private members' business as listed on today's order paper, namely notices of motions.

HIGHWAYS

FEDERAL-PROVINCIAL CONFERENCE TO INSTITUTE BUILDING PROGRAM

On the order: Private Members' Notices of Motions:

That, in the opinion of this house, immediate steps should be taken by the government to arrange for

a federal-provincial highway building conference at the earliest possible moment in order that a national highway building program be instituted with special attention in such a program to be given to access roads in the northern areas and lesser developed areas of the nation—Mr. Howard.

Mr. Knowles: On a question of privilege, Mr. Speaker, the hon. member for Skeena (Mr. Howard), was one of those who agreed that the private members' hour might be postponed. He is out of the chamber at the moment. Therefore I wonder if in his absence this motion could be considered as not having been called?

Mr. Stewart: What the hon. member for Winnipeg North Centre says is quite correct and I concur in his request.

The Acting Speaker (Mr. Rinfret): Is there unanimous consent that the motion stand?

Mr. Knowles: As if it had not been called.

Some hon. Members: Agreed.

Motion stands.

TRANSPORT

SUGGESTION TO COMPLETE NAVIGABLE WATERWAY IN WESTERN CANADA

Mr. Eric Stefanson (Selkirk) moved:

That, in the opinion of this house, the government should give consideration to the advisability of establishing an inland waterway from Winnipeg through Selkirk to Edmonton, via the Red River, Lake Winnipeg and the Saskatchewan River.

He said: Mr. Speaker, I first placed this motion, which requests the government to give consideration to the advisability of establishing an inland waterway from Winnipeg through Selkirk to Edmonton, via the Red River, Lake Winnipeg and the Saskatchewan River, on the order paper in March, 1962. Each year subsequently I placed this private members' motion on the order paper, but was never lucky in the draw and the motion never reached the floor of the house for discussion. Naturally I am happy that it has now been called and an opportunity given to members to discuss it.

I was first prompted to introduce this motion by the promotional efforts of the Selkirk Chamber of Commerce who have been advancing this project for some years. The late Mr. J. F. (Fergie) Cunningham, who resided at Selkirk, Manitoba, was employed with the federal government's public works department and was in charge of dredging operations for the federal government in Manitoba, Saskatchewan, Alberta, and the Northwest Territories, was actually the author of the project. Mr. Cunningham had done a lot of research work on this proposed project. He had outlined it to members of the Selkirk Chamber of Commerce. I likewise had many personal discussions with Mr. Cunningham about it.

Subsequently the Selkirk Chamber of Commerce took over the promotional work for the project. They sponsored resolutions at the annual convention of the Manitoba Chambers of Commerce and at the annual meeting of the Hudson Bay Route Association, advocating an inland waterway in western Canada.

The Selkirk Chamber of Commerce prepared a brochure for a western inland waterway, which they subsequently distributed to members of the Manitoba legislature, members of the Saskatchewan legislature, members of the Alberta legislature, to all the chambers of commerce in Manitoba, Saskatchewan and Alberta, to all the daily and weekly papers in Manitoba, Saskatchewan and Alberta, to the radio stations, T.V. stations, and to others. In 1962 I distributed this brochure to all members of parliament and all senators on behalf of the Selkirk Chamber of Commerce. The Selkirk Chamber of Commerce and I received many acknowledgements and some very interesting comments.

The purpose of the proposed waterway is to provide another means of transportation. It is natural that those who are already engaged in transportation will be opposed to it, and may even endeavour to ridicule the proposal. I believe that this western inland waterway will reduce freight costs from the prairie provinces, will accelerate development in northern areas, and will encourage production of minerals, as well as agricultural and forest products. It will open new frontiers to recreation and will encourage tourists to come to these areas. It no doubt will bring in much needed American dollars. In addition to this, it will shorten the distance for building roads to resources and will create substantial additional employment.

There are those who say that our population at present is too small for this type of project to be feasible. They say that when our population reaches 50 million this project will be both desirable and feasible. The population of Canada has now reached a total of 20 million people. From now on it will increase at a much faster rate than hitherto, and it will not be very many years until the population reaches the 50 million mark.

Where will this extensive growth take place? I believe it is a foregone conclusion that a lot of the growth will take place in the three prairie provinces. This is a natural area for industry to move to, and a western inland waterway will help bring about this expansion.

In the period from 1870 to 1917 the following boats travelled the Saskatchewan river system: the *Northwest*, the *Marquis*, the *Northcote*, the *City of Edmonton*, the *Alberta*, the *Baroness*, the *Medicine Hat*, the *Manitoba*, the *Alberta*, the *Nipawin*, the *Strathcona*, the *City of Prince Albert*, the *Saskatchewan*, the *Lilly*, the *Commissioner*, the *Cumberland*, the *C. R. Smith*, the *Assiniboine*, the *Omega*, the *La Fleur*, the *Minnow*, the *Minasin*, the *Le Pas*, the *Notin*, the *Klondyke*, the *John Bull*, the *Archibald*, the *Sam Briskin*, the *Dispatch*, the *Emma E* and *The Pas*. These boats ranged in length from 43 feet to 202 feet and travelled the river system without any expenditure for river improvement. Since some of them were 202 feet long they were not small boats, and they managed to travel the river system for all those years without any improvement being made to it.

An extensive detailed investigation to ascertain the feasibility and cost of providing a navigable waterway for vessels and barges from Edmonton to Lake Winnipeg was made between June, 1910 and October, 1915. The report of this investigation was submitted complete in November, 1917 by the chief engineer of the dominion public works department.

This report, based upon a minimum of six feet of water at mean low water levels from lake Winnipeg to Edmonton, estimated the cost as follows: dredging and channel improvement, $6,200,000; seven locks and dams, $14,565,591; for a total of $20,765,591.

When this report was received world war I was in progress. Then came the post-war years, and subsequently the second world war, but still no action was taken on the report. In those years, and up to recent times, the prairie region was mainly a grain economy, but now western Canada is becoming industrialized and this industrial development will grow at a rapid pace. It is therefore essential to have competitive transportation systems which will be able to provide low-cost transportation services. In my opinion a multi-transportation service will be needed to serve the needs of the people, and this will include truck, rail, air and waterways.

Navigable Waterway in Western Canada

• (5:10 p.m.)

Following the second world war, tremendous developments of waterways have taken place in the United States, in Europe, and in other parts of the world. The St. Lawrence seaway was built after world war II which now permits ocean liners to sail from Fort William and Port Arthur. In the United States the Mississippi river system has been developed into an inland waterway; the Missouri river is now an inland waterway. Another tremendous development is the Ohio river navigation system of 981 miles, with 53 locks and dams. Towns along these waterways have increased in size and have prospered.

Travel on inland waterways in Belgium, the Federal Republic of Germany, France, the Netherlands, the U.S.S.R. and other countries has increased considerably since the end of the second world war. Recently, new inland waterways have been developed in Italy, Germany, France, the U.S.S.R., Luxemburg, and so on. The Moselle waterway, a 170 mile link between the steel producers of Lorraine and the Rhine, was officially opened in the spring of 1963. The construction of the waterway was an engineering feat of some note and the cost was shared by three countries—France, West Germany and Luxembourg.

This inland waterway enabled the French steelmakers to ship steel to prospective customers in southern Germany more cheaply than before. It also enabled them to bring in coal by barge from the Ruhr area and the Dutch ports and this means lower freight rates. This inland waterway is helping the economies of the three participating countries.

The proposed inland waterway from Winnipeg through Selkirk to Edmonton is approximately 1,200 miles. We are not talking in terms of seaway similar to the St. Lawrence seaway. The inland waterway which we are proposing would be suitable for tugs and barges.

Mr. Byrne: Mr. Speaker, would the hon. member permit a question. I am sorry I missed a portion of his address. Could he repeat what average drafts he would anticipate for the channel, compared to those in the United States and in Europe.

Mr. Stefanson: These all are different types and some of them are shallow draft of eight feet or so. They are used by barges, including the new type of push-barge. They are operated under shallow draft of anywhere from six

to ten feet, the same as in this waterway I am proposing.

During the past six or seven shipping seasons, there have been modern tugs and modern barges operating on lake Winnipeg. I am told that this is the most up to date equipment of this kind anywhere on the North American continent. This equipment moved a large volume of material and equipment during the construction of the Grand Rapids hydro power development. During the past two or three seasons, this equipment has moved considerable pulpwood to the pulp and paper mill at Pine Falls, Manitoba, located on the Winnipeg river. This equipment has hauled pulpwood from along the Nelson river and has gone approximately 60 miles beyond Norway House. This type of equipment would be ideal for operating on an inland waterway such as the one I am proposing. It is capable of moving a great deal of freight and can be operated on an economic basis.

With the limited time at my disposal, I am unable to go into any great detail regarding the construction of this proposed waterway nor have I time to deal with the commodities which can be transported along this waterway. I am convinced that such a waterway would provide a low cost transportation system which would be of benefit to the Canadian economy as a whole. I would suggest, wherever future hydro developments take place, that provision be made that all these rivers will likely be water routes in the not too distant future.

Speaking in the House of Commons on February 19, 1962, page 1031 of *Hansard*. I said the following:

Mr. Speaker, I have in my hand a copy of the Selkirk Enterprise dated March 8, 1961. The heading on page 3 is "Cunningham Visualizes Edmonton to Selkirk Water Highway."

Mr. Cunningham is a resident of Selkirk, Manitoba, and until his recent retirement was in charge of all dredging operations for the federal government in Manitoba, Saskatchewan, Alberta and the Northwest Territories.

Mr. Cunningham, when speaking to the Selkirk chamber of commerce, outlined his plan for a water highway from Edmonton on the Saskatchewan river to Grand Rapids, down lake Winnipeg and up the Red river to Selkirk and Winnipeg. It was evident that Mr. Cunningham was talking about a subject with which he is familiar, and also that he has carried out a great deal of research work on this topic. It is also a topic in which he believes, and he feels it would be practical to make it a reality.

Whenever new ideas are advanced there are some who immediately say that those ideas are ridiculous and nonsensical and that the man responsible for them is a day dreamer. I am sure that when the St. Lawrence seaway was suggested there were those who said the project was nonsense. After the idea had been advanced it no doubt took a long time to stir up interest in it and to convince people of the possibilities. Later, extensive surveys were required to determine whether the project would be of sufficient benefit to warrant the spending of public money. I have no quarrel with that. I do think it is important that this type of project be given careful study. I agree one has to be convinced of the over-all benefit to the country as a whole before public moneys are spent. I merely point this out because I am sure that throughout history whenever a progressive idea has been advanced there were those who referred to it as absurd. However, one should remember that the man advancing the idea has given study to the topic while those who criticize have usually not given the matter any thought or consideration, which is why they offer the kind of criticism I have mentioned. I am one of those who believe that whenever someone suggests a project, particularly when that project is imaginative and visionary, one should look at it carefully and give it every consideration.

The suggested program of Mr. Cunningham is one which, I believe, comes in that category. It certainly is imaginative; likewise, it is visionary. One can visualize this type of project leading to the development of the northern ports of the three prairie provinces. It is essential that we should provide all practical forms of transportation. Since Canada is a growing nation with an expanding economy and the likelihood of a greatly increased population in the years to come, I think it will be desirable to have varied forms of transportation so as to serve Canadians wherever possible. The presence of rail, freight, truck transportation, air lines and water transportation would tend to establish competitive freight rates which could not help but be beneficial to people in general.

[Mr. Stefanson.]

I still hold the views which I expressed on that occasion and firmly believe that the time has come for the government to explore the cost and the feasibility of such a waterway.

I want to read one of the letters I received after distributing the brochure prepared by the Selkirk Chamber of Commerce. It is from the minister of public works of that time, and is as follows:

I was very interested in the brochure enclosed with your letter of March 15, 1962, describing a waterway between Winnipeg, Selkirk and Edmonton. Mr. J. F. Cunningham, the author, was an employee of the department for many years until his retirement a year or so ago.

The improvement of the various waterways of Canada is of continuing interest to myself and the members of the department. I have watched with interest the increasing use of such rivers as the Mississippi, Missouri and Ohio rivers of the United States and the rivers of Europe, where barge traffic has become a very important element in the national transportation system.

There appears to be two main requirements for an economic use of river waterways; these are, a large population and a mature industrial development. I am certain that in the future the area which would be served by the proposed Winnipeg-Selkirk-Edmonton waterway will have a large increase in population with many industrial centres.

When this has come to pass, I am sure that the vision of the Selkirk Chamber of Commerce and the people of the west will have become a reality.

In this letter Mr. Walker refers to two main requirements for an economic use of river waterways—a large population and a mature industrial development. We are gradually approaching both these requirements. We can dream a little further and again, looking into the past, we will realize that Selkirk and Winnipeg need not be the eastern terminal of this inland waterway. With channels of 100 to 150 feet wide having a mean depth of six to eight feet, large loads can be taken clear from lake Winnipeg to the Great Lakes via the routes of the old explorers, up the Winnipeg river Lake of the Woods system to the Great Lakes.

One can dream a little beyond even that and envisage the day when a seaway will also be built down the Nelson river to connect Hudson bay and Lake Winnipeg. Then western Canada would be connected by a seaway to the Atlantic ocean and Hudson bay.

• (5:20 p.m.)

I wish to quote from an article which appeared in the Winnipeg *Free Press* in March of this year under the heading "Winnipeg Seen as Seaport". The article reads as follows:

By the year 2000 large ocean-going ships could be loading cargo at the port of Winnipeg.

In fact Winnipeg might well be the busiest seaport in the western hemisphere, with water traffic pulling into her docks from the south, north, east and west.

According to Edward R. Trapnell, of Washington, D.C., a consultant on water policy for the Ralph M. Parsons Co. of Los Angeles and New York, a $100 billion water conservation and distribution program for North America could result in several Canadian inland cities becoming water transportation centres.

Mr. Trapnell spoke in Winnipeg at the Winnipeg Chamber of Commerce national farm and business forum in March of this year. He dealt with a massive North American water and power project conceived by engineers of the Ralph M. Parsons Company. Mr. Trapnell dealt with the need for making use of all the fresh water instead of having it drain into the Arctic ocean. He said it made sense to start planning now, that if this proposed project were completed, Canada would be in a position to sell water and power south of the border, irrigate large areas of the prairies, have inland waterways for transportation and have increased recreation areas.

I urge the government to make the necessary plans now, to be ready to undertake the construction of this proposed inland waterway just as soon as our population and industrial development make this project feasible, which will be of economic benefit to the people of Canada.

Mr. Jack Davis (Parliamentary Secretary to Minister of Mines and Technical Surveys): Mr. Speaker, I should like first to compliment the hon. member for Selkirk (Mr. Stenfanson) upon introducing this private members' notice of motion. I think the government should consider the advisability of establishing several inland waterways, and studies to this end might well be launched soon. However, I would urge that there are other priorities, and I want to speak briefly this afternoon about other waterway developments which I think are more important to the country. They are certainly more important from an economic point of view and would affect many more people in the short run.

I want to speak essentially about waterways which would be utilized by small pleasure craft, and to a lesser extent by small craft used by fishermen and other types of commercial operators.

For many years, indeed for many decades in the United States the federal government of that country has taken a determined and substantial interest in the development of what might loosely be referred to as small craft harbours and their development, and certainly in the construction of harbours of refuge along rivers, lakes, and the coast line of the United States. There is a very large population of small craft owners in the United States. Apparently one out of every three home owners in river or coastal locations, now has a small boat used for recreational purposes. These people spend a great deal of money on these boats, both in the purchase of them and in the maintenance and supplying of fuel and other materials.

This industry has grown to major proportions and is one which will become increasingly important in Canada. Some measure of the importance of it, at least in the eyes of the federal government of the United States, is indicated by the following figure. Last year alone the United States government through the U.S. Army Corps of Engineers spent $50 million in the construction of small craft harbours on the west coast of the United States.

On a *pro rata* basis, if Canada were to undertake a similar program of this kind on a proportionate scale, it would mean an expenditure of $5 million on the west coast of Canada. So far, at least to my knowledge, not one nickel has been spent on small craft harbour development on the coast of British Columbia, around the islands or on the mainland. I think this is very shortsighted.

A policy that was announced some years ago leading to a program under which some $200,000—not $200 million, but one thousandth of that—would be spent for works which would be of some benefit to small craft owners across Canada. This was the amount budgeted for this type of work all across the nation, and as I understand it much of that money was spent to build small craft loading ramps where small craft could be run down and launched or brought out of the water. A sizeable proportion of this money was spent in the Ottawa area and I have no doubt that the civil service, which is always on its toes in matters of this kind, did very well in this regard. We saw very little of that money on the west coast.

We need more facilities of that type, but that is not the type of facility which the government should provide, and in my opinion it is certainly not the type—

Mr. Bigg: Mr. Speaker, I rise on a point of order. While it is true hon. members are allowed a great deal of latitude during the private members' hour, the proposition which is now before us relates to western Canada in general. If the hon. member wishes to go far afield of that subject, I suggest that he sponsor a bill in order that he may discuss the matter to which he is now referring. An hour is not a very long period in which to discuss the possibilities of a western Canada waterway, and I suggest to the hon. member that he direct his attention to that subject.

Mr. Davis: Mr. Speaker, I will endeavour to do that, but in my opinion any waterway in this country will eventually link up with both our coast lines. We have a very substantial waterway along the west coast, between the islands and the mainland west of the mountains. I focus my attention on this area, because that is the area from which I come. What I say in respect of that area applies to the small craft industry anywhere in Canada.

The policy which was announced last year in respect of facilities for small craft, and basically apply also to small craft using inland waterways across the prairies, would also apply in respect of navigation through the lake areas, where harbours of refuge could be built. I think harbours of refuge would be an integral part of such a development.

I am not arguing for small boat loading ramps and so on, because they represent a very minor item, but I am arguing for federal money for navigation in respect of harbours of refuge, essentially, and the clearing of channels creating facilities which are in a sense an improvement on nature.

In the Vancouver area, for example, there are more than 50,000 small craft, the craft running up to as large as 100 feet in length.

Mr. Churchill: Mr. Speaker, I rise on a point of order. As has been pointed out, the subject matter under discussion is an inland waterway from Winnipeg west by the Red river, lake Winnipeg to the Saskatchewan river. The Vancouver area, important as it is, does not come within this particular debate. I suggest that hon. members be restricted to this subject because there are other members who wish to speak about it. If any government member is afraid that this subject will not be discussed for the complete hour I can assure him that it will, but let us confine our remarks to the subject now before us.

Mr. Davis: Let me continue to refer to the policy announced last August by the Prime Minister (Mr. Pearson) and subsequently detailed by the federal Minister of Public Works (Mr. McIlraith). This policy relates to the construction of facilities which could be built on inland waterways. I know that there are a number of members interested in projects of this type which could be located on inland waterways.

Mr. Thompson: Mr. Speaker, I rise on a point of order. The notice of motion before us refers to an inland waterway from Selkirk to Edmonton. That is the subject of this debate and we ought to stick to it.

The Acting Speaker (Mr. Rinfret): Order, please. The hon. member has heard the observations of several members of this house. While he obviously wishes to speak in general terms about inland waterways I think he is going beyond the terms of this motion, and suggest that he confine his remarks to the subject immediately at hand.

Mr. Davis: I agree, Mr. Speaker; but perhaps you will allow me to complete my reference to the policy announced last August and let members then judge whether the proposed

items would be of interest to or associated with inland waterways.

I contend that these projects are precisely the type in respect of which private enterprise, the public, in the sense of municipalities and provincial governments, would benefit in terms of not simply thousands of dollars, but millions of dollars from the federal treasury in dredging and the construction of breakwaters. These works are part and parcel, certainly, of inland waterways, particularly where they cross large lakes, and this type of investment is essential. This is one way—it may not be the most substantial way but it is a significant way—in which the federal government of Canada can assist inland waterway development.

• (5:30 p.m.)

I would suggest that this policy can also be used in helping to improve our existing—some of them ancient—canal systems, which could be eventually used as toll facilities, if you like, used largely by pleasure craft. I suggest this will be the principal source of revenue of many future inland waterways.

The Acting Speaker (Mr. Rinfret): Order. I think the hon. member is indulging in a debate in general terms in connection with inland water policy, and I think he should speak specifically to the notice of motion that is now before the house.

Mr. Davis: Then I will be quite specific, Mr. Speaker.

Mr. Churchill: The Liberal party had better recognize the prairie provinces for once.

Mr. Davis: I have mentioned the $200,000 ramp program, which is ancient and not effective. The second proposal—and I am quoting from the announcement of the Minister of Public Works (Mr. McIlraith) of last August—is:

> Where an economic appraisal of present and potential traffic requires the development of additional harbour facilities, the federal government is prepared to undertake the construction of navigation facilities, such as breakwaters to protect shore installations and the dredging of main channels in harbour areas.

Surely this has relevance to waterways anywhere in Canada.

Mr. Nasserden: Mr. Speaker, the hon. member has set out deliberately to abuse the privileges of the house. He is defying Mr. Speaker's ruling. He is talking about harbours and such matters in connection with an inland waterway, and he is making no secret of the fact that he is defying the Chair.

Mr. Davis: I will leave it to the Chair to decide whether I am defying Your Honour's prerogatives. I certainly do not wish to do that and I will abide by any direction you may give me, Mr. Speaker. The third proposal is:

> The provision by the federal government of capital works would be contingent on firm commitments by other interests to the establishment of onshore facilities, such as wharves, marinas, living facilities and municipal services such as roads, water supply and power as well as the provision of sites where required for the area development.

Then this is another item.

The Acting Speaker (Mr. Rinfret): Order. I regret to interrupt the hon. member, but I cannot see how he can relate these remarks to the specific notice of motion that is now before the house.

Mr. Churchill: Recognize the hon. member for Red Deer (Mr. Thompson).

Mr. Davis: Finally, Mr. Speaker, let me deal quite specifically with the waterway across the prairie provinces.

Mr. Churchill: Which is a Liberal desert.

Mr. Davis: I realize that there have been many proposals along these lines, and increasingly in recent years an interest has been expressed in this regard both in Canada and from south of the border. I refer for instance, to the so-called Parsons plan, the NAWAPA project, the North America Water and Power Alliance proposal, which is little more than a sketchy plan; it is actually a public relations effort on the part of a large engineering firm based in California. This envisages a waterway for carrying commercial traffic, freight as well as smaller craft, across the prairies. I think this plan suggests that in the long term it would involve transportation by water right across Canada of traffic of this type.

This is a visionary proposal and I doubt very much whether it will ever be implemented in anything like the detail that is suggested by the plan. But personally—and I think the hon. member for Selkirk would agree—we should be looking at possibilities like this. I do not mean that we should be looking at the water export aspects of the NAWAPA plan very seriously, but certainly we should contemplate other benefits which will result from the development of rivers on the prairies. We should be considering the

navigational benefits, as well as schemes which might take some water from power production, and make available improved irrigation facilities, because I think these will be essential in the long run. I believe the federal government would be very remiss if it did not seriously consider, even in its earliest exploratory studies, long term possibilities of this kind.

Perhaps I might conclude, Mr. Speaker, by again saying that the hon. member for Selkirk has brought a very important topic to the attention of the house. I have veered off in the direction of smaller craft and smaller people, but I believe that small people as well as big people, small interests as well as big interests, will also use navigational facilities of this type.

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

Mr. Davis: Yes.

Mr. Johnston: If the hon. member is so interested in small facilities and small people, I wonder if this means that the Department of Public Works is about to reverse its decision not to reconstruct the wharf at Canoe on the Shuswap lake.

Mr. Davis: I do not have any intimate knowledge in this connection, but I certainly hope the department reverses its decision in respect of a breakwater in my area which I deem to be essential to protect life and extend the waterway away up our west coast. The cost would be a quarter of a million dollars, but it would be a quarter of a million dollars well spent, especially when one compares this development with, for instance, the Centre for the Performing Arts on Elgin street in this city, or the marina to be included in the 1967 Exposition.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I am very pleased to identify myself with this motion. The hon. member for Selkirk (Mr. Stefanson) may live at one end of the waterway about which he talks, but I live at the other end, because the headwaters of the waters involved in this motion take their origin in my riding. Because of this, and because of my familiarity with the entire watercourse, I must give my support to this motion as being something that is very vital to the economy of western Canada.

I hope my remarks are more relevant than those of the hon. member for Coast-Capilano (Mr. Davis), and I would say to the hon. member for Selkirk that if all the consideration the government is going to give this motion has been indicated by the remarks just made by the hon. member for Coast-Capilano, we might just as well have gone on with the discussion of the estimates of the Department of Labour as they relate to the longshoremen's strike in Montreal.

Water transportation in our country has played a very important role in the past and I believe it is going to play an even more important role in the future. Whether we are discussing the NAWAPA plan or this motion specifically, I am sure that water transportation and the benefits that accrue therefrom will continue to play an important part in Canada's economy. I am thinking specifically of inland waterway systems such as that proposed in this motion.

I would say to the hon. member for Selkirk that I would have been more happy if he had proposed the other end of this system to be at the old fort of Rocky Mountain House, which was in existence long before Fort Edmonton, and was the western terminus of the old fur trade route and which will be the beginning point of the centennial canoe pageant which will start at Rocky Mountain House, in the foothills of the Rockies on the North Saskatchewan river, and end at Expo '67 in Montreal.

Mr. Davis: Mr. Speaker, could I ask the hon. member how large the craft will be that get from Rocky Mountain House to Expo '67?

Mr. Thompson: I would say, very large. I happen to have paddled every foot of this route and can say that barges of considerable size could be moved up the river without even building any dam structures, which might be necessary farther down river as far as maintaining the necessary flow level in the river is concerned.

• (5:40 p.m.)

I would also say in this regard, however, that in the whole question of water conservation in the west, as water from the Arctic is diverted into the waters that go across the prairies, waters from the Peace river and from the Athabaska, which will form part of any over-all water conservation plan to the east are going to add to the flow of the water in this system we are talking about here. I believe that water conservation and water transportation are an integral part of the future development of our water resources. It is therefore imperative that the government

of the day begin not only the specific co-ordination of water conservation but also the co-ordination of studies which relate to water transportation. I believe that the two are inseparable.

The historical past of Canada is inseparably linked with this inland waterway from Winnipeg to Rocky Mountain House. It was the highway in the early development of this country, as were the waterways elsewhere in the west and the east a century or two ago. It is true that down through the years the importance of water transportation to the economy of the nation tended to fade away. This is true as it relates to the building of the railroads. However, with the increasing cost of the operation of the railroads, with the increasing development of the west—and this applies not only to agriculture but also to the industrial development of the west—I believe that waterways such as this come right back into focus again.

I can only support the remarks of the hon. member for Selkirk—and I think we owe a debt of gratitude to him for bringing this up—that the government should initiate a study on this immediately, and that it should be co-ordinated with the study that is concerned with water conservation and which I hope is taking place in more than just the prairie provinces.

Mr. Speaker, I do not intend to speak on this motion any longer except to add that I believe the subject matter of this motion is more important to the economy of our country, is more vital to the economy of western Canada, than any of us in this house really realize. If the reports that have been referred to by the hon. member for Selkirk could be studied by every member in this house, I believe that each one of us would realize just what potential is involved in this lake Winnipeg, North Saskatchewan and even South Saskatchewan water system.

I hope, Mr. Speaker, that the government will take under serious consideration this study that is proposed. I am a little discouraged when I hear remarks like the ones we have just heard made by the preceding speaker, which tend to make light of or ignore the value of such recommendations. I must say to the hon. member for Coast-Capilano (Mr. Davis) that I expected more from him as a westerner. Some of us who have been fighting for this kind of project and who have been struggling to get consideration from the government of Canada, to convince the people in the east that projects such as the Alaska highway are vital to the economy of the whole nation, find it difficult to understand why those who surely intimately and personally know the value of this project might not have taken a more constructive attitude. Nevertheless this does not detract from the importance and value of the subject matter of this motion and the recommendation by its mover that the government take serious consideration of the project.

Mr. Barry Mather (New Westminster): Mr. Speaker, I rise mainly to compliment the hon. member for Selkirk (Mr. Stefanson) upon having introduced this proposal. I think it could be a very valuable one. In his notice of motion he asks the government to give consideration to the establishment of this inland or prairie waterway, and I think that is a most reasonable request. I would like to see the government take real notice of it and study it, particularly if it does so in line with an over-all study of our Canadian water resources and their employment. It may be that the hon. member's vision of Winnipeg's becoming a great waterfront metropolis may not be too promising, but I think we cannot be regional about this. I, as a member from British Columbia, would very much like to see the government give at least serious study to the hon. member's proposal. I am hopeful that it might come to some resolution this afternoon, so I will confine my remarks to what I have said.

Mr. F. J. Bigg (Athabasca): Mr. Speaker, it gives me considerable pleasure to support this motion from the hon. member for Selkirk (Mr. Stefanson). As you well know, I am the member for Athabasca. The Athabaska is the link between the proposed prairie waterway and the Arctic. Speaking of the present water system, I will say it is one of the longest river systems in the world, and I cannot exaggerate the importance of the Athabaska and the Mackenzie systems.

It was just 100 years ago on Monday that the first permanent settlers started the city of Prince Albert, which is approximately half way along this proposed waterway. I think the passage of this motion would be a very fine way of honouring these early pioneers. They did not lack vision or foresight. They certainly did not lack the courage to make the long and hazardous journey by water from Winnipeg to Prince Albert. It does not take a great deal of imagination to see that we have wasted this waterway, the first

highway across the prairie. Now that water conservation has become so important to the whole of North America, I think we would be remiss in our duty to the coming generations if we did not take this step now, which is perhaps in some respects tardy, to preserve the great water resources which we have in the northern half of the American continent. Not only do we owe it to ourselves in Canada but the great republic to the south is already aware of the great danger in the present lack of water.

Not only do I support this as the water highway across the prairie, but I also think the waters of the Saskatchewan river are being wasted at the present time. They are flowing into Hudson bay quite unused, particularly with respect to power. Many years ago the city of Prince Albert went deeply into debt in attempting to dam the river just below Prince Albert. They were laughed at with scorn, in the same way in which this proposal was jeered at today in the house. And yet the engineers say now, some 50 years later, that had the city of Prince Albert gone ahead and dammed the North Saskatchewan river at La Coll falls, the whole economy of Saskatchewan might well have been changed.

I for one do not think we should wait until we have a complete plan for water conservation. Here is something which, with the outlay of a few million dollars, could repay us in water alone, not to mention transportation and power. Today water is a commodity, and we are certainly remiss in our duty if we do not take immediate steps to preserve this great waterway of ours.

• (5:50 p.m.)

I do not know whether Winnipeg will ever become a great ocean seaport, but certainly in a very few years, for the expenditure of a small sum of money compared with the results of extending the canal system across the prairies, we might have a link with Hudson bay. It is true that the present shipping season is short. This has been used as an excuse for not developing the Hudson bay route, so far as rail and ocean transport is concerned. I do not believe it is at all out of the way to suggest that the day is not too far off when we will see atomic energy being used to change the temperature of Hudson bay and this whole canal system. Then we can well imagine a shipping season of 10 or 12 months on this canal.

I do not want to be responsible for talking out this motion, which I think is a very important one. I would be pleased if the house would pass it. The motion does not commit the government to spending large sums of money unless they approve the project. Certainly I put it forward as a worthy project. I am sure if we pass this motion now people will look back and say that in 1966 we had the same vision our ancestors had when they first stopped off half way along this ancient waterway in the city of Prince Albert.

Mr. Hubert Badanai (Fort William): I wish to congratulate the hon. member for Selkirk (Mr. Stefanson) for his patience and his determination in bringing this motion forward after waiting three years. It is a dream which may well come to pass within this century. The suggestion of an inland waterway from Winnipeg though Selkirk to Edmonton is not a new one. In fact it is an old idea which has been discussed and studied for a number of years. An engineering survey of this project was first made by the Department of Public Works more that half a century ago, during the years 1910 to 1914, as pointed out by the hon. member who introduced the motion. Then the first great war broke out and the scheme was abandoned for the duration of the war. Other things happened to curb the enthusiasm of those few who favoured the idea at that time.

However, the idea has persisted. The interesting scheme to pipe water across the prairies to the cities of Moose Jaw and Regina, which had been suggested by Professor Hind of the University of Toronto in the 1870's would have meant the construction of a dam and a diversion at the Elbow river. The possibility was envisaged of travelling by boat all the way from Winnipeg to Calgary. This proposal by Professor Hind was knocked out by the construction of the Canadian Pacific Railway.

Then, there was the plan of Mr. John R. MacNicol, a member of parliament. His plan was to make the old fur trade route navigable for coal and oil transport which the hon. member for Selkirk seems to be advocating. In 1961 the premier of Manitoba requested a review of the information obtained in the survey made before 1914. The former minister of northern affairs and national resources also became interested in reviving the possibilities of the scheme.

This time the review concerned the engineering and economic problems associated with the canalization of the Saskatchewan

river, was restricted, as was the original study, to a determination of the justification for a detailed engineering study including a field investigation, preliminary design and cost estimates. The conclusion reached in 1961 was that there would not be sufficient volume of traffic to provide significant transportation savings to set against the heavy capital and operational costs which would be involved for the federal government in the construction of such a waterway. The assessment showed, moreover, that road and rail transportation systems now in existence would appear to be capable of meeting foreseeable future requirements.

It must be remembered that the transportation facilities in the prairie provinces are vastly improved now over the facilities available in the early days of this century when this project was first suggested. Then, the railways and waterways were the main transportation systems. Now, the Trans-Canada highway provides a direct first class route for interprovincial truck and passenger traffic and our air lines offer speedy passenger, freight and air express service between all major points.

Although the 1910-1914 engineering survey was confined to the route from Edmonton to Winnipeg and did not investigate the potential of the South Saskatchewan for navigation, it is still considered adequate for determining the order of magnitude of the costs involved in developing either or both the north and south branches of the Saskatchewan river for navigation purposes.

At this point I had hoped, if time permitted, to quote from a reliable publication a summary of the potential and weaknesses of the Saskatchewan river, as it was at the time the survey was made and as it existed until recently prior to the advent of the building of the Saskatchewan dam. I think a recital of the history of this famous river's behaviour is useful for the purpose of our discussion which concerns, of course, whether or not such a scheme as envisioned in this motion is economically practical. Thus it can be seen that this proposal, if judged by the standards set for the original engineering study, appears to be reasonable for the probable barge traffic that might be expected to use the river today. These provide for a channel depth of six feet and a width of 150 feet. The original study estimated the costs of providing navigation facilities from Edmonton to Lake Winnipeg at approximately $20 million. Using the quantities and designs of the early study and revising costs to meet present day circumstances, it was estimated that approximately $100 million would have been the cost if the work had been started in 1961. It is extremely doubtful that present circumstances would result in a substantial downward revision of these costs.

One estimate made by a non-federal agency of costs for providing navigation facilities for lake Winnipeg to Empress on the South Saskatchewan river exceeded $250 million. This latter estimate, in the opinion of the engineers of the Department of Public Works, is excessive. It might be noted that one estimate is for a navigation route using the North Saskatchewan, and the other is for a navigation route using the South Saskatchewan. However, the review carried out in 1961 for the previous Minister of Northern Affairs and National Resources found that it was reasonable to assume that a minimum cost of developing a navigation route originating on either the North or South Saskatchewan river and ending at lake Winnipeg would be in the neighbourhood of $100 million, and could possibly cost $250 million.

It follows that if the expenditure of $100 million cannot be justified on the basis of potential transportation savings, further study at the present time is not warranted. Let us look at the economic factors. The range of capital costs has been estimated to run from $100 million to $250 million. In the lower figure if amortized on a 50 year basis, the equivalent annual costs, including interest and amortization, would be some $5,500,000. On the higher figure, the annual costs would be $13,750,000.

The Acting Speaker (Mr. Rinfret): Order. It being six o'clock, the hour for private members' business has expired.

Mr. Deachman: Mr. Speaker, it is apparent the hon. member has gone to considerable lengths to prepare some valuable material on this subject, so I wonder if he could be granted just a few minutes at this time?

Mr. Churchill: Is he for the thing or against it?

The Acting Speaker (Mr. Rinfret): Is it agreed that the hon. member be allowed to continue?

Mr. Churchill: How much longer?

The Acting Speaker (Mr. Rinfret): I am informed that the hon. member's speech will last for five minutes more.

Some hon. Members: Agreed.

Mr. Badanai: Thank you, Mr. Speaker. As I intimated, on the higher figure, the annual costs would be $13,750,000. Neither of these amounts include maintenance for operating expenses.

• (6:00 p.m.)

The physical capacity of the locks in the proposed system was estimated at nine million tons of freight annually, on the assumption of equal traffic in both directions. However, it would be possible to handle only 4.5 million tons one way, and it would be highly improbable that the locks would be in continuous operation. Therefore a more realistic estimate of the capacity of the system would be in the order of 3 million tons a year.

It appears that by far the greatest volume of traffic that would move on such a waterway would be bulk cargoes such as coal, petroleum products and grain. These would be the only ones having any possibility of economic movement on the waterway during the estimated seven-month season. As I said before presumably the main movement would be from west to east, with little apparent backhaul traffic in sight.

In connection with the movement of coal by barge along the proposed waterway, the Manitoba Hydro-Electric Power Board has estimated that in 10 to 20 years, the coal requirements for its Selkirk plant will average 1 million tons annually. This is assuming that natural gas would not provide a cheaper B.T.U. base—an assumption that is open to question. As to grain and petroleum products there is nothing to indicate at the present time that the proposed water system would be competitive with present rail rates for eastward movement.

Summing up, on the basis of these preliminary studies there would appear to be little justification for expenditures on works of the order of $100 million to $250 million in the interests of navigation on the Saskatchewan river. Hence it would seem doubtful that there is any reason to quarrel with the 1961 finding, which was that a large outlay on engineering investigations is probably not warranted at this time. If it is considered desirable some day to pursue the matter further it is believed that studies should be made first of all on the economic side and involve a more detailed analysis of traffic potential.

It may sound unpleasant to have to be realistic and dash cold water on such a romantic suggestion as a waterway through the heart of our great prairies. It would be much more pleasant to be able to agree with Professor Edward Kuiper of the University of Manitoba who, in a paper prepared for the 1961 Resources for Tomorrow conference said that a similar development would turn Manitoba, Saskatchewan and Alberta into "the Garden of Eden of North America". Dr. Kuiper was of course referring not only to a waterway but to a full irrigation system that could be developed with it. Such a system, he said, would mean the end of drought for all time in the prairie provinces.

Dr. Kuiper's proposals were more ambitious than those of the hon. member for Selkirk. He also suggested the canalization of the Nelson river in northern Manitoba. Such a development, he said, would make it possible some day for Winnipeg residents to travel by boat deep into the heart of Alberta and, for a change, come back by a different route—through the Saskatchewan wheat fields to Hudson bay. He thought it would be a simple matter from a technical viewpoint to build ship locks in conjunction with future dams on the Saskatchewan and Nelson rivers.

However, the results of the preliminary investigations I have described to you indicate, I believe, that although it may be simple from a technical viewpoint, the capital expenditures involved would be very considerable, while the economic justification has not been firmly established in any of the investigations that have been carried out to date. In other words, there is little evidence to indicate that the results of the review carried out by the previous government in 1961 do not still apply.

Nevertheless, great changes have taken place in the prairie provinces in recent years in industrial and natural resources development, as well as in transportation. And in view of this growth and development, I would not want to suggest that the Winnipeg-Edmonton waterway will not be built some day, nor for that matter that even Dr. Kuiper's more extensive proposals will, in the light of future development of the west, prove to be impossible. I trust, none the less, that this is a dream that the hon. member for Selkirk will see come true in the end.

The Acting Speaker (Mr. Rinfret): Order, please. The hour for consideration of private members' business has now expired.

[The Acting Speaker (Mr. Rinfret).]

BUSINESS OF THE HOUSE

Mr. Churchill: I wonder if we could know the order of business for tomorrow. Are we carrying on with the Department of Labour estimates?

Mr. Côté (Longueuil): Tomorrow we shall proceed with the estimates of the Department of Industry, Defence Production, Citizenship and Immigration, with Privy Council legislation, and with the Department of Veterans Affairs. We always reserve the right to change the order, if necessary.

Mr. Churchill: You do that in any case.

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

HOUSE OF COMMONS

The house met at 2.30 p.m.

Thursday, June 2, 1966

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MEMBERS OF FIFTH CANADIAN MOUNTED RIFLES

Mr. Speaker: Order. May I bring to the attention of hon. members the presence in the Speaker's gallery of members of the Fifth Canadian Mounted Rifles, here to commemorate the fiftieth anniversary of the death of their regiment's first commanding officer, Lieutenant Colonel George Harold Baker, M.P., killed in action on June 2, 1916.

CANADIAN WHEAT BOARD

REFERENCE OF REPORTS TO AGRICULTURE COMMITTEE

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, by leave I move, seconded by Mr. Hellyer, that the following reports of the Canadian Wheat Board be referred to the standing committee on agriculture, forestry and rural development: annual and supplementary reports of the Canadian Wheat Board for the crop years 1962-63, 1963-64 and 1964-65.

Motion agreed to.

BRITISH NORTH AMERICA ACT

AMENDMENT TO INCORPORATE BILL OF RIGHTS

Mr. Hubert Badanai (Fort William) moved for leave to introduce Bill No. C-191, to amend the British North America Act, 1867, (Canadian Bill of Rights).

Some hon. Members: Explain.

• (2:40 p.m.)

Mr. Badanai: Mr. Speaker, the purpose of this bill is to amend the British North America Act, 1867, by adding thereto as part of the federal constitution, with regard to the powers of parliament, a Canadian Bill of Rights in substitution for the act of parliament, chapter 44, passed in the year 1960.

This latter statute has been to a certain point ineffective, from the fact that it is not part of the Canadian constitution and that its application has been rather limited because most of the time the decisions of the courts have been to the effect that its provisions apply only to legislation adopted by parliament since its coming into force.

Not only new legislation but that which is already on the statute books should be interpreted in the light of the principles which will be now contained in the constitution itself, and this is what the present measure seeks to achieve.

Motion agreed to and bill read the first time.

CANADA STUDENT LOANS ACT

PROVISIONS FOR SUPPLEMENTARY PROVINCIAL ALLOCATIONS, ETC.

Hon. Mitchell Sharp (Minister of Finance) moved that the house go into committee of the whole at its 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 Canada Student Loans Act to increase provincial allocations for the loan year commencing July 1, 1965 and subsequent loan years by authorizing the Minister of Finance, on application by a province, to determine a supplementary allocation for that province in an amount not exceeding 20 per cent of the basic loan provision for that year and by increasing to $58 million the basic loan provision for the loan year commencing in 1965; and to provide also for a certain change in connection with the administration of the act.

Motion agreed to.

HEALTH RESOURCES FUND

ASSISTANCE TO PROVINCES FOR HEALTH TRAINING AND RESEARCH FACILITIES

Hon. A. J. MacEachen (Minister of National Health and Welfare) moved that the house go into committee of the whole at its 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 provide for the establishment of a health resources fund to assist provinces in the acquisition, construction and renovation of health training facilities and research institutions and for the appropriation in connection therewith of the sum of $500 million to be credited to the fund in such amounts as from time to time are required and to provide for contributions therefrom to the provinces; to provide further for the establishment of a health resources

advisory committee consisting of 11 members and for the payment of reasonable travelling expenses of its members.

Motion agreed to.

NATIONAL SECURITY

USE OF R.C.M.P. FILES—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, as I stated yesterday I intended to do, I ask leave, seconded by the hon. member for Saint-Hyacinthe-Bagot (Mr. Ricard), to move the adjournment of the house under standing order 26 for the purpose of discussing an urgent matter of public importance, namely the misuse of secret files of the R.C.M.P. as evidenced by the public statement of Premier Lesage. He said that the R.C.M.P. security report on Mr. Vachon in the possession of the Quebec government, discloses him to be a security case. At the same time I would deal with the policy of the federal government in condoning the use of rumour and hearsay based on unproven police reports which libel the character of individuals unaccused by due process. This procedure invades despotically the legitimate rights of the individual to liberty under the law.

I do not have before me the French language version of this motion. As soon as I have it, I will make it available.

Mr. Speaker: Order, please. Will the right hon. Leader of the Opposition kindly address the house on the question of urgency of debate.

Mr. Diefenbaker: Mr. Speaker, I will restrict myself entirely to the question of urgency. I should like to point out immediately that under our system of parliamentary government the preservation and maintenance of freedom, and any derogation from that freedom, are matters that are always urgent. Parliament will not, if it is true to its mission, allow bureaucratic practices to destroy the civil rights and the reputation of the individual. The urgency of this matter will be understood when I point out that unless this is controlled, McCarthyism and fear will be generated in the individual and, indeed, an intolerable invasion of human freedoms will result if security files can be used for political or personal vendettas.

The police state is the negation of democracy. Oligarchies of bureaucracy could, by using the security of the state as an excuse, permit the spoliation of character, the dearest possession of a human being. Discussion and public knowledge are the only recourse and protection against uncontrolled invasions of human freedoms.

It might be argued that this question could be dealt with when the estimates come up. Your Honour I am sure will agree that if a matter like this arose in the United Kingdom the procedure at Westminster would immediately assure that the government would make available time for an early discussion. Not having that same procedure here, the only way in which it can be brought before the house without delay is to move the adjournment, which I have accordingly done on the general ground that when serious invasions affecting the rights of individuals take place the house should give first consideration thereto.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, there seems to be no doubt that the matter raised by the right hon. Leader of the Official Opposition is important and urgent. On the face of it there seems to have been a misuse of R.C.M.P. files, such a file having been used by the premier of Quebec to discredit Mr. Arthur Vachon, who was president of the Quebec provincial police association. It certainly would be a serious thing if in this country premiers or any other persons in government were allowed to use R.C.M.P. files in order to discredit organizations with which they had a difference of opinion. Therefore this is a matter of great import not only to this house but to the people of Canada.

It seems to me that the urgency of debate would lie in the fact that this motion will give the Prime Minister and the ministers more directly responsible an opportunity first to give the facts to the house and consequently to indicate when these files were made available to provincial authorities; and second, to inform us as to why they were given and what protection is provided by way of an insistence that these files shall be used only for prosecutions and surveillance under due process of law.

If Your Honour decides that this matter is sufficiently urgent to allow the government to make a statement, then we will welcome it. If Your Honour decides it is not of sufficient urgency to call for a debate of this kind, I certainly hope the government will either call the estimates of the Solicitor General or that the Prime Minister will provide some opportunity so he can assure the house and the country that there will be no repetition of what appears to have been a disgraceful misuse of public, confidential documents.

• (2:50 p.m.)

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, as to the urgency of debating the question raised by the right hon. Leader of the Opposition, our group is wondering whether there really is any urgency, because we have heard Mr. Vachon state on television that he was postponing the matter till after the election.

It seems to me that, if there were any urgency, Mr. Vachon could have engaged immediate proceedings against the premier of Quebec. Now, he stated himself that he was postponing this until after the election.

We are also wondering whether the R.C.M.P. has not the right, indeed the duty, sometimes to provide some explanations or some evidence to the provincial police.

As reported by *Le Devoir*, the premier of Quebec merely says that the basis of his statements—and those are Mr. Lesage's very words—is the evidence provided by the provincial police. Have the provincial police received the information from the R.C.M.P.? If there lies the urgency, we believe it has no basis at this time at the point this matter has now reached.

That is why we do not see the purpose of the house adjourning its business to discuss this matter. Let us give time to the authorities to clear up the matter. Besides, it is not for this house, which has no evidence, to discuss this question at this time.

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I disagree with the member for Roberval (Mr. Gauthier) because I am convinced that the matter raised by the Leader of the Opposition (Mr. Diefenbaker) is not only important but urgent owing to four reasons:

First, it is an exceedingly serious charge, as it is suggested—

Mr. Speaker: Order. I remind the hon. member that he must not deal with the issue itself but discuss the urgency of the debate and state whether it is urgent to postpone the ordinary business of the house this afternoon to discuss the matter raised by the Leader of the Opposition.

Mr. Allard: I thank you for your advice. The issue is quite important and urgent and the discussion should start this afternoon. It is also urgent to initiate it for four main reasons.

First, because the accusation is of the utmost gravity. If there is to be respect for federal as well as provincial authority and if the people are to respect legal authority, such accusations involving the security of the state must be considered. The accusation made by the premier of the province of Quebec involving the R.C.M.P. and the Solicitor General, and the timing of such accusation during provincial elections in Quebec and within five days of the vote, is sufficient ground to state that there is urgency to debate the issue.

I would relate this accusation, Mr. Speaker, to another accusation, that of the fake certificates. It is urgent that this question be brought to light and that the house debate the question, not after, but before the vote.

Mr. Speaker: Order. Would the hon. member please restrict his remarks to the question of the urgency of the debate.

Mr. Allard: That is precisely what I am doing, Mr. Speaker, with all due respect. If you will let me finish my remarks, my conclusion will prove the urgency of initiating a debate this afternoon.

In this regard I was making the comparism that this is exactly like in 1962, before the provincial elections. Serious accusations were made just five days before the vote.

The accusation made by the premier of Quebec is exceedingly serious for it involves the security of the state. In fact, it questions the authority of government, of the premier of Quebec and the respect of authority by the population.

This debate is urgent. If it is delayed or if consideration of the Department of Justice estimates is postponed until after June 5, I say this debate will not serve any useful purpose. The common good is at stake here and, Mr. Speaker, I am pleased to support the motion of the right hon. Leader of the Opposition. I hope we will have the opportunity to debate the question this afternoon.

Unfortunately, I hear hon. members from this side of the house, who are unconcerned by the seriousness of the charge made—

Mr. Speaker: Order. At the present time the hon. member is straying away from the matter under consideration.

[*English*]

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, as you have stated, the issue to be decided is the urgency of debate. In order to

deal with this point adequately I must put certain facts before the house very briefly. I wish to make it abundantly plain that no member of this government has communicated directly or indirectly with any member of the government of the province of Quebec in this matter, nor has there been any departure—

Some hon. Members: Order.

Mr. Nugent: Mr. Speaker, on a point of order, the Solicitor General is absolutely out of order. If he wants a debate let us have a debate.

An hon. Member: You don't want to hear the truth.

Mr. Starr: Let the Speaker decide.

Mr. Speaker: There should be no debate on the substance of the matter. I believe that until now I have obtained the co-operation of other hon. members who have taken part in this discussion. We have limited the discussion to the question of the urgency of debate, and I am sure the Solicitor General will want to do the same thing.

Mr. Pennell: Mr. Speaker, I will be very brief. I want to say, if I may, that there has been no departure from the normal practice.

Mr. Starr: Order.

Mr. Nugent: On a point of order, Mr. Speaker, he is defying the ruling of the Chair.

Mr. Speaker: Order, please. I will have to ask the Solicitor General to co-operate with the Chair. I have received excellent co-operation from hon. members of the opposition who have strictly limited their contributions to the urgency of the debate, which is not what happens all the time. Of course what I mean is that on this type of motion it is very difficult for hon. members to limit themselves to the question of urgency of debate. I am sure the Solicitor General will want to do the same thing.

Mr. Pennell: Mr. Speaker, may I say with respect that the point I am making is that the urgency of the debate will depend upon whether there has been a departure from the normal practice. If I can establish—

Mr. Starr: No, no.

Mr. Speaker: Order, please. I assume the argument the Solicitor General wants to present is to prove there is no urgency of debate.

[Mr. Pennell.]

I can say I have reached a decision now, and that is that there is no urgency of debate, so I do not think there is any point in the Solicitor General presenting his argument.

I have listened to the point raised by the right hon. Leader of the Opposition. He knows, and we all know, in what circumstances the ordinary business of the house can be adjourned. It has to be a very specific matter of sudden emergency. I am not trying to minimize in any way the importance and seriousness of the subject matter raised by the right hon. Leader of the Opposition, but to my mind it does not fill the requirements of the standing order and of citation 100 of Beauchesne. The point which has been raised is more in the nature of a grievance than the type of question which merits and warrants the adjournment of the ordinary business of the house. For this reason I have to rule against the motion.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the house that I have received the following communication:

Ottawa, June 2, 1966

Sir:

I have the honour to inform you that the Honourable Robert Taschereau, P.C., Chief Justice of Canada, acting as Deputy to His Excellency the Governor General, will proceed to the Senate chamber today, the 2nd June, at 5.45 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

• (3:00 p.m.)

Mr. Frank Howard (Skeena): Mr. Speaker, before calling orders of the day, in view of the fact that there will be royal assent I wonder whether the house might not now consider making an order to come back at seven o'clock this evening, in order that we might have a supper hour for a change.

Some hon. Members: Agreed.

Hon. G. J. McIlraith (Minister of Public Works): That meets with our approval, so far as the government is concerned. We will adjourn for private members' hour.

Mr. Speaker: The suggestion has been made by the hon. member for Skeena that after royal assent the house return at seven o'clock.

Some hon. Members: At eight o'clock.

Mr. Starr: No.

Mr. Speaker: Order, please. The hon. member for Ontario.

Hon. Michael Starr (Ontario): Mr. Speaker, we could not agree to that. We agree, however, to adjourning until seven o'clock, after the house returns from the other place.

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

Mr. Speaker: There will be an order of the house to suspend private members' hour this afternoon.

LABOUR RELATIONS

QUEBEC LONGSHOREMEN'S STRIKE—REQUEST FOR REPORT ON NEGOTIATIONS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, is the Minister of Labour in a position now to give a more favourable report as to the probability of this calamitous strike in Montreal being brought to an end? If not, in view of the suggestion by the minister that some form of compulsory arbitration was passing through his mind regarding the settlement of strikes, does the government intend to take proceedings similar to those that were taken by the government of Right Hon. Mr. St. Laurent during the period of office of that government?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I can only reiterate that the mediator is in session at the moment. My deputy minister is in attendance and is assisting him in the discussions.

With regard to the second part of the hon. gentleman's question, I think the house will recall that when my estimates were before the house last week I put forward not just one suggestion but others as well for the consideration of hon. members. If and when government policy has been decided with regard to this matter it will be announced.

Mr. Diefenbaker: A supplementary question. Having regard to the fact that this strike has now gone on for 22 or more days, and is paralysing this nation in certain particulars, when does the government intend to act?

Mr. Nicholson: Mr. Speaker, the government has acted. If the right hon. gentleman has any constructive suggestions for further action they will be welcomed.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: You need the help.

Inquiries of the Ministry

Hon. Michael Starr (Ontario): A supplementary question, Mr. Speaker. In view of the answer given by the Minister of Labour just now I will reiterate the suggestion put forward in the question. Also may I suggest that instead of the Minister of Labour calling the people involved together for two or three hours and then allowing them to go, he call them to Ottawa and under the collective bargaining procedure sit with them until a settlement has been reached. We used to do that.

Some hon. Members: Hear, hear.

Mr. Nicholson: I thank the hon. member for his suggestion.

NATIONAL SECURITY

QUEBEC—R.C.M.P. REPORTS PROVIDED TO PROVINCIAL GOVERNMENT

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 great concern that has arisen out of the accusations made against Mr. Arthur Vachon with regard to the abuse of R.C.M.P. files to discredit him, and the concern that there might be a repetition of the abuse of such files, would the Prime Minister be prepared to make an early statement as to what guarantees he can give the house that there will be no repetition of this, and that files given to provincial authorities—

Mr. Speaker: Order, please. Perhaps the hon. member would limit his contribution to one question at a time.

An hon. Member: Based on the facts.

Mr. Speaker: Order, please.

Mr. Douglas: Then I will ask the Prime Minister whether he would be prepared to make a statement assuring the house and the country that there will be no repetition of any misuse of R.C.M.P. files by provincial authorities.

Mr. Speaker: Order, please. the hon. member knows he cannot make a statement of that sort, or attempt to make a statement, while asking a question. The question is out of order on that score.

Mr. Douglas: Mr. Speaker, may I ask the Prime Minister whether he would be prepared now or fairly soon to make a statement about the Vachon case.

Inquiries of the Ministry

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I will be glad to consider that last question.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, my question is directed to the Prime Minister. Would the Prime Minister give consideration to reviewing and examining the terms of reference of the commission which is going to look into the matter of security, with a view that there will be a special directive to the commission to consider the use which may be made of files such as have just been mentioned, also with a view to going into the right of remedy of those people who may have suffered from an improper use of such files.

Mr. Pearson: Mr. Speaker, the royal commission on security procedures will undoubtedly wish to go into matters of this kind and into matters which are of very great importance concerning security procedures. There is no doubt about that. At the last federal-provincial conference there was discussion between the federal government and provincial governments respecting the exchange of security information between police agencies.

Mr. Erik Nielsen (Yukon): A supplementary question, Mr. Speaker. Is the Prime Minister yet prepared to announce to the house the composition of that commission, and the date upon which it will commence its work?

Mr. Pearson: No, Mr. Speaker.

Mr. Douglas: A supplementary question. I would ask the Prime Minister how soon he hopes to be able to give the house the terms of reference, and whether the terms of reference will direct the commission in question to look into the matter of safeguarding such security records when they are placed in the hands of provincial authorities.

Mr. Pearson: Mr. Speaker, the terms of reference which are now under consideration will, I assure my hon. friend, be wide enough to cover questions of security procedure.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is supplementary to the last one, and refers to the appointment of this commission dealing with security. Cannot the Prime Minister take the questions that have been asked as a warning that it is imperative for this commission to be set up immediately? Has he no idea when this commission may be announced?

[Mr. Douglas.]

Mr. Pearson: I am as anxious as my hon. friend is that this commission be set up immediately and get to work, because it will take a long time for the royal commission to go into this matter in the thorough way it should be gone into.

[*Later:*]

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, the Solicitor General endeavoured to make a statement when I moved a motion to adjourn the house. I now ask him, has he been in touch with the premier of Quebec and the minister of justice of Quebec and asked them to explain how they came to say that Vachon was a security risk and that the R.C.M.P. report was before them when they made those statements?

Mr. Speaker: Order. I do not think that question should be asked at this time. To my mind the information the right hon. Leader of the Opposition is seeking now is not the sort that should be sought on orders of the day.

Hon. E. D. Fulton (Kamloops): Mr. Speaker, may I ask one last question. I should like to direct a very simple, perfectly straightforward and I think urgent question to the Solicitor General. Is there an R.C.M.P. file with respect to Mr. Vachon which was delivered to the attorney general of Quebec?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, in discharging my responsibility I propose to follow the excellent example set by the hon. member for Kamloops in declining to say whether there is a file about any individual, what any file may contain and whether it was passed to anyone else.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: Apparently the government has learned some lessons since the Munsinger case.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: Mr. Speaker, I ask the minister, in view of his most laudable expression of purpose in the administration of his department, has he got in touch with the premier of Quebec and the minister of justice of that province to complain about them having said that there was such a security file received from the R.C.M.P.? Has he condemned them?

Mr. Pennell: I did not say that, Mr. Speaker, but may I say that at appropriate times the manner in which information is exchanged between various law enforcement agencies is the subject of discussion between officials and responsible ministers.

WATER RESOURCES

REQUEST FOR REPORT ON POLLUTION PROBLEM

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): I have a question for the Minister of Mines and Technical Surveys. Has the minister a report to make in connection with his attendance at the committee of the council of resource ministers, preparatory to a national conference on pollution to be held this fall.

Hon. Jean-Luc Pepin (Minister of Mines and Technical Surveys): That conference was announced quite a long time ago. At the meeting in Winnipeg we reviewed the final arrangements for the conference to be held in October and November in Montreal. Most of the study papers are now with the secretariat and preparation for the conference is progressing quite normally.

Hon. Alvin Hamilton (Qu'Appelle): A supplementary question, Mr. Speaker. My question concerns the possibility of a further conference being held in 1967.

Mr. Pepin: I do not recall whether this was in the communiqué, but there is a possibility that following the pollution conference we may have a more general conference on water problems.

Mr. Hamilton: A further supplementary question. Will the minister assure us that there will be representatives of the various governments as well as experts at the conference in 1967?

Mr. Speaker: Order, please. It seems to me that this is not a very urgent question.

Mr. H. W. Herridge (Kootenay West): A supplementary question, Mr. Speaker. The question is urgent and I would direct it to the Prime Minister. Would the Prime Minister inform the house if he has received a letter from Hon. J. W. Gardiner, minister of resources for Saskatchewan, expressing the opposition of the Saskatchewan government to the export of Canadian water? If so, is this policy in accord with the proposed national water policy of the federal government?

Mr. Speaker: Order, please. This is a matter of very general policy, and the question cannot be asked at this time.

[*Later:*]

Hon. E. D. Fulton (Kamloops): Mr. Speaker, I should like to ask the Minister of Mines and Technical Surveys to be clear as to the answer he gave to an earlier question. Did the minister say there would be a further conference of resource ministers at the time of the proposed conference in October and November? That is to say, will it be part of the same conference, or will there be a conference later in the year?

Second, did I understand him to say that the subsequent meeting will deal with the question of a national water use policy?

Mr. Pepin: Mr. Speaker, one question which was debated was when this more general conference should take place, and it was decided that it should take place only after the conference on pollution.

Mr. Fulton: But immediately after, or later?

Mr. Pepin: No, a year or so after.

OIL

INQUIRY AS TO REVISION OF NATIONAL POLICY

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I should like to direct a question to the Minister of Mines and Technical Surveys. In view of the opinions expressed yesterday by the Edmonton Chamber of Commerce, is the minister giving reconsideration to the need for a revision of the national oil policy?

Mr. Speaker: Order, please. It seems to me that this is the same type of question and should not be asked at this time.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO AGENDA

On the orders of the day:

Mr. L. M. Brand (Saskatoon): Mr. Speaker, on Tuesday I asked the Prime Minister whether he had ready the agenda for the federal-provincial conference to be held in Victoria on June 16, and he said that it would probably be ready by Wednesday, yesterday. I wonder whether it is now available to the house.

Inquiries of the Ministry

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker, I did have it ready yesterday, but I do not think my hon. friend was in the house when I was in a position to give a reply. Therefore perhaps he will forgive me if I am a day late in respect of that reply, which is to confirm what is already known to the house, that the federal-provincial conference will take place on June 16 and 17 as part of the commemoration of the centenary of the union of British Columbia and the island of Vancouver.

The main item on the agenda will be the question of federal assistance to university financing. None of the provinces has proposed that any other item be added to the agenda although they, as well as the federal government, will still be free to raise in the usual way questions of particular concern to them under the item "Other Matters".

As the conference will be only a day and a half in length, and part of that time will be devoted to ceremonials, it is not likely that we would have much time to deal with other matters because one item on the agenda is of such great importance.

Perhaps the house would be interested to know that my colleagues the two ministers from British Columbia will represent the federal government with me at the various ceremonies. In view of the nature of the agenda other federal ministers attending will be the Minister of Finance, the Secretary of State, the President of the Privy Council and the Minister of Citizenship and Immigration.

Mr. Erik Nielsen (Yukon): A supplementary question, Mr. Speaker. In view of the nature of the occasion for the holding of the federal-provincial conference, can the Prime Minister inform the house whether any representatives of the government of the Yukon and Northwest Territories have been extended an invitation to attend?

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

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, may I ask the right hon. gentleman a question concerning education. Will the discussion include discussion of the program of scholarships and bursaries?

Mr. Pearson: Mr. Speaker, I have no doubt that matter will come up during the course of the discussion, but the main subject on which the provinces would like to have a decision reached at this particular meeting is aid to education apart from scholarships and bursaries, though that matter will undoubtedly be discussed too.

[Mr. Brand.]

Mr. Chatterton: A supplementary question, Mr. Speaker. Do I take it that the matter of bursaries and scholarships will not necessarily require the consent of the provinces?

Mr. Pearson: It will not necessarily be settled at this particular conference. It is a matter, of course, primarily for the federal government.

GRAIN

REQUEST FOR GREATER USE OF ALTERNATIVE SHIPPING ROUTES

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 Finance in his capacity as the minister under whose jurisdiction the Canadian Wheat Board comes. Would the minister impress upon the wheat board that they should ship more grain through Churchill, Hudson bay, and Vancouver so that the carryover for this crop year will not be as large as it seems it is going to be? Will he impress that on the Canadian Wheat Board?

Mr. Speaker: Order. The hon. member has made representations of a general nature which I assume the minister has noted.

Mr. Rapp: Mr. Speaker, this question is urgent.

PENSIONS

INQUIRY AS TO LEGISLATION REGULATING PRIVATE PLANS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I address a question to the Minister of Finance. In view of the fact that the Prime Minister has indicated that he is considering a list of business for the house to deal with before a possible summer recess, can the Minister of Finance say whether the proposed legislation respecting the regulation of pension plans which come under federal jurisdiction will be included in that list?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I know I have placed this before the Prime Minister. What disposition he and the house make of it is really not in my power to say.

Mr. Knowles: A supplementary question, Mr. Speaker. Can the Prime Minister say what he has done with this very justifiable request?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I indicated to my hon. friend—I know his interest and patience in this matter—that I hope to be in a position at the beginning of next week to make a statement on the proposed legislative priorities.

SHIPPING

FAILURE TO PROVIDE PILOT FOR RUSSIAN VESSEL

On the orders of the day:

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I have a question for the Minister of Transport of which I have given him notice. Did the St. Lawrence river pilotage service fail to supply a pilot for the passenger liner *Alexandr Pushkin* last evening for the Quebec-Les Escoumains passage, thus compelling the ship with over 700 people on board to proceed to sea through the night without pilotage service?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, may I thank the hon. and patient member for Royal for giving me notice of this question. In view of the fact that a question of safety may be involved I think I might be permitted to read the information I have been given on the subject because I have no information of my personal knowledge, as hon. members will readily understand.

Some hon. Members: Hear, hear.

Mr. Pickersgill: Mr. Speaker, any pilotage I have been doing lately has been done here in Ottawa.

Some hon. Members: Oh, oh.

Mr. Pickersgill: May I apologize to hon. members for taking up the time of the house with these diversions.

When a pilot was requested to conduct the *Alexandr Pushkin* from Quebec to Les Escoumains the dispatcher assigned a pilot to the vessel expecting him to board the ship in the normal manner by taking the pilot boat from its usual berth. The pilot at the request of the ship's agent, went to Lauzon where alternative boat facilities apparently had been arranged. We understand the pilot was persuaded by officials of the corporation of pilots for the lower St. Lawrence to return to the normal boarding station. There he was met by a picket line which prevented his boarding the pilot boat.

No one from the pilotage authority gave any order cancelling pilot service for the *Alexandr Pushkin* or for any other ship. Except for two isolated instances on Monday, May 30 there have been no other cases of this sort of interference.

Mr. D. V. Pugh (Okanagan Boundary): Mr. Speaker, a supplementary question. Is picketing still in existence, and could this occur again?

Mr. Pickersgill: In the city of Quebec?

Mr. Pugh: Yes.

Mr. Pickersgill: The information I have is that at the present moment there is quite a good deal of mass picketing, or there was earlier today.

Mr. Pugh: Then are steps being taken to see that pilots will be put aboard vessels?

Mr. Pickersgill: Perhaps I might be permitted to say, Mr. Speaker, that it is my understanding that the National Harbours Board is seeking an injunction to have legal picketing only permitted at Quebec from now on.

RESEARCH

REQUEST FOR INCREASED GOVERNMENT ASSISTANCE

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is based on the announcement made by the Prime Minister yesterday with regard to impending legislation affecting medicare, and is addressed to the Minister of Industry who has responsibility in this house for research matters. Will the government seriously consider increasing its assistance to medical research, thereby helping to keep teaching staff and doctors in Canada?

Mr. Speaker: Order. This question is of a very general nature and I suggest it ought not be be asked now.

Mr. Grafftey: There is a shortage of doctors facing the nation, and I cannot see that anything could be more urgent.

Mr. Speaker: Perhaps the difficulty might be removed just as quickly if the question were placed on the order paper.

Inquiries of the Ministry

CANADIAN BROADCASTING CORPORATION

COMPLAINTS RESPECTING PROGRAM ON YOUTH

On the orders of the day:

Mr. P. B. Rynard (Simcoe East): Mr. Speaker, my question is directed to the Prime Minister. It is prompted by complaints I have received about what appears to have been a highly licentious program depicting sex and morals among our young people, which was broadcast last Sunday night at ten o'clock. How many complaints has the Prime Minister received about this program, and will he undertake to look into the matter?

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

EXTERNAL AFFAIRS

RUSSIA—REPORTED COMPLAINT AGAINST CAMPAIGN IN CANADA

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): In the absence of the Secretary of State for External Affairs I should like to direct a question to the Prime Minister. Has a statement been received by the Canadian embassy in Moscow protesting what has been described as an anti-Soviet campaign in Canada?

Mr. Speaker: Order. I have some doubts whether this question should be allowed at this time.

SOUTH AFRICA—REFUSAL TO ADMIT CANADIAN NEWSMAN

On the orders of the day:

Mr. R. N. Thompson (Red Deer): In the absence of the Secretary of State for External Affairs I wish to direct a question to the Prime Minister. The report that a Canadian newsman is one of four people who have been refused admittance to South Africa is a matter for concern. Can the Prime Minister tell us the name of this newspaperman, and is the government taking any action with regard to the incident?

Mr. Speaker: Order. I do not think this question is of such urgency that it should be asked or answered at this time.

[Mr. Speaker.]

CANADA ASSISTANCE PLAN

INQUIRY AS TO PAYMENTS UNDER PROPOSED LEGISLATION

On the orders of the day:

Mr. Terence Nugent (Edmonton-Strathcona): My question is for the Minister of National Health and Welfare. Could the minister inform the house whether payments under the proposed Canada Assistance Act would be greater than payments under the Canada Pension Plan during the transitional period before the plan matures?

Mr. Speaker: Order. I doubt whether this question is extremely urgent. The hon. member might place it on the order paper or, if he thinks there is urgency, it might be debated on the adjournment motion.

AGRICULTURE

QUEBEC—ANIMALS IN TRANSIT LEFT UNATTENDED

On the orders of the day:

Mr. Ian Watson (Chateauguay-Huntingdon-Laprairie): I have a question for the Minister of Agriculture. Would the minister ask his officials to look into press reports that animals in transit at the ports of Montreal and Quebec have been left unattended as a result of the strike, and are facing starvation?

Mr. Speaker: The minister has noted the suggestion made by the hon. member.

FINANCE

LEGISLATION RESPECTING INTEREST CHARGED BY BANKS

On the orders of the day:

Hon. George Hees (Northumberland): My question is directed to the Minister of Finance. In view of the fact that the country is anxiously awaiting the presentation of legislation affecting the interest rates which banks can charge on ordinary loans, can the minister advise the house what progress is being made with such legislation?

Hon. Mitchell Sharp (Minister of Finance): As the house is well aware, the revisions of the Bank of Canada Act have been presented and it is our intention to present legislation providing for the revision of the Bank Act which deals with this question.

[*Translation*]

BANKRUPTCY

REQUEST FOR STATEMENT ON PROPOSED LEGISLATION

On the orders of the day:

Mr. Henri Latulippe (Compton-Frontenac): Mr. Speaker, I have a question for the Minister of Justice.

In view of the fact that Canadian businessmen suffered losses of one half billion dollars in bankruptcies in 1965 and that the government, for its part, lost $150 million in revenue, can the minister—

Mr. Speaker: Order. Would the hon. member put his question—

Mr. Latulippe: It seems to me it is urgent since the government itself lost $150 million—

Mr. Speaker: I do not object to the question. I suggest that at this time the hon. member should put a question and not allege facts.

Mr. Latulippe: Can the minister advise the house what progress he has made with his representation in this regard?

Hon. Lucien Cardin (Minister of Justice): Mr. Speaker, the Minister of Justice is well aware of the problems caused by bankruptcies, and I intend to make a statement in this regard during consideration of the amendments to the Bankruptcy Act.

[*English*]

Mr. Erik Nielsen (Yukon): A supplementary question. Can the minister or his colleague, the Solicitor General, confirm that the R.C.M.P. is continuing general investigations into bankruptcy frauds at the moment?

Mr. Pickersgill: Another leading question.

Mr. Cardin: The R.C.M.P. has for a number of years conducted investigations into bankruptcy frauds, and is continuing to do so.

SPORTS

PAN-AMERICAN GAMES—REQUEST FOR INCREASED SUPPORT

On the orders of the day:

Mr. L. R. Sherman (Winnipeg South): I wish to direct a question to the Minister of National Health and Welfare. Its urgency arises out of the construction problems and pressures involved. Has the minister this week received any further representations from Winnipeg seeking increased federal support for the 1967 pan-American games, and, if so, can he report the results of these consultations?

Mr. Speaker: Order. This question should be placed on the order paper.

[*Translation*]

POST OFFICE DEPARTMENT

QUEBEC—COMPLAINTS RESPECTING SALARIES AND WORKING CONDITIONS

On the orders of the day:

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, I wish to put a question to the Postmaster General, to whom I gave notice a while ago.

Has he received, in the last few days, a request stating the serious grievance of the Federated Association of Letter Carriers, Local 47?

If so, what emergency measures does the Minister contemplate to prevent the dispute from dragging on?

Hon. Jean-Pierre Côté (Postmaster General): Mr. Speaker, the grievance is based on claims for overtime pay. I have asked the representatives of the Quebec district to look into the matter and report to me.

[*English*]

HOUSING

REQUEST THAT FUNDS BE MADE AVAILABLE THROUGH CORPORATION

On the orders of the day:

Mr. Reid Scott (Danforth): I wish to direct a question to the Minister of Labour in his capacity as the minister speaking for Central Mortgage and Housing Corporation. In view of the rapid worsening in the home building industry resulting from the dearth of mortgage money, as evidenced for example in Toronto—

Mr. Speaker: Order. The hon. member should ask a question.

Mr. Scott: I am attempting to do so, Mr. Speaker.

Mr. Speaker: I think I should remind the hon. member that according to the rules of the house questions should not be prefaced by statements of the type the hon. member is making now.

Mr. Scott (Danforth): I naturally accept that ruling, though I was under the impression one had to preface a question in order to indicate

that some degree of urgency was attached to it.

In any event, in the light of what I have said as to the worsening situation in the industry, is the minister now prepared to instruct C.M.H.C. to make available sufficient direct housing loans to the building industry to meet this critical and potentially dangerous situation?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I cannot possibly accept the inference in the latter part of the question, because I do not think the facts as stated, by the hon. member are accurate. No major change is expected in present policy, however.

Hon. Michael Starr (Ontario): I wish to ask the minister whether he thinks 600 loans to home builders in the Toronto metropolitan area are sufficient.

Mr. Speaker: Order. The question is argumentative.

Mr. Thomas M. Bell (Saint John-Albert): Has the minister any evidence of C.M.H.C. contracts in the maritimes, apart from mortgage loans, being held up since the tight money policy was introduced? If so, what is the policy in this regard?

Mr. Nicholson: There is no information of any such difficulty in any part of the maritimes.

Mr. Scott (Danforth): A supplementary question for the Prime Minister. In view of the importance of the housing question in Canada, and in view of the fact that the Minister of Labour will obviously be preoccupied—

Mr. Speaker: Order. The hon. member is not asking a question.

Mr. Scott (Danforth): Then I will do so now. Would the Prime Minister give serious consideration to the creation of a separate ministry of housing under a full time minister?

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. D. R. Tolmie (Welland): Mr. Speaker, I wish to direct a question to the parliamentary secretary to the Secretary of State for External Affairs. In view of the announced intention of a group of Irishmen from Buffalo to re-enact at Fort Erie the Fenian raid of 1866, does the government plan any emergency action to counteract this threat to our national security?

Some hon. Members: Oh, oh.

Mr. T. C. Douglas (Burnaby-Coquitlam): As a supplementary question, would it be possible that when the gentlemen in question are visiting Canada they could be given a copy of Walter Gordon's "A Choice for Canada"?

Mr. D. S. Macdonald (Parliamentary Secretary to Secretary of State for External Affairs): It is possible, Mr. Speaker. I will bring the questions to the attention of the Secretary of State for External Affairs and also to the management of the race track who, I am sure, will give the visitors a run for their money.

Mr. Starr: I rise on a point of order, Mr. Speaker. This is in no way a criticism of you, sir. I know you have a difficult task on oral questions, but surely you have ruled some questions out of order which in the opinion of everybody in the house, had far greater significance than the one you have just allowed to be answered.

Mr. Speaker: Order, please. I bring to the attention of the hon. member for Ontario that so far as I could see this was one of the last questions to be asked. I thought the hon. member for Welland was very patient to wait for over half an hour to be recognized, and it was the feeling of the Chair that since we had almost reached the last question a bit of levity might be in order.

Some hon. Members: Hear, hear.

Mr. Starr: On a further point of order, Mr. Speaker, I think levity in the middle would be just as welcome sometimes.

Mr. Speaker: The Chair suggests it would be welcome at any time.

AIR CANADA

INQUIRY AS TO PROGRESS IN SETTLING LABOUR DISPUTE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Labour. In view of the statement he made yesterday to the effect that the parties to the Air Canada dispute were meeting yesterday, has he any report to make on that meeting?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I can only report that spokesmen for the parties, the president of the air line employees' association and one of the vice presidents of Air Canada, are in session at this moment, I believe, with one of the senior officials of my department in Toronto.

SUPPLY

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

DEPARTMENT OF INDUSTRY

1. Departmental administration, including grants as detailed in the estimates, $6,795,400.

The Chairman: This item appears at page 178 of the blue book and was last under consideration on Friday, May 20.

Mr. McIntosh: Mr. Chairman, I rise to voice my protest against the designated area policy of the government. In fact it is a policy which should not be entertained by the Department of Industry at all.

When making an assessment of any policy one usually divides it into two parts, one showing the advantages and the other the disadvantages. This I have done. In the advantages column the only merit of a policy of this type that I can see is that it provides a certain amount of relief to unemployment, which has nothing to do with the Department of Industry.

The disadvantages are many. The results of this policy so far as industry is concerned include discrimination between communities, patronage on a large scale, subsidizing inefficient operations, increasing the cost of production with increases in taxes for those who pay taxes, creation of municipal problems that did not exist previously, creation of new industrial problems that industry did not have to contend with previously, curtailment of the nation's natural economic development, an adverse effect on the problems of our competitive position with regard to world markets, a further contribution to the problem of inflation which the government is trying to combat and, lastly, such a program and policy hinder normal industrial development.

When the minister presented his estimates he stated some sound principles which we hoped his department would follow. I suggest to him that if his department had followed those principles in regard to the policy of designated areas I would not be standing on my feet today. The implication of such a designated area policy is actually contrary to the principles enunciated by the minister. The whole program of designated areas has the opposite effect to what the minister is trying to achieve, if we are to go by the principles he has outlined.

As recorded at page 5374 of *Hansard* for May 20 the minister said:

> The department was established in recognition of the pressing need for Canada to attain an efficient expansion of our manufacturing industries.

How can industry attain efficient expansion when the government bribes industries to locate in areas where it is less efficient for them to operate?

The reason I use the word "bribe" is that another hon. member, when speaking on the minister's estimates, said that in his constituency an industry had been closed because it refused to move to a new site in Montreal. This was said the last time the minister's estimates were before the house. It was stated that the industry in question would not be given contracts unless it moved to Montreal. If this is not bribery I do not know what is.

• (3:40 p.m.)

Another statement made by the minister was that "we must at the same time ensure that industrial efficiency improves". I suggest that the present designated area program does not lend itself to improved efficiency in any way. In fact, it is a retrograde policy delaying the improvements which industry realizes it must achieve for competitive reasons. A perfect example of such retrogression took place in my own community as a result of this ill-conceived policy. I believe the minister is aware of it. It has to do with an asbestos plant that was going to locate in my own constituency, indeed, in my own home town. The industry had decided to locate in this place because of three main factors, ample water supplies, ideal waste disposal facilities, and close proximity to the American market which it hoped to develop. However, because of a saving of half a million dollars, in fact, closer to three-quarters of a million dollars, I believe, in capital expenditure and because of the fast write-off, the industry located elsewhere as a result of the government incentive to do so.

It can easily be seen that the result in that case is contrary to the principle the minister laid down and will not bring about the improvement in efficiency he wishes to achieve. Certainly this industry cannot be as efficient in the new location as it would have been had it been able to locate where the

three factors necessary to the industry were available. The industry, in order to take advantage of the incentive under this program, the $600,000 and the fast write-off, took a short-term view of its future and decided to locate elsewhere. I suggest to the minister that because of the designated area policy industry today throughout the whole of Canada is taking a short-range view with respect to location, which in the future could be detrimental to Canada.

In his opening remarks the minister also stated that the aim of the Department of Industry is to ensure that this influence is positive and helpful. I ask the minister to tell me, on the basis of his experience already with the designated area policy, helpful to whom?

Mr. Drury: To Canada.

Mr. McIntosh: In respect of the case I have just cited the minister has not been very helpful so far as our community and that industry are concerned. He certainly has not been helpful to the municipality affected because at the place where this industry was going to locate provision had been made to absorb the additional children there would be in that area. In the area where the company is now going there will be a great many problems. Problems are being created where they did not exist before. This may apply only to small communities, but if the minister wants diversification of industry this is where industry must go rather than be centralized in the large centres.

I suggest to the minister that it is not a positive program as has been stated by him, but a negative one. If the minister allows the designated area program to continue he will be creating new problems which some future government will have to solve. Possibly the minister has the idea that the present government is not going to be in office too long and is creating these problems for a future government. In other words, and I am not being facetious, I think the minister will realize that the problems I am outlining certainly will become major ones in the not too distant future. I say that if the minister was honest in his presentation of these estimates he would say that his designated area program was not designed to benefit industry in the first place. As I said before, the program is an effort on the part of the government to deal with the unemployment problem which should have been left with the Department of Labour.

[Mr. McIntosh.]

I would ask the minister and the government to study closely the words of the hon. member for Saint John-Albert. The article in the Saint John *Times-Globe* of May 19, from which he quoted, referred to the Atlantic provinces but it could apply to the prairie provinces as well. It points out the harmful effect on communities, not only harmful at present but for the future also, of such a program. The article is worth repeating and I take the liberty of doing so now. The article reads as follows:

> Denial of the incentives is crippling the centres that could lead these provinces in an economic renaissance . . . Established industries have moved out of these centres to get aid; potential new ones have been lost. The cities are being bled in the name of healing and the whole region is weakened.

Former speakers have also stated, and I think the minister must have taken note of this, that the formula he is using is absolutely wrong. The last time the minister's estimates were before the house I believe the hon. member for Provencher said that the formula as the minister had enunciated it was not even being followed. As I understood the information given to the house, it was based on unemployment figures as well as family income figures.

Mr. Drury: Non-farm family income.

Mr. McIntosh: So far as I am concerned the formula is wrong because, as other members have pointed out, the unemployment and home income figures used do not apply in the same way in each province. In one example in respect of Manitoba I believe it was pointed out that in the case of one designated area where an industry was allowed to locate and get the incentives, the income figure was larger than in other areas in the same province. In my view the formula had not been followed in that instance.

Before these estimates are passed I hope the minister will give a commitment to the house that he will do away with this program at this time. If he would do so, I do not think he would have any difficulty in getting his estimates through.

Mr. Grafftey: Mr. Chairman, the minister's estimates are now before the committee and I intend to keep my remarks relatively brief and related to a subject on which I have been dealing with the minister for a number of months now. It is a happy coincidence that I can bring it up at this time because the minister has under his jurisdiction the National Research Council, the Department of

Defence Production and the Department of Industry. These three agencies of government relate to the subject I wish to touch upon briefly this afternoon, a subject with which the minister has dealt ably in so many ways over the past months.

Research, the Department of Defence Production and the Department of Industry are all related to the problem of automobile safety and highway safety. Over the past months much has been done in these three departments in this regard. I repeat that I intend to keep my remarks on this subject relatively short this afternoon. I think all members of the House of Commons, together with the people of Canada, have come to recognize that the problem of automobile and highway safety and automobile and highway deaths and injuries constitutes a national and international epidemic. The automobile is the greatest killer of young people between the ages of 18 and 35 and the third greatest killer of all our people, exceeded only by heart disease and cancer. We recognize that we have an epidemic involving the driver as the agent, the road as the atmosphere and the car as the microbe, and that we must approach the problem in a scientific, epidemiological way.

• (3:50 p.m.)

There is a problem of jurisdiction involved, and the minister has mentioned this before various house committees. Provincial governments must educate better and safer drivers. They must continue to build better and safer roads and they must insist on regular and meaningful annual or semi-annual inspections of automobiles. While the federal government can help with uniform codes and take the lead in this regard with the approbation of the provinces, all these matters do fall under provincial jurisdiction constitutionally.

We are able to refer to this subject today during the consideration of the minister's estimates because I firmly believe that the federal government alone can bring the construction of automobiles under the rule of law. Whether we are talking about the matter in a legal or constitutional sense, certainly in a realistic sense the United States found that only the federal government can invoke uniform standards relating to the production of safer automobiles at the manufacturing level or on import. It is in relation to the minister's responsibility for industry that I refer to this subject under these estimates today.

I am fully aware of the fact that the classic role of the Minister of Industry is to assist and encourage industry to expand, develop and do a generally good job in Canada. In looking at things in detail one realizes that the Minister of Industry is placed in a difficult position, and I imagine the government has recognized the jurisdictional problem facing it in formulating mandates with regard to scientifically proven safety standards in the automobile industry at the production stage.

We have now reached the question whether it is the Minister of Industry, the Minister of Transport or the Minister of National Health and Welfare who should enforce standards. I say on an optimistic note that some agency of government is going to have to invoke mandatory standards of safety in the automobile industry within a very few months.

We have talked about what provincial governments can do. I firmly believe that if the federal governments of the United States and Canada live up to their responsibilities, with the co-operation of opposition members, the public and the industry, and state to the industry that it must put already scientifically proven safety features in automobiles at the production stage, this one step alone will cut highway deaths and injuries by 50 per cent. That does not mean to say that we should neglect the problems associated with developing better drivers, better roads and annual inspections of automobiles at the provincial level, but I wish to emphasize the real role the federal government must play in this regard.

I should like to congratulate the minister for the initiative he has already shown and for his efforts which have led to the convening of a conference of provincial authorities in the near future on the subject of automobile safety. I certainly hope that at that time the problem of jurisdiction can be ironed out. In my opinion it will be relatively simple to iron out the problem because the federal government already has jurisdiction over foods and drugs and in respect of issuing mandates as to safety standards for aircraft, ships and rolling stock on the railways. No matter what the constitutional or legal position is, I think it is going to be a relatively easy job for the federal government to get approbation from the provinces to act as a central authority with respect to mandates as to safety standards right across the nation in terms of telling the industry that it must put scientifically proven safety features in automobiles at the manufacturing level.

I want to note two recommendations contained in the brief in this regard which was presented to the Prime Minister after the terrible slaughter that took place on our highways last year on the July 1st week end. Before doing so I want to thank the members of all parties who have endorsed this brief and the people who spent so much time in researching it and helping me to put it together.

One of the recommendations was that the government act immediately to create and establish a national accident research centre. One reason we have made so few inroads in terms of combating this international epidemic is that we know very little about it. Once an accident has taken place we do not know too much about what has caused a death or injury.

What happened in respect of the air accident at Ste Thérèse a little over two years ago which killed over 100 people? We immediately roped off the site of the accident and, at a cost to the federal treasury of between $4 million and $5 million, we put the aircraft together bit by bit and held a judicial inquiry with the result that we got some information which will help us to reduce the number of similar accidents in the future.

Every holiday week end in Canada over 100 people are killed on our highways. Within 10 or 15 minutes of the accident the morgue wagon takes the corpses to a morgue or funeral parlour, as the case may be, and the automobiles are towed to the junk heap. We know nothing about what happened in terms of the reason for an accident which has caused death or injury. Not one cent of private or public money is spent on research to find out what happened. When we are travelling in aircraft—the minister and I have chatted about this—we are 10 times as safe as when we are travelling on the highways.

Mr. Drury: I think it is six times.

Mr. Grafftey: I suggest it is approximately 10 times as safe. Why is that the case? In Canada and in the United States millions and millions of dollars are spent on licensing safe pilots, building safe aircraft at the production stage and providing federal inspectors who tell the aircraft companies what safety features must be included in aircraft at the production stage, just as we do in respect of ships and rolling stock.

We spend millions of dollars in formulating and enforcing safe aircraft rules; yet the simple automobile, in which all of us here today will ride at some time or another, falls outside the rule of law. I do not believe that the people of Canada or the United States people are going to tolerate jurisdictional disputes between the provinces or states and the federal government while the automobile remains outside the rule of law.

[Mr. Grafftey).]

We have discovered that very little private money is being spent on research in this regard. In 1964 in the United States Senator Kennedy obtained information in the U.S. senate commerce committee to the effect that General Motors of the United States had made a profit of $1,700 million but had only spent approximately $1,250,000 on safety research.

What happened in 1952 or 1956—I am not sure of the year—in regard to polio? We spent millions of dollars on research in respect of the epidemic and had the co-operation of all governments, scientific people, legislators and the public. Yet even at its worst the polio epidemic only killed between 2 per cent and 4 per cent of the number of lives that are claimed annually on our highways. We spent millions of dollars in research in respect of that epidemic and we licked it. Yet we spend nothing to conquer the greatest killer of our young people and the third greatest killer of our population at large. We are going to have to increase our research spending in this regard and we must have a national research centre.

• (4:00 p.m.)

Would it be too much, for instance, to ask that before July 1 next we say to every police officer in Canada: Make a meaningful report on death-producing accidents. Tell us something about the driver. Tell us something about the immediate circumstances in which he found himself before he became involved in the death-producing accident. What kind of vehicle was he driving? Why did he get into the accident? What kind of road was he on? What caused death or injury to him?

We know nothing about these matters now. Would it be too much to ask that the wrecks of cars involved in accidents be brought to a national research centre and that photographs of these wrecks be taken. Various farsighted coroners throughout the North American continent descend immediately on death-producing accidents and get the real facts and meaningful data which show why the accident occurred and why injury or death was caused.

I believe that a national accident research centre, not only for research into automobile accidents but other matters connected with accidents, would go a long way to help us move forward in this regard. It is largely because of the little bit of research being done at the U.C.L.A., Harvard and Cornell crash research centres that I and many others interested in this field sincerely feel that if safety standards for automobiles were controlled by mandate at the production level, this would cut the death and injury rate by approximately 50 per cent provided the provincial authorities co-operate at the same time in the other areas of safety in terms of the driver, roads and annual inspection of vehicles.

The second suggestion I make is this. Today the minister has under his jurisdiction many officials who are drafting safety codes in the area of automobiles, roads, and drives. My remarks as a federal legislator will relate only to the automobile. These codes are now being drafted, as the minister has informed the house on many occasions, under the aegis of the Department of Defence Production. It is my impression that the sooner some public authority builds a prototype safety car the better.

I am not going into the question of blame. I feel that the industry in years ahead will sell just as many safe cars as it is selling stylish cars today. I believe that safety can be sold Whether it can be sold or not, I believe it is incumbent upon the industry in our modern society to include safety features in its products. I believe a prototype safety car must be built by public authority. Members might ask me why. I remember that when we testified in New York a few months ago, the same night the industry made the announcement relating to collapsible steering columns and double-braking systems in cars. No doubt this will be an advance in this regard. I am not competent enough, nor do I know enough about the details, to make an objective judgment on whether this will be really significant. But I will say, and not in a dramatic, accusing way, that I believe the advances we will see in the 1967 models have been known to the industry for approximately ten years.

Suppose the food industry tomorrow morning at nine o'clock said to the government: We will be good little boys and take a little bit of poison out of the food the public have been eating for years and years. Legislators and the public at large would then have the right to ask how much poison was in the food in the past and how much was to be left in it in the future. Until governments and public authorities set up criteria based on prototype standards which they develop and correlate, we cannot make a correct judgment in this regard.

People sometimes think it is dramatic to take the position of whipping the big boys in industry, but I am not trying to do that. But at the same time I do not think anything as important and big as the automobile industry can be left to police itself any more than we can leave the food and drug industries to police themselves. So I believe that, first, standards must be mandatory and must be based on code regulations. If these code regulations are to be really meaningful, they must be based on objective criteria put together by governments.

This is why I believe that a prototype safety car must be built by a public authority. I would encourage the minister to do everything humanly possible to take the lead in this regard and offer Canadian aid, whether by direct financial assistance or co-operation by the National Research Council in respect of research projects, to bring the New York prototype safety car project to a successful conclusion as soon as possible.

I have referred to the New York prototype safety car. Many people ask me, "Why can't we do it in Canada" or, "Why can't it be done somewhere else?" Mr. Chairman, highway and automobile safety know no party or national boundaries. It is an international epidemic that we face. In my view the government of the state of New York is the only one in the western world that has made any real advances in terms of bringing such a car to completion. It has spent a couple of hundred thousand dollars in getting feasibility studies through the lower and upper houses in New York state and having them approved. It is interesting that an aircraft space agency has the contract to build the first seven prototype safety cars and crash them. I appeal to all hon. members; Let us move in this regard.

We are living in 1966, a year in which we can put men into orbit around the earth and bring them back, when we can almost put them on the moon and bring them back in safety. Yet we permit this slaughter to continue on our highways. Can we not stop it? I think we can if the government acts, and it can act even before Washington. Everybody says: Does it matter what Canada does? The

United States will do something in this respect and whatever they do will affect us. I think we hold—the minister can correct me here if I am wrong—between 7 per cent and 10 per cent of the North American automobile market. If the government and the minister took the lead in this regard the industry would pay a great deal of attention.

In the United States, the G.S.A. fixed standards in this respect. The federal government there purchases approximately 50,000 to 55,000 vehicles a year. By fixing standards for government-purchased vehicles the United States woke up the industry. Surely if Canada co-operated with New York, which has a population almost as large as that of our country and involving about 20 per cent of the automobile market, we would certainly make the industry look up and take notice.

Therefore, Mr. Chairman, I believe it is imperative, first that we move quickly to establish a national research centre of this type and, second, that we co-operate as quickly as possible with New York in the completion of a prototype safety car. Canada can take a real lead in this regard. Would it be too much to ask that this be done? Have we not the technical know-how to conduct meaningful research at the present time if we from next January 1 collect all automobiles that are involved in death-producing accidents and tell police officers to give us the type of meaningful report to which I have referred?

Police officers have a very difficult task in this regard. When a car is involved in a death-producing accident the police officer usually has several important things to do. He has to get the body to the morgue and the automobile off the road so that traffic may start flowing again. Under present-day circumstances it is almost too much to ask him to fill out a meaningful report which would help us correlate and centralize data that we could use in research. I want to congratulate some of the more forward-looking coroners and police officers in Canada who are making initial and pioneering attempts in this regard. Some day we will have ratings for automobiles, whether the industry likes it or not. When we buy an automobile we will know which are safe and which are not as safe. Police officers will look at cars that have caused a death and note the mileage. They will record how many miles the car had been driven and how many such vehicles were sold and registered at a particular time. We will have safety ratings on cars.

[Mr. Grafftey.]

People have come to me and said, "Grafftey, you are crazy. If I want to drive an unsafe car, that is my business in a free world." It is nobody's business in a free world to drive an unsafe car. You can kill yourself if you want to but you cannot go out on the highways and kill innocent women and children who may be involved in an accident with you. When we consider that 87 per cent of all injury and death-producing accidents occur at speeds under 45 miles per hour, it is my belief that the federal governments of Canada and the United States have a real role to play in bringing the automobile under the rule of law immediately.

• (4:10 p.m.)

The minister has already done much in that respect. I repeat that it is my belief that the next two things to which priority should be given are the establishment of a national research centre and the completion of the building of a prototype safety car. I am sure that as we move ahead in this regard the minister will have the co-operation of every member of the house.

Mr. Peters: Mr. Chairman, I have been quite impressed by what has been said by the member for Brome-Missisquoi on the subject of automobile safety. It is something to which most people do not give much consideration until it is too late. It is too late to do anything after a calamity has befallen you or a member of your family has had a bad accident.

In his book Ralph Nader states facts implicating the automobile industry in abuses. I was particularly impressed by the example he gave of a woman driving down a street in a Corvair at a speed of less than 30 miles an hour and the car went out of control and rolled over. She lost her arm as a result. All this happened when she was driving at a speed at which one would have said it would be impossible to upset a car no matter what one did. Everyone who reads this story will probably think immediately of the criminal negligence that must take place in the automobile industry.

Of course most people do not think about safety. I presume if we really considered it seriously we would not drive. We are all aware of the fact that when you drive down a very busy highway and see an ambulance and a number of vehicles around a bad accident, traffic slows down to a crawl for 10 to 20 miles. But memory is very short and soon thereafter the previous speed is resumed.

At one time I was driving a new Meteor in northern Ontario on roads that were mainly unpaved. Most of the time I drove at high speed. Every 200 or 300 miles I had to stop at a garage and have the shock absorbers in the rear end of the car repaired. One day the mechanics fixed the shock absorbers—they welded in new plates and tore pieces out of the frame, etc.—and after they put the car back together I noticed that the shock absorbers did not extend sufficiently to allow for a connection. Actually they did not have enough distance between them to allow for full play and every time the springs extended to their full capacity the shock absorbers proved to be about four inches too short. In discussion with the representative of the Ford Motor Company I found out that this was certainly a problem but it was not the responsibility of the company to do something about it. What had happened was that the model had been changed and the shock absorbers did not fit the new model. They were obviously not built for that car. It was a leased car and I refused to drive it any further because of its unsatisfactory condition. Later on a man was killed in it. I am sure that its poor condition was not only due to the fact that, as the police found out, the speedometer was registering 15 miles an hour below the actual speed so that when I thought I was driving at 70 miles an hour I was actually going about 90.

No wonder I was having trouble with the car. In my opinion the shock absorbers were not built for the car. I presume this was the case in most of the cars in that series. The engineer of the Ford Motor Company in charge of maintenance was not the least bit interested in doing anything about that particular car and was prepared to admit that the shock absorbers were not appropriate. However, he was not willing to make recommendations for improvements.

It seems to me that Ralph Nader probably dealt with only a very limited number of real problems. I think the hon. member for Brome-Missisquoi will be remembered in Canada for quite some time if he is able to bring the attention of a sufficient number of thinking Canadians to this problem. The automobile industry has been able to get away with a lot of ballyhoo on expensive radio and television programs instead of producing a piece of satisfactorily engineered equipment.

I think the matter of safety is one that affects Canada and that there should be legislation. The hon. member mentioned the fact that the state of New York is far ahead of all other areas in the matter of safety and is spending money on the building of a prototype car. I think that Canada, even with its limited resources, should be able to spend $1 million to have the National Research Council do work on this project.

The National Research Council need not work along the same lines as the state of New York but could do research of its own. I do not suggest that we should build tanks to ensure safety on the road because we would then have to instal so much equipment in the form of safety belts and so on that the purpose would be defeated because nobody would use them. I know this is a problem. I have a shoulder harness in my Volvo automobile but I never use it. My son tells me it is very good. At one time he was in a car which overturned and probaby that is why he now says the harness works very well and is very comfortable. I think this is a psychological problem. I do not think it will be solved by putting people in safety helmets and giving them football uniforms to withstand the shock of an accident. It would be better to eradicate unsafe projections in cars.

• (4:20 p.m.)

It seems to me the National Research Council might also take a look at a number of other causes of accidents in Canada. There is a stretch of highway No. 17 west of North Bay leading to Sudbury on which probably more deaths have occurred than in any other area. Some of the trouble seems to stem from the fact that the very white concrete absorbs the light, and the road is also very straight. The road is built in concrete sections 20 to 40 feet in length and a continuous noise is created as tires pass over the joints. The white line dividing the highway creates another problem. The types of lights used and the desirability of having automatic dimming devices and more readily accessible types of controls are factors which should be taken into account. Certainly correction of these faults must be taken into account by any person driving an automobile, and protection in this regard must be provided to those driving cars in our nation.

I was very surprised at the ignorant attitude publicly displayed by the president of the Chrysler Corporation who, in referring to the hon. member for Brome-Missisquoi, said, "Who ever heard of him? What does he know

about automobiles?" Many people do not know the hon. member for Brome-Missisquoi. People tend to be more familiar with members from their own part of the country and less familiar with members from other parts of the country. They do not have a national outlook. However, when the president of the Chrysler Corporation singled out the hon. member for Brome-Missisquoi he did two things. First of all, he made people aware of the fight taking place not only in Canada but elsewhere with regard to automobile safety. He made people aware, for example, of Senator Kennedy's interest and those interested in university safety programs, including Ralph Nader and others. Like many other people, having heard of the problems that exist I read Ralph Nader's book on automobile safety. Having read it I am convinced that much can be done.

Another thing that the president of the Chrysler Corporation did was to make people examine the silly argument used by the automobile industry that the fault lies not with the automobile but with the driver. I agree that if the automobile were left in the driveway nothing would happen. None the less, not all accidents happen at 100 miles an hour; not all accidents happen in adverse weather conditions. If accidents occurred under such conditions, with the driver also intoxicated or overly fatigued because of long driving, there might be some argument for the automobile industry. Nevertheless, when a person sitting beside the driver hits his head on the radio control panel or on another instrument and is killed, that does not indicate that that person was drunk, fatigued or anything else. It indicates that the automobile was poorly designed.

If the automobile industry gave away its automobiles there might be some excuse for some of the things said. But it charges a fantastic amount of money for automobiles. The Canadian government gets in taxes about one-third of the money from automobile sales. It therefore has a major responsibility to see that the Canadian public is not being hosed. The government does not take its responsibilities seriously. We are willing to give the automobile companies $50 million. For what, may I ask, Mr. Chairman? Certainly not for safety.

When we talk about safety in terms of $100,000 the government is still not willing to provide it. I hope that the committee will take a look at this problem even though the minister has not looked into it. In this connection I heard an extraordinarily silly argument in committee this morning. An official of the department said that the house would not grant more money for such purposes. These estimates have not been reduced. If we had reduced them we would probably have an election because a want of confidence motion would be involved.

Mr. Pugh: How would you vote on the want of confidence motion?

Mr. Peters: I know how I should vote. In the past we have reduced items in the estimates to $1, and the hon. gentleman asking the question was on the other side of the house at that time. I am sure he voted the opposite way to me. It all depends on what you are reducing and who is doing the reducing.

If the minister asked for another $100,000 for purposes of safety, I am sure that no member of parliament would oppose his request. Perhaps the minister will stand up and tell us why he has not asked for this money. Is a jurisdictional problem involved? Does it not come under his department? Frankly, I am not sure whether it should not come under the National Research Council. I know that the Minister of Industry has some interest in the automobile industry but I am not sure of the exact jurisdictional boundary. In any event, will the minister give specific answers to the questions that have been asked? I am prepared to agree to the voting of an increase of $100,000 in these estimates if the minister will ask for that sum.

I should also be prepared to support the hon. member who just asked a question if he desired to request that $100,000 be added to the estimates for an automobile safety program. Frankly, I do not know how it could be done because if the hon. member were to do so he might be out of order, but if the minister did so it might be in order. Fundamentally it depends on whether the minister feels that such a program is worth undertaking and, second, whether he has the jurisdiction to do what I suggest. I think we should know the answer to that.

There are other problems I should like to raise but other members may wish to comment on the very important matter raised by the hon. member for Brome-Missisquoi. I should therefore like to give other hon. members and the minister in particular an opportunity to delve into this problem. I hope the minister will inform us fully how we can go

about establishing an automobile safety program, whether he is prepared to support such a program and, if necessary, whether he is prepared to move an amendment to these estimates to make such a program possible.

Mr. Hees: Mr. Chairman, I rise to take a few moments of the time of the committee. First of all, I endorse 100 per cent what the hon. member for Brome-Missisquoi has said concerning the need for an automobile safety program in this country. I commend his words very strongly to the minister. I hope the government will have the good sense to take his thoughtful suggestions seriously and to act on them. I too have given this matter serious thought, as I am sure all other hon. members have.

I want to speak for a few moments about another subject. I refer to automation. Whether we like it or not, automation is going to play an increasingly important role in our lives from now on.

As we know, Mr. Chairman, automation produces greater efficiency and greater productivity, thereby lowering costs and lowering selling prices. Automation should make it possible to increase sales greatly, both here in Canada and in the export market, through lower selling prices. But if these increased sales are not sufficient to provide enough additional jobs to absorb those who lose their employment through automation, mass unemployment could develop as a result. It would then be a dismal failure.

Automation will be a success from the national point of view if we can teach the people who are displaced the skills they will need to fit them for the more technical jobs which automation will make available to them. The benefits of change will be fully and properly shared only if we consider the needs of the people who are affected by automation and if we organize our policies in such a way as to reduce hardship and insecurity to an absolute minimum.

I think we all agree that no humane society can permit workers to be made jobless on a large scale through no fault of their own. Our future success as an industrial nation is going to depend on the way we are able to plan both on the national and on the company level to provide our people with the opportunities of acquiring the skills necessary to enable them to take their place in the technical world in which they are going to live.

• (4:30 p.m.)

I believe that the government has a very real responsibility in this regard and that it must set an example to Canadian industry by the way it treats its employees who are affected by automation in their direct employment by the government, or as employees of the crown corporations which are creatures of the government. In order to do so, I believe that the government would do well to study what is being done in this regard by large United States companies which are giving great leadership in this matter.

I was very much impressed, Mr. Chairman, by the description of the responsibility of industry in this regard which was given by Mr. Clarence B. Randall, the recently retired chairman of the Inland Steel Corporation of the United States. He described this responsibility of industry in the following words:

> Our responsibility is to prepare the man who is being displaced for another task that will require a higher level of skill and which will exist after the change in the method of production takes place.

In the United States, Mr. Chairman, individual companies and unions have made considerable progress in this connection. For instance, the Kaiser Steel Corporation and the United Steelworkers have agreed that displaced workers should be guaranteed salaries up to three years and placed on an employment reserve. Another example is given by the Armour Meat Packing Company and its several unions. They have set up a fund between them to study the effects of automation on the employees of the company and to retrain affected workers.

These, Mr. Chairman, are merely two examples of the kind of forward-looking steps which Canadian companies should be taking at this time so that the steady transfer to the more automated society in which we are going to be living in the future may proceed without causing hardship to those displaced through no fault of their own. Therefore I strongly urge the government to give leadership to all Canadian companies in the interests of their workers, the companies themselves, and the country. I urge the government and these Canadian companies to follow the excellent example set by companies such as those in the United States which I have mentioned, thereby making the transition to an automated society in Canada as easy as possible.

In conclusion, Mr. Chairman, I believe that such an attitude and such a program are the least we can do for our fellow workers as we move together along the road to progress.

The Deputy Chairman: Shall the item carry?

Mr. McIntosh: No, Mr. Chairman. I would hope that the minister would answer some of the questions which have been asked before this vote carries. When he does answer, would he differentiate between what he terms a rural family income and an urban family income? Does he realize that what might well be called an urban family income in Quebec and Ontario cannot be looked at in the same way in the west? The radius of service of a community is much greater in the west than in this part of the country. For example, cities in eastern Canada may be five to six times larger than communities in the west and service a very small area whereas in the west a town of 15,000 can serve a radius of 100 miles. Perhaps the minister will explain the formula he uses, which I say is discriminatory.

I hope the minister will also give a commitment in regard to discontinuing the designated area program. It is doing nothing but hurting the economy of the country and it will do greater damage in the future.

I observe that the hon. member for Peterborough is now present and I should like to say that I was quite taken by his speech except for one part to which I should now like to refer. He said that he had had excellent co-operation and so had the people from his area who had come to Ottawa to inquire how industry could co-operate with the Department of Industry.

I am sure it is not the minister's intention that industry from the various regions should come to Ottawa to co-operate with the Department of Industry. My idea is exactly the converse, that the Department of Industry was set up to help industry. In view of the hon. member's remarks I would ask, if it is the opinion of the government that industry should come to Ottawa and try to help the department? If so, what is the use of the department? Is it just a fulfilment of Parkinson's law where you have civil servants doing something just for the sake of doing it, and that is all?

I would also ask the minister to explain to the committee how the designated area policy is helping industry. What are the results of the policy? As I said before, it is of assistance to the unemployment situation but it does not solve the unemployment problem at all. Perhaps it just moves the problem from one area to another.

Because of the instigation of the designated area policy by the minister, people in certain regions of the country now find that their incomes are decreasing as a result of the intervention of the minister's policy. I do not think this is fair to the people in these regions. I would ask the minister to make the commitment now that he will discontinue the designated area policy. I see that the minister is shaking his head, indicating a negative reply. Therefore I would ask him to give the committee his reason before this item passes.

[The Deputy Chairman.]

Mr. Reid: Mr. Chairman, my remarks will be very brief. At the beginning I should like to thank the minister for receiving all the delegations I have brought to Ottawa to see him when we were pressing for the inclusion of northwestern Ontario and the constituency of Kenora-Rainy River in the ADA program.

An hon. Member: Were you successful?

Mr. Reid: Unfortunately, Mr. Chairman, we were unsuccessful in getting our area designated. In one particular case an industry claimed it would only come there if the ADA program were extended to the area, but when it was not it came there any way, which proves to a certain extent that in my area we may be suffering from some sort of inferiority complex.

I have one suggestion I would put before the minister, and I realize that there are constitutional obstructions in the way. I believe that when the ADA program was first brought down it was instituted for the specific purpose of helping to cure the problem of unemployment, which at the time was quite rife throughout the country. I think this has been accomplished to a large extent. Our economists and statistical staff tell us that in certain industries we are suffering from a form of overemployment. In other words, there are now labour shortages.

However, there are areas, such as our natural resource areas, where this does not hold true at all. There are people there who are unskilled and do not have the necessary mobility to move around. If they do have this mobility the effect is that they move to other areas, with a consequent lack of population in areas such as mine which has a low unemployment record because those who are unemployed leave the area. This is very unhealthy. It hurts our economic growth and makes it more difficult for new industries or for a new mine to open in the area in order to bring people back to fill the jobs which would be created and which are already available.

I have two suggestions to make. First of all, I should like to see the ADA program, now that its primary purpose has been accomplished, expanded and become some sort of program to encourage economic growth in areas such as Kenora-Rainy River, northwestern Ontario and other regions not directly adjacent to economic areas such as Winnipeg, Montreal and Toronto.

• (4:40 p.m.)

My second point, though perhaps this is not the appropriate place to make it, is that in my area there is a very large Indian population. These people are untrained for work. Nevertheless there are examples in my riding as well as in other parts of the country where, with the proper supervision and training, such people can be absorbed into industry. Perhaps the Department of Industry could look into the possibility of providing training programs, or introductory programs, to help our Indian people. While there is a shortage of skilled workmen in our area there is a tremendous surplus of unskilled workmen, most of them Indians. It will be impossible to integrate these native people into our society unless we are able to provide for them the necessary economic incentives.

I fully realize that activities of this kind must be carried out in co-operation with the provinces concerned and that sometimes the provinces are not very co-operative. If the provincial minister responsible for this important type of development is not ready to work with the federal authority, then the effect in a province such as my own can only be deplorable. Nevertheless I would urge the minister to investigate the possibility of extending the program so as to fill the gap which now exists.

I turn now to consider a further problem which has arisen in my area. As a result of the regional development policies of the Ontario government we are included in an organization called the Northwest Ontario Development Corporation. The fact which faces us is that Winnipeg in another province is our natural economic centre. Thus there is a conflict between ordinary economic forces and political forces, and this makes things extremely difficult.

I know that the minister is fully aware of the situation. He has written voluminous letters to myself, to Senator Benidickson and to others who are interested. I leave these thoughts with him in the hope that in the future an alternative arrangement may be worked out.

[*Translation*]

Mr. Mongrain: Mr. Chairman, industry is for various reasons, a matter of interest in the region where I come from. The first one is that we are expecting an industrial explosion in the next few years, thanks to the announcement made by the provincial government about the establishment of the steel plant to be called Sidbec. Also, because we are one of the most important distribution centres of electrical power in Canada. In addition, we have six technical schools training skilled workers, which will make things easier for the industries coming to settle in our region. We have industrial commissions and we followed with great interest the legislation passed here in 1963.

I must say at this time that we are happy about the minister's intervention in the field of industry. We had the opportunity to congratulate the government in this regard. I am not trying to flatter it and I will make three or four constructive criticisms in that spirit later on.

I think that the legislation dealing with the designated areas should be amended right now; it probably did some good when it was implemented, but the time has come to revise it in the light of new conditions. Some things which seem illogical are happening. Here is a case in particular. In my region, more exactly in the city of Cap-de-la-Madeleine, a neighbour of Trois-Rivières, the following incident happened a few weeks ago.

The members of the industrial board of the city of Shawinigan, located in the riding next to that of Champlain, lured an industry away from Cap-de-la-Madeleine, which is not yet in my riding but will be at the next election, it seems to me that this industry moved precisely because of the fiscal advantages offered in the so-called designated areas. I find it strange that this legislation can succeed in getting an industry to move such a short distance away, that is 15 miles from us, solely it seems because of the fiscal advantages it found in Shawinigan, at the heart of a designated area. Was the region made a designated area because the hon. member for Shawinigan is the parliamentary secretary to the Minister of Finance or because before that he was the parliamentary secretary to the Prime Minister? I am not blaming the people of Shawinigan for looking after their own interests; I am not blaming the hon. member for using his influence. I am talking

about the legislation as objectively as possible. I mentioned the case to illustrate what I mean.

I studied closely the standards which determine the choice of a designated area. It seems to me that something is wrong with regard to the region I represent, that is Trois-Rivières, Cap-de-la-Madeleine. We are supposed to be one of the cities where the average salary is the highest in Canada. We come in fourth or fifth place, but that does not give the whole picture. If we got that far, that is the fourth or fifth place as far as the average salary is concerned, it is due to the paper industry which pays higher than average salaries. The fact is that a large number of our wage-earners draw less than average wages and that we have a greater percentage of out-of-work people than in neighbouring constituencies.

The conditions are such that designated areas should be reconsidered. I do not suggest that they should be abolished, on the contrary they should be extended; that is the scope of the legislation should be broadened because of certain factors. The Trois-Rivières and Cap-de-la-Madeleine district is the centre of an urban area of 360,000 inhabitants where all those who are unemployed elsewhere in the area flock and try to find some work. I imagine that elsewhere in Canada, there are other similar urban areas which would deserve the consideration of the government with respect to tax incentives.

• (4:50 p.m.)

On the other side of the municipality, in my own constituency there is Trois-Rivières-Ouest which is part of the semi-rural section where a casein plant coming from California was to be established. They had bought the land and I believe that in the area where it would have been located, this would have been beneficial to everybody. Finally they decided to settle further off, in Louiseville. I am not exactly holding this against Louiseville, because I know it was needed there. But I find it strange that, for so short a distance, only 12 miles further, fiscal arrangements can be granted whereas they are refused 12 miles closer. This was a very serious American concern. Such legislation should probably be amended.

Mr. Chairman, what was called the Area Development Agency, if I understand correctly the report published by the Minister of Industry on the operations of the department which was published, I think, last January 31, stipulated the following:

> The Area Development Agency, which develops and administers programs to foster industrial growth in certain designated areas of Canada, has been organized into two main groups. One of these consists of area specialists who concentrate on particular regions of the country. These officers work with the operational branches of the department as well as with federal, provincial and municipal departments and organizations in promoting regional development. The other group administers the special incentives for designated areas.

I think we have reached the point where this Area Development Agency should not only be concerned with the designated areas but it should increase its co-operation with the Department of Industry, with the provincial departments and also the area representatives, and the industrial commissioners of the municipalities.

I believe that there should be closer contact. I have personally noticed that the Department of Industry can do all kinds of things, but neither our municipal councils nor our chambers of commerce are aware of it. In order to enable them to benefit fully, the scope of the operations of the Area Development Agency may have to be widened and their advertising increased.

Now, I am being rather brief because others want to participate in the discussion and I should not like to tax the patience of the committee. I spoke a while ago of the designated areas under the present legislation.

On moving industrial plants, something in *Hansard* caught my eye a few days ago. I see that it is not only back home that people complain about those things. In 1964, the mayor of Galt wrote a letter begging the government to prevent the act from being used to move existing industries within too limited an area. That, to a certain extent, is what I mean too.

Now, Mr. Chairman, before closing I would like to make another suggestion to the Minister of Industry. I would ask him to take it in the spirit in which I intend it. Looking over the literature I get from the Department of Industry, I note that out of, let us say, 30 high officials in the department, only three are French Canadian.

Far be it from me to want to play nationalist, jingoist or separatist, but in all frankness, and with all the serenity possible, I say that if we want to overcome the difficulties which are inflicted upon us and achieve mutual understanding between the two main ethnic groups, it might be wise to recruit more qualified French speaking staff for the upper

echelons in that department. Please note that I am not necessarily blaming the minister, I merely wish to make a constructive suggestion. It is not a question of removing the people who now hold those positions to give them to someone else, but rather one of recruiting qualified French Canadians when the time comes to fill vacancies. I did mention qualified people.

I know that it has been said in the past that we lacked qualified people; it has also been said that French Canadians were not anxious to join the civil service, but I believe that this time is now over. If qualified officials are needed in the department, it is surely possible to find some, so that within a reasonable time, without any rush, without dismissing anyone, in the group of 30 senior officials, we might find half a score of French Canadian names.

These are the constructive suggestions that I wanted to make. I will sum them up: Co-operation between the Department of Industry and municipal, industrial, provincial and regional agencies; review of the whole scope of the act concerning the designated areas policy; and extension of publicity concerning the activity of the area development agency.

Third and most constructive criticism: would it be possible to recruit more French speaking people for senior positions in this department as in others.

To conclude, I wish to congratulate once again the Minister of Industry, not only in my name, but also on the behalf of municipal councils and chambers of commerce who spoke of the fine job done by the minister for the past three years.

[*English*]

Mr. Southam: Mr. Chairman, I felt I would be derelict in my duty if I did not take advantage of the discussion on item No. 1 of the estimates of the Department of Industry to support the proposition put forward this afternoon by my colleague, the hon. member for Brome-Missisquoi, speaking on safety in motorcars. I have taken an interest in this subject for the past several years, particularly since a former Conservative member, Dr. Kucherepa, some years ago—I believe in the session of 1958-59—put some informative remarks on *Hansard* with respect to the problem of automobile safety.

My interest in this matter culminated in my placing Bill No. C-26 on the order paper on January 18, the subject matter of which has been referred to the standing committee on justice and legal affairs. I take this opportunity to congratulate the hon. member for Brome-Missisquoi for having taken the initiative in bringing to public attention this very serious problem facing society today. I am sure it was gratifying to him that the hon. member for Timiskaming and the hon. member for Northumberland supported his stand on the matter.

There is not too much I can say at the moment because I think the hon. member for Brome-Missisquoi covered the subject matter very thoroughly, but it seems to me there is an inconsistency in the minds of the public with respect to safety, and particularly with respect to the various modes of transportation by air, water, rail, bus and automobile.

If there is a fatal air crash in which 50, 75 or 100 people are killed, immediately there is a great public outcry. We spend hundreds of thousands of dollars having our aeronautical boards, engineers and departments of government investigate to see if there was a mechanical defect. Air line officials themselves also carry out investigations. We also do the same thing if there is a disaster at sea. But every week end there are 50, 60 and some times 100 people killed in fatal accidents on the highways, and because they are killed on a helter-skelter, hit-or-miss basis all over the country the public does not express the same concern.

The first law of nature is self-preservation. Why should we not be just as concerned about fatal accidents on our highways as about accidents in the air or on the water? This is an important area for discussion. As time goes on I am sure public opinion will wholeheartedly support members like the hon. member for Brome-Missisquoi and others who have taken action on this matter.

It is heartening to see the lead taken by our friends across the border in the United States, particularly in the state of New York. It was interesting, after reading the latest reports of the U.S. Senate committee which is investigating this matter, to note that the chairman of that committee, when presenting a recommendation to the United States Senate, made reference to the fact that it was not only the nut behind the wheel but the nut in the wheel about which we should be concerned.

• (5:00 p.m.)

I think it can be said simply that there are three areas. There is the nut behind the wheel, as we so commonly refer to the man who may be reckless in his driving, there are

the roads themselves and the laws and regulations in respect of traffic on the highways, and then the vehicle itself. I think one reason more action has not been taken along the lines of what people have in mind is the fact that if one automobile company decides to introduce some safety measure this automatically involves a greater cost in bringing the vehicle to the public and as a consequence the vehicle is not quite as competitive. If we follow through with this new concept of considering the matter from a legal point of view and bringing in mandatory legislation with regard to safety devices on cars, automatically it will take in all vehicles sold by manufacturers in Canada or the United States and all cars imported into Canada. It would consequently make them competitive and we would thereby be removing the economic factor which apparently has been instrumental in retarding the advance of safety devices in automobiles.

I think such a move on the part of the government would be greatly welcomed by automobile manufacturers. If we were to take a definite stand I am sure this would be welcomed by the public and it would make the automobile manufacturers competitive. I should like to support what was said by the hon. member for Brome-Missisquoi and the hon. member for Timiskaming to the effect that we should increase our budget of the Department of Industry and look into the matter of setting up some type of safety bureau or research centre in Canada which could make a thorough study of this problem. I am sure the government would receive widespread acclaim from the public if it were to take this action.

Mr. Scott (Danforth): Mr. Chairman, I rise to support the representations which have been made this afternoon by the hon. member for Brome-Missisquoi who also appeared before the justice and legal affairs committee while it was studying the matter of auto safety. The hon. member made a most impressive and useful contribution. The hon. member for Timiskaming and the hon. member for Moose Mountain who also appeared before this committee made a very impressive and important contribution.

I wish to participate in this debate to ask the minister to give serious consideration to divesting himself of responsibility and authority in the whole field of automobile safety. I will come back to the urgency of automobile safety in a moment. I should like to make the point right at the beginning, however, that as things stand now in the Department of Industry the minister is responsible for automobile safety and also at the same time is responsible for the administration and conduct of the United States-Canada auto parts agreement. As everybody knows, that agreement is dependent upon the good will and voluntary co-operation of the United States automobile industry.

The main effect of this is that the minister really is a captive of the United States automobile industry. In Canada, because of this agreement, we no longer have any control whatsoever over the automobile industry and the direction it is going to take. As a result of this the minister himself is, as I say, really a captive of the United States automobile industry. One of my friends says he is a prisoner. I would not go that far, but certainly he has a conflict of interest, I suggest, between the need to administer the new agreement and make it work and the need to act as a policeman in respect of the automobile industry in the area of safety itself. Consequently, if the minister is left with the responsibility of dealing with automobile safety I do not see how he can adequately fulfil this function, even with the best intentions in the world. I do not say that he would deliberately neglect it, but I think the more one examines his department and the auto industry, the more one is impressed by the fact that he simply will not be able to be a captive of the United States auto industry on the one hand and try to act as a policeman in the field of auto safety on the other hand.

I know all ministers are empire builders and are reluctant to divest themselves of certain areas of authority and jurisdiction. However, if the minister really is anxious, as I am sure he is, to deal with the problem of automobile safety, I think he should consider seriously passing over authority in this field from himself to perhaps the Solicitor General, the Minister of Justice or anyone else except the Minister of Industry because, as I have said, I think as we proceed we will find that he simply will not be able to act as a policeman in the auto industry at the same time that he is going to go to the industry to seek its co-operation and big-hearted help in making the auto parts agreement an effective instrument in our economy and in the automotive industry of Canada. I suggest very seriously that the minister give this point consideration.

The other matter, which probably has been raised by other members while I was not in the chamber, is a mandatory scheme of automobile safety. Already in our examination of the subject it is becoming increasingly apparent that we should have a mandatory scheme, not only from the point of view of the public but also from the point of view of the manufacturers as well. Any information we have been able to obtain so far indicates that if you have a voluntary automobile scheme it will be a failure. Experience in the United States has indicated that the automotive industry itself, because of its competitive nature, will not and cannot adhere to a voluntary scheme of automobile safety. Unless you bring in a mandatory scheme which puts all the automobile companies on the same basis and forces all automobile companies to put the same safety features in their cars, it seems to me you will not have a scheme which will be successful. Because they all are so competitive with each other, not one of them will do it, and even if one should do it the others will shortcircuit it in order to obtain a competitive price advantage.

• (5:10 p.m.)

The automobile people themselves are now coming to the conclusion that the most effective system of safety standards would be a mandatory one requiring all automobiles to have the same number of safety features. I doubt whether the public yet realizes just what an enormous problem this constitutes in our country. The tragedy is that it is one which is capable of solution. No doubt it already has been pointed out that in the past ten years over 35,000 people have been killed in automobile accidents in Canada and 948,000 have been injured. By the end of this year almost, 5,000 people will die and another 150,000 will be injured. Between 1966 and the end of 1970 26,000 Canadians will die on our roads and more than one million people will be injured. Automobile accidents are now the leading cause of death and injury in this as in many countries. It is estimated that about half of all our cars are going to be involved sooner or later in injury producing accidents. The cost to the public in terms of lost income, personal suffering and accident claims amounts to a fantastic and staggering total.

As I said earlier, studies have already shown that the whole problem of automobile safety confronting this country is of the first magnitude. We have all been following the investigations taking place in the United States which have pinpointed even more dramatically the problem that has been created. It has been said that a good many deaths and injuries and a good deal of suffering can be prevented. For example, 87 per cent of all traffic accidents and 45 per cent of highway fatalities occur at speeds of less than 40 miles per hour. It is commonly thought that the real problem in this regard relates to high speed, cars roaring along the highway, but that is not true. The major killer and producer of injuries is the car travelling at less than 40 miles per hour.

The hon. member for Brome-Missisquoi has documented this situation on various occasions both inside and outside the house and has shown that the real causes of accidents and deaths can be related to instrument panels, steering assemblies, faulty windshields, door structures and the lack of headrests on seats. These are all items involving safety features which could be made mandatory, and the total cost of installing them in cars on an assembly line basis is estimated at between $100 and $150 per car. In spite of this, we in this country seem prepared to sit silently by and permit this carnage to continue year after year, resulting in high insurance premiums, deaths, injuries, suffering and heartache to the people of Canada.

It is not necessary for us to document this whole situation in more detail at this stage. I am sure the minister is familiar with the statistics, and in view of the representations he has received I am sure he is about to rise and announce a strong program for his department in relation to this whole matter. In order that he will have an opportunity to do so I will now sit down.

[*Translation*]

Mr. Latulippe: Mr. Chairman, I feel I must say a few words about Canadian industry, its financing, and the sale and marketing of its products. This is the subject I would like to deal with in the house.

Mr. Chairman, I believe the aim of industry is to manufacture and sell as much as possible; to manufacture as much as possible with the least effort. In Canada, as in many other countries, we have this facility of manufacturing many products by automation, employing scarcely any manpower.

I could mention the case of an industry which I know very well, which employed 800 people some ten years ago whereas now there are only about a hundred, although production has increased tenfold.

This is the result of automation, which is right here before us and which we must face. This is what I would like to talk about: automation and industry.

Since automation, that is science or technology, is replacing man, will we use more manpower to help develop industry, or shall we create a new industry with new technical means? One must not be against development and automation, but I must say we cannot create employment and give everyone work in Canadian industry, because the aim of the latter is not to create employment but to meet the demand. This is the aim of industry, which has certainly understood its purpose. It has reached its goal.

Now we must face the problem of manpower. People most earn their living, they must accept industry.

We have designated areas in Canada where there is a shortage of manpower. Again, I could mention the case of an industry which pays about $1,500 a week in salaries and manufactures $10,000 worth of products. Do you think $1,500 can buy for $10,000? I put this question to the hon. minister, and I think he will be able to answer it. This is the state of the economy across Canada.

With regard to our designated areas, we want to develop industry in every way. Concerning industry, Canada has created various bodies to help industry, such as ARDA or IDA, as it is called, which I believe can help industry independently of the provinces.

We know that ARDA is the body concerned with joint programs and that all those programs must be submitted and accepted by the provinces, after which the federal government contributes to a certain extent to the development of industry.

In connection with the industrial areas where it is desired to set up and extend industries, the first question which comes to my mind is the following: are goods lacking in Canada? Does industry manufacture enough goods to meet the needs of the Canadian people? I would say yes, because we now have industrial surpluses which have been accumulating for approximately 15 years and cannot be marketed.

I know that there may be a shortage of goods in various industrial sectors. For instance, in the steel industry, there might be a shortage of steel; it is perhaps not being produced in sufficient quantities, but it is our duty to build steel works so as to produce enough steel. It is our duty and it is the duty of the Minister of Industry (Mr. Drury).

• (5:20 p.m.)

There is no shortage of goods in Canada. In 1965, for instance, statistics indicate that from $51 to $52 billion of goods were produced, of which $35 billion were marketed, exported and sold. The balance is in warehouses, on shelves and remain unsold. It is up to the Minister of Industry to increase production and develop industry. He must also look after the consumption and the sale of those goods. This may not come exclusively under the Minister of Industry, but other departments are concerned. On the other hand, I feel it is the duty of all ministers and citizens of Canada to look after the distribution of goods, and to see to it that goods are sold according to the needs of the Canadian people.

We have a great number of citizens in this country who manage to reach a certain degree of affluence, who manage to buy products by means of loans. They profit by progress and science on credit, by borrowing money. We want to develop industry in designated areas, but we find that industrialists have no money and the governments have to guarantee their loans to assist industry.

I am not against assisting industry. If consumers had money to pay, we could do without all those socialist regulations and plans which bog down citizens.

Mr. Chairman, I know several industries in those designated areas, which want to expand and could do so. There are industrialists who were born in parishes or in certain areas where they like to live, but they cannot expand their industries under the present system. Under the new program of the Department of Industry, industries are granted 10 per cent for expansion and construction purposes. If an industry moves to another area, it becomes a new industry and can get one third of construction and equipment costs. Why not grant one third to existing industries which want to expand but cannot do so by themselves.

There are always restrictions and conditions which result in a very small number of industries and companies being able to avail themselves of the advantages afforded by the government. If advantages are offered let them be such that people can avail themselves of them.

Why do industries lack money? Why do industries no longer find capital in Canada?

It is precisely because the federal, provincial and municipal governments, the school boards and the church councils get what little savings may exist in Canada, and when one wants to develop an industry, there is no money, no capital left.

The government has absorbed all the capital by way of taxes and debentures. Thus, Canadians and industries are deprived of their assets to the point that several industries can no longer operate without getting into debt. Almost all industries are financed. A large number of them can operate only thanks to the Industrial Bank, which can be of great service but not to every one, because its interests are too high and its reimbursement period is too short. For short term reimbursement, you have to make profits to pay back the Industrial Bank. But when you make profits, you must pay taxes which, added to the reimbursements, put you in an almost impossible situation. So, many industrialists and businessmen are unable to borrow because taxes are too heavy, the reimbursement period is too short and interest rates are too high.

I would ask the Minister of Industry to take a look into the Industrial Bank to see if there would not be a way of extending the reimbursement period. There should be loans payable in 20 years. Seven or ten years is not long enough to reimburse $300,000 to $500,000. It is impossible to do so.

I think the minister has already realized it. He has all the facts before him. I know he is aware that many industries cannot operate because those interest rates are too high. They cannot sell their products because the consumer cannot buy them, having no money left after paying too many taxes and too much interest. All Canadians lie at the mercy of the government. They cannot meet their own needs because they have no money. When governments put money into circulation, they come and get more than we have. The situation is getting more confused all the time. That is not the way to solve the problem.

If we want to settle the problem of industry in Canada, Mr. Chairman, we will have to take the required steps. Industry is on the same footing in the province of Quebec as everywhere else in Canada. The industrialist has had more advantages then the farmer and yet it had to run into more debt. Industrial debts are enormous. All these financial interests, all these taxes contribute to increase the cost of living and to create inflation in Canada. Inflation is due to the unbalanced system we have. That system must be balanced. If there are in Canada a hundred million products for sale, there should be as much money in the hands of our citizens to buy those products. It is just the opposite our government and the economy gave the Canadian people.

• (5:30 p.m.)

This cannot go on in the same way forever. Even though new industries are being developed, these will not go far if they cannot sell their products. And they will not be able to sell them because wages they pay are not high enough to allow people to buy their production.

Then, we will have to give dividends or discounts compensated on prices. These dividends or compensated discounts should be granted by the Bank of Canada, the official body that can also be used to create capital and to put into circulation the required money in order to create the buying power needed so that our products are in good demand in Canada.

We can rely on different countries to sell our products, but everybody knows that when you export to other countries you have to import for just about the same amount. Thus, international trade does not make much difference, as far as production by the people of Canada is concerned. There has to be Canadian purchasing power in the hands of Canadians, in order to sell Canadian products.

Such are the solutions the minister should suggest to the government. If some others have found other remedies, they should be brought forward. Nobody has yet been able to find means of solving our economic problems, so as to solve the distribution problem.

There are almost no problems as far as production is concerned. All the minister has to do is to ask for the production he needs and I can assure you that he will get it.

I can tell you that when the Minister of Finance (Mr. Sharp) is telling us, for instance, that production is at a maximum in Canada, that it is almost impossible to produce more, I say this is not true. The Minister of Finance talks nonsense when saying such things, because I know a large number of industries which could double their production in a few days, in a few months. Then comes the question of labour: well, we have all those people busy on winter works, which are

useless. That kind of work doesn't give anything, it is wasting the people's money.

If those people were employed in industry, they would be working for Canada and producing something. Many citizens are on social welfare, but I am told that the moment they begin to work, they lose their social benefits. These people could produce something but, as it is, they are not.

Canada's productive force totals seven million people, of which approximately three million are not earning enough money to pay income tax. This means that those Canadians are not working very long nor very often. It also means that they could produce ten times more. There are strikes throughout Canada, people curtailing production; all those problems could be solved and the hon. minister would have many things to do in that field. I am not putting all the blame on him, as he is not the one who invented the present system, but he is not doing much to set it right. The present system is not working anymore, it is fundamentally obsolete; it is working only for those who are controlling money and credit, in brief, it is adding to the wealth of those who are controlling money and credit and to the impoverishment of the rest of the population.

This is why strikes happen; people are altogether too poor.

Mr. Drury: Mr. Chairman, I wish to tell the hon. member for Compton-Frontenac that he is wasting his time, and I wish he wouldn't. Now, it is not incumbent upon me to settle his problems; perhaps he had better direct his speech to my colleague the Minister of Finance (Mr. Sharp).

Mr. Latulippe: Mr. Chairman, I may reply to the minister that if I am wasting my time, he is also wasting his, for he does nothing to improve the situation.

If there is need to talk to the Minister of Finance, let the Minister of Industry do it, for he is in a better position than I; besides, it is his duty.

So, Mr. Chairman, there are still many things I could say, but I believe I have spoken of the main ones. I feel that if we seek mutual understanding, if we really want to serve the Canadian nation and the industry itself, we could find the necessary means, and use those which are at our disposal, to settle the various problems that beset industry, production and consumption.

There are two problems, production and consumption. The main one is consumption,

[Mr. Latulippe.]

since production is not lacking at the present time. I am not against new industries, on the contrary, I want them to be created, but I wonder how long they could operate, or sell their products, if consumption cannot be financed.

We have accepted technique, science and progress in all fields, but we should especially welcome technique, science and progress in the economic field on a national scale.

Mr. Laflamme: Mr. Chairman, I would like for a few moments to discuss the estimates, but not along the same lines as the member for Compton-Frontenac (Mr. Latulippe) because in spite of the little knowledge I may have, I do not know how he came to the somewhat eccentric ideas he attempted to outline, which, in my opinion, one could not make head or tail of, and which did not relate at all to the estimates of the Department of Industry.

Mr. Latulippe: You have heads and tails; what solution have you found? People are starving.

Mr. Laflamme: I would like, Mr. Chairman, to draw the attention of the Minister of Industry (Mr. Drury) on a special point concerning my riding. It is a problem which, I know, now holds the attention of the minister and, especially, that of many voters in my riding. It concerns the Valcartier arsenal which, since about 25 years, served to the production of ammunitions for the Canadian government, and which the Department of Defence Production decided, two years ago, to sell to private enterprise; the Minister of Industry (Mr. Drury) is especially interested in it since this is an attempt, I submit respectfully, to create, within private enterprise, an important industry which will have for effect, not to decrease but to increase employment and the number of employees which, unfortunately, have been decreasing there for a few years.

The Valcartier arsenals have been producing ammunitions for more than 20 years and required at certain times the services of at least 3,000 male and female employees. There are now only about 350 employees in Valcartier and many of these plants are not operating, precisely because it is not necessary that they operate to full capacity to carry out contracts with the Department of Defence Production.

Now, as a whole, even if the staff now working in that plant has some apprehension

concerning the sale of this industry to private enterprise, I think they should understand that if the industry is sold to private enterprise, the whole industry will be able to manufacture, in addition to ammunitions, other things which could compete with the general civil production with which, we must admit, it is impossible for the government to compete.

I respectfully submit that the Minister of Industry, in his forthcoming dealings, should point out to the buyers the importance of respecting the vested rights of present employees.

I am convinced that the rights of the present employees being respected, the buyers will not only be in a position to keep the present employees at the Valcartier arsenal, but in a near future, they will rehire from 2,000 to 3,000 employees to reach their previous strength, because precisely a great number of those mills could be used for civil production where the Canadian government cannot compete against private enterprise.

I wish to congratulate the Minister of Industry for the conscientious work he has been doing in that field for some time.

I, for one, am convinced that this decision will be welcomed by the general public, and that the acquirers will thus be able to get a maximum production out of this war plant which can thereby be changed into a peace plant.

I also think that, generally speaking, the department acted wisely in adjudicating the production of ammunition to private enterprise, so that it could bet the lowest possible competitive price.

[*English*]

Mr. Herridge: Mr. Chairman, I can well imagine the minister being a bit impatient and I do not blame him.

There are two things I wish to mention. In my district quite large quantities of excellent birch are being destroyed. I can think of one instance of nearly a million feet of lumber being cut for which there is no market. The local people have made several efforts to see if they could not establish a furniture factory in the district to utilize this and other very suitable woods for the manufacture of furniture. I should like to direct the minister's attention to this matter and to ask him if he can do anything about it. I should also like to ask him to provide some information in this regard to the persons interested.

There is another matter which I mentioned to him privately, a few days ago, can the minister tell me whether any research has been done with respect to the small chippers for chipping culled logs so that they can be sent to the pulp mills? At the present time machinery is available to do this but it is much too expensive for the ordinary tree farmer or small operator. Will the minister look into the situation and see if something can be done to provide this type of machinery on a smaller scale than that at present provided to the large industries? With these few remarks I shall take my seat.

The Chairman: Shall vote No. 1 carry?

• (5:40 p.m.)

Mr. Drury: Mr. Chairman, I am very grateful indeed for the remarks, or most of them, which have been made during the course of this discussion. I appreciate some of the flattering comments and I am particularly grateful for the number of suggestions that have been made for the future guidance of the department in the execution of its programs.

This is a new department and, I suppose, in terms of government it is very new indeed. Neither the officials nor myself are persuaded that all the answers have yet been found, but we are looking for them and consequently we appreciate new ideas. This does not mean that we shall accept all suggestions, but at least we shall look at them.

One general question asked by the hon. member for Villeneuve respecting the Department of Industry was: How is it that Canadians appear able to afford, as outlined in the estimate book, the sum of $25 million for defence development but only a very much smaller sum indeed for civilian development? At page 178 of the blue book of estimates this item appears under vote No. 5:

> To sustain technological capability in Canadian industry by supporting the selected defence development programs . . . $25,000,000.

Under vote 10 the following appears:

> To advance the technological capability of Canadian manufacturing industry by supporting selected civil (non-defence) development . . . $8,770,000.

This does not in any way indicate a greater predeliction or preoccupation with defence equipment development in industry as opposed to civil development. The problem that exists with relation to the support of development projects in defence industry has been in existence for a considerable number of years and consequently more people are familiar

with it. Some people are in a position to take advantage of it successfully, and the department is more capable of effectively administering it.

Vote 10 has to do with a new program which, for practical purposes, is entering its second full year. While last year there was provided in relation to the operation of this program the sum of $5 million, the figure is now $8,770,000. We expect that as this program acquires public acceptance, that is, by the manufacturing public, and as the department acquires more skill in administration, the amounts set for the support of advancement of technology in the civil field will grow. The necessity of growth in the military field is not quite so apparent.

In relation to the department two other major items were mentioned. One was the area development program, and its operation, and the other was the automobile safety program. I might deal with the second program first.

I should like to felicitate the hon. member for Brome-Missisquoi for the very excellent work he has done and is doing in bringing home to the Canadian public the extent to which this is a problem in Canada and for making clear that statistically, in relative terms, what he talks of is a greater problem here than in the United States. He has done a very valuable service in bringing this problem to public attention and directing public attention to it. The government for its part, and I happen to be its spokesman on this subject for the moment, is undertaking to provide some practical and acceptable solutions to the problem.

The first step in providing suitable solutions to any problem is to find out what the problem is and what is known about it. Then you must organize all information. When you have a background of information you then endeavour to bring intellectual effort to bear on the problem in the hope that a solution can be worked out co-operatively in the best interests of all concerned.

I am glad to say that the National Research Council has just completed a review of current knowledge in this particular field relating to what has been somewhat disparagingly called the nut behind the wheel, the nut on the wheel and, finally, the place where the nut falls off the wheel, which is the road. under these three headings nine technical reports have been issued by the National Research Council. Should any hon. member be interested in them I should be only too delighted to make all nine volumes available to him. These volumes contain a very valuable summary of the current state of knowledge in this field and provide an indispensable background for anyone trying to find effective solutions to the problem.

For its part the government, in co-operation with the Traffic Accident Research Foundation and the Canadian Highway Safety Council, has commissioned a draft automobile safety code, as it has been so far called, which will be submitted to the scrutiny of a conference to be held in June. Members at the conference will examine the draft code on the strength of the reports providing basic information about the driver, the car and the environment on the road. This conference will be composed of representatives of federal and provincial authorities concerned with highway safety, also of various private and semi-private organizations in Canada concerned with traffic safety and, finally, some other individuals who have demonstrated an interest in safety. There will be an exposé of the problem at this meeting. There will be suggested parameters which it is hoped the conference will accept. If they are accepted steps will be taken to try to bring them into force.

Referring to what was said by the hon. member for Timiskaming, who in a way indicated the nature of the problem, I may say that we have in this country a number of statutory speed limits. One would assume that a safe car should be designed for travelling at those speeds. Owing, no doubt, to special circumstances involving time, some drivers, as indicated by the hon. member for Timiskaming, do not pay attention to those speed limits. Therefore it is clearly not possible to design cars from the safety point of view to be driven within the statutory speed limits, because there will be people who will pay no attention to such statutory limits. Clearly it is not enough to provide the safety devices in cars that he suggests. The mere provision of those will have no effect if they are not used. The hon. member has indicated that although he has incorporated a shoulder harness in his car he has never had occasion to use it. As I recollect, his son used it after he had turned the car over. I do not think anybody would deliberately turn a car over. That should not be a prerequisite of or a prelude to using a safety harness.

• (5:50 p.m.)

Mr. Peters: I hope he was not just testing it.

Mr. Drury: The hon. member for Timiskaming also expressed some doubt where the focal point with the federal government should reside, as did one of his colleagues. The hon. member for Timiskaming suggested by implication, and the hon. member for Danforth suggested quite explicitly, that the Minister of Defence Production was the wrong minister to be in charge of this program. I share this view. I think that unquestionably there is a problem connected with the administration of a department whose task it is to work in co-operation with a particular and very large industry, yet at the same time be responsible for imposing mandatory obligations upon that industry and, further, perhaps having some responsibility for enforcing those obligations. It might make more sense if within the federal government the department which now is in the process of developing and administering safety programs in respect of other forms of transportation, and which has a great deal of experience and expertise in these other fields already, might contemplate taking over that particular task.

The Chairman: Order. Shall I rise, report progress, and request leave to sit again later this day?

Some hon. Members: Agreed.

Progress reported.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED UNDER ADJOURNMENT MOTION

Mr. Speaker: Order. It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at the time of adjournment tonight are as follows: The hon. member for Vancouver-Kingsway (Mrs. MacInnis), Penitentiaries—request for appointment of female deputy commissioner.

[*Translation*]

The hon. member for Lotbinière (Mr. Choquette): Winter works—Notre Dame de la Guadeloupe, Que.—Amounts paid by the federal government; the hon. member for Roberval (Mr. Gauthier): Income tax—Lac-Saint-Jean—Investigation requested concerning discovery of bank notes.

[*English*]

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:

• (6:00 p.m.)

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 Trustee Board of The Presbyterian Church in Canada.

An act to give effect to Term 29 of the Terms of Union of Newfoundland with Canada.

An act to amend the Northwest Territories Act.

An act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1967.

Mr. Speaker: Order. It has been suggested that it might be better, before we suspend the sitting, to resume the business which was interrupted by royal assent.

SUPPLY

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

DEPARTMENT OF INDUSTRY

1. Departmental administration, including grants as detailed in the estimates, $6,795,400.

The Deputy Chairman: The committee will resume at seven o'clock.

At six o'clock the sitting was suspended.

SITTING RESUMED

The committee resumed at 7 p.m.

The Deputy Chairman: Shall vote 1 carry?

Mr. Peters: Mr. Chairman, we were listening to a statement by the minister and I believe he should be given an opportunity to complete it.

Mr. Drury: Mr. Chairman, I had indicated some views on the question of automobile safety, and had stated that in terms of focus for federal government action the Department of Industry was not the most appropriate department. Consideration is being given

to what would be a more appropriate department to look after this.

A question was asked whether more money is needed to get an automobile safety program under way. I do not think at the present moment that shortage of funds is in any way hindering what has to be done, namely the acquisition and organization of information, and the development of a program after having sorted out the various jurisdictions. I think we are taking productive steps to organize the information, to get agreement on jurisdictions and to launch a program. The government is seized of the importance of this particular problem facing Canada today to at least as great an extent as other hon. members.

The next item examined was the area development program, and observations respecting it were to some degree contradictory. This would indicate to me that a program, which those who find themselves outside of designated areas desire to have abolished, and those who are alongside designated areas seek to have extended to them, is a useful and successful one.

However, I should point out in respect of a number of the representations which were made that there is a fundamental basis to this whole concept. It is a measure in an area in which the federal government has jurisdiction, namely the field of unemployment, and the program is one designed to bring some measure of relief to areas suffering from high chronic unemployment.

We measure this unemployment in two ways as accurately as we can. The first is through registrations under the national employment service. Where the number of registrations in an N.E.S. area rises above a certain figure, or is above a certain figure for a sustained period in relation to the total labour force in that area, then automatically the area qualifies for the incentive benefits.

Mr. Winkler: Was not the principle of development also an important factor at the time the Prime Minister made the announcement in the house?

Mr. Drury: The functions of the area development agency as a whole relate to industrial development and area development, but the designated area program is limited to being a program related to unemployment. One of the reasons for this is that under our constitution the provinces regard economic development, and the determination of priorities for economic development within a province, as being a matter for the provinces not for the federal government. If there were to be a move into this particular field, an attempt on the part of the federal government to set priorities for economic development, this would be a matter of concurrent jurisdiction with the provinces, administered as is the ARDA program.

The ARDA program is for the purpose of encouraging economic development of rural areas within a province. Hon. members will recall that under it the initiatives for programs within a specific area are taken by the province, not by the federal government; and the criteria are determined by the province, not by the federal government. This is in a sense the classic shared-cost program, in which the determination of criteria and the administration of the program rest with the province, or provinces, and the role of the federal government is largely confined to assisting in financing the projects.

• (7:10 p.m.)

Mr. Winkler: Can industrial plants be built under that scheme?

Mr. Drury: Industrial plants can be built under ARDA. There is no limitation in respect of the purposes or objects for which ARDA funds are used. I think this is a useful and interesting distinction. It indicates first the nature of the constitutional problem and why this particular incentive program is based on unemployment. Whether based on national employment service registrations or on areas where the national employment service registry is an accurate index, recourse to unemployment figures is an aid in considering the average level of non-farm family income.

I was asked by the hon. member for Swift Current-Maple Creek where the statistics with regard to non-farm family income were derived. The statistics were obtained from the Dominion Bureau of Statistics, and their definition of a non-farm family is accepted for the purposes of those statistics. Non-farm family income is used, because in cases where the non-farm family income is very low there is an assumption that even though within the family there may be people who are unemployed but not registered, the numbers involved will depress the average non-farm family income, and consequently in this way indicate to some degree, where there are not

accurate national employment service registrations, the level of unemployment or underemployment. That is the reason this is used.

The purpose of this program is not to raise the family income level; it is to relieve unemployment. The income figures were used and spoken of lightly as another way of measuring unemployment or underemployment. If this is understood, it is quite clear that one cannot take into account, as any criteria or as any basis for the program, other economic factors such as rate of economic growth, slowness of economic growth, or indeed rate of population growth or lack of it. All these are measures of economic growth of an area and, as I say, the determination of priorities in respect of economic growth within a province is something which the provinces control, and which under their constitution they regard properly as being within their competence and jurisdiction, and not under federal jurisdiction.

A number of members from the maritime provinces have represented that in order to make this an effective program to stimulate economic growth, there should be designated the metropolitan areas in the maritimes, notably Halifax, Dartmouth, Fredericton and Saint John. Even though unemployment was at a very low level both in regional and national terms in these metropolitan areas, to designate these areas, on the grounds that these areas currently of low unemployment are at a disadvantage in relation to other areas in the maritimes with higher employment, would mean that the deliberate advantage conferred on areas of high unemployment with a view to alleviating this would disappear. The program having as its basis the bringing of jobs to those who are without work would fail completely.

Recognizing that in some areas the incentive program will not be the answer and will not effectively reduce unemployment, if it exists there, members will be aware that the government has made available to the individual an alternative program, should he wish to make use of it, which would provide assistance to persons without work to move from the area in which they or their families are to an area where there will be job opportunities. These two approaches are not conflicting; they merely supplement one another and provide a desirable choice to areas which have some high unemployment.

There was some representation by members from some of the westerly areas that comparisons of designated areas with smaller areas not too far geographically removed from them appeared to disclose that conditions inside the designated area, and just outside, were substantially similar. This of course would be expected because it is rather rare that one finds an area of high economic activity and low unemployment, and then just right across some invisible boundary line an area of high unemployment and low economic activity.

These changes tend to occur rather gradually in geographic terms, and in moving from an area of high economic activity and low unemployment to an area of low economic activity and high unemployment there will not be a corridor; as one proceeds in distance there will be a merging or a gradual transition from the first condition to the second. So, wherever the line is drawn, conditions immediately adjacent to that line and on either side of it will be substantially similar. Obviously the line has to be drawn somewhere, unless the whole country is to be designated. Obviously right adjacent to the line there will, understandably, be feelings of invidiousness in that the man on the favourable side of the line has an advantage which his almost neighbour just across the line does not enjoy, although the neighbour feels the conditions where he finds himself are substantially the same—and indeed they are.

The criteria for the delineation of these areas has been the national employment service areas, largely for the following reasons. In their present configurations they are supposed to represent areas of homogeneous economic activity; each is supposed to be an economic unit. Second, over a number of years there have been gathered for these areas, on an area basis, the kind of statistics on which we have to rely. Indeed these are the only records we have on which to determine which area qualifies for designation and which does not. If one is to operate a program based on objective measurable criteria and standards, he must rely on statistical evidence which has been gathered over a period of time. I accept the difficulty there is in comparing conditions close to and on either side of a line of demarcation, but I do not know of any way to avoid them.

• (7:20 p.m.)

We are continually receiving representations as to the appropriateness of the N.E.S. areas, and I heard some new ones in the current debate. These are reviewed as the

representations are made and periodically, following discussions with the soon to-be department of manpower, which will be responsible for the operation of the national employment service, changes are made in the boundaries of the N.E.S. areas where it appears that the existing boundaries produce social inequalities or social injustice. This forms part of the periodic review which is carried out in respect of the qualification of N.E.S. areas for designation or de-designation.

I think I indicated in my opening statement that this program had to date been a very successful one. In order to provide incentives, one must offer advantages to a limited number of people; and the more limited the number of people, the more effective are the incentives. These incentives are now offered to areas of Canada comprising some 15 per cent of the total Canadian labour force. If, as has been suggested by some members—

Mr. MacInnis (Cape Breton South): Mr. Chairman, would the minister permit a question?

Mr. Drury: Just a moment. If, as has been suggested by some members, large, additional centres of population are to be added, the incentives become diluted, in the sense that they are available to a much larger segment of the population of Canada, and obviously the areas which are currently most disfavoured will tend to fall even more into disfavour than they have in the past. I think one has to try to resist the temptation to enlarge the areas, or the number of people to whom the incentive area program is available, if one really has a concern or preoccupation for those areas which are seriously, and have been for a long time, effectively disadvantaged.

Mr. MacInnis (Cape Breton South): Mr. Chairman, I have a question in connection with the minister's remarks about the areas which have been seriously affected over a long period of time. Since the minister said that the program was so successful, I wonder if he could list the accomplishments of a few of these programs in the Cape Breton industrial area in general? The minister also referred to the government program of moving workers to areas where employment was available, and referred to it as a very good choice for these people. Is he not aware of the fact that it is a matter of no choice at all? Also, I would like to hear the minister list the successes which have taken place in Cape Breton, which is one of the worst areas in the country in this regard.

[Mr. Drury.]

Mr. Drury: I have not the details of the effects on the Cape Breton area—

Mr. MacInnis (Cape Breton South): Then would the minister mind listing the successes anywhere of the program?

Mr. Drury: I have not the details of the effects on the Cape Breton area, Mr. Chairman, but I will undertake to provide those later on. In so far as the mobility program of the department of manpower is concerned, when the hon. member says there is no choice I suggest that he perhaps does not understand the manpower mobility program. This is a choice offered to the person who is unemployed. He has an opportunity to receive financial assistance in moving from where he is to an area in which there are employment opportunities.

Mr. MacInnis (Cape Breton South): Would the minister not agree that the only time such a choice is accepted is when nothing else can be done by the person affected?

Mr. Drury: I am not presuming to make judgments as to why people exercise these choices. I am just saying that a choice is provided and the government has a program which is designed to encourage manufacturing industry to establish in the designated area and provide, as a consequence, employment opportunities. It offers at the same time and in the same areas financial assistance to those who, for reasons best known to themselves, desire to leave that particular designated area. Both of these steps are aimed at lowering the level or numbers of people who are unemployed in a designated area. I do not presume to say why it is that people avail themselves of either of these alternatives; I am merely saying that the government has provided these choices.

Mr. Winkler: Mr. Chairman, I should like to ask the minister a question. Since the plan was instituted have there been further negotiations with the provinces—I have in mind particularly the province of Ontario—in regard to the revision of the boundaries of designated areas? Has such a meeting taken place, and has such consideration been given to this matter?

Mr. Drury: No, Mr. Chairman, we have not been consulting with the government of Ontario in relation to the delineation or termination of boundaries of N.E.S. areas. This is an area in which the federal government, the N.E.S., is the master, if I may use this term, of the delineation of the area.

In looking at the suitability or the inequalities, if there may be any, of these areas, factual information in this regard is sought from a great variety of sources, and presumably one of them may well be the provincial government authorities.

Mr. Winkler: Mr. Chairman, is the minister saying that he does not know whether the department sought the advice of the provincial departments in establishing the areas, or considering amendments that should take place in this regard? Were the provinces not consulted in the first instance with regard to statistical matter or whether they had recommendations to make in regard to the areas that should be chosen?

• (7:30 p.m.)

Mr. Drury: The N.E.S. areas have been in existence for a great many years; I am not too sure how long, but ever since the national employment service was organized. To the best of my knowledge neither the advice nor the consent of the provincial government was sought at the time these areas were delineated. When the hon. member asks me whether the advice of the government of Ontario was sought as to which areas in Ontario should be designated and which should not, the answer is no. This is not a joint program. This is a federal government program under the control of the federal government and it is related to the relief of high chronic unemployment. The federal government is in possession of the most accurate statistics in relation to unemployment that are available in the country. They have been obtained from the national employment service and the Dominion Bureau of Statistics.

I suggest that no useful purpose could be served by an endeavour to convert this program into a joint program with the provinces, and that there is no point in seeking the consent of the provinces in order to change designated areas or designate new areas.

Mr. Winkler: I am grateful to the minister for that information, because apparently I have been grossly misled. It was my humble opinion that there was to be some liaison between the department of economics and development of Ontario, and the minister and his departmental officials.

I must disagree with the minister when he says that he has the best statistical information available at the disposal of his departmental officials and government agencies. He knows how I feel about the area in which I live, which was not designated. If one were to make a comparison between that area and other areas that have been designated he would realize that there has been discrimination of such magnitude that one can only conclude that the minister and his departmental officials do not know what is taking place. I take strong exception to this discriminatory action. I disagree entirely with the explanation he has given as to the reasons for the difference of treatment.

[*Translation*]

Mr. Mongrain: I should like to put a question to the minister.

I referred to two cases this afternoon and I would like to have the views of the minister. Is it in accordance with the spirit of the act, designed to help designated areas, that an industry established in Trois-Rivières after having bought a property within a mile of that city, should move seven or eight miles farther because of fiscal agreements, and that another, established in Cap-de-la-Madeleine and already in operation, should move 12 or 15 miles downstream toward Shawinigan?

I wonder whether this is not a typical case that the government should look into when the minister will consider amending the act.

What are the minister's views on the matter?

Mr. Drury: Well, it is precisely to help in such cases.

Now about the moving from Trois-Rivières to Shawinigan, there is a regulation, a condition that in order to be eligible to the benefits, 90 per cent of the equipment, of the machinery must be new. Used equipment and machinery may not be moved. The machinery must be absolutely new.

So that if a plant is located and operating in Trois-Rivières, it cannot be moved to Shawinigan with all the equipment and machinery that was being used in Trois-Rivières and still be entitled to the benefits, because the regulations require that the machinery and equipment be new and, for that reason, it is not possible to move machinery and equipment out of a non-designated area into a designated zone or area, and still eligible to the benefits.

[*English*]

Mr. Mongrain: It is interesting to note that the case in which I referred industry was already located, and normally it would have

expanded or enlarged there; but because of the advantages provided by this program this new development took place in an area 10 or 12 miles away. I am aware of another case where an industry has purchased an area of property because they felt it was an advantage to them for future development. However, this industry has been attracted by this program and influenced by an industrial commissioner to develop, as I say, 10 or 12 miles away. Surely there is something wrong with a government program when it deprives an area of the development which would normally take place because of certain advantages offered.

Mr. Drury: I think the hon. gentleman understood me when I said that this program will not cause industry which has already located in an area to move to another area. The program is designed to attract or persuade entrepreneurs who would, in the ordinary course of events, contemplate the setting up, expansion or creation of new facilities in non-designated areas, to move instead into designated areas. However, in relation to either expansion of or addition to existing facilities, there is no contemplated transfer from one area to another.

If there is going to be growth in Canada, what we are interested in is encouraging a part of that growth to take place in designated areas. Statistically we have found that of the total new industries developed in Canada since the program started, only 15 per cent has been developed in designated areas. It is difficult of course, to say how much of that new investment would have been taken in these areas in any event, but the proportion is probably quite small.

There is an indication that this incentive program has been successful in encouraging at least 15 per cent of new investment, or a large fraction of it, to locate in areas of high chronic unemployment rather than in more favoured areas. In respect of the cases the hon. member has mentioned in Trois-Rivières and Shawinigan, and the case mentioned by the hon. member for Grey-Bruce, let me say that you are both seized of a problem relating to the drawing of the line between non-designated and designated areas. The line must be drawn somewhere.

Mr. MacInnis (Cape Breton South): Would the minister permit a question? He has referred to the 15 per cent of new development which has taken place in designated areas. Is that an indication of his description of a successful program, and does he not think

[Mr. Mongrain.]

that the 15 per cent would have located in these areas in any event?

Mr. Drury: Mr. Chairman, if the hon. member had been listening to my explanation he would know that I said there was no way of deciding what percentage of the 15 per cent would have located in these designated areas in any event. In any event employment conditions have improved in certain designated areas to the point that it is now possible to dedesignate them, and this indicates that the program has been effective in at least some areas. There is no question that this program tends to be more successful in some areas than in others. There are some disadvantages which exist in relation to some designated areas which do not exist in others, and some designated areas enjoy more in the way of economic advantages than others. The rate of improvement has been higher in some areas than in others. Unfortunately this rate of improvement is not equal across the board.

Mr. MacInnis (Cape Breton South): Everything apparently boils down to the fact that the minister considers that the 15 per cent figure indicates the success of the program.

• (7:40 p.m.)

Mr. Drury: Fifteen per cent of total new investment in Canada has taken place in designated areas.

Mr. Schreyer: I am not in a position to argue the relative success or failure of the designated area program across the country, but may I ask the minister whether he would not agree that in the case of Manitoba, for example, the program has no relevance and it is difficult to see how it can have relevance as long as it is based upon or oriented toward unemployment statistics. From what the minister has said I understand it must apparently be so because of the constitutional requirements. And yet it is a fact that in Manitoba, areas of high chronic unemployment and underemployment—and there are large areas of that kind—are ones in which there is an inadequate national employment service coverage and registration. Consequently, to my mind at least, it is difficult to see how this program could ever be applied in regard to such areas. The only areas which could conceivably be eligible under the designated area program at the present time would be precisely those industrial metropolitan cities like Winnipeg, Brandon and so on, which, in most likelihood, will never require the assistance of this designated area program. However, vast parts of the province could use this

program as long as it is oriented toward or based upon registration of unemployment, and yet they will never become eligible because no data is available.

This brings me to my second question, Mr. Chairman. It is my understanding that the legislative assembly of the province of Manitoba passed a virtually unanimous resolution requesting the federal government, through the aegis of this designated area program, to apply it to all of the province. I do not think that this was done facetiously or in a bantering manner. I wish to ask the minister how he was able to deal with this particular request, which was endorsed by the provincial legislature.

Mr. Drury: Mr. Chairman, I do recognize that there are areas where the N.E.S. registrations are not an accurate measure of unemployment in the area, as I have tried to explain earlier. In a sense, the more an area is rural the more this tends to be the case. It is precisely for that reason that recourse is had to D.B.S. which makes a much more profound study of non-farm family incomes. An examination of the average level of these incomes tends to indicate concealed unregistered unemployment or underemployment. By looking at both N.E.S. registrations, which may or may not be accurate, and the average non-farm family income, one is able to get a fairly good measure of unemployment in the area.

As I have indicated, this is not an economic development program. It is a federal program designed to provide employment opportunities through industrial growth in areas suffering from high chronic unemployment. There are a number of other schemes, of which ARDA is one, where projects aiming at economic growth through industrial, agricultural or forestry development are jointly conceived and undertaken with the provinces.

In so far as the government of Manitoba is concerned, the federal government co-operates with the provincial government in developing economic development programs which constitutionally must be joint and collaborative affairs. In those areas of Manitoba where it has been statistically determined that there is a relatively high chronic unemployment measured by either of the two tests I indicated, the federal government provides a program of incentives aiming at the creation of job opportunities through the establishment of new manufacturing industry or the expansion, to an appropriate degree, of existing manufacturing industry.

Mr. Winch: I wish to ask the minister a question. In view of the fact that the minister exercises his functions in the dual capacity of Minister of Industry and Minister of Defence Production, can he tell me whether he has been able to bring about an extension of the Canadian manufacturing industry or the establishment of new manufacturing concerns. Can he give us any examples of cases in which he has been successful in doing so? My opinion is that he has been rather successful in co-ordinating the two ministries of industry and defence production. Can he give us any information on the correlation between these two fields of activity, and on any success achieved in the maintenance and extension or the establishment of new industries?

Mr. Drury: I rather think of the role of the Department of Industry as being the establishment of a climate or an economic framework in Canada, which will lead to the creation and expansion of manufacturing industry in this country in an efficient and progressive manner. I think what the hon. member is trying to have me speak about is the role of promotion.

Mr. Winch: Yes, in the area of defence production, because of your authority in that field.

Mr. Drury: The hon. member wishes me to speak about the promotion of individual manufacturing concerns. I think it is rather dangerous and at times invidious when governments endeavour to claim any measure of credit for the establishment of new manufacturing operations when in fact the responsibility for either the expansion or the establishment of new manufacturing operations is that of the entrepreneur, the man who puts up the risk capital. He is the fellow responsible for this, not the government. The role of the government is to endeavour to establish an appropriate economic framework in which this kind of operation by entrepreneurs and by private enterprise can and will take place.

• (7:50 p.m.)

Mr. Winch: I am afraid the minister did not answer my question. He holds a cabinet position in a dual capacity. In one he is Minister of Industry, and in the other he is in charge of defence production. As Minister of Defence Production and Minister of Industry has he been able to correlate those two functions so as to tie in with the Department of Industry the expansion of manufacturing concerns? Has he been able to bring new

manufacturing into the country, as Minister of Defence Production and Minister of Industry? I may not be expressing my question very well, but has he had any opportunity of doing this? If so, can he give us any examples of how he has worked to correlate his two functions?

Mr. Drury: Quite obviously the government, including myself, will endeavour to correlate the work of all government departments toward the objective of expanding production, as well as making more efficient manufacturing industries in Canada.

There have been cases where, as a consequence of orders placed by the Department of Defence Production, through our ability to place substantial orders for defence equipment there have been established in this country manufacturing facilities for articles which previously were imported. It is interesting to note that the function of the Department of Defence Production will be taken over by the department of supply for the whole of the federal government.

That is the defence production side of the operation. Through the work of the Department of Industry, assistance has been given to firms whose business has been initiated on a defence basis for the production of defence equipment—because plant and machinery have been set up, and trained personnel have been with the firms because of defence orders —to set up other types of business—

Mr. Winch: Have you done that yet? Can you give us any examples where this ideological position has been carried through?

Mr. Drury: Would you like me to name a company?

Mr. Winch: Give us an example. The minister is not talking about the future? I take it that he is talking about what is happening now.

Mr. Drury: This has been done.

Mr. Winch: What has the minister done? What has been done to tie in defence production and the Department of Industry, in bringing about the expansion of old, and the introduction of new manufacturing industry?

Mr. Drury: I have just endeavoured to explain how this is done. I take it the hon. member wants an example. Does he want the name of a company?

[Mr. Winch.]

Mr. Winch: I want to know what the achievements have been.

Mr. Drury: We are making progress. I cannot give you figures of investment, production and growth covering all these things. We have not any specific program directed toward this combination of functions. I propose at a later stage to provide some more information indicative of the success of this work.

Mr. Peters: As I listen to the minister I become more and more confused as to what this program is doing, and what the intention of the minister is in accomplishing anything under the terms of designation.

Before saying anything more may I express my appreciation of the remarks the minister made previously. I do not want him to beware of Greeks bearing gifts, or anything like that, but we do appreciate the remarks he made about the changes he would recommend in his department, in terms of automobile safety, in the light of the problem which was discussed earlier this afternoon.

Dealing with designated areas, the minister made a number of very odd statements. I hope that he will bring his officials down, to sit by him on the floor of the house so that we can go into the various designations he has dealt with. Frankly, I want to know why every one of the areas involved was designated. I may be wrong in my assumption, and the minister must know if I am wrong, but it is my understanding that designations took place in a joint meeting of the provincial and federal authorities. It is also true that the areas so designated were not designated on the basis of unemployment districts, or with relation to non-farm incomes. There are designations in the second part of appendix D of the order in council that were based on the census statistics of the revised criteria. Those are the ones that I believe have no relation to the criteria that the minister has talked about today.

I should like to know on what basis the areas have been chosen, and I should also like to know what has been accomplished, in areas that have been designated, that can be directly attributed to the revised criteria of this plan. What industries have been brought into the areas? Those are questions the minister ought to answer.

What was done in specific areas? How many areas have been designated for only a period of time, and how many areas fall into

the category of the two areas close to my riding, those of Rouyn-Noranda and Timmins, both of which are designated areas and both of which received absolutely no benefit from the plan, whereas other areas not designated apparently could take considerable advantage of this plan.

It is very interesting to note, and I think the minister will have to explain, why there should be in the province of Quebec 22 areas, and in the province of Ontario seven areas, the areas generally speaking in Ontario being no worse than those in Quebec. In terms of unemployment insurance there does not seem to be any particular difference between most of the areas in Quebec and the ones in Ontario. I should like to talk about some of these areas specifically. However, before I do that I should like the minister to bring his officials with him so that we can discuss these areas individually.

I am well aware that these estimates are not going to a committee for discussion. I am faced with the situation that developed last year when largely through a mistake on my part, we allowed the passage of the designation program. The minister at that time said, as reported at page 3126 of *Hansard* for June 30, 1965:

> I did undertake unequivocally to table the estimates because this is within my control. I have learned in a very short parliamentary experience not to give undertakings as to what the house may or may not do. I will use my best endeavours to see that these are referred as early as possible after tabling—and I do undertake to table them immediately—to the house committee. Specifically, I think it has been understood, Mr. Speaker, with respect to this question of tabling and referral, that the government undertakes that the order in council designating the designated areas in clause 2(c) will be tabled on the resumption after the summer recess and referred to the standing committee on industry, research and energy development. This will include an opportunity to discuss the criteria.

Mr. Chairman, the minister did not prevaricate. He said that you can never understand what is going to happen here. Neither can we. We were interested in coming back in the fall and discussing this matter last year. As we all know, an election intervened, bringing another session and another parliament. I assume therefore that the minister is not bound by the commitment he made in that previous parliament. However, I believe he has an obligation to bring these criteria before the standing committee. That has not been done, and as there is no indication that it will be done I think we must discuss the matter in detail in this committee. Therefore I suggest that the minister bring down his officials, because we will be asking about specifics; if the minister does not do so he may have difficulty answering some of the questions.

• (8:00 p.m.)

The minister said this program had no relationship to the joint federal-provincial programs. He said this program is operated by the federal government, specifically in the field of unemployment insurance responsibility, over which the federal government has jurisdiction. I do not think that is true, Mr. Chairman. I think the program has been administered in conjunction with the provinces. There are people on the staff of the minister's department attached to the various programs, some of whom I could name. They are working in close conjunction with the economic development agency in the province of Ontario.

When the Prime Minister decided consideration would have to be given to a modification of the criteria, a committee was formed on which he asked a number of senior civic officials to sit. This committee will be negotiating not only with the officials of the minister's department but with officials in Ontario, and they are not going to be satisfied at all with this buck-passing from Ottawa to Toronto and then back again. Eventually we will find out exactly where the breakdown occurs.

If what the minister said today is his interpretation of what his department is going to do, then we need look no further. If he is not going to co-operate with the provinces and thinks he will be able to bring in a plan which will put industry into certain areas without the co-operation of the provinces, then he might as well forget the whole program.

But, Mr. Chairman, shortly after the criteria were developed I understand there was a meeting between the Prime Minister, the federal minister and a number of provincial cabinet ministers, and they made a decision on the criteria. I should like to go over some of them.

In Ontario they decided to designate places such as Bracebridge, Collingwood, Elliot Lake, Midland, Owen Sound, Parry Sound and Sturgeon Falls; and I should just like to look at each in turn.

There is no question about Bracebridge being an unemployment insurance area. This area is a summer resort and has been for

years. Most Toronto members have cottages in the Bracebridge-Muskoka area.

An hon. Member: No, they cannot afford them.

Mr. Peters: Some of them cannot, but they have friends who can, and they do visit the Bracebridge area. This area of Bracebridge has seasonal unemployment. The people who work in the tourist industry also engage in agriculture of a fairly low standard. Bracebridge is really a tourist operation, which is seasonal, and would meet the criteria outlined by the minister. However, in my opinion it does not satisfy most of the representations which were made when developing the criteria last June, nor the type of program most members of parliament want.

The minister may not be aware of this, but most members of parliament who do not represent major urban areas are faced with exactly the same problem. I outlined the other day the pebble theory, where industry spreads out from metropolitan areas a certain distance, and then spreads even farther. That is not what most members or the Prime Minister said they wanted. The Prime Minister said that the importance of the proposals was that Canadians living in areas where jobs are most needed would have a better chance to improve their livelihood because of the scope of this program, which provides opportunity for industrial development and improved skills. He did not say that it was a program under which people who have been unemployed will get employment or be moved into other areas. This program is to develop places without industry at the present time, so as to provide jobs for the people already living there.

Now let us take a look at Collingwood, which is another small town with one or two industrial developments in the shipbuilding field. The employment is highly seasonal. I may be wrong in my seasons, but I think there they work in the winter and are laid off in the summer. The predominant industry is tourism, which is now a year-round operation because of the ski resorts in the area. But the summer tourist industry does provide for a seasonally unemployed segment of the population.

Elliot Lake, Mr. Chairman, is in a completely different category. The federal government is responsible for the area because of the botching up of the Canadian uranium program. Elliot Lake falls into a special category. If the government were to establish there government owned and sponsored industries, such a step would probably be justified. Central Mortgage and Housing financed a large portion of the housing in the area, and have had to heat it and provide for its upkeep even though no one was living in the houses. Elliot Lake is a national disaster area as far as employment is concerned. It is not a question of unemplomyent but of employment. No one is unemployed in Elliot Lake. I am sure you would find unemployment in Elliot Lake is almost nil, and for the simple reason that as the mines closed down there was not a chance in Hades of further employment opportunities in the area. That is one of the problems, of course, which we face.

I would have no objection to the inclusion of Elliot Lake, except I think we would be justified in saying that unemployment figures were not the cause of its inclusion. I think you could show that over a period of time the employment figures dropped from a maximum of 6,000 to 2,000. At the same time you could not show there was any potential employment likely in the area. It is really a little like the situation at Bell Island. When the iron ore industry closed down, the people employed in the area obviously had to move away because there was no alternative employment there for them. Unless they were prepared to go on welfare they just had to move out.

Midland is in the same category as Bracebridge and Collingwood. A shipbuilding industry is in operation in the winter, doing refits. In the summertime the workers often take summer employment, assisting those who are seasonal workers in the tourist industry.

I am sure there is not a great deal of difference in the Parry Sound area; there is great similarity in the areas of Parry Sound, Owen Sound, Midland, Collingwood and Bracebridge.

Sturgeon Falls is in another category. There has been a large forest products industry there over a period of time. One of the major mills run by Abitibi at Sturgeon Falls was operating at near capacity the last time I visited the area, and I do not think you could show any long and continuous period of unemployment there.

• (8:10 p.m.)

Unless I am wrong about these cases, the argument the minister has used does not apply. I suggest it never did apply, and that an arrangement was made. A number of people sat down at a table and bargained

about these things. I want to congratulate the members from Quebec because they did a better job of bargaining than did some of the others.

Let us take a look at what was done in the census division. Take Parry Sound. I will make no comment about that because I do not understand why Parry Sound should be designated under the program. I do not know what the census criterion is. This was not included in the legislation we passed last year, to my knowledge. Take Haliburton, Ontario. To the best of my knowledge, Haliburton has had a number of forest products industries. I presume this takes in the sawmill, as well as various resort areas where there would be seasonal unemployment. But conditions in Haliburton today are not much worse than they have been for the last 30 years. They probably have not changed very much in 30 years. There is no acute problem in this area; it is a problem of a chronic nature.

I turn now to Manitoulin island. Manitoulin island, it seems to me, cannot be considered as being an industrial area. In my opinion the people on the island are not much interested in its becoming an industrial area. I know there are hon. members listening to me who have hunted and fished on the island, and chased deer all round it. They are aware that this is primarily an agricultural area. I believe the Prime Minister can rest assured that when the price of turkeys goes up everyone on the island will be very happy about the situation around Christmas time and Thanksgiving. I doubt whether one would find a serious unemployment picture on Manitoulin island, if one thinks of unemployment in terms of the national unemployment figures as they are usually compiled.

In my opinion these are not the kinds of definitions which fit into the criteria about which the minister has been speaking. Incidentally let me say there are more good people working in the hon. gentleman's department than most people realize. Indeed there is a superfluity of people. He has people there who are probably more frustrated than civil servants in other departments, because their efforts are not being utilized to any degree. These people joined the department to help decentralize industry and provide industrial equality across Canada. But they find this is not being done. It is not being done in Ontario, either, because of the inactivity of the department of economic planning under Mr. Randall. He, like his predecessor, has paid more attention to manufacturing, to sales and to the propaganda side of his department than to the economic development which we believe must take place.

Again, in this department of economic planning there are some very good people. The province has been divided into areas and most of these areas have economic planning agencies. In my own area we have the Northeastern Ontario Development Association. The provincial government is allotting funds to these agencies and these are the agencies which are able to assist the federal government in its economic development projects. I am sure the minister's officials will tell him that co-operation with these agencies is essential if the program he is putting forward is to be anything more than window dressing.

The minister has said it is not wise to extend the boundaries too widely. Can he tell me why all the districts of northern Ontario should not be designated, without interfering with anything being done in connection with other programs? If this were done, areas which have the necessary natural resources would be able to take advantage of industries which are already contemplating expansion.

In my own area the firm of E. B. Eddy will be forced to go into the pulp and paper industry at Elk Lake within the next two years or they will lose their limits. They say it is difficult to raise capital amounting to $45 millions, and they may be right. A program of this kind will assist the company to come into an area where they have limits which they can operate for 30 or 40 years before the expiry date.

Work could be done to develop a chip industry in connection with the pulp and paper process and this would use up a great deal of what are now waste products. These things could happen if leadership were given by the department. But if the minister thinks he can operate this program in isolation, controlling from the top the development of particular industries in the areas he designates, he is under an illusion. He will not be able to get along without the co-operation of the provinces.

I do not know what we can do about this. Last year I decided to carry on a filibuster and I have no objection to doing so again. But it is unfair, and the responsibility must rest solely on the shoulders of the minister if some of the estimates of other government departments do not come up for discussion. I am hesitant to take this course, not because I

do not think it is possible, but because I do not think we have the right to do it. Surely there is some other way of calling attention to this problem without embarking on a full-fledged filibuster, until everyone is willing to tear their hair.

The minister is a reasonable man. He knows how these things work. He must be aware of the position in his own caucus. He knows that almost everybody in Canada agrees that he should help these areas of slow growth. If they are not getting their fair share of the benefits of the national economy, something should be done to help them.

In my own area there is literally no unemployment. This does not mean we have jobs at Kirkland Lake or that there are as many people in employment as was formerly the case. It means that people get into their cars and drive to Toronto. We have a high school at Kirkland Lake which has 1,200 students. The new Lisgar high school has 900. We have big vocational schools in Kirkland Lake and New Liskeard but almost none of the people we train can find jobs in the area, and so they go to Toronto. My son in Toronto tells me that any time he wants to have a party, within two hours he can contact 100 people from his home area who are living in the city. There are probably 4,000 to 5,000 people in Toronto who should be able to get work in their home area. This is a problem we damned well are going to solve. We are not going to move all our young people out of their home area. As a nation we do not want to see our people move to the United States.

• (8:20 p.m.)

People move from northern Ontario to southern Ontario simply because the Minister of Industry has not been able to plan development along two simple lines. I ask him to point out any industry he has located in a designated area which does not meet two criteria. Either a man from the area got a bright idea and started a factory with his own money or, alternatively, a firm moved into the area because the raw materials were to be found in it.

In one election I argued that we would have to force industry into northern Ontario. Everybody threw up their hands at my suggestion, but within the last several weeks the minister heard delegates from a number of cities in northern Ontario use the word "force" in connection with the location of industry in that area.

Certainly the minister must provide a carrot. There is a $10 million item provided, but all he expects to spend on this program in 1965-6 is $300,000. That is how successful the plan is. It is not working; it has not worked. The minister should take this problem to a committee where decisions could be made on the type of program that will provide the necessary development.

One problem in attracting industry to our area is that Mrs. Jones, wife of the superintendent of the plant contacted, wants to shop at Eaton's in Toronto and go to the O'Keefe Centre. Her husband likes to play golf at Runnymede golf course, or whatever the name may be. The manpower department will have to do something about such a problem and point out some of the advantages in northern Ontario, where those who like to do so can ski for six months of the year—although that does not overcome the golfing problem.

Everyone agrees that we want diversification of industry. Building factories on top of factories in Toronto, Montreal and Vancouver is not always to the advantage of the nation. Hon. members from the west who are not participating in this debate because it concerns industry will soon face the problem that we have in northern Ontario, with more and more of their people moving into cities and leaving the farms. They are not able to find work down the street or in the next small village. They move to other provinces. I ask, does everybody in Manitoba finally wind up in Winnipeg? Does everybody in Saskatchewan end up in Regina? Does everybody in Alberta end up in Edmonton?

The representatives in Toronto are equally silent on this problem. They just do not believe there is anything but southern Ontario. Occasionally they may take a trip to northern Ontario to fish, but that is about all. The criteria we established are not working. The criteria which we passed in June last year—and I have the sessional paper the minister tabled in August—

The Chairman: Order. I must advise the hon. member that the time allotted to him has expired.

[*Translation*]

Mr. Mongrain: I have only two questions to put to the hon. minister.

I wish to assure him again that my constituents are pleased with the work that the Department of Industry has been doing for three years, and especially with the supervisors chosen. I am not acquainted with all of them; however, I know one of them, Mr.

Lavigne, who worked in other fields for several years. If all the other supervisors are as able and as well qualified as he is, I suppose we can expect substantial results in the industrial field of this country.

Mr. Chairman, it is in this spirit that I wish to ask two questions of the minister.

Trois-Rivières has but one industry, newsprint, of which we are the biggest producers in the world.

But cities which have one industry, as you know, are in danger of being in a bad way should that industry fall into a slump at some time. Now, industries at Trois-Rivières were the first to set up here in Canada. Machinery and equipment have become obsolete and the industry must invest millions to modernize if it is to compete with other paper industries or other factories.

How long can this last? Of course, one cannot tell, but one can foresee that some day competition will force them to slow down their production.

That causes a problem on the outskirts of Trois-Rivières and attracts the unemployed from the area. I wonder if the administration could not diversify assistance to industry to prevent stagnation from setting in? For the purpose of this discussion, let us say it would not be in the Trois-Rivières area but on the outskirts, at Trois-Rivières-Ouest, Baie-Jolie, Notre-Dame-du-Lac, Cap-de-la-Madeleine or Champlain, thus making possible an extension of the industrial zone. That is my first question.

Now, for my second question.

[*English*]

I will ask it in English so that you will realize I am not biased and am not engaging in any kind of jingoism. I mentioned the matter this afternoon. I notice that among some 30 higher staff members of the minister's department there are only three French names, and I would like to have the minister's reaction to suggestions for improving the situation.

Mr. Drury: In respect to the second question there are, as you know, Mr. Chairman, a limited number of French speaking Canadians in the government service. On a number of occasions there has been an expression, by and on behalf of the government, of a desire to have more. Intensive efforts are being made to endeavour to recruit and interest those of French speaking culture in the federal service, and I am one of those who engage in this effort. If the hon. gentleman has any candidates for my department I shall be very glad to hear about them.

• (8:30 p.m.)

[*Translation*]

With regard to the second point and, perhaps, the first two points, as I said a while ago, it is not a program for the economic development of a province but a program dealing with chronic unemployment.

In the city of Trois-Rivières, at the present time, at any rate, there is a little unemployment.

Mr. Mongrain: A lot more than just a little.

Mr. Drury: Mr. Chairman, I admit that the paper mills in Trois-Rivières are becoming somewhat obsolete. The Department of Industry has a program for modernization and for the introduction of new production methods with federal government assistance.

I do hope the companies in Trois-Rivières will get information on that program and take advantage of it, if it is advisable.

[*English*]

Mr. Peters: Mr. Chairman, some of the French speaking members of the department continuously have been borrowed from the province of Quebec. There has been difficulty in keeping the government in the province of Quebec from borrowing these persons, and thus depleting the department.

Mr. Drury: In reply to the earlier remarks of the hon. member for Timiskaming, in which he suggested that some kind of a deal has been made between the federal government—I presume represented by the area development agency—and the province, so that swatches of designated areas were given out, and that this is how Quebec happens to have more than their share—

Mr. Peters: I do not wish to leave the impression that the area development agency did this; I did not say that. I said that there was a meeting I believe between the premier of the province and the Prime Minister, and this is the disclosure which flowed from that meeting. This is my impression, because a press release was put out from that meeting which had this disclosure in it.

Mr. Drury: Mr. Chairman, I should like to say that that is a mistaken impression. At a federal-provincial conference at which the Prime Minister and the premier were in attendance, there was a notion of a federal

government program designed to bring employment opportunities to those areas and regions of Canada suffering from highly chronic unemployment. This is the program which gives effect to that particular intention. I suggest to the hon. gentleman that if he reads and understands the criteria, and if he applies those criteria to the published figures of the national employment service and to the published figures of the Dominion Bureau of Statistics in relation to non-farm family income, he himself will be able to work out the list of designated areas; he can do it. There is no magic; it is just arithmetic.

Mr. Peters: Tell me how you did it in the case of Manitoulin island; give me an example.

Mr. Drury: Manitoulin island, as an island, is not a designated area. It lies within the Elliot Lake national employment service area.

Mr. Peters: No. If the minister will check the order in council he will find it comes under a different classification. It is under the counties census division in appendix D. It is not in with the Elliot Lake or Sturgeon Falls area. It would have to pass over the Espanola employment service area. So far as I know it is not serviced by either Elliot Lake or Sturgeon Falls.

Mr. Drury: I may have misled the hon. member on that.

In response to the question about Manitoulin island, the criteria are those applicable to the designation of the national employment service area as such, provided they meet certain quantitative criteria. The regulations also provide that a county or census division—and Manitoulin island is a county—if it is contiguous to a designated area and provided it meets certain criteria, is also designated. A county or census division, not in the circumstances a national employment service area, which meets the criteria, can be designated provided it is contiguous to a national employment service area. That is why it is separated from the Elliot Lake area.

Mr. Peters: Obviously you are putting it contiguous to Elliot Lake and Sturgeon Falls. You will agree that Elliot Lake does not meet the criteria that you used, because there are no people unemployed in Elliot Lake. It is quite true the unemployment figure was high, but very suddenly it dropped down to a minimal base. That minimal base is the employment picture in Elliot Lake now. There is no unemployment in Elliot Lake, although there is no employment other than in the uranium industry. There is a sawmill which employs 20 or 30 men at the edge of the town, but all the others would have to be service industries to the uranium industry. There are no unemployed. As soon as the men are unemployed they go to another area. Not only did the people move out, but the department here paid them to do so.

• (8:40 p.m.)

It is not really true that the criteria set down apply to Elliot Lake. I am not objecting to Elliot Lake being designated, because the government has some specific responsibility in this regard, but I do not think the criteria apply.

Mr. Drury: Mr. Chairman, I am not sure that the hon. gentleman has a copy of appendix A of the regulations, but if he will look at paragraph 1(b) he will see that it states under the heading "Criteria respecting designated areas under section 9 of the Department of Industry Act":

> 1. An area is deemed to require special measures to permit economic development or industrial adjustment by reason of the exceptional nature or degree of unemployment therein and may be proposed for designation by the governor in council as a designated area under section 9 of the Department of Industry Act if it is:
>
> (b) a national employment service area in which for the most recent five years employment has declined at an annual rate of more than 10 per cent;

If the hon. gentleman will take the N.E.S. figures he will find that for the most recent five years the employment in that area has declined at an annual rate of more than 10 per cent. That being so I suggest that Elliot Lake fits the criteria and it should be and has been designated.

Mr. Webb: Mr. Chairman, my remarks will be very brief. I should like to ask the minister to consider the method by which areas are designated. I am sure he realizes that the figures are associated with larger cities and that many small towns and villages within 100 or 125 miles are not taken into consideration, because of the distance and the inconvenience people find in registering at unemployment insurance offices.

I am sure the minister will remember that the Prime Minister promised that one of the first duties of the Department of Industry would be to consider assistance to the people of the Bancroft area, because of the closing down of the uranium mines there. This area

has as yet not been given consideration, and I should like to ask the minister why that is the case.

I hope that the minister's department is not operating on a patronage system, but it does seem strange that the latest figures show that 180 projects have been approved in the province of Quebec, which has a Liberal government, and that 150 projects in the province of Saskatchewan, with a Liberal government, have been approved. In comparison, the number of approved projects in other provinces are in the neighbourhood of 50.

Mr. Drury: Mr. Chairman, I regret to say that somebody has been feeding my hon. friend phony information.

Mr. Webb: I got my information from one of the departments.

Mr. Drury: I repeat my statement: Somebody has been feeding the hon. gentleman phony information.

Mr. Webb: And I repeat that I received my information from the department.

Mr. Drury: Would you give me again the number of new projects in the province of Saskatchewan which have been approved?

Mr. Webb: I suggested that there were approximately 150 projects that had been approved, but I think the actual number is 147 or 148.

Mr. Drury: Mr. Chairman, I again repeat my statement: The hon. gentleman has been misinformed. I hope that he will tell me privately who in my department has been giving him information that is untrue. In the province of Saskatchewan as of April 30 there were 22 projects approved.

Mr. Herridge: That is quite a difference.

Mr. Peters: Mr. Chairman, could the minister give us similar information in respect of the other provinces?

Mr. Drury: Yes. Perhaps I could do so in a more orderly fashion by giving the figures in respect of provinces in an alphabetical order. In Alberta there have been five projects approved with a total investment of something over $2.5 million, with a projected employment of 319; in British Columbia there have been 13 projects approved with a total investment of $3.1 million with a projected employment of approximately 320.

Mr. Herridge: Surely that cannot be patronage.

Mr. Drury: In Manitoba ten projects have been approved with a total investment of $24.7 million with a total employment of 434. A statement was made before the dinner recess to the effect that this program meant nothing to Manitoba and that the people there hoped it would be withdrawn. It appears to have been more successful in terms of investment and unemployment in Manitoba than in British Columbia.

In New Brunswick 55 projects have been approved with a total investment of $154.7 million, and with a projected employment of 4,552; in Newfoundland 14 projects have been approved with a total investment of $35.8 million, and with a projected employment of 919; in Nova Scotia 43 projects have been approved with a total investment of $101,994,000, with a projected employment of 2,598. In this regard, 11 projects have been approved in the New Glasgow area with a total investment of $58,675,000, with a projected employment of 1,371; three projects have been approved in Sydney with a total investment of $34,106,000 with a projected employment of 210, and at Sydney Mines one project has been approved with a total investment of $88,000 with a projected employment of five. As I understand it, the last three places are in Cape Breton.

Mr. MacInnis (Cape Breton South): Mr. Chairman, I rise on a point of order. It is obvious that the minister knows little about these projects. Would he look at a map and orientate himself in respect of Nova Scotia so that he will at least have some idea of the geography.

Mr. Drury: I would be glad to do that, Mr. Chairman.

Mr. Byrne: You are always annoyed.

Mr. MacInnis (Cape Breton South): If the hon. member from British Columbia has something to say to me, I think he should bear in mind what happened recently when he spoke outside this house.

Mr. Byrne: Always mad.

• (8:50 p.m.)

Mr. Drury: In Ontario there were 197 projects approved with a total investment of $332,659,000, with a projected employment of 13,037; in Prince Edward Island 12 projects have been approved with a total investment of $6,331,000, with a projected employment of

992; and in Quebec there were 98 projects approved with a total investment of $229,953,000, with a projected employment of 8,077. Unfortunately, Mr. Chairman, the hon. member, who was apparently misinformed by somebody about the number of projects in Quebec, is not here.

Mr. MacInnis (Cape Breton South): On a point of order, Mr. Chairman, the remark of the hon. gentleman on the other side of the chamber was certainly not called for. The hon. member referred to did not run away; he went up to his office to confirm the information given to him by the minister's department, and he will be back in the chamber later on.

Mr. Drury: I mentioned Saskatchewan earlier, which has 22 projects. Investments total $60,871,000, and prospective employment is 686. I should make clear, as I have in answer to parliamentary questions, that this represents advice to the area development agency of the plans of owners or prospective owners of industrial enterprises of building or investing in new plant or expansion of plant with a view to availing themselves of the incentives offered under the Department of Industry Act. These projects are in various stages of planning, construction, completion or operation. They are not all at the same level, but this is the best information we have as to current accomplishments or intentions to invest.

Mr. McIntosh: Mr. Chairman, when the minister was speaking a short time ago he made reference to something I said before dinner. In case he has misinformed the committee I want to put the committee straight and say that I referred to Manitoba. I said that I believed that the formula the government was using was wrong, and I did not make the statement the minister attributed to me. The minister said that I said this program had done nothing for Manitoba. My remarks in respect of Manitoba were a repetition of what the hon. member for Provencher said, namely that the formula the department is using is wrong. The department is using unemployment figures, and reference was made to family income figures. The minister said that this figure was not correct and cited the example of Brandon, where the family income was something around $3,900 a year. It was said that in the hon. member's area, which is not a designated area, the family income is around $3,600 a year. Therefore the formula is wrong; and even if it is correct, the minister's department is not following it.

Mr. Fane: Mr. Chairman, may I ask the minister where the designated areas are in Alberta? What is the location of them, and where are the five projects in Alberta that the minister mentioned? When I have received an answer to this question I will have some further questions.

Mr. Drury: Mr. Chairman, the designated areas in Alberta are the N.E.S. area of Blairmore, and census divisions Nos. 12 and 13.

Mr. Fane: What does "census divisions Nos. 12 and 13" mean?

Mr. Drury: These are statutory census divisions which are defined in the statute. Geographically, they lie north of Edmonton and run from the Saskatchewan border not as far as, but short of, the British Columbia border.

Mr. Fane: Is there an area in Alberta that is embraced by the provincial counties of Smoky Lake and Bonnyville? Is that in a designated area? I have been told that it is.

Mr. Drury: I apologize for my geographical ignorance, but I have not the faintest idea where Smoky Lake is. Is it in census divisions No. 12 or 13?

Mr. Fane: I would not have the foggiest notion where census divisions Nos. 12 and 13 are.

Mr. Drury: Then our ignorance is mutual.

Mr. Fane: It is east, or north, of the city of Edmonton. Edmonton happens to be the capital of Alberta, a city of 400,000 people.

Mr. Drury: It might be included. I will have this checked and will let the hon. member know.

Mr. Fane: Thank you.

Mr. Webb: Mr. Chairman, I do not wish to take up any more of the time of the committee, and I will see the minister about this before tomorrow. With regard to the figures which I gave and which are on the record, I went up to my office and checked them. With reference to Quebec the figure is 179; Saskatchewan is 145, and all the other provinces are listed. However, I will get in touch with the minister between now and tomorrow.

Mr. Drury: Thank you.

Mr. MacInnis (Cape Breton South): Mr. Chairman, I wonder whether the minister would indicate the project in Sydney to which he referred. How many people are employed and what is the nature of this project?

Mr. Drury: Mr. Chairman, with regard to the Sydney N.E.S. area I gave the figure of three projects, not one. It has been the practice under this program to treat as confidential information relating to plans. The department has not disclosed the names of those who have made plans to avail themselves of these benefits, and the announcement of a project is made by the company. I have undertaken, when certificates entitling the beneficiaries to benefits under the Income Tax Act are issued, to publish the list of those certificates; but until such time as the certificates are applied for and issued we will not be publishing the names of those who have indicated their intention to take advantage of this program.

Mr. MacInnis (Cape Breton South): Mr. Chairman, I appreciate that a matter such as this must be kept confidential in order to cut down competition. When the minister referred to figures in Sydney and spoke of prospective employment in Sydney, he implied that this had actually taken place. This is not the fact. The Minister of National Health and Welfare has gone across the province bragging about every job that has come up. The government are instituting a coastguard college in Sydney, after removing the naval base, and they are bragging about employing 20 or 30 people in this coastguard college. How can the minister speak now of 200 jobs, when these jobs have not yet come about?

• (9:00 p.m.)

[*Translation*]

Mr. Latulippe: Mr. Chairman, I would like to ask the minister a question.

Is it possible to revise a designated area? There is in my riding a parish which is in Compton and the latter is part of the Sherbrooke area. People in that parish have a hard time of it because an industry which used to give work to 300 people closed down about ten years ago and that city is now in a state of stagnation. Life there is very difficult and representations have been made to me to have that city included in a designated area.

Here is the question I would like to ask the minister. Would it be possible to add that parish to a designated area?

Mr. Drury: Mr. Chairman, we are now getting representations such as those the hon. member has just made. I will study them and see what can be done to avoid cases of social or economic injustice.

[*English*]

Mr. Scott (Danforth): Mr. Chairman, we are now becoming very interested in the examination of the designated area program, as the minister probably gathers, and it now appears obvious that his estimates will not be completed tonight. I wish to put some questions to the minister regarding a more general review of his department and I will ask him to take them into consideration and answer me when the estimates come back.

As the committee will remember, this department was set up by legislation two years ago, I believe. At that time many of us who spoke in the debate indicated that we were mystified as to the purpose of the department and how it was going to fit in with departments such as the Department of Trade and Commerce, because we thought that much duplication would result.

Last year we were very easy on the minister because his department had only been set up for a year and we felt he still needed time to organize it. However this time we want to know all about his department. It is an interesting department. If rumour serves me rightly, there are probably more frustrated geniuses in this department than in any other department of the government. I notice that in the estimates, out of a total of 635 employees, 318 earn from $10,000 to $23,000. That buys an awful lot of talent.

I would like to hear from the minister a detailed statement of what these fellows are doing. We hear that the department is cannibalising some other departments to get its employees. They are hiring them away; and, again if some of the stories we hear are true, this is one of the most schizophrenic and disorganized departments. I would like the minister to take some time to tell us in what type of programs the department is engaged, what studies it is making, in what areas they are taking place and in short, take us into his confidence. I do not want the minister to name the companies but I think we are entitled to know in some detail what his department is doing, how it is conducting itself, and particularly what achievements it has made in the last two years.

I hope the minister will tell us a little bit about the liaison between his department and

the provinces. For example, one of the planners in the province of Ontario told me they have given up the Department of Industry. They came down here, held conferences and then gone home not knowing what on earth is being done here. I suppose it is this smokescreen of confidence regarding confidential matters about which the minister was talking. In fact, you keep them so confidential that the provinces do not know what you are up to. It seems to me there is something wrong in the lack of co-ordination between the federal government and the provinces.

When this department was set up two years ago we asked how it was going to fit in with, for example, the Department of Trade and Commerce. We have never really found out how the work of the Department of Industry is dovetailed with the work of other departments which seem to be doing roughly the same work.

I would like to have some indication from the minister on how these programs originate. Does he decide what the department is going to do? How many of the projects originate with the staff? We hear that a lot of them are frustrated because they cannot get a clear line of activity from the minister, and this is wrong. Perhaps he can tell us about it in his reply.

Those are some of the questions which I would like the minister to answer, and I hope it will be a fairly detailed answer because this is the first time in two years that we have really taken the time to go into his department. We want to give it a good going over while we are at it.

Mr. Drury: In response to that, Mr. Chairman, may I say that I understood the hon. member to indicate he does not expect an immediate answer from me. However, I will provide him with a copy of the annual report which outlines in considerable detail all the things we have done. I will also furnish him with a copy of my introductory remarks which appear in *Hansard* and which also, although rather more briefly, indicate answers which he has been seeking.

Mr. Johnston: Speaking on the question of the boundaries of designated areas, I wish to point out to the minister that originally the north end of the Okanagan designated area left out the Shuswap lake region possibly because on the federal electoral map it is part of the Kamloops constituency. Within the Shuswap lake region are included the village and municipality of Salmon Arm and the community of Sicamous. Representations were made on behalf of this combined area, and I believe that, wisely, a change was made which placed the Salmon Arm village and municipality within the designated area. However, it seemed to be forgotten that the representations had included Sicamous as well as Salmon Arm, and that these areas are very close together. I think the Sicamous region could well have been included, speaking in terms of an area to be designated, and it would have made a much more logical map of the north end of that region. If and when a review of this northern boundary is considered, I urge very strongly that the shape of it be rounded out to include the Sicamous region within the designated area.

Mr. Drury: I do not know the precise answer to this. However, I do know that as a consequence of representations made some time ago, it was agreed that some N.E.S. areas as defined by the previous Department of Labour did not appear to be an economic unit, and that the area which centred on Vernon should include Salmon Arm. As a consequence the area was delineated to include Salmon Arm. This has nothing to do with the designated area program; it is a redelineation of the national employment service area to make it more realistic than it has been in the past. I will be glad to look into the matter of whether, in terms of N.E.S. needs, Sicamous should be included in the Vernon N.E.S. area, which is what I think the member is asking for.

Mr. Peters: I was surprised by the figures which the minister gave us in relation to Ontario. I still think that there was a lot of monkey business with one designation, but be that as it may, I think there is also something very surprising about Ontario in the designated areas.

• (9:10 p.m.)

Unless I am wrong, the minister said that 197 projects had either been contemplated, undertaken, or were in the process of going on in Ontario. This involved a total of $332 million. If I am not wrong, and I have just roughly added together the unemployment insurance areas, and municipalities and towns, less than 50,000 people are involved. Probably there are 35,000 people in all these towns. Let us say that the entire area surrounding the unemployment insurance area includes 100,000 people. This is a remarkable amount of money to spend on such a number of people. Were this correct, this area would be more

heavily industrialized than the city of Montreal. There cannot be 197 industries in these towns. Believe me, if there were, they would be de-designated immediately. This is not true. This situation has not been arrived at yet.

Mr. Drury: The hon. gentleman said, "This is not true". He should not make misleading assertions. I am sure that the hon. gentleman will recall that one of the N.E.S. areas designated at the beginning of this program was the industrial city of Windsor.

Mr. Peters: Yes.

Mr. Drury: Another one was the city of Cornwall, and still another was the city of Brantford.

Mr. Peters: Yes.

Mr. Drury: All three of which, as a consequence of industrial growth and a reduction in unemployment have been de-designated. Nevertheless, in these areas there was, during the period of designation, substantial investment attracted by this program, and a substantial increase in job opportunities. What I gave the hon. member was the Ontario record. I caution him against making any such statement as, "This is not true", because that statement simply is not true.

Mr. Peters: Mr. Chairman, I am the first to admit I was wrong, and I apologize for having said what I did say. I was misled into using the sessional paper which sets out the new criteria. I did not realize that the areas that were named have been de-designated. I did not realize that this was the total program, and I should have known.

I think the minister will agree with me that if we had 197 factories in these areas that we have now designated, the areas would be booming. Quite frankly we would hope that that is the situation. That of course brings me to another question. I should have been more careful, but the date of the change respecting criteria was August 4, 1965. The areas that the minister mentioned included Windsor, Chatham, Cornwall, Timmins, Wallaceburg, Rouyn and Val d'Or—perhaps I should not include those last two towns in the Ontario group. I should have only mentioned Chatham, Cornwall, Timmins, Wallaceburg and Windsor. We sometimes forget that the two towns I mentioned at the end of my first list are in Quebec, and therefore do not fit into the Ontario scheme. I might point out that my own town and Rouyn-Noranda played off this year, and Noranda won the all Ontario northern championship in hockey. We sometimes forget that those two towns are not in Ontario.

Since the change in criteria in certain areas has taken place, I should like to ask, separately, as to how many projects are listed under section A. Also, in the census districts—and this involves Haliburton, Parry Sound and Manitoulin—how many of those have expressed an intention with respect to a project? Second, which projects are firm projects, and in which of these areas do those occur?

Mr. Drury: I cannot produce that statistical breakdown as between those, in essence, falling before August 4, and those after. That would require an extensive analysis, and a search through a very substantial number of projects involved.

There is also another difficulty. It is sometimes difficult to say whether a project is firm or not. An application is made for information as to the benefits, and as to what is needed to qualify in order to obtain the benefits. This information is provided. Communication is established with the entrepreneur who has expressed interest. We do not, however, follow up these communications in terms of progress reports or periodic inspections. Some of the projects or inquiries may not be proceeded with. I think it is reasonable to say in respect of the projects I have indicated that we feel fairly assured these are not merely, in a sense, the taking of orders, or staking claims. These are projects that are seriously intended and are going ahead.

Mr. Peters: To my mind it seems that a danger is involved in some of the projects. Was there not some date at which benefits would be sawed off? Was there not a date, which is now past, by which time a project had either to be finalized, or in process, after which time the benefits would not be retroactive?

Mr. Drury: In respect of a project in an area which has been continuously designated, at the outset of the program the benefits were in the form of income tax relief and increased capital cost allowances. Both these forms of relief come under the Income Tax Act. The entrepreneur would seek and apply for those advantages at a time when he was seeking, or felt he had to seek relief from the payment of income tax. As the hon. member

knows, a company whose fiscal operations close at the end of the calendar year is not called upon to pay income tax with respect to its corporate activities until the following June 30. It is possible in certain areas of operation for half a year to go by before a corporation would apply for exemption from income tax. Any program of seeking certificates will be in arrears to actual activity.

In 1965 the law was changed, providing, instead of income tax exemptions and substantially increased capital cost allowances, a monetary grant. The monetary grant was to apply only in respect of projects initiated subsequent to the beginning of July. That, if you like, was the turnaround date. I am not sure that is what the hon. gentleman is talking about.

Mr. Peters: Yes, Mr. Chairman, this is the date. The minister ought to be able to give a breakdown of the sort I asked for, and he ought to be able to distinguish between the total number of designations, including original projects, or original designations, and new designations. The criteria have changed. The assistance is payable in a different manner. There will certainly be a different criterion. This should not be too difficult to sort out. The thing terminated a year ago.

• (9:20 p.m.)

Mr. Drury: I suppose it is not very difficult to sort out. I have given a list of 470 aid projects. All one need do is to look at each of the 470 projects and decide whether it falls under the first program or the second, in whatever designated area it is. Then the figures could be produced. You just have to examine 470 projects.

Mr. McCutcheon: I should like to ask the minister a few questions for clarification purposes having to do with the area I represent. Mine is a "D" designated area, and I would like to ask the minister how many new industries were established in the area. By "new" I do mean new—new corporations.

Second, I should like to ask the minister how many enlargements there have been of existing industries. If possible, I should like him to segregate the brand new corporations from, say, new plants which are branches of corporations in other areas. But I would particularly like to know how many new entrepreneurs have entered the area.

Mr. Drury: Mr. Chairman, there is a bit of a problem here. We do not inquire of a man whether he is establishing a brand new business or has been carrying on business elsewhere, whether he has ever been in business before or whether in fact he has had a lot of experience.

In order for any entity which wants to establish business in the Wallaceburg N.E.S. area—which I think is the area to which the hon. gentleman refers—to qualify, it merely need be a corporation or a company which hitherto has not done business in the locality in which it is going to establish itself. Whether it is the subsidiary of another firm, or is doing business elsewhere in Canada, or has ever been in business before, is not material to this particular program or to the criteria. So, short of sending out a questionnaire to the companies involved to ascertain this particular information, I do not think I could furnish it to the hon. member.

I have seen some of the new plants in Wallaceburg, and I know that they comprise operations of corporations in Canada which have carried on similar businesses in the United States, as well as independent Canadian operations with no United States affiliations at all. Also they are brand new plants, new operations in the area, as well as expansions of existing operations. You cover all the parameters, but unfortunately I cannot tell the hon. member which are which without either a physical inspection myself or sending out a questionnaire to all the people who have established there.

Mr. McCutcheon: May I thank the minister for that explanation. I do not think it will be necessary for him to go out and examine the situation or to send out a questionnaire. When this legislation went through a matter of a few years ago—

Mr. Drury: It made Wallaceburg very happy.

Mr. McCutcheon: Yes, Mr. Chairman, I think it did; but the thought I had as the legislation went through was that it was going to do things, one of which was to provide an opportunity for new business; and by "new" business I thought it would be new business. Actually, I think it would be fair to say that the designation of this area has done nothing for brand new business, but it has certainly helped some existing businesses which had tax problems.

I have one more question, Mr. Chairman. How many tax certificates have been issued in that area up to the present time?

Mr. Drury: I will try to find out, Mr. Chairman; I have not that particular information to hand.

The Deputy Chairman: Shall vote 1 carry?

Mr. Scott (Danforth): No, Mr. Chairman; we are still waiting for answers from the minister. In his earlier remarks the minister made a statement about the purposes of ARDA, and if I took him down correctly he said that the real purpose was to establish a climate. How does he do that? Can he tell me more about how you establish this climate?

Mr. Drury: In case the hon. gentleman would not understand the term "establish a climate", perhaps he understands the alternative term I also used, "establish an economic framework in Canada", within which an efficient manufacturing industry can prosper and grow.

Mr. Scott (Danforth): The minister has been before the committee quite a while, Mr. Chairman, and I can understand he is getting tired, but I do not know why he is getting so sensitive to questions from the opposition. After all, our duty is not necessarily to heap mountains of praise upon a minister, but to try to find out how a particular department functions, what it does, and so on. We have not found this out up to the present time.

Let me rephrase my question. If the purpose is to establish an economic framework, how is the minister's department doing this? What is it doing to bring about an economic framework? This to me is just a phrase. Can he add to that and tell us more about it?

Mr. Drury: Mr. Chairman, I have asked for a copy of the annual report. Unfortunately the copy was sent down which is in French. Would the hon. gentleman make use of the French copy, or would he like to wait for one in English?

Mr. Scott (Danforth): Mr. Chairman, I am on the horns of a dilemma here. This really is ridiculous. Surely the minister knows what his department is doing. Why the reticence to tell us about it? All we want from him is to tell us how his department operates.

We are under the impression, perhaps wrongly, that there is a lot of confusion in the department. When we get to the salaries item I want to go through the tremendous number of people involved and find out what are the areas of responsibility and what has been allocated to them. There are an enormous number of high priced people employed, to which no one objects, if we want the department to function efficiently. But we do want to know a great deal more about the department than we have been able to extract from the minister. I am prepared to stay with the department almost indefinitely. Surely the minister can tell us how this department functions. I want to examine how it works with the provincial agencies, and that sort of thing.

As I say, we are under the impression that things are getting mixed up, though we could be wrong. But we do want some clarification. I hope the minister will not be so sensitive about this. As a start, can he tell me about this economic framework and how his department goes about building it?

• (9:30 p.m.)

Mr. Drury: The amiable hon. member said I was sensitive. I hope I am not, when it comes to questions seeking information. But for the hon. member to stand up and say after two days of general debate during which a good deal of specific information has been provided in answers, that he is uncertain about how the department works, leads me to fall into the trap of attributing motives, a thing which politicians are not supposed to do.

The hon. member can easily see the kind of intention of which I suspect him. I must either assume I am in the presence of a two-man filibuster, or else that the hon. member is rather more stupid than hitherto I thought him to be. The second alternative is not really acceptable to me so I am driven back to the first.

If the hon. member really wishes to learn more about the department I will provide him with the literature. It is clear the hon. member and his colleague have no intention of allowing this item to pass before ten o'clock and I think he had better do his reading after hours. If he and his hon. friend would allow this first item to go through I will be delighted to provide answers to specific questions and give all the information I can.

I am always glad to let people know what we are doing, why we are doing it and how we are doing it. But to invite me at this juncture to make a speech on economic development in Canada is something of an insult to my intelligence. It is also an insult to the committee whose time is being wasted.

Some hon. Members: Hear, hear.

Mr. Scott (Danforth): That is certainly calculated to expedite the examination of the estimates. Again I wish to return to the questions which were posed earlier. Subject to your direction, Mr. Chairman, I do not think some of them can be answered on specific items because they deal with general policy matters. Those of us who sit on this side of the house sometimes get weary of these phrases the ministers throw out about filibustering. As the hon. gentleman well knows, nobody over here ever filibusters anything; all we are interested in doing is giving legislation the careful and thorough examination it merits.

An hon. Member: Oh yes?

Mr. Scott (Danforth): And that is what we are trying to do in the case of the estimates now under consideration. This is a department which has only been functioning for two years, and it does not seem unreasonable that we should examine its affairs and see what progress is being made.

All too often members of the press gallery write articles describing how we push estimates through without giving them due consideration. It seems we cannot win. If we put the stuff through quickly, we are criticized; if we examine it carefully, the minister or his colleagues accuse the opposition of engaging in a filibuster. I disregard the hon. gentleman's insulting statement about stupidity. Again, I do not know why the minister is so sensitive—

Mr. Drury: Mr. Chairman, I would point out that the suggestion of a filibuster did not arise with me. It came from the hon. member's colleague, who told us he did not like the notion of having to engage in a filibuster—that he regretted having to do it. It was his suggestion, not mine.

Mr. Scott (Danforth): I was not in the committee when he spoke, but my information was that he did not intend to do this—he did not want to do this. He made it clear he in no way intended to carry on a filibuster.

An hon. Member: But was willing to do so.

Mr. Scott (Danforth): Oh he is always willing to do so. But we should get back to the estimates of the department and not quarrel about whether there is a filibuster or not.

Can the minister tell me about the method of consultation with the provinces and to what extent he is working in co-ordination with the provinces? I was not being facetious when I said that some of the people in the Ontario department had told us they had not been able to find out the general area of the federal department's activities, and were not able to integrate their own thinking and planning with the projects the department is undertaking. This is serious. If there is a conflict between a powerful provincial planning agency and the minister's department, and if information is not constantly passing back and forth, the wastage of money and effort is terrific. It seems to me to be worth while spending a few minutes in an attempt to clarify this point.

Mr. Drury: From time to time I meet with the Minister of Economics and Development of Ontario, generally in relation to specific points, and we have discussions either here or in Toronto. Similar meetings take place between my deputy minister and his deputy minister, again in relation to specific points rather than generalities. There is a link between other rather more subordinate officials in the department and their counterparts at Queen's Park, not only on the departmental side but in respect of the area development agency.

In addition there is an annual conference of the deputy ministers of the ten provinces held in or near one of the provincial capitals. This is attended, as a guest, by the deputy minister of industry and, also as guests, by the ministers of industry or their equivalents from the provinces. Collective sessions are held for a period of between 24 and 48 hours.

Then there is, of course, the long distance telephone, and very considerable correspondence. From what I have seen in the way of testimonial correspondence emanating from Mr. Randall's department in Toronto, I find it difficult indeed to subscribe to the view which the hon. member appears to have formed that Ontario has been unable to learn what the Department of Industry in Ottawa is all about. I do not know who the hon. member's informant is, but he is certainly not the person or persons who have written to us.

• (9:40 p.m.)

[*Translation*]

Mr. Laflamme: Mr. Chairman, I apologize for taking up the time of the committee for a few moments. I rise on a question of privilege related to standing order 41 of the House of Commons as well as paragraph 108 of Beauchesne's fourth Edition on the rights and privileges of the house.

Last night, in Quebec city, the Canadian flag this house adopted was flown on the Rocamadour patro building.

The leader of the Union Nationale, who held his meeting in that building, ordered his organizers to call on Father Bernier, who was in charge of the building, to remove the Canadian flag, our national emblem, before the meeting.

This act constitutes a blow to my privileges as a member of parliament, to the privileges of all the members of this house, for it concerns an act passed by the house two years ago; it is also an insult to all Canadian citizens, at least to those who are truly Canadian citizens.

The Deputy Chairman: Order. May I tell the committee that the hon. member for Quebec-Montmorency who has risen on a question of privilege cannot do so at this time because it is out of order and because the house is in committee.

Mr. Allard: On a point of order, Mr. Speaker. Would the hon. member tell the house whether this Mr. Johnson allowed the flag of the province of Quebec to be hoisted?

Mr. Laflamme: Certainly—

The Deputy Chairman: Order. I ask the hon. members to kindly return to the matter under consideration at present.

[*English*]

Mr. Peters: I am surprised at some of the minister's remarks because we have not been rough on him in the past, regarding this matter. Area development is almost the sole program whereby the federal government can be of assistance to many parts of Canada. That program is the hope of many agricultural sections, particularly of northwestern Ontario, which is experiencing a decline in population and is not participating in the national average economic growth.

Plans made under the area development program by the Department of Industry could be of great assistance to my part of the country. I would make no apology for filibustering, but I have no intention of doing so because I believe it would be pretty futile. If the minister is not going to honour the commitment he made the house last year, then he is not likely to honour any commitment he would make tonight in order to get his estimates passed. We had hoped the matter of designation and criteria would go before a committee. If the minister is willing to let that happen I am prepared to sit down.

The minister really does not understand the criteria. This is not a program similar to ARDA. ARDA is not going to build industries and factories, although some limited industrial development can take place under it. It is not an adjunct to this program.

I agree pressure was put on the minister to have this go to a committee where the criteria could be discussed, but he has not seen fit to let that happen. If he wants me to agree to the passing of his estimates I would still be willing to take his word, if he says he will send the criteria and designations to a committee, as he agreed to do last June. If not, I am going to discuss each individual case because I want to know what happened and why it did not work.

I have lots of time, Mr. Chairman. Maybe the minister's colleagues and some other hon. members do not, but this matter is important not only to me but to all hon. members who live in the northern parts of Canada. This applies to northern Quebec, and Quebec members should take a look at the situation because, as the hon. member for Villeneuve said the other day, this problem is as acute in his areas as it is in mine. I am sure the same is true in northern Manitoba, northern Alberta, northern Saskatchewan and northern B.C., to say nothing of the maritime provinces.

I think the hon. member for Danforth was right when he said there is a great deal of misunderstanding between the province of Ontario and the federal government. I was of the opinion that the minister had personnel working in co-operation with the Ontario government on economic development, but if this is not true I will be surprised.

Maybe when the minister returns to the chamber tomorrow he will be able to indicate what developments have taken place since last summer in Bracebridge, Collingwood, Parry Sound, Elliot Lake and Sturgeon Falls and, if he wants to, he can throw in Manitoulin island, which I consider to be an interloper on this particular matter.

A considerable change has been made in this program. The minister should read the Throne Speech in which it was indicated that this program was to help slow growth areas of Canada, and equalize opportunities for employment for all the people of Canada. That was the election promise which was made in most of the non-urban ridings in Ontario during the last federal election.

We are anxious to understand this program and we are trying as hard as possible to

persuade the minister to be open minded about making a change, because the plan is not working in the areas that need it most. I would like to know what has happened in the province of Quebec in places like Aylmer, Gaspé and Maniwaki, and in Mont Laurier, which is not far from here, and in Matane and Mégantic. These are small communities which are not in a similar position to places like Chatham, Windsor, Wallaceburg; or a place such as Cornwall, which is situated on the St. Lawrence seaway and able to take advantage of the development of the seaway. There is a considerable difference between these communities.

If this is a good plan I would like to know what objection there is to changing the criteria. I may be wrong about the amount the department has put into it, but if I read the estimates correctly, total expenditure under the statutory provision for incentives for development of industrial employment opportunities in designated areas is to be $300,000, which is not much out of a $10 million program.

If that is all we are spending out of a $10 million program, can the minister give me any good reason why we should not extend the program to other areas that are not covered by it? Personally I cannot see why he is reluctant to do this or to consider it.

• (9:50 p.m.)

If we have the money and if the government is interested in developing secondary industry in areas where there is a slow growth situation, we should be prepared at least to set up a relationship with the provincial government to see what can be mutually worked out between the two to spend some of the $10 million we are providing. I do not know whether or not the minister knows off hand what industries are developing in Bracebridge, or whether there is going to be any development in Collingwood or some of the other communities. It would not be difficult for me to take a drive over to check. I think I could phone Toronto and find out from one of the area development agencies in Ontario whether or not there has been any talk. It always is very interesting to find, in speaking to members of the department, that the interest they have is exactly the same as that being expressed, for instance, in my area, in the Northeastern Development Association. If somebody is talking about a new plant coming in, everybody is talking about it and taking a certain amount of credit for it. So it would seem to me there is a certain amount of overlapping and some co-operation between the various departments in that regard. For that reason I believe the minister should be in a position to give us this kind of information.

Well, Mr. Chairman, I really do not know what can be accomplished by this. I should like the minister to fulfil the promise he made to the house and send both the criteria and the designated area program to the committee. Previously he agreed to do this. Really I do not see why he disagrees now. I do not see why he would not rather do that than discuss some of these criteria in the house tomorrow. I am sure some of the officials would be quite prepared to take credit for the work they have done, and give an indication of the fields of endeavour which they intend to pursue. I am sure that then the members of the house might be in a position to decide whether or not the criteria are satisfactory to them. So far as I am concerned, Mr. Chairman, it is neither satisfactory to me nor to the area which I represent. This is well known. It has been well known for some time. The minister, unimpeachable as he may be with his long association with the Department of Defence Production, where they really do not have to answer to anyone, because it is a highly complex field, is perhaps finding it difficult to associate with some of the other persons who have gone into this criteria, and who have not found it is as simple a proposition as the minister has indicated.

Two years ago I had the opportunity to sit in with a number of the officials of the Department of Labour. At that time officials were brought in from the Dominion Bureau of Statistics. They discussed the criteria being used at that time and there were new criteria. The criteria about which we were particularly concerned were those which would provide for an increase in the economic growth in those areas where population is decreasing because of the lack of primary industry, particularly those industries that suffered a gradual decline before the five year period which is in the criteria now. I should like to use the example of Kirkland Lake. From 1937 to 1939 Kirkland Lake hit its peak of employment. Following the war it decreased because activities stopped in some of the gold mines in that area. As the mines closed down the population decreased. The population did not fit into the criteria, for the simple reason that those who were over age 50 had worked underground for 30 years and

found it impossible to retrain for any type of employment. In addition they had homes in that area, had raised their children there, and had friends there. At that time most of them retired and did not become statistics, so far as unemployment was concerned. They felt they were not employable.

All the young people decided to leave the area because jobs were not forthcoming and they, too, did not become statistics so far as unemployment is concerned. You would then imagine that the second wave of the criteria would apply, the one in respect of a family living in a non-urban population area and having an income of a predetermined figure. It is surprising, in an area where a large number of highly paid salesmen and a large number of teachers and professional people make their home and are not in the employee field, that a mockery is made of the family income, which is one of the criteria for the designation. It is more than surprising to those who know the area that the income in the Kirkland Lake area, according to the Dominion Bureau of Statistics, is about $500 higher than the income in Noranda, and about $400 higher than the income in the Timmins area or vice-versa.

Progress reported.

• (10:00 p.m.)

BUSINESS OF THE HOUSE

Mr. Drury: Mr. Speaker, in view of the fact that little progress has been made today, the order of business for tomorrow will be the same as that for today.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

PENITENTIARIES—REQUEST FOR APPOINTMENT OF FEMALE DEPUTY COMMISSIONER

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, on several occasions in the past I have asked the Solicitor General (Mr. Pennell) whether he would consider the appointment of a female deputy commissioner within the penitentiaries system of Canada. At this time we need a modern approach to the problems of crime and punishment. This subject has been discussed on many occasions in the house over a number of years, and it is heartening to observe some signs that a change is taking place.

I am sure we are all looking for the initiation of a project which will protect society while at the same time, in so far as possible, encourage and help offenders to become useful members of our national community. I was greatly heartened to see the changes that have taken place in our prisons system when I was kindly invited to visit Cowansville in Quebec, where a new minimum security prison has been established. There have been many new changes made there in a physical way, different from the situation which existed in respect of the old bastille-like fortresses with which we have become familiar.

We have also been heartened by the minister's decision in the case of female drug offenders, in that they will not be sent back to Matsqui unless they so desire. On reflection, I am sure that many people will realize that this is a good move, in that the Matsqui prison is within a short distance of Vancouver, the worst drug centre in Canada, and that upon release of these prisoners they would more than likely be plunged back into this area.

It was also pleasing to note that recent newspaper reports indicate that a women's rehabilitation centre will be established in Kingston to be in full operation by August. The commissioner of penitentiaries stated that this centre would accommodate up to eight prisoners at one time and would be staffed by a superintendent, a female classification operator and four correction officers. He stated that prisoners at the prison for women in Kingston would be eligible for transfer to the home two months before the completion of their sentences.

All these things are signs that a change is in the making. Now is the time to make drastic changes in our method of treating women offenders, in line with the examples set by other countries of the world. I am sure that the appointment of a woman deputy commissioner within our penitentiaries system, to be in charge of all female offenders in female correctional institutions, including community hostels and prelease houses such as the one to be established at Kingston, will be a step in the right direction.

It is likely that the federal government will soon take over from the province the responsibility for all female offenders who have been sentenced to terms longer than one year. At the present time there are only about 120 women prisoners under federal care. It would seem suitable at this time to

try out a pilot plan under which some of the new ideas in penology, such as prelease houses, could be followed.

Women offenders, according to many penologists, are the best type of prisoner to use in trying out innovations. This is true because the majority are not involved in organized criminal society, are not dangerous to property or persons, and have been convicted for offences arising from inadequacy, prostitution, alcoholism, self-destruction and drug addiction. In other words, they are their own worst enemies and their own worst stumbling blocks to recovery.

This is not the place to discuss the details of the new penology nor the responsibilities of a woman deputy commissioner. These are set out very briefly and clearly in the submission recently prepared and placed before the government by the directors of the Elizabeth Fry Society of Kingston, Ontario, and the members of the senior staff of the prison for women at Kingston. I would simply urge upon the Solicitor General that there is need at this time for the appointment of a woman deputy commissioner within the penitentiaries system who would be charged with full responsibility for all female offenders in correctional institutions operated by the federal government.

I would very much hope that this step could be taken now, while the Solicitor General is freshly come to the problem. I really feel that Agnes MacPhail would be exceedingly happy and proud if she could see the fruition of so much of the work she tried to do more than 30 years ago, because she was trying to advance penology, as we are, among people of her time. It would seem to me that now, when we find that countries such as Holland, Japan, Britain and others have tried out something that is new and more modern in this respect, would be an excellent time to put in charge of female offenders a thoroughly capable woman commissioner, who might or might not live right on the spot—that is not important—but somebody who would be charged with the special responsibility to try out some of the newer methods of penology in this country, which is behind so many of the more advanced countries in this respect.

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, let me begin by saying that I am grateful for the example the hon. member has provided by her interest in our correctional system. Permit me also to add that in my humble opinion the highly respected Agnes MacPhail has a worthy successor in the hon. member for Vancouver-Kingsway (Mrs. MacInnis). Dealing with the subject matter of the hon. member's remarks, I would point out that only yesterday I received the report of P. S. Ross and Partners with regard to the organization in the women's prison at Kingston. I am sure the hon. member would not be out of sympathy with my suggestion that I ought to study this report before committing myself in regard to her interesting proposal.

[Mrs. MacInnis (Vancouver-Kingsway).]

[*Translation*]

INCOME TAX—QUEBEC—IMPOSITION ON MONEY FOUND BY CHILDREN

Mr. C. A. Gauthier (Roberval): Mr. Speaker, this has to do with an item published in *Le Nouveau Samedi* of May 28, 1966, and entitled:

They find $30,000 while playing.

On May 30, 1966, I put a question to the Minister of National Revenue (Mr. Benson) concerning the contents of a woollen sock found on the street by two children in the city of Jonquière.

The people of my area are asking a lot of questions on the source of this fabulous discovery of $30,000. At first glance one wonders whether this is not an amount hidden from the income tax by an individual or a corporation. But the serial numbers being consecutive, it can only involve a single withdrawal.

Indeed, the 300 $100 bank notes bear serial numbers A/J80,65600 to A/J80,65900 and are all brand new.

One could think that the amount was destined to a political party for the election campaign in Quebec. It could be an old trick used by some parties in spite of the promises made by the old politicians.

Yet, to top it all, a judge of the Superior Court of Quebec, Mr. Justice Toussaint McNicol, claims that he was holding the amount in trust but refuses to name the payee.

In that case it is the estate tax division which will have to intervene because this would be the first time in my life that I would be in a position to discover an estate in a woollen sock. Yet, there are those who claim that there are no more woollen socks in the province of Quebec.

It is said that out of the mouths of babes and sucklings comes the truth. Now, I would

be very pleased if those two candid babes could have contributed to throw some light on this very strange event.

And it had to happen right in the middle of the election campaign. Is it a consequence of the heat of the election?

What puzzles me most is the complete silence of most newspapermen about this event, they who are usually so fond of sensational news. Are we spectators at the comedy of the plague-stricken animals?

It is up to the Minister of National Revenue to see that the same justice is applied to all.

That is why I am asking the minister whether he intends to conduct a full inquiry into the matter.

[*English*]

Mr. J. E. Walker (Parliamentary Secretary to Minister of National Revenue): I wish to thank the hon. member for Roberval for his interest in the activities of the revenue department, and for his alertness in pointing out items of this kind. I will simply say that officials of the taxation division are always interested in items of this kind and will be making inquiries in due course. The information which they obtain through the powers of investigation given to them by the provisions of the Income Tax Act will have to be kept confidential, and the department will not be able to disclose whether the sum of money represents taxable income or not.

I would like to tell the hon. member again, in case he did not hear the first part of what I said, that the department is interested in items of this kind and will be making inquiries in due course.

Motion agreed to and the house adjourned at 10.15 p.m.

HOUSE OF COMMONS

Friday, June 3, 1966

The house met at 11 a.m.

REDISTRIBUTION

TABLING OF REPORTS OF PROVINCIAL COMMISSIONS

Mr. Speaker: Order. It is my duty, pursuant to sections 19 and 21 of the Electoral Boundaries Readjustment Act, statutes of Canada, 13 Elizabeth II, chapter 31, 1964-65, to lay before the house a certified copy of the reports of the electoral boundaries commissions for the following provinces returned to me this day by the representation commissioner, as follows:

1. Alberta, without amendment.

2. British Columbia and amendments thereto.

3. Manitoba and amendments thereto in the form of resolutions of that province's commission.

4. New Brunswick, without amendment.

5. Nova Scotia, without amendment.

6. Ontario, and amendments thereto.

7. Prince Edward Island, without amendment.

8. Quebec, and amendments thereto; and

9. Saskatchewan, without amendment.

• (11:10 a.m.)

TRANSPORT AND COMMUNICATIONS

CONCURRENCE IN FIFTH REPORT OF STANDING COMMITTEE

Mr. Joseph Macaluso (Hamilton West) presented the fifth report of the standing committee on transport and communications, and moved that the report be concurred in.

Motion agreed to.

LABOUR RELATIONS

QUEBEC LONGSHOREMEN'S STRIKE—REQUEST FOR REPORT ON NEGOTIATIONS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, the Minister of Labour will no doubt have received a report in this regard, but I should like to ask him now what is the present position regarding the strike, which more and more is bringing about disastrous stagnation.

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I am sure that it will not be news to most members of the house that the mediator, Judge Lippe, had a difficult day yesterday. Nevertheless I think he performed a useful service in keeping the parties together working toward a settlement.

Late yesterday Judge Lippe announced his recommendation to both sides regarding a commission of inquiry which he felt should be set up. That suggestion was to be given consideration overnight. I may say that following the meeting with the mediator the longshoremen suggested that a meeting with the stevedoring companies should be held. A telegram was sent to the Prime Minister last night on this subject, and at the request of the Prime Minister I replied to it early this morning. In view of the publicity that has been given to this matter it might be wise, with the permission of the house, to read into the record the telegram of reply.

It is addressed to Mr. Paul Asselin and Mr. Gerard Tremblay, one of whom is the president of the largest longshoremen's union in Quebec, the Montreal union, and the other is international vice president. The telegram reads as follows:

> The Prime Minister has received your telegram of June 2 and has asked me to reply. I would first say that any suggestion for the early settlement of the strike of longshoremen at St. Lawrence ports is greatly welcomed here. With respect to your suggestion that the shipping federation be displaced as the bargaining representative for the employers they represent you will recall that in the various certificates granted to your organization by the wartime and Canada labour relations boards the shipping federation was named as the representative of the various employers affected. It is not in my power to displace either the federation or your organization as the representative agencies of the employers or the employees affected by the dispute. I would hope that both parties resume collective bargaining to restore the good relations that existed for many years in the past.

I would supplement this information by saying that the wire has gone out and my deputy minister is still in Montreal with Judge Lippe, working on this matter as one of greatest urgency.

Inquiries of the Ministry

Mr. Diefenbaker: Mr. Speaker, could the minister also read into the record the telegram that was sent to the Prime Minister, so we will have the full record; and will he say whether the displacement of the shipping federation is a condition precedent, in so far as the stevedores' organization is concerned, to a settlement?

Mr. Nicholson: I have no objection, if the house is willing, to reading into the record the wire that was received by the Prime Minister. I might say that there are some points in it that are open to argument. Perhaps that is not surprising in disputes of this nature; you get them from one side or the other. The wire to the Prime Minister reads as follows:

Must regretfully advise you that the International Longshoremen's Association now finds it evident that it cannot settle its dispute with the customers of its employers. The employers of the longshoremen at Montreal, Quebec and Three Rivers are the undernoted stevedoring companies duly incorporated in Canada and owned and operated by Canadians. The International Longshoremen's Association have by circumstance been placed in the position of dealing with the Shipping Federation of Canada the members of which are not our employers but are in fact foreign steamship companies for the most part located in Great Britain.

That is not strictly accurate, because there are some Canadian companies in this federation as well.

Mr. Diefenbaker: Is that statement part of the wire?

Mr. Nicholson: No, I interjected that. Continuing:

It is obvious that the capricious attitude of the Shipping Federation of Canada and our members are convinced that if the shipping federation remains in command of the negotiations relevant to a proposed collective agreement between our organization its members and various Canadian stevedore companies the said collective agreement will be blocked by its present impasse until such times as the dispute in Great Britain with the British sailors is settled.

Respectfully petition the labour minister to direct that the negotiations be conducted between the International Longshoremen's Association and the employers of its members, which are namely the following Canadian stevedore companies: Brown and Ryan, Eastern Canada, Wolfe Stevedores, Cullen Stevedores, Montreal, and Saint John Stevedores, etc. etc. It is our earnest belief that action by the hon. minister upon this justified petition will result in a settlement of this dispute within a relatively short period.

Paul Asselin,
Gerard Tremblay
On behalf of the elected International Longshoremen's Association negotiating committee.

[Mr. Nicholson.]

Mr. Diefenbaker: That telegram certainly does not give much indication of hopefulness. Under the circumstances does the government intend to regard the national welfare as of some importance—

Some hon. Members: Order.

Mr. Diefenbaker: —and take action along the line that was taken some years ago by the St. Laurent government?

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

Mr. Diefenbaker: I wait for the answer, Mr. Speaker.

Mr. Grafftey: You are the government; govern. You wanted power. Now you have it, use it.

Mr. Diefenbaker: May I at least have the courtesy of the minister saying yes or no?

Mr. Nicholson: Mr. Speaker, I gave the right hon. gentleman the answer yesterday. I said this matter is receiving careful and urgent consideration by the government, and if the hon. gentleman has any suggestions to make they would be welcomed.

Mr. Pearson: He has not.

Mr. Diefenbaker: Mr. Speaker, may I ask the government if it has now abrogated its responsibility to the opposition?

Mr. Pickersgill: A constructive suggestion.

Mr. Eric A. Winkler (Grey-Bruce): I have a supplementary question to the Minister of Labour. I should like to ask the minister whether he is now willing to follow not only the suggestion but the example set by the hon. member for Ontario (Mr. Starr) when he was Minister of Labour.

Mr. Speaker: Order, please.

[*Later:*]

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is directed to the Minister of Labour. I should like to ask him whether there has been any communication between the government and Premier Lesage or members of the Quebec government relating to the strike at Montreal.

Mr. Nicholson: Mr. Speaker, I will have to take that question as notice. I can speak on behalf of my own department but the hon. member is asking about communications with the government.

Mr. Grafftey: Then I should like to ask the minister whether there has been any contact between him or his officials and Premier Lesage or members of the Quebec government regarding the strike at Montreal.

Mr. Nicholson: Not by my department, so far as I know. This matter is a federal responsibility, Mr. Speaker.

Mr. Grafftey: Would the minister answer my question? This is a federal responsibility, but has there been any communication?

Mr. Speaker: Order, please. In my understanding the minister did reply to the question.

Mr. Diefenbaker: Mr. Speaker, there have been reports and complaints of continuing harassment and interference with trucks which are engaged in lawful and essential business at the Montreal docks, and an injunction in respect thereto has been taken out. What means are being taken to prevent this grave injustice to rights, which in particular is having an adverse effect on the availability of feed to the farmers of Quebec?

Mr. Nicholson: Mr. Speaker, I am afraid that question will have to be answered either by my colleague the Minister of Transport or by the Solicitor General, but I should think by the Minister of Transport.

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, just before coming into the house I spoke to the chairman of the harbours board. The injunction is being respected this morning; there are only three pickets at the gates of the harbours board. Trucks are moving in and out and grain is being taken from the elevators. That is the report I received at eleven o'clock.

EXTERNAL AFFAIRS

RUSSIA—REPORTED COMPLAINT AGAINST CAMPAIGN IN CANADA

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, I wish to direct a question to the right hon. Prime Minister. Would he inform the house whether the government has received any protest from the Soviet union against alleged anti-Soviet propaganda in Canada, and what reply the government has given or is preparing to counter such allegations.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the matter to which my hon. friend refers was the subject of representations made to a member of our embassy in Moscow at the Soviet foreign ministry on June 1. The Soviet embassy here and Soviet officials in Moscow have recently made known to us informally their concern at what they refer to as an anti-Soviet campaign in the Canadian press, citing what they consider to be evidence from press reports to support their concern. We have explained that such reporting is a normal function of the press in a free society, and that what the press prints is in no way controlled by the government. We have assured them that it remains a sincere desire of the Canadian government to encourage the development of mutually beneficial relations between Canada and the Soviet union.

In this connection I think I can say with your concurrence, Mr. Speaker, that not only the government but all of us in this house are greatly looking forward to the forthcoming visit to Canada of Soviet parliamentarians led by the first deputy premier, Dimitri Polyansky, and to their subsequent tour of the grain growing areas in western Canada. I am not aware, Mr. Speaker, of any so-called provocations directed against the Soviet embassy nor of any activity which might impede its normal functions.

Some hon. Members: Hear, hear.

Hon. W. G. Dinsdale (Brandon-Souris): I have a supplementary question, Mr. Speaker, which I wish to direct to the Minister of Northern Affairs and National Resources, or in his absence, to his parliamentary secretary. In the light of the information provided by the Prime Minister can the parliamentary secretary inform the house if arrangements for the visit of Soviet northern experts to Canada have been completed?

Mr. Stanley Haidasz (Parliamentary Secretary to Minister of Northern Affairs and National Resources): Mr. Speaker, may I take this question as notice.

CYPRUS—RESTRICTION ON MOVEMENTS OF TURKISH CYPRIOTS

On the orders of the day:

Mr. R. N. Thompson (Red Deer): I wish to direct my question to the Prime Minister in the absence of the Secretary of State for External Affairs. In view of the fact that it has just been announced that President

Makarios has sealed off the Turkish sector of Cyprus and has forbidden Turkish Cypriots to leave their area, can the Prime Minister tell us whether supplies are getting through and what the Canadian government is doing in regard to such action?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I will look into that matter at once. I do not have any information regarding this matter before me at the moment.

Mr. Thompson: I will direct a supplementary question to the Minister of National Defence. Can the minister tell me whether this action is affecting the service of the United Nations troops the largest part of which is made up of Canadians?

Hon. Paul Hellyer (Minister of National Defence): I cannot say, Mr. Speaker. I have asked for a report, but I cannot give my hon. friend an answer at this moment.

TRADE

SHIPMENTS OF POWDERED MILK TO AFRICAN CHILDREN IN RHODESIA

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): I would like to direct a question to the Minister of Trade and Commerce. Is the minister now in a position to reply to the question I asked two days ago, which he took as notice?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, I am able to confirm what I said to the house that there are no instances of shipments of powdered milk for the schools and missions in Southern Rhodesia being held up.

ADMINISTRATION OF JUSTICE

SPENCE ROYAL COMMISSION—INQUIRY AS TO REPORT

On the orders of the day:

Mr. Terence Nugent (Edmonton-Strathcona): Mr. Speaker, my question is for the right hon. Prime Minister. Can the Prime Minister inform us whether he has recently been in touch with Commissioner Spence, and whether the commissioner's report will soon be presented?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have had no meeting with the commissioner, and I do not know when his report will be in.

[Mr. Thompson.]

HEALTH AND WELFARE

MEDICARE—REVIEW OF REPRESENTATIONS RESPECTING MENTAL ILLNESS

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I had intended to direct my question to the Minister of Health and Welfare. In his absence may I direct it to his seatmate. Will the federal government review any representations received from the provincial governments relating to the inclusion of mental illness under the medicare program, in the light of the revelations regarding the overcrowding of mental institutions? Will the minister take such representations into consideration?

Mr. Speaker: Order. This is a matter of general policy, and I suggest to the hon. member that the question might be placed on the order paper.

BRIDGES

NEW WESTMINSTER—REPORT ON FRASER RIVER BRIDGE

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to direct a question to the Minister of Public Works, an answer to which is considered urgent by the citizens of New Westminster. I should like to ask the minister if he has yet had an opportunity of studying the report of Philipps, Barratt and Associates relative to the Fraser river bridge at New Westminster, and whether as a result there will be a recommendation for either a bridge replacement or a span replacement.

Mr. Speaker: In spite of the preface to the hon. member's question I believe it is not so urgent that it should be asked at this time.

TRANSPORT

THREATENED STRIKE OF METEOROLOGICAL PERSONNEL

On the orders of the day:

Hon. J. A. MacLean (Queens): I should like to ask the Minister of Transport if the reported threat of a work stoppage by communications personnel in the meteorological service has been averted.

Hon. J. W. Pickersgill (Minister of Transport): I would prefer not to make a categorical answer to that question. The matter is under most urgent consideration. I think perhaps while it is under consideration it might not be very helpful for me to try to interpret what is going on.

SEAWAY TOLLS—REQUEST FOR PRODUCTION OF REPORT OF CONSULTANTS

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to ask the Minister of Transport if he has any information as to when the seaway authority will have the economic report available for distribution and sale.

Hon. J. W. Pickersgill (Minister of Transport): I think just as soon as it can be reproduced. I believe there are 350 pages in three volumes. They are not printed but are done by one of these processes such as mimeographing or something of that sort. As a result of the rather over-full employment in that particular field of activity in Ottawa at the moment it is difficult to get these documents produced as rapidly as we would like.

[*Translation*]

NATIONAL SECURITY

QUEBEC—STATEMENT RESPECTING PROVINCIAL POLICE ASSOCIATION PRESIDENT

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, may I put a question to the right hon. Prime Minister?

Can he tell the house whether he is aware the R.C.M.P. file seems to indicate that the only thing for which Mr. Vachon can be reproached is his demand for more French in the R.C.A.F.?

Mr. Speaker: This question is out of order.

Mr. Allard: On a question of privilege, Mr. Speaker.

This is a matter which concerns all French Canadian members of the house. On the basis of that file, Mr. Lesage was able to state that to ask for more French is to become a security risk, so that my question deserves an immediate answer.

Mr. Speaker: If the hon. member will examine the standing orders, he will realize that he cannot demand an immediate answer.

[*English*]

INDIAN AFFAIRS

SASKATCHEWAN—PRESERVATION OF INDIAN SHRINE

On the orders of the day:

Mr. R. R. Southam (Moose Mountain): I have a question for the Minister of Northern Affairs and National Resources, but in his absence I should like to direct it to his parliamentary secretary. My question is a follow-up of one put by the hon. member for Saskatoon last Wednesday. The urgency of the question is expressed by the deep concern of some 800 Indians in my riding.

Can the minister say what decision has been made regarding the removal of the important Indian shrine Mistaseni to safe ground, now that the historic sites and monuments board have met and presented recommendations to the minister?

Mr. Speaker: Order, please. The last time I objected to a question about this Indian national shrine I got into difficulty. However, it seems to me this is the same type of question as the last one and I should not accept it unless there is evidence of urgency which is not apparent to me at the moment.

Mr. Southam: The hon. member for Saskatoon directed this question to the minister last Wednesday, when the minister was absent, and his parliamentary secretary accepted the question as notice. I was just expressing my concern on behalf of our area.

Mr. Speaker: I am just wondering if an answer was given to the question at the time. If it was only taken as notice, the parliamentary secretary will want to give an answer.

ONTARIO—IMPLEMENTATION OF COMMUNITY DEVELOPMENT AGREEMENT

On the orders of the day:

Mr. John M. Reid (Kenora-Rainy River): Mr. Speaker, my question is for the Minister of Northern Affairs and National Resources in his capacity as Superintendent General of Indian Affairs. In his absence perhaps his parliamentary secretary may wish to take the question as notice. The question deals with the community development agreement signed with the province of Ontario on May 19, and it is this. Will the minister assure the house that the provincial community development officials will not visit any band or reserve without the prior permission of the band concerned?

Mr. Speaker: That question should be placed on the order paper.

AIR CANADA

INQUIRY AS TO PROGRESS IN SETTLING LABOUR DISPUTE

On the orders of the day:

Hon. Michael Starr (Ontario): I should like to ask the Minister of Labour whether he has met or will be meeting the parties to the dispute with Air Canada who, I understand, will be taking a strike vote Tuesday. If he

has met with them, can he report on this meeting?

Hon. J. R. Nicholson (Minister of Labour): I have not met with them, but as I said yesterday an official of my department met with them in Toronto yesterday. Consideration is being given to the appointment of a mediator, if it is deemed advisable or necessary. The official of the department was there in the capacity of my representative, not as a mediator.

Mr. Starr: May I ask a supplementary question. Does the minister not think, under the circumstances, a mediator is advisable?

Mr. Nicholson: I am inclined to think so.

PUBLIC SERVICE

FORMATION OF UNION OF FOREIGN SERVICE OFFICERS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, in the absence of the Secretary of State for External Affairs I wish to address a question to the Prime Minister. My question is related to further evidence of the continuing march toward a classless socialist society.

In view of the recent announcement that the professional association of foreign service officers intends to form a union for the purpose of bargaining with the government of Canada, would the Prime Minister inform the house if this union was certified as a collective bargaining agent? Would its officers and members be entitled to picket the nearly 100 Canadian embassies and consulates around the world, and the United Nations?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I noticed this report with great interest, and I am looking at it especially to see whether ex-foreign service officers are eligible for membership.

[*Later:*]

Mr. Herridge: Mr. Speaker, in view of the answer of the Prime Minister to my previous question I should like to address a question to the house leader. In view of the fact that ambassadors are now being unionized, would there be any objection on the part of the government to the secretaries of parliament forming an association for the same purpose, namely collective bargaining?

Mr. Speaker: Order. I may have been a little too lenient when I allowed the first question; I certainly will not allow the second one.

SHIPPING

FAILURE TO PROVIDE PILOT FOR RUSSIAN VESSEL

On the orders of the day:

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I have a supplementary question which the Minister of Transport may wish to take as notice. I thank him for the answer which he gave yesterday about a pilot for the *Alexandr Pushkin*. However, allegations are being made that other vessels were given pilots and that this vessel was being discriminated against. Will the minister investigate this matter and advise me in due course?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I do not need to take the question as notice. I think the answer is that there was no discrimination as far as the pilotage authority is concerned. Whether there was discrimination on the part of the pickets who prevented the pilot from going aboard I would not be able to say. Neither would any other member of the government, because this question would not be within our responsibility. But so far as the pilotage authority is concerned there was no discrimination. There was an unfortunate incident, as I explained yesterday, which made it impossible for the pilot to get aboard the vessel.

CANADA ASSISTANCE PLAN

INQUIRY AS TO EXTENT OF COVERAGE

On the orders of the day:

Mr. D. V. Pugh (Okanagan Boundary): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare. Does the government intend to include all Canadians born prior to 1910 in the Canada Assistance Plan?

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

EXPROPRIATION

INQUIRY AS TO REVISION OF LEGISLATION

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is directed to the Minister of Justice. In view of the sweeping reforms in their expropriation laws announced yesterday by the Ontario government, can the minister inform us whether or not a redrafting of the expropriation laws of Canada is included in the present statute revisions which are under way?

Hon. Lucien Cardin (Minister of Justice): No, Mr. Speaker.

ADMINISTRATION OF JUSTICE

IMPLEMENTATION OF REPORT ON JUVENILE DELINQUENCY

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Solicitor General. May I ask the hon. gentleman whether he can tell the house how his study on the report on juvenile delinquency is proceeding, and if he can announce any timetable with respect to legislation founded upon it.

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I have nothing to add to the answer I gave approximately one week ago, at which time I stated that an interdepartmental committee had been set up. I would hesitate to indicate deadlines, as I have sometimes found there are administrative difficulties.

CANADIAN PACIFIC RAILWAY

HEARING OF APPEALS RESPECTING PASSENGER SERVICE

On the orders of the day:

Mr. John M. Reid (Kenora-Rainy River): Mr. Speaker, I have a question for the Minister of Transport dealing with the Canadian Pacific Railway's "Dominion" hearings. Will the minister tell the house whether all documentation has now arrived, and whether all those who are appealing against the judgment of the Board of Transport Commissioners have now filed their appeals?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I do not know whether I can give a categorical answer, but I can say that the most recent document filed was one received from the government of Manitoba on May 26, which is now under study. Until all these documents have been studied it will, of course, not be appropriate for the government to hold any hearings.

SUPPLY

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

DEPARTMENT OF INDUSTRY

1. Departmental administration, including grants as detailed in the estimates, $6,795,400.

The Chairman: This item appears on page 178 of the blue book and was last under consideration on Thursday, June 2.

• (11:40 a.m.)

Mr. Lewis: Mr. Chairman, I will keep the committee for only a very short minute or two. In following the discussion which took place yesterday about the designated areas I was reminded of an exchange that took place in this house on June 30, 1965, to be found at page 3126 of *Hansard* for that year. I rise merely to ask the minister whether he would not consider implementing what I think was an undertaking by him at that time.

The hon. member for Burnaby-Coquitlam had asked the minister whether he would consider not only tabling the orders in council but also referring them to the committee on industry, research and energy development, as I believe it was then called. The minister said at page 3126 of *Hansard*:

> I did undertake unequivocally to table the estimates because this is within my control. I have learned in a very short parliamentary experience not to give undertakings as to what the house may or may not do. I will use my best endeavours to see that these are referred as early as possible after tabling—and I do undertake to table them immediately—to the house committee. Specifically, I think it has been understood, Mr. Speaker, with respect to this question of tabling and referral, that the government undertakes that the order in council designating the designated areas in clause 2(c) will be tabled on the resumption after the summer recess—

If I might interrupt my reading at this point, they seem to have been tabled on Friday, January 28 of this year, according to the sessional papers I have before me. The minister went on to say:

> —and referred to the standing committee on industry, research and energy development. This will include an opportunity to discuss the criteria.

It seems to me in so far as it was possible for the minister to give any undertaking, he did so in that statement in reply to the question of my hon. colleague the hon. member for Burnaby-Coquitlam. The minister said that it was understood that the government undertook not only that the orders in council would be tabled but that they would be referred to the standing committee on industry, research and energy development.

It is obvious, Mr. Chairman, that the question of the designated areas, all that is involved in the way in which they are designated and which areas are designated, is crucial. There is a desire on the part of my colleagues who have taken an active and interested part in these discussions to go into the matter more deeply. I am sure that desire is shared by all members of the house I

therefore ask the minister whether he would not today repeat the undertaking which he gave on June 30, 1965, and this time carry out that undertaking.

Mr. Drury: Mr. Chairman, an undertaking such as the hon. member referred to was given and was valid and binding in respect of the parliament in which it was given. We are now in a new parliament.

I have discovered that the standing committee referred to now has a fairly full schedule of work. If it is the view of the steering committee of that committee that this work can be handled, I should be glad to have a discussion of this topic within the committee in the present session. I should be glad to have discussion of the designated areas program and the criteria therefor. But I would not want to hold up passage of the Department of Industry estimates until such time as this committee will have been able to complete its present schedule of work, before getting to the particular topic in question.

I repeat, in this new parliament I would be prepared to give a new undertaking to refer the question of the designated area program and the criteria therefor to the standing committee on industry, research and energy development if, in the view of the steering committee, there will be time to do this.

Mr. Lewis: Let me make absolutely clear that there is no suggestion of holding up passage of the estimates. Second, could not the minister simply refer this question to the committee so the committee will ultimately deal with it? When the matter would be dealt with is up to the steering committee. I do not understand why the minister has to say that he will refer this matter to the committee after the steering committee has done something. Why cannot the minister simply refer this matter to that committee and leave it to the committee as to when it will deal with it?

Mr. Drury: I understand that the house is free to refer what it wishes to the committee. It did not seem to me that much useful purpose would be served by referring this to the committee if the committee was not prepared to take it on. I wanted to ascertain in advance what could be done. I did not think any useful purpose would be served by referring this item to the committee if the committee had neither the interest nor the time to take it on.

Mr. Peters: Mr. Chairman, I happen to be on the steering committee and I am aware of the work the committee has to do. I do not think the minister is relieved of the commitment he made previously. I am perfectly prepared to admit that one parliament cannot bind another; nevertheless, the minister has not changed, and therefore he ought to be bound by whatever commitment he has made.

There may not be an opportunity to discuss this question in committee, but it has not been suggested that we should hold up the estimates on this account. May I, in connection with what has been said, direct a question to you, Mr. Chairman. Is it possible for us to take a commitment by the minister and refer that to the committee? I should like your advice, Mr. Chairman, as to whether, under a statutory section, we could refer the estimates to a committee. I think we should have some advice from you, Mr. Chairman, as to how this could be accomplished.

The Chairman: Shall vote No. 1 carry?

Mr. Peters: Mr. Chairman, I have asked for a specific ruling by the officers at the table as to whether a commitment by the minister can be referred to a committee; and second, whether a statutory item that appears in the estimates can be referred to the committee by a motion in committee of supply.

Mr. Drury: Mr. Chairman, I think it is inappropriate to ask your opinion or for your ruling on legal matters. What is being sought here is a legal opinion. The hon. member for Timiskaming in fact is suggesting that approval of the Department of Industry estimates be suspended or withheld until the committee has dealt with the matter he has raised. That, I suggest, is the nature of the ruling he is seeking.

I have undertaken that if the steering committee wishes, and has the time to deal with this particular topic, namely the designated areas program and the criteria therefor, I will do what I am supposed to do to have that matter referred to this committee. That does not call for a ruling by the chairman as to the ability of the house to deal with statutory items.

• (11:50 a.m.)

Mr. McIntosh: It is not often that I agree with the hon. member for York South, but on this occasion I do agree with him. Because there has been so much dissatisfaction expressed by hon. members about the minister's designated areas policy, if he will not consider discontinuing the policy, the suggestion that item 1 of the estimates stand and

the rest of the estimates be proceeded with might be considered. If the minister will not discontinue the policy then surely, in view of the number of protests that have been made, he must give consideration to changing it. It has been pointed out to him that the criteria he uses are wrong, and that in several cases, the criteria he says the department is using are not being used in the manner he suggests.

This whole policy does not accord with the principles he has set for his department. In fact it has been pointed out to him that it should not be administered by his department at all because it is a problem for the Department of Labour or the proposed department of manpower.

The minister is not helping industry in any manner by continuing this policy of designated areas. He is hindering the progress and affecting the economy of the country. The program is detrimental to the future of industry. It is creating municipal problems that never existed previously, and industrial problems which industry had never faced previously.

The minister has made an accusation that possibly there is filibustering on the part of the opposition. This is not filibustering. It has been pointed out previously that it is the duty of the opposition to criticize bad legislation. After hearing all the speeches about designated areas surely the minister must realize that this is a bad policy, but he has given no indication whatsoever that he will waver or bend just a little bit. He has not said he will take the legislation and reconsider it. He has not set a limit on how long he is going to carry out this policy.

This policy is bad for a number of reasons. It is bad for industry. It is not helping industry even though the minister tries to indicate that it is. Surely the minister is not so blind that he cannot bend just a little bit and give some consideration to the speeches made not only by the opposition but by his own backbenchers. In fact I heard only one speech from the government side supporting the minister's policy, and I heard many speakers on the government backbenches saying it is a bad policy. Surely those people have some influence on the minister, and I suggest we stand this item until we dispose of the rest of the estimates.

Mr. Drury: Mr. Chairman, the hon. gentleman who has just spoken feels quite strongly that the legislation establishing the area development agency is bad legislation, but in fact it is legislation enacted by the parliament of Canada. He feels that the designated area program should be abandoned completely. I venture to suggest that this represents the view of a very small minority in the chamber, perhaps a minority of one, and does not represent the general views of Canadians. Indeed, the hon. member for Timiskaming, far from wishing to see the policy abandoned, wants it extended. He appreciates that this is a useful initiative, and because it is working well in particular areas in particular respects he would like to take this useful, productive mechanism and extend its success to other areas.

Mr. McIntosh: May I ask the minister a question?

Mr. Drury: Just one moment, please. There seems to be some misconception as to how the program operates. There seem to be differences of view as to whether it should be extended, and as to the areas in which it should be extended. I have undertaken, if the committee on industry, research and energy development is prepared to deal with it, to refer the subject matter of the designated area program to that committee for study and presumably report.

What the hon. gentleman is now suggesting is that we pass on to the other items and come back to item 1 later and approve it, provided the minister has accepted the views of the hon. gentleman. I am prepared to listen to ideas, but not to accept the suggestion made by one hon. member that this policy be withdrawn and that until such time as it is withdrawn there will be no passage of the estimates.

Mr. McIntosh: Mr. Chairman, in view of what the minister has just said I am just wondering how far the hon. member for Timiskaming wants this designated area program expanded. If the minister thinks we are going to get down on our hands and knees and crawl to him, asking him to include each of our own areas and in that way get rid of the opposition, he has another think coming. I would also say it should be extended, but I would go further than my own community. I would say it should be extended to the whole of Canada. Then it would not be discriminatory as it is at present.

The minister says I am a minority of one. Surely the minister, if he did not listen, must have looked over the speeches of members on this side of the house. There were very few

who complimented him on this type of policy. Certainly those who benefit from the legislation are in favour of it, but I say that in designating these areas the minister has not used the same criteria in all cases. I know certain representations have been made to the minister. I know he has changed his mind and designated certain areas, but I refuse to beg him to designate my area. That is what the minister wants.

I say that if the minister were not so arrogant and did not have the mind of a civil servant he would realize what is happening in this chamber today, namely that the people are speaking. Canada dislikes this policy that has been put forward by the minister. There are many areas in Canada that do not like it. Because pressure has been put on the minister by certain industrial urban centres he says they like it, but there are many rural areas in this country, and the people in them also have to make a living. Because of this policy, as has been pointed out to the minister on many previous occasions, the standard of living in those areas is dropping.

Family income is going down because of this very policy for which the minister is seeking support. This is what we are fighting against. It is to this that we want him to give consideration. I say stop this discrimination or extend the policy to cover all of Canada. I do not care which the minister does.

Mr. Alkenbrack: Mr. Chairman, I almost rose on a point of order on something said by the minister a few minutes ago. He said it was the opinion held by a minority of one in this chamber that the present policy pursued by his department regarding these designated areas was a poor policy. I would like to refute that.

Mr. Drury: Mr. Chairman, perhaps I was misunderstood. I did not say that the policy was universally approved either by members of the committee or by Canada. What I did say is that a very small minority would like to see the policy abandoned, and the hon. member for Swift Current-Maple Creek wanted it completely withdrawn. Now, there are a number of people who would like to see it changed—

Mr. McIntosh: How does it help industry?

Mr. Drury: —and I receive continuous representations regarding change. One further means of exploring suggested changes is consideration of the program by a committee. I am delighted to agree to this, and have already agreed to it.

• (12:00 noon)

I am not saying the policy is perfect; I know it is not. The hon. member for Swift Current-Maple Creek suggested that it is a discriminatory policy and that one should remove the discrimination by extending it to all Canada. This is an incentive program. By definition an incentive program must be discriminatory. It must appeal to a limited segment and not to universality if it is going to be an incentive. The object of the program is to provide assistance in the way of incentives to those areas suffering from high chronic unemployment, and the whole of Canada does not suffer from high chronic unemployment. If, as the hon. member for Swift Current-Maple Creek suggests, the criteria are not being applied properly, I would be delighted to learn where they are not being applied properly. I think they are. Perhaps in the committee examples of where they are not being applied properly can be adduced and a detailed answer given. I myself believe they are being properly and objectively applied.

It does not rest with the hon. member for Swift Current-Maple Creek, as he puts it, to come on his knees to me to get his area designated. I do not do the designation. As I pointed out last night the designation is quite automatic; it is determined by local events. When the chronic unemployment in a national employment service area, as measured by national employment registrations or by the average non-farm family income, rises in the case of registrations above a certain level or goes below, in terms of average family income, a certain point, that area qualifies itself quite independently of any views I may have on the subject. As I say, the qualification for designation is determined by local events and not at the discretion of the minister or the department. There is no discretion. When the local situation falls within the framework laid down by the act and the order in council designation takes place, and not at the discretion of either myself or the officials. So not only can the member spare his knees so far as I am concerned, but I can say further that it would not do him any good if he did come to me on bended knees. It would be a wasted pilgrimage.

Mr. Alkenbrack: Mr. Chairman, I thank the minister for his attempt to explain his version of the feelings on this side of the house but his explanation is unsatisfactory so far as

I am concerned, so far as my riding is concerned and so far as a vast area of southern Ontario with which I am familiar is concerned. I support the hon. member for Swift Current-Maple Creek in his contention that this legislation is discriminatory and is bad for Canada as a whole. It even reflects on the motives of this government, when one goes back and analyses the primary reason for bringing in such legislation. On May 17 I protested against it because representations had been made to me from both the counties I represent, the county of Prince Edward and the county of Lennox, where the people are completely frustrated. They cannot get any new industry because of the attractive propositions put forward by the government to induce the location of industry in neighbouring areas which are designated.

My area, like that of the hon. member for Swift Current-Maple Creek, is not designated. May I also say to the minister that I do not believe the hon. member for Swift Current-Maple Creek is coming on his knees to anyone in an effort to have his area designated. I think that applies to my people too. We do not come on our knees imploring assistance from the minister, who has designated other areas near us, but we do ask for fair play all across the board regarding our efforts to obtain industry. Despite our qualifications for assimilation of new industry, a month ago the county of Prince Edward was turned down by an industry because the people who represented the industry said they could not accept our offers in the face of the attractive offers made by the Department of Industry with regard to designated areas. They have gone to a designated area.

The minister has said that his policy in respect of designated areas is successful. That may be so, but it has been disastrous to non-designated areas. He is carrying out this policy at the expense of the rest of Canada and the taxpayers thereof. In the non-designated areas, which the government of course must have decided were industrially healthy, the people there also pay the taxes to help finance the designated area plan and they certainly are not in favour of it. It is unfair, discriminatory and very frustrating to hundreds of municipal councils and chambers of commerce. Hundreds of municipalities and towns all across Canada place a levy on their taxpayers to finance programs designed to attract industry. The designated area program is stultifying all their efforts and nullifying whatever they hope to accomplish in the current year because of the better offers made and the larger grants paid by the government to prospective industry if it will settle in an area where the government wants it to settle.

There is nothing fair about this plan. The whole of Canada is watching it. I caution the minister. A few minutes ago he said that if it did not work he would make changes. I admonish the minister and his department right now to forget about this idea and be fair to the whole country.

Mr. Winkler: Mr. Chairman, I certainly am not going to take up too much of the time of the committee. I know that is a popular saying at this stage of estimates. I have, however, been provoked into speaking this afternoon because of several statements made and the attitude adopted. I cannot say I agree entirely with the hon. member for Swift Current-Maple Creek but that is not unusual. I might say I am saying that in a personal vein. I should like to say also that I think that some of the things he said are completely true, particularly in regard to attitude.

I wish to make one thing very clear. In the areas which have been designated and have had the benefit of this assistance, I think the policy has certainly been successful. The minister knows the representations I made to him earlier. I was amazed at some of the answers he gave me last evening to pointed questions, but I should like to make an observation in respect of his approach. I recall very well an occasion when I accompanied a large delegation from several different constituencies. At that time the minister unfortunately was not present. As a matter of fact, the reception I received on that occasion from the present Minister of Finance was warm, sensible and sympathetic. The results of the meeting were nil, not because of the attitude of the Minister of Finance but because of the general attitude taken by the Minister of Industry.

• (12:10 p.m.)

Let me make a brief comparison as to what has happened in various areas. The minister tells me that on a statistical basis he does not, strictly speaking, make any decisions at all as to designation but that various areas are designated because of their particular circumstances. Let us consider the counties of Grey and Bruce and other associated counties in that part of the Georgian bay area. I hold no feeling whatsoever against the people who

have the advantage of designation. The results of designation have been wonderful and the advantages enjoyed by the people there have been tremendous. Let us consider the town of Kincardine, which is not in my constituency, and the towns of Southampton and Port Elgin. The latter two fall within a designated area whereas Kincardine does not. There is no justification for this fact at all.

Let us compare the situations of the town of Walkerton and the city of Midland. There is no comparison at all and the designation of Midland is ridiculous. The city of Midland enjoys the highest rate of employment that any community could wish but the advantages of designation are given to it and not to Walkerton. Let us compare the situations of the towns of Chesley and Meaford. There is no comparison there, yet one has the advantages of designation. Let us compare the towns of Port Elgin and Kincardine, the towns of Walkerton and Owen Sound, or let us compare them with Midland again. There is no comparison at all. Yet some have the advantages of designation and others do not.

The minister tells me that all these places qualify because of their own circumstances, but that statement is utterly ridiculous. I assure the minister that I am not making these remarks to antagonize him. At one time it was said to me: Do you want to accept the responsibility of removing the designation from the Georgian bay area? I said no and I say no again this afternoon. However, I certainly would be willing to accept the responsibility for designating the balance of the Georgian bay economic region as established by the province of Ontario.

This sort of designation nonsense has got to stop. If we are going to consider economic areas as such let us consider them that way. What is the minister trying to do, play politics with these designations? I do not think he is because he has not had any success in that area as shown by the lack of elected members in the government party. These designations should be made on a moral and sensible basis. I was informed, I think by an official of the minister's department, that all the economic factors were taken into consideration in designating an area. I asked what was meant by that and I was told that the factors taken into consideration include income from welfare and that sort of thing. Goodness me, if we are going to consider pensions and old age assistance in respect of the criteria we are not being honest about the situation. Certainly that is not an honest or fair approach. In the particular areas to which I have referred the young people do not remain there because there is no incentive. If we are given the incentive to attract industry to our area we will be able to keep our young people working there, but the minister is not prepared to give us that incentive.

This government has taken a dictatorial attitude in that we are going to have universality in respect of everything. We have been forced to pay into the Canada Pension Plan and we will be forced to pay into medicare. Yet the minister is forcing the people who should enjoy the benefits of designation right out of the areas where they now live. This is a totally wrong attitude on the part of the minister and his department and I believe a revision of thinking should take place.

I am sure everyone recalls the discussion that took place here last week regarding the proposed increases in tolls on St. Lawrence seaway and the Welland canal. This is another factor that will deprive us of a certain element of growth. If we are going to create something that will be of benefit to people, let us not put roadblocks in the way.

Not long ago I asked the Minister of Agriculture where on earth all the pork came from that was imported into this country. We appealed to the government to assist this section of the agricultural industry, but it allowed approximately 2,500,000 pounds of pork to be imported by a processer for the express purpose of depressing an industry which exists in the area. In spite of that fact the minister and his department will not give us what they could give us by way of designation. The minister must change his attitude in this regard.

Let me return to my original statement. I brought a group of people to Ottawa to meet with the minister and officials of his department. In my view the delegation took a very moral and sensible attitude toward the situation. I am sure the minister realizes that the people in our area have the ability to attract industry but, for goodness sake, give them every advantage they can get in their attempt to create a large area of development in western Ontario. All I am asking the minister to do is to revise his policy and for designation purposes to use the boundaries of the economic divisions set up by the department of development and economics of the province of Ontario. That department has attempted to do a good job but it is being discriminated against by the policy of the

minister and his department. If we are going to have reasonable and sensible area development and if we are going to spend the kind of money involved, for goodness sake let the minister and the department adopt a fair and moral attitude.

I was ridiculed a few weeks ago when I argued against the redistribution of my area as a result of which my constituency will disappear. However, the government is according me one honour in that I will be the last member to represent the riding of Grey-Bruce with the distinction that the members for that constituency have brought to the House of Commons over the years. However, the people I have the honour of representing now will be disregarded even more after redistribution because of being lost in the big shuffle. There is enough disregard now for this part of the province of Ontario, and these are the people for whom I have great concern. We have the ability to attract industrial organizations to our area and we have proven that in the past, but you are not going to accomplish decentralization in this area by compounding the problem through discriminatory action.

I do not intend to come to the minister on bended knee requesting that this area be given the advantages of the designation program. As a matter of fact, after my last experience I would not even waste the time required to make another request. I do ask the minister to take a further look at this situation and act in a fair and moral way in determining government policy and its application so that the area can be given the advantages that are being afforded to other areas in this country.

Mr. Pugh: Mr. Chairman, to change the pace I should like to obtain some information from the Minister of Industry. Will the minister indicate the number of areas that have been added to the list of designated areas under this plan? I have talked with the minister about this subject and I think he knows what I have in mind. As an example, the Grand Forks area was added to the Okanagan designated area. I am wondering how many similar areas in Canada have been added to other designated areas. How many contiguous areas have been added to existing designated areas?

Mr. Drury: Mr. Chairman, I am not sure I can answer that question or that I really understand it. The problem of designation involves the identification of areas of high chronic unemployment. In order to identify them and provide assistance one must have information relating to employment. There has been a system in existence for a number of years under the national employment service of gathering and collating statistical information in relation to national employment service areas. This information is gathered and related to an area as a whole rather than to segments or individual parts. In our search for some means of identifying large areas in Canada suffering from high chronic unemployment the only measuring stick available was that provided by N.E.S. statistics. For that reason the N.E.S. areas provide the framework for designation, and when in a given N.E.S. area the pattern of unemployment is above a certain figure the area becomes designated. When the unemployment pattern falls below a certain figure the area is de-designated.

• (12:20 p.m.)

The process of creating designated areas in hitherto undesignated areas and designating those areas whose level of employment has fallen has been taking place ever since the beginning of the program. I am not sure whether the hon. member is asking me for a list of areas which were designated at the beginning of the program and have been de-designated. If this is so, I would be glad to give him this information. It is all contained in the original order in council which was tabled and in the subsequent order in council which was also tabled.

Mr. Pugh: Mr. Chairman, my question did not refer to how many areas have been brought into the program and designated, and I am quite aware of the use of N.E.S. figures. I refer to the adding of an area which would normally be considered as having chronic unemployment to an already designated area. I believe that the town of Blairmore, Alberta, has been added quite recently to an area in British Columbia. This is my understanding after talking to the Liberal member from that area. I am wondering—

Mr. Drury: Let me interrupt for a moment, Mr. Chairman, to say that the Blairmore N.E.S. area, including the town of Blairmore, has been designated from the outset of the program. It was amongst the first areas to be designated and has continued to be designated ever since. There has been no change in respect of the town of Blairmore.

Mr. Pugh: Then might I ask the minister whether any area has been added to a designated area, the area added being of such a nature that in itself it would not qualify under the N.E.S. formula?

Mr. Drury: In respect of areas which in themselves might not qualify but have been designated, this applies to some census divisions and some counties contiguous to and touching on N.E.S. areas which have been designated. I think we discussed yesterday census divisions 12 and 13 in northern Alberta. I am not sure whether this is what the hon. gentleman refers to or whether he is looking at the situation in British Columbia. It may be that he is thinking of changes in the boundaries of the N.E.S. areas themselves. This is quite unrelated to designated areas.

The National Employment Service has over the years changed the pattern, shape and size of individual National Employment Service areas. This is done continually. As the economy of an N.E.S. area changes and development takes place in that general area of the country, perhaps the boundaries, as in the case of boundaries of political constituencies, are no longer appropriate. Previously the Department of Labour had responsibility in this regard but now it is the Department of Citizenship and Immigration and it is continually looking at the size, shape and structure of the National Employment Service areas for national employment purposes. They periodically redraw these boundaries in the same way that the boundaries of political constituencies are periodically redrawn.

This happened in relation to the Vernon N.E.S. area. The boundaries that existed some three years ago did not seem to correspond any more to the economic facts of that region so the boundaries were changed. This is how Salmon Arm came to be included. The assumption is that it has been put into a designated area. In fact, what happened was that Salmon Arm was put into the Vernon N.E.S. area. The question now is whether Sicamous should also be included in that N.E.S. area. This has nothing to do with designation at all. I hope I have made myself clear.

An interdepartmental committee is now studying the N.E.S. areas all the way across the country to see how appropriate they are to current circumstances in the light of representations that have been made by a number of people, including the hon. member for Grey-Bruce. That hon. member's basic unhappiness arises out of the fact that he does not like the way in which the National Employment Service has drawn the boundaries of the two N.E.S. areas in his constituency. Both these areas are in his county. The result is that part of his constituency is in an N.E.S. area which has been designated and part is in an N.E.S. area which has not been designated. The hon. member for Grey-Bruce would like the whole of his constituency to be designated. This is understandable.

There is no doubt that economic conditions close to and on either side of an N.E.S. line would be roughly similar. This is in the nature of things. Whether the dividing line should be a little north, south, east or west is something that is now being examined not only with regard to the Pembina area but for all N.E.S. areas in Canada.

Mr. Pugh: I should like to clear up one point, Mr. Chairman, because I think it is fairly important. The minister has said that in the efflux of time there have been changes in economic conditions and other circumstances which have resulted in the N.E.S. boundaries being changed. I wish to pinpoint one thing. Has any area been added to a designated area, at the request of the people in the area added, with no redrawing of the N.E.S. boundaries? This is the specific question. I am relating it precisely to the Grand Forks area, about which the minister knows, and the Okanagan Boundary designated area. Grand Forks is not designated; the Okanagan Valley is. Has any similar area been added to an already designated area other than with respect to N.E.S. boundary changes?

Mr. Drury: I can say no quite categorically, Mr. Chairman, and I hope this will never occur. We are authorized to designate N.E.S. areas, contiguous counties and census divisions, so that the areas which, as the hon. member put it, can be added must either be N.E.S. areas, counties or census divisions. The only way to incorporate additional territory is to change the boundaries of N.E.S. areas or those of counties or census divisions. But it has not been, and I hope it will not be, the case that additional territory or people have been added merely by reason of the fact that representations have been made.

Mr. O'Keefe: Mr. Chairman, may I as a representative of one of the provinces which has benefited quite a bit from this imaginative legislation introduced by the minister say that we congratulate him. We think he has done a very good job in the designated area

program. It seems more than merely passing strange to sit here and hear some of the rather bitter criticism from hon. members opposite, members of a party which some years ago formed a government which did precious little in my estimation to help solve or even try to cure any of the problems that have been tackled so energetically, and in many cases cured, by the Minister of Industry. They had five or six years to do these things, and while I agree they did some good things they could scarcely help doing them in that length of time.

• (12:30 p.m.)

Mr. Starr: Will the hon. member permit a question? Does he not think that $20 million spent on technical and vocational schools in Newfoundland was of some good to that province?

Mr. O'Keefe: I said you did some good and that was one of the good things, possibly one of the best, but it was one of the very few things. Under this program we will have 15 or 16 brand new industries, and some 36 million brand new dollars which we know will be used to provide a projected 1,000 brand new jobs. This is the kind of legislation we want. May I therefore congratulate the minister once again on his imaginative and liberal program.

Mr. McIntosh: Mr. Chairman, I was very surprised to hear the member for St. John's East contribute to this debate. He reminds me of the story of the father who had two sons. He rewarded one and punished the other. It is like the fellow who receives something and then thanks you for it. I think the hon. member has taken a very narrow view in regard to the regions which are being discriminated against. This is the point we are trying to discuss. I heard the minister say in answer to the member for Okanagan Boundary that industry was induced to locate in certain areas for the sake of temporary relief of the unemployment problem. I say to the minister that this is a very expensive way of dealing with that problem.

As I said before, it is not the Department of Industry which should be dealing with unemployment but the Department of Labour because this program was not primarily designed to help the unemployed. As Shakespeare said, "What's in a name? That which we call a rose by any other name would smell as sweet." The minister has been trying to tell us that this program assists industry. This is not so; it is purely a labour program and should be left with the Department of Labour.

It is certainly true that these grants assist industry but, as I said before, they represent a short-range view of the problem of industry. You are forcing industries to locate in areas in which they do not wish to locate because of certain special factors and by offering incentives or bribes which you give to them under the guise of grants and write-offs. It is only for this reason that they in fact locate their plants where you wish them to. However, if they took a long-term view of the economy of Canada, our foreign trade and everything else, they would choose other locations than the minister is forcing them to choose at the present time.

I agree with the minister that this program is not all bad; there must be some good in it. For instance, we have the example given by the hon. member for St. John's East of the $36 million received by Newfoundland which it would not have received if the program had not been put into effect. Nevertheless this was done at the expense of the non-designated areas. Is that fair? I think it is discrimination. You are playing one region against the other. This is not fair from the point of view of the decentralization of industry and it is not fair with regard to the continuing problems that these regions will have. Above all, it is not fair to industry because, as I said earlier, you are creating problems which will be very difficult to overcome in the future when the incentive program is completed.

I also say to the minister that this is a very expensive way of dealing with the problem of unemployment. These are much better ways.

Mr. Drury: What other ways?

Mr. McIntosh: Do you want me to go into them at the present time?

Mr. Drury: Yes, certainly.

Mr. McIntosh: All right. I will start with our secondary industries and the way in which they can be developed. One way is to make our goods competitive in foreign markets. The way to make them competitive is to adopt the measure taken by the former government.

The Chairman: Order, please. I appreciate the interest in the subject shown by the hon. member for Swift Current-Maple Creek and by the minister but I am afraid the Chair will decide what will be discussed. We are still on item 1.

Mr. McIntosh: Apparently the minister does not understand what we are trying to get across. I was going to tell him why this program is dangerous to the future of Canada, to its economy and its foreign trade. This is what we are trying to stop. If the minister wishes me to go into detail, I will certainly do so. I will also acquiesce to such a wish from the hon. member for St. John's East.

I simply wish to say at this time that this is a very expensive way of providing temporary relief for the unemployment situation in Canada. It is not an answer to that problem. We ask the minister to reconsider the program and change it to make it non-discriminatory.

Yesterday I listed many of the underprivileged areas. The minister is being unfair to many regions in Canada. I wish to draw the minister's attention to this fact. He said something about waiting for me to make a pilgrimage to his door. I say to the minister, don't hold your breath too long because you will never see the day when I will come to your door on my knees.

Mr. Saltsman: Mr. Chairman, if anything has come out of this debate it has been the general dissatisfaction with the area incentive program. In his opening remarks yesterday the minister chose to interpret the fact that there is so much opposition to this program as an indication of its success. He was pleased with the fact that people were putting forward different points of view. He interpreted this as a positive approach to this program. I would suggest to the minister that the contrary is probably true.

All of us surely recognize, in fairness to the minister, how difficult it is to implement such a program and how difficult it is to satisfy people with an area designated program which, as he points out himself, must of necessity be discriminatory in order to be effective. We realize he has to face a difficult problem.

I also think very few of us would quarrel with the idea of an area development program. We know there are disadvantaged regions in Canada, that many of these areas face difficult problems and that we have a responsibility to do whatever we can in their behalf. No one is arguing about this general principle. What we are quarrelling about, and the issue which we are now raising, concerns the particular method which the minister has chosen to implement area designation by using certain types of criteria.

[The Chairman.]

He has also explored other criteria, I am sure. As has been pointed out by some other speakers in this debate, to limit the criteria to the problem of unemployment is taking a short-range view of the situation. This is not an adequate concept of the area development program. I presume this is a formula which the minister has devised in order to ensure that no one will point a finger at him and say he is being arbitrary. It is a very rigid formula based on unemployment, income and other contingencies, and in this way he thinks he is being fair in the administration of the program. According to this formula, an area is eligible for the program if it falls within these criteria. This is really a lazy man's program and I do not believe the minister is a lazy man. He is certainly a most active man. He has implemented new programs and he has stuck his neck out on many occasions. However, this particular program is a lazy man's program. He is throwing things into the hopper and hoping they will work out.

• (12:40 p.m.)

In other words, the program requires a minimum amount of administration, a minimum amount of decision-making in order to make it work. Either an area fits or it does not fit. Everything is being stretched to fit into certain criteria in order to help the program work. Frequently, as has been pointed out, you kill innocent victims or at least you certainly maim them with this kind of program.

I am trying to be fair about this matter. I hope the minister will appreciate my concern. My riding is perhaps not affected so possibly I can be objective in this argument. During the debate the minister has heard a great deal of dissatisfaction with these criteria expressed. Members are obviously concerned about their ridings. Almost every week we see news items that an industry has moved out of area B into area C or A because of the incentives offered to do so. Naturally these members are greatly concerned and you can hardly blame a member for saying, let us scrap the whole program because it is not doing much good. This is not what we are saying.

Some provinces have come to the federal government and expressed their disapproval of the program because it was not in harmony with their own plans. I could mention the Maritimes, and there is also dissatisfaction in the province of Quebec where they are trying to establish growth centres based on a different type of criteria, economic planning and

the decentralization of industry. Manitoba has expressed its dissatisfaction because it does not like the way the federal government is offering help. The minister can say, as he has said, that the involvement of the federal government in this matter is limited because it can be based only on unemployment. This is a federal responsibility, but economic planning comes within federal jurisdiction to a very limited extent only. I suggest to the minister that perhaps what is called for at this time, in view of the great dissatisfaction which has been expressed in almost every part of Canada, is a federal-provincial conference on the subject of economic planning.

We need a conference to determine how these criteria will be interpreted or if there are better criteria than we have now instead of the limited approach the minister has taken to this subject. I respectfully suggest to the minister that we might first of all get our program in harmony with the plans of the provinces and, second, more in harmony with the whole concept of economic planning, the whole concept of economic feasibility as I used the term the other day. We should be putting industry into those areas where it has a reasonable opportunity for survival, where it can be productive. I resent using industry in this particular fashion to try to cure the short-term unemployment problem. It is admirable that the government wants to cure the short-term problem. I suggest that in the long run, however, if we use industry in this fashion and try to locate industry for this purpose, the long-term problem will be extremely difficult to solve. We will be impairing our ability to be productive and competitive. I think this is something we have to consider seriously.

There is no sense in enticing somebody into an area if the prospects for his long-term survival are not going to be good. When I spoke the other day I perhaps used some fairly strong language to describe this type of program. I do not believe this is the time for strong language. I hope the minister realizes we do not want to hold up these estimates, but the reason this debate has taken place is our deep concern about the criteria. As the hon. member for Timiskaming has pointed out, what do we do about it? How do we, as members of parliament, indicate to the minister that some change has to take place in this method of designation, in establishing these criteria? We have an example here of interfering with the free enterprise system. The untrammelled, free enterprise system has a certain logic of its own, a certain ruthless logic if you like. An industry locates where it suits that industry, without regard to social considerations. We no longer accept this proposition. I am talking about all of us. We accept it to different degrees perhaps, but by and large we think there are social responsibilities to Canada.

We have, as I said, interfered with the workings of the free enterprise system and we have interfered in such a way as to get the worst of both worlds. We get neither the advantages that accrue when businessmen base decisions only on their self-interest nor the advantages which come from proper government economic planning based on getting the best co-operation in certain areas, the best long-range studies and so on, to enable us to do this sort of thing. If we do undertake such a program we will require staff to conduct investigations, economic feasibility studies, land use studies and that kind of thing in order that we will be able to say: This is what we should be doing here; we should be moving secondary industry in with primary industry. Perhaps we have to consider rate of extraction of a resource in an area based on a resource in order to ensure that after 15 or 20 years the resource does not dry up and we are left with a ghost town. You have to do this sort of thing if you are going to have a proper area development program. Perhaps it should not be called an area development program; it should be called an area plan. You cannot do this unilaterally at the federal level. You must do this in conjunction with the provincial governments. You must sit down and work out a national program in harmony with provincial objectives.

It is for this reason we are most anxious that the whole question of designated areas and the establishment of criteria be referred to a committee so that we can have a full discussion of this problem. We cannot solve it in a few hours debate. The problem is too complicated. All we can do in a debate of this kind is to point out our dissatisfaction with the program. The minister has already given us some assurance that he will try to improve the program. I am sure he will do everything in his power to see that the problem is referred to a committee, the proviso being that the committee has the time to study it. I suggest that the problem is of such importance the minister should be prepared to give assurance that a special committee will be set up to ensure a study being made. This program simply is not working the way we

would like to see it work, and it is not working, I feel, the way the minister would like to see it work. It is a program of limited application and I submit it has probably caused trouble for more people than it has helped.

I have listened to this debate with interest. If the minister thought I was just being obnoxious yesterday, I think he has had an opportunity now to ascertain that a number of other people feel the same say. If the committee had an opportunity to vote on this matter I am sure they would decide it should be discussed further. I am not one of those who say the criteria have not been effective. I have had an opportunity of speaking to the chairman of the committee, as I am sure the minister has, and I hope the minister will say the committee has agreed that this matter can be referred to it.

• (12:50 p.m.)

I am shocked that the minister would sit there and allow the item to pass without making that sort of concession after the matter has been discussed and I think some agreement arrived at.

Mr. Drury: Mr. Chairman, I have been advised by the chairman of the committee on industry, research and energy development that the steering committee, having been consulted, is prepared to consider this question. As a consequence I will take whatever steps are necessary to have referred to that committee the subject matter of the designated area program and the criteria therefor.

Item agreed to.

The Chairman: The committee will now turn to vote No. 1 of the National Research Council, including the Medical Research Council.

Mr. Starr: Is this under the Department of Industry?

Mr. Drury: I think, Mr. Chairman, there may be an error here. The votes of the National Research Council and the Medical Research Council have not been formally entered in committee of supply.

Mr. Starr: The Department of Defence Production is next.

Mr. Drury: It is merely the Department of Industry as a department which is now being considered. The next department to be considered as a department is the Department of Defence Production.

[Mr. Saltsman.]

The Chairman: The committee will now proceed to the consideration of the estimates of the Department of Defence Production.

DEPARTMENT OF DEFENCE PRODUCTION

1. Departmental administration including the care, maintenance and custody of standby defence plants, buildings, machine tools and production tooling and grants to municipalities in lieu of taxes on Crown-owned defence plants operated by private contractors, $21,330,800.

Mr. Drury: Mr. Chairman, in my statement covering the estimates of the Department of Defence Production I should like to outline the responsibilities of the Minister of Defence Production under the Defence Production Act.

Under this act the minister has exclusive authority to buy or otherwise acquire the defence supplies which are required by the Department of National Defence. Under this act the minister is also responsible for the organization and mobilization of the resources of Canada to meet the current and prospective needs of defence. The Department of Defence Production thus both purchases defence supplies and also assists in the production of such items where appropriate.

In addition, the government has approved the establishment within the department of a central purchasing agency to serve all the civil departments and agencies of the federal government other than the commercially-oriented Crown corporations.

As regards my department's primary reponsibility, which is to purchase defence supplies for the Department of National Defence, I should like to point out that there must be, and there is, a clearly defined division of authority between the Department of Defence Production and the Department of National Defence. It is the responsibility of this latter department to determine what is needed, when it is needed and where it is needed. It is our responsibility in the Department of Defence Production to meet these requirements at the minimum cost consistent with the need to develop and maintain Canada's industrial defence base.

It would not be practical to review all our defence procurement programs at this time but I would like to draw your attention to several areas of activity. In the area of shipbuilding requirements, work on the modernization and refit of the first six destroyer escorts of the St. Laurent class has been completed. Work on the seventh and last vessel, H.M.C.S. *Fraser,* is expected to be

complete in August. Work on the modernization of the first vessel of the Restigouche class, H.M.C.S. *Terra Nova,* is now under way. The first of the three Oberon class submarines that are being procured from the British ministry of defence, the *Ojibwa,* was delivered last September, and the second submarine, the *Onondaga,* was launched the same month. During the past year contracts were also awarded for the two tidal current survey vessels for the Department of Mines and Technical Surveys.

DeHavilland Aircraft of Canada Limited is under contract to design, develop and construct the ASW hydrofoil vessel which is of approximately 200 tons displacement. Marine Industries Limited of Sorel is the subcontractor responsible for the hull and superstructure. It is expected that the launch will take place late in 1966.

As a result of a study of government procurement policies in the shipbuilding field, Mr. Chairman, the government adopted during the past year the principle that national competition should be sought whenever the nature and operational circumstances of the requirement so permit. The first results of the application of this policy indicated most substantial savings to the Crown.

In the airborne electronics field new procurement programs have been undertaken to provide equipment for the CHSS2 helicopter and for the modernization of the CS2F aircraft. Procurement action is also under way in respect of the integration and modernization of Canada's fixed defence communications systems, and a wide range of fixed and mobile surface communication equipment is being produced for our services. During the past year operations on the mid-Canada line were terminated and maintenance requirements are in the process of being phased down.

In the aircraft field, Mr. Chairman, a program which is of particular interest at this time is that covering the CF-5 tactical fighter. The CF-5 aircraft was chosen as Canada's tactical fighter and negotiations are now in the final stage for the reconfiguration of the Northrop F5 aircraft to meet Canadian needs, and for production of the aircraft in Canada. Production is scheduled to commence in 1966 and first deliveries are scheduled for the last quarter of 1967.

Other significant production programs include that for 15 Buffalo aircraft for the Canadian defence forces. The contract has been awarded the DeHavilland Aircraft of Canada Limited and deliveries will commence in April, 1967.

In the armament and aerospace field, Mr. Chairman, the Black Brant rocket development has been meeting its design objectives and the joint United States-Canada high altitude research program has continued to meet its research and development objectives. A battlefield surveillance system known as "Periscopter" now under development in Canada may well have an important market potential.

The purchase by the department of automotive vehicles, Mr. Chairman, on behalf of the Royal Canadian Mounted Police and certain civil departments was undertaken during the past year. This action represents an important step toward the centralized procurement of all such vehicles for the federal government.

At this point in my statement, Mr. Chairman, I would like to make reference to the fact that preparation of a automotive vehicle safety code has been assigned to the Canadian government specifications board. The board will undertake this work in co-operation with officials of provincial governments and interested industrial, professional, technical, safety and research organizations. The code, which will be made up of sections dealing with the human, mechanical and environmental factors, will contain information on characteristics of drivers and roads which are related to accident frequency.

• (1:00 p.m.)

As I recently pointed out, it is proposed to give a high priority to the mechanical section which will include standards to govern safety features, but the sections dealing with human and environmental factors will be proceeded with simultaneously. It is our anticipation that the code will influence the development of safer automobiles and that it could also serve as the basis for encouraging uniformity of vehicle legislation and regulations. Not long ago I appeared before the standing committee on justice and legal affairs. On that occasion I discussed matters relating to the proposed safety code in some detail.

Looking at another area of activity, an international programs branch now provides central direction and guidance for all aspects of the department's defence export and international co-operation activities. The branch has drawn together and co-ordinated the activities of the Canadian Commercial Corporation and those formerly carried out by varied groups in the department itself.

The Canada-United States defence development and production sharing program, which has become an important part of the department's activities, aims at the optimum utilization of the Canadian and United States defence industrial capabilities by providing equal opportunity for Canadian industry to participate with United States industry on the bases of price, delivery and technical competence in meeting North American defence requirements. About 380 Canadian companies have obtained contracts under the program since its inception in 1959. While government activity has concentrated upon the creation of a climate of opportunity for Canadian industry to compete for United States defence business, the program depends for its success on the continued efforts of Canadian industry.

The agreed objective of the program is to assure maintenance of a long-term balance at the highest practicable level in reciprocal procurement of items of mutual defence interest.

The total of United States defence production sharing business obtained by Canadian companies from 1959 to December, 1965, has amounted to over $1.1 billion. During the calendar year 1964, this business amounted to $167 million and to nearly $260 million in 1965.

Canada's ability to compete in future defence production programs would be lost if we did not continue defence research and development projects in Canada to sustain the technological capability of our industry to produce the complex equipment that is required today. The Canadian government has, since 1959, provided assistance to Canadian companies to undertake development projects for both the United States and other allied defence programs. Financing is carried out on a cost-shared basis between the government, Canadian companies, and the United States or other allied governments.

From the inception of the program to the end of the calendar year 1965, a total of 105 defence development projects have been approved or recommended for government assistance to sustain technological capability in Canadian defence industry. Government expenditures have totalled $69 million. The program to the end of December, 1965, has stimulated $189 million in research and development activity in Canada aimed at meeting the defence requirements of the United States and other governments. Specific projects supported by the government's development assistance which have resulted in large-scale production for defence export include, in the aircraft field, a small gas turbine engine in the 500 horsepower range which is proving highly successful in military and civil applications; and in the electronics field airborne doppler radar navigation equipment and crash position indicator equipment are examples of items which are selling very well.

Although the department's international activity has been primarily oriented toward the United States, important opportunities are arising in other countries. This stems in part from the fact that unilateral weapon development in NATO and other countries is rapidly giving way to bilateral and multilateral arrangements between countries aimed at making the most effective and economic use of our individual and joint capabilities, replacing competition by co-operation, and conserving industrial and economic resources. Canadian defence industrial planning, therefore, must to an increasing degree be based on allied as well as Canadian military requirements and must be harmonized with the defence development and production plans of those countries with which our military planning is closely associated.

The past year has seen increased emphasis in our overseas international co-operation and bilateral defence trade activities. Departmental representatives have visited a number of European countries and Australia and New Zealand to develop further opportunities for closer collaboration and to survey potential defence export markets. Conversely, defence procurement missions from Britain, France, Germany, Norway, the Netherlands and Australia have visited Canada and we expect that some of these exchanges will result in increased co-operation in defence development and production between our respective countries.

The Anglo-Canadian committee on defence research, development and production, which was formed in 1963, last met in September, 1965. Considerable progress has been made through this committee toward a co-operative approach to the defence requirements of Britain and Canada.

[*Translation*]

The most recent event of importance in the area of bilateral co-operation was a meeting held early in December 1965 to set the stage for a Franco-Canadian Co-operation Committee on defence research, development and

production. As a result, we are at the present time actively employed in considering the precise possibilities of increasing industrial co-operation for defence between France and Canada.

By their very nature, such undertakings are not quickly translated into actual industrial defence projects. Nevertheless, a good start has already been achieved in co-operation with a number of countries and we are in a position to expect that practical results will be more noticeable in the future.

The rising trend of defence equipment exports to overseas countries appears in the statistics of Canadian industrial volume which amounted to some $45 million in 1962, to $53 million in 1963, to nearly $60 million in 1964 and to approximately $68 million in 1965.

The Canadian Commercial Corporation which, as I have indicated, has been incorporated with the Department of Defence Production, continues to assist in the development of trade with other countries by supplying a contract completion service to foreign governments wishing to purchase defence equipment and other supplies in Canada at the government level.

[*English*]

The Department of Defence Production also continues to make progress in the implementation of the recommendations of the Royal Commission on Government Organization relating to the department. As I have already mentioned, the government has approved the establishment within the department of a central purchasing agency to serve all departments and agencies of the federal government other than the commercially-oriented Crown corporations, and has also approved the establishment of the basis for an integrated supply service.

As far as purchasing is concerned, appreciable progress has been made since 1964 when we first integrated the purchasing functions of the Department of Public Printing and Stationery. During the year 1965 the Department of Public Works purchasing responsibilities in regard to furniture, janitorial supplies and maintenance, repair and operating supplies in Ottawa, Toronto and Montreal, were transferred to the Department of Defence Production. The personnel associated with these functions were also transferred to and integrated in the department.

• (1:10 p.m.)

In accordance with the over-all plan and schedule which was prepared for the orderly transfer of the purchasing functions of other government departments and agencies during the next few years, the purchasing functions hitherto undertaken by the Department of Citizenship and Immigration and those undertaken by the Department of Northern Affairs and National Resources for units in the Northwest Territories were transferred to D.D.P.

The purchasing responsibility for all government departments and agencies for our new national flag has been given to my department, and on April 1, 1966, the merger of the purchasing functions of the Department of Veterans Affairs was completed, while on May 1 the department assumed the purchasing functions for the national museum.

We have firm plans for assuming the purchasing functions during 1966 for the Department of National Health and Welfare, the national parks and historic sites (eastern and western areas) of the Department of Northern Affairs and National Resources, and the public archives and national library of the Department of the Secretary of State. My officials are also working closely with the Department of Transport in order to plan for the consolidation of some of their purchasing activities later this year.

In the field of supply the initial phase in the organization of a Canadian government supply service has been completed. This phase entailed the establishment of a basic organization of six headquarters branches whose specialized technical staff will engage in research and policy formulation in the fields of cataloguing, specifications and standards, regional purchasing, warehousing and distribution, traffic management and quality assurance.

These headquarters branches will ensure that the Canadian government supply service takes full advantage of the most up-to-date procedures, methods and techniques and equipment. This means an effective system of identification and classification of items, the preparation of specifications and the establishment of standards for the most commonly used items, the determination of the most economical purchasing methods, the latest warehousing techniques, and efficient control of transportation costs and the assurance that there is an acceptable quality level in the

items that are purchased for the consumption of the federal government departments.

I commend these estimates to the consideration of the committee and hope for their early approval.

[*Translation*]

Mr. Mongrain: Mr. Chairman, may I put a question to the minister?

Concerning the purchases made by his department, are instructions given to purchase Canadian goods except where it is absolutely impossible to do so?

Mr. Drury: As a matter of principle, Mr. Chairman, efforts are made to buy and find Canadian goods. As I have explained, my department goes as far as to promote Canadian production of some items which were not previously produced in Canada.

[*English*]

Mr. Skoreyko: Mr. Chairman, I have little to say about the statement which the minister has made but I hope this is the right time to deal with the Crown Assets Disposal Corporation because I have one or two matters to mention in connection with its operations. I have before me a letter written to an Edmonton firm by William C. Gow, salesman, of the Calgary office of the corporation under date of May 5. It reads:

Dear Sir:

In reply to your letter of April 28th, 1966, requesting confirmation that the above named firm is still on the mailing list for surplus vehicles.

We wish to advise that our revised procedure only permits us to sell to distributors, garages and licensed dealers in the automotive trade.

I ask, does this letter refer only to surplus automobile equipment owned by the government? The letter continues:

We are attaching hereto an application form and in the event that you comply with the above conditions would you please complete and return to this office in order that we may review your request and if acceptable return your firm's name to our mailing lists.

Please accept our thanks for bringing this matter to our attention and we anticipate your early reply in this regard.

The firm in question, Midland Mortgage, has been interested in excess buildings, and I have an application in front of me respecting some buildings that have been declared surplus in the Beaverlodge area. This company was interested in their acquisition but I understand it does not qualify to remain on the corporation's list.

I would like to know the minister's definition of licensed dealers. Who is qualified to buy surplus commodities from the government? Are the three categories listed in this letter the only people entitled to buy them? If they are, I cannot see why a garage or automobile distributor would be interested in buying chicken coops, portable hay houses and portable hog houses available at Beaverlodge.

Is the letter incomplete? Does it mean that people in the construction business can buy buildings, people in the automobile business can buy automobiles and people in the office equipment business can buy surplus office equipment? Is that the intent of the department?

What are the criteria under which people can qualify to be put on the list? I understood previously that any legitimate business could be put on the list, but these people in Edmonton have been notified that they do not qualify and therefore are no longer on the list.

I would like to know why the corporation uses the method of advising only those people on its list about the availability of surplus crown assests. I suggest it might be wise to consider the principle followed by provincial governments. Applied to the federal government it would mean that such assets would be advertised in all the national newspapers thus allowing everybody to bid on surplus government commodities. This would eliminate any suggestion of discrimination or political patronage. Every farmer in the west with the necessary resources would then be able to bid on the surplus agricultural buildings at Beaverlodge.

• (1:20 p.m.)

The provincial governments find this method very effective. They are able to realize a fair price for surplus commodities. I suggest to the minister that he should consider using that system rather than the present one because when Midland Mortgage, as I have mentioned, is taken off the list for very little reason one might think that there is patronage involved with respect to who should and who should not be on the list. How are people put on the list? Are you invited? Do you answer? No one really knows. Do you go to your member of parliament and say: "I want to get on the list"? How does a contractor in the city of Edmonton, for example, make inquiries concerning how he can get on the list? Does he communicate with the people in Crown Assets Disposal Corporation? How is

it done? I should like to have an answer from the minister in this regard. In view of the many cancellations in respect of the old and existing lists, I think it would clear up a very important question in the minds of some of the business people, particularly in my area.

Mr. Drury: Mr. Chairman, I do not know the circumstances surrounding the Midland Mortgage Placements Company Limited removal from the list, as the hon. gentleman puts it. I hope to have that information a little later. Let me say, however, that in general Crown Assets Disposal Corporation is charged with the task of disposing of surplus commodities entrusted to it for disposal. These are commodities surplus to the requirements of the Crown. In the disposal of these commodities the corporation endeavours to realize, through sale, the best possible price for the taxpayer. Obviously the return to the taxpayer is a net of the sale price realized less the cost of selling.

Through experience over the years Crown Assets Disposal Corporation has concluded that in respect of some commodities it is better economics to carry on business selling to wholesalers than it is to try to get themselves into the retail business. In respect of other items it is better, and indeed essential, to do the retailing job themselves. In the case of buildings or properties, for instance, they operate as retailers; they advertise as widely as possible and send out invitations to tender or bid in respect of the properties. Anyone who wishes to put in a bid is free to do so and indeed is encouraged to do so. In respect of certain commodities which may recur, however, notably scrap metal and scrap clothing, and which periodically appear on their list for disposal, they have developed a pattern of selling to the trade. They have discovered it is productive of a much better return to sell to the trade for disposal and resale than it is to conduct a series of public auctions or engage in whatever other method there may be of retailing the commodities.

It costs more to sell to the trade at retail than it does at wholesale and the net is higher on occasion, as has been shown by experience, by selling to the wholesale trade. This is in relation to scrap. In relation to any surplus commodity, however, whether it be buildings, property or movables, anybody is entitled to put in a bid. The high bidder, who is financially responsible, of course—and I must always make that exception—gets the sale. I have one qualification only to make to that and it is in relation to surplus motor vehicles. This is a special case. Apart from that anyone is entitled to bid and the high bidder makes the purchase. So in so far as items other than motor cars are concerned Midland Mortgage Placement Company Limited is free to bid and free to buy anything and everything. The only things demanded of them are (a) financial responsibility and (b) the high bid.

In order to encourage interest in bidding Crown Assets Disposal Corporation has a list of people who in the past have been in the habit of buying and who have demonstrated a real interest in buying as distinct from merely curiosity. Anyone who has demonstrated or any corporation which has demonstrated a real interest in buying is put on a list and the list is circulated. Duplicates of the public notices of sale are sent to the person or the corporation to make sure that the advertisement is not overlooked. In this way it is drawn to their attention in the hope that they will bid. In order for anyone to get on this list all we ask is that they exhibit something more than mere curiosity so that the Crown is not put to the expense of sending out these notices to somebody who never is going to make a purchase. People who in the past have been receiving these notices and have never done anything about them are crossed off. This is the list to which I think the hon. member has been referring.

If Midland Mortgage Placement Company Limited is serious about bidding, Crown Assets Disposal Corporation is delighted to send them notices of invitation to tender in the hope that these will produce real bids.

Mr. Skoreyko: With the exception of automobiles.

Mr. Drury: Yes. The question of automobiles is another story. Recently the Department of Defence Production has undertaken the task of acquiring automobiles to meet all the requirements in the government service and not merely in the Department of National Defence. This gives rise to the problem of how to dispose of the vehicles for which the new vehicles generally are replacements. Most of the new vehicles are replacements rather than original equipment to fill a need which never existed before. So there is a turnover problem. Previously, under the old practice of allowing individual departments and agencies to make their own deals in any way they could with any dealer whom they chose, this problem of disposing of surplus

vehicles did not arise because part of the purchase price involved in getting a new car was taken in the old one.

We have explored quite extensively with the trade, from the Crown's point of view, the most advantageous technique by which to dispose of the surplus cars. The various techniques which occur to me offhand are private sales such as one might make through a newspaper advertisement in the personal columns, public auctions, sales to individual dealers on a negotiated basis or by inviting dealers and the general public to bid, or sales to the wholesalers again on a negotiated basis. There are many alternatives which present themselves. One has to arrive at a device or system which will meet in the best possible way the situation where 30 cars have to be disposed of at one time in the city of Toronto or one car at Yellowknife in the Northwest Territories. Obviously it is difficult to have a uniform, single technique which is going to cover all of these situations.

• (1:30 p.m.)

We have come to the conclusion, and so far this is only experimental until we see how it works, that the best way to do this, in order not to disrupt the trade and produce instability of prices by dumping large numbers of cars on occasion on the retail market, is to deal only with the trade, namely, dealers, in the hope that we will obtain a continuing interest and market with a consequential stability of the market. That is our approach and it is for that reason that Midland Mortgage, which does not by its name sound like a second hand car business, would not be invited to bid for used cars.

Mr. Baldwin: Mr. Chairman, I should like to ask a question because of the statement that the general methods employed by the corporation have pretty well been maintained over the years. Perhaps I misunderstood the minister and, if so, I hope he will correct me.

In 1964 the public accounts committee had some anxiety about the methods employed by the corporation, its disposal procedures and techniques. This anxiety was particularly applicable to certain negotiations and transactions which took place in regard to the Department of National Defence. That committee made some recommendations in its seventh report in 1964 to the effect that sales inspection procedures followed by Crown Assets Disposal Corporation should be revised with a view to improving sales techniques. Some time in November of 1965 the minister replied that steps had been taken or were being taken by the corporation to revise and upgrade its operating instructions in the area of pre-sales analyses and inspections. He also stated that the corporation proposed to undertake a more aggressive sales campaign in such areas as market research and analysis to develop new methods of improving its solicitation lists and explore ways and means of interesting new and substantial merchandising outlets. I was interested in this in view of what the hon. member for Edmonton East said about developing new methods of improving the solicitation list.

Can the minister tell us whether, after his statement of February and in line with what he said, these new techniques have actually been instituted and whether the corporation is making progress in this regard? Has the corporation been successful as a result of these new techniques in displaying a somewhat better method of developing solicitation lists than was displayed at least to the public accounts committee when it investigated this matter?

Mr. Drury: Mr. Chairman, I did not and do not want to give the impression that Crown Assets Disposal Corporation is unchanging or unchangeable. What I really should have said, in relation to the hon. member's question, is that sales to the public and to the highest bidder and realizing the highest returns to the Crown are objectives that do not change. As to the means of achieving these objectives, improvements undoubtedly can be effected.

The views and advice of the public accounts committee have been accepted with enthusiasm by the corporation and a number of them have been put into effect. Others are in the process of being incorporated, but I am not sure that others are entirely appropriate to the degree that the public accounts committee suggested. Considering the size of the Crown Assets Disposal's operation, one can very quickly understand that as a sales organization it could bankrupt itself by spending too much money on marketing investment. I am sure the hon. member will appreciate that. Certainly a little more in the way of marketing analysis than has perhaps been the case in the past would be and has proven useful in respect of Crown Assets.

Mr. Baldwin: Would the hon. minister make some reference to the phrase "solicitation lists"?

Mr. Drury: Solicitation can be done in a number of ways. As I have indicated, one is by public advertising in newspapers and other media, and this costs a certain sum of money in terms of the impact one creates. Another method is by direct mail. I suppose those are the two most important ones. At the present time Crown Assets is employing both, and from time to time in respect of particular commodities more of one and less of the other or more of the other and less of the one proves to be the most efficacious in achieving effective price bid solicitations. The corporation does want to get as much interest in what it is selling and as many bids as possible, having in mind always that one must not allow the cost of the solicitation to become unreasonable in terms of the advantage obtained through having a few more bids. I am sure the hon. gentleman appreciates that fact.

As the public accounts committee has pointed out, perhaps not enough emphasis has been placed on active solicitation at some additional expense. Perhaps this would be desirable and I think it is in the process of taking place.

Item agreed to.

The Deputy Chairman: This concludes the estimates of the Department of Defence Production. We shall now study the estimates of the Department of Citizenship and Immigration.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

1. General administration including the promotion of a program for the employment of the older worker; the promotion of programs for combating seasonal unemployment; the organization and use of workers for farming and related industries; and the manpower consultative service, $3,913,500.

Mr. Marchand: Mr. Chairman, I am sorry I was slightly late. I just had a sandwich so I would be able to read this statement.

[*Translation*]

Mr. Chairman, in the course of the next weeks and later in the session, the house will have before it at various times the consideration of the plans of my department. As a result, my statement will be restricted to the estimates and general remarks indicating our major aim and the projects we are trying to carry out.

May I first be permitted to pay tribute, whatever their political persuasion, to my predecessors in the Department of Citizenship and Immigration and in the Department of Labour. I should also like to note the devotion of the officials of these two departments, particularly during the past few months, while the changeover and the new direction was being prepared.

The functions assigned to the Department of Citizenship and Immigration as well as the establishment of a new department which will direct manpower policies and programs at the national level would seem, I feel, to make up a most interesting program, the importance of which must be stated.

[*English*]

Successive governments have developed a variety of programs designed to improve the utilization of our human resources. There are many good programs already in existence and the department of manpower will not be launched with the idea that all present programs need to be replaced.

• (1:40 p.m.)

We do believe that existing programs can be made much more effective within a single agency and that agency can also plan, develop and implement whatever new programs are required. I know that members fully appreciate why manpower policy has become so important. We all recognize that the increasing rate at which the world is changing requires in people an adaptability never before necessary in our history, and that in our society the pace of change itself is accelerated. We cannot arrest these changes. We must accept a new pace, understand it, master it and profit from it.

The estimates you are being asked to approve bring together in the one department the national employment service, the immigration service, the training, rehabilitation, mobility and winter employment programs, the manpower consultative service and the groups responsible for economic and social research and labour market analysis. All the active manpower programs are to be the responsibility of one strong, integrated, national manpower service with offices across Canada organized to give a full range of advice, counsel and service to worker and employer.

[*Translation*]

I believe that concerning the organization and the arrangement of the staff, the progress achieved tends to increase the efficiency of the department. We can already rely upon several skilled and devoted employees. In the

years to come, our first aim will be not to initiate new plans but rather to get ready to increase the results of present programs, to improve on their quality, to make them more accessible to those who will need them and to render services where required.

Such is the state of mind with which we are inspired in setting up a manpower service based on the organization that other bodies and other departments have already created. Integrated as to its purpose, the manpower service will be highly decentralized in its organization. It will be concerned with the different needs in various areas and various industries. Its scope and objectives will be national, taking the regional needs into account. Furthermore, it will operate in close co-operation with the provincial governments.

The five regional directors will be responsible for all federal manpower programs, for the National Employment Service as well as for the numerous other work performed up to now in the department at Ottawa. The regional directors will be under the assistant deputy minister, but they will have at hand and under their direct orders, experts and specialists who will enable them to keep informed on the needs of industry, to work with the provincial governments and to support much more closely the local manpower offices. The personnel of the N.E.S. is much smaller that the staff authorized by parliament. We have an enormous job ahead of us, in the recruiting as well as in the organization. Our own staff training will be of major importance.

[*English*]

If I were asked, Mr. Chairman, to state the department's current objectives in their simplest terms, I would reply that we simply intend building an organization for doing things for people. Our purpose is to assist the growth of Canada by helping people to get better jobs and to do better jobs or broaden the opportunities that are open to them. Our concern is with the challenge of the present. It can all be said very simply, but I think that we all realize it may be very difficult and will require a complex and competent organization of dedicated and understanding people.

Immigration has been integrated with other elements of our manpower program in the new department. This is as it should be because immigration can in that way make its full contribution to the economic growth. I emphasize, however, that manpower is more than economics. It is people. In putting immigration into the manpower department there is every realization that the role of immigration is not to be measured solely in economic terms nor as a precise response to manpower requirements alone at any given time.

The shortages in our manpower requirements, especially with regard to skilled or professional people, is of vast importance in shaping immigration programs, but there are other important factors as well, including the social and cultural ones. Canada's social and cultural development has benefited greatly from immigration over the years. That fact is and will remain in the forefront of our plans and our work toward a wise and comprehensive immigration policy.

[*Translation*]

Some people have claimed that to place immigration under manpower could be conducive to its being planned solely in terms of our economic needs, without due regard to the social and humanitarian considerations which should inspire it. It was feared in certain quarters that entrusting immigration to a department preoccupied with employment would lead to a timid and unsteady program, amenable to the least fluctuations of our economy and employment in Canada.

I cannot accept the idea that economic and manpower planning could harm immigration. On the contrary, an active manpower policy requires an active immigration policy capable of increasing its efficiency and promoting growth and prosperity in Canada.

[*English*]

Because immigration is such a vital factor in Canadian growth and development, because it affects so many lives, it is essential that immigration be carefully planned and executed. It means that to the best of our ability immigration must be administered in accordance with the basic principles of justice and humanity which Canadians demand in their national endeavours. The reason immigration and manpower should be so intimately related is precisely that they both are concerned with human resources. In operational terms, as the committee knows, there has been a great deal of work done in the immigration service in recent years to modernize and reorganize its facilities and strengthen its staff. I venture to say that in many ways it is ahead of the rest of the department and we are leaning heavily on

the experience and involvement of the immigration service in developing the department as a whole.

I have taken more time than I intended but I did wish to speak today in terms of the principles which are motivating the department. The needs are very great. We have high objectives and some of the organizational problems may be quite difficult. In no sense would I wish to convey to the committee that manpower has now become an exact science. I am looking forward to suggestions and will be glad to give or secure answers to any questions that hon. members may have regarding these estimates.

[*Translation*]

I should probably make clear that our estimates are presented to you in a provisional form as we are determining the responsibilities and duties of the new department. The estimates for 1965-66 respecting tasks previously entrusted to the Department of Labour are indicated only where all these tasks have been transferred and when a separate vote had been written down for this purpose in past year estimates. Where no amount is indicated for 1965-66, the vote of the previous year is transferred to the estimates of the Department of Labour.

I hope, Mr. Chairman, the hon. members of the house will accede to my request and approve the estimates before us.

• (1:50 p.m.)

[*English*]

Mr. Bell (Carleton): Mr. Chairman, these estimates reflect the as yet unconsummated marriage of immigration and labour. My desire to preserve the chastity of each is well known to members of the committee but it appears there is no option but to relax, if not to enjoy. And so, sir, I propose this afternoon to deal mainly with immigration and citizenship. Other members of the opposition will deal with matters related to manpower.

This is the second time in just over three months that the estimates dealing with immigration and citizenship have been before the committee of supply. The intervening brief three month period has supplied ample evidence, as I said at that time, that the department has suffered greatly as the result of being under four ministers during a period of less than three years. I wish to say that I do not think any of the ministers, least of all the present one, has had an opportunity to take firm control and become the active directing head of the department of immigration. I sincerely regret the game of musical chairs that has been played in respect of the portfolio of citizenship and immigration and I think that the public interest has suffered thereby.

I know the Prime Minister is unrepentant in this respect and I only hope that in the short life of the present government the hon. member for Quebec West will be given the uninterrupted opportunity to become a firm directing head of the department and to bring into effect vigorous policies related to immigration.

First I would like to speak of citizenship before those estimates are placed under the Secretary of State. I have already stated my grave reservations about this change and I will not repeat them. However, I think that in no other aspect of the department has the unique faculty of this government for procrastination and legislative indolence been so amply demonstrated. What has happened to the once urgent and long promised amendments to the Canadian Citizenship Act? What is the history of these amendments forecast at one stage by the hon. member for Papineau? Would you believe that in those early days when the Prime Minister was seeking to excite the bold and challenge the daring the first Speech from the Throne delivered on May 16, 1963 contained the following phrase:

> A change in the citizenship act will be proposed to ensure full equality of rights for all Canadian citizens wherever they were born.

I want hon. members to note those words. On hearing them parliamentarians of all parties gave three cheers. Their chorus of approval was premature. No final parliamentary action was taken while the hon. member for Papineau was minister of citizenship and immigration. So what happened? In the Speech from the Throne made on February 18, 1964, the following sentence appeared:

> You will be asked to consider amendments to the citizenship act which will ensure full equality of rights for all Canadian citizens wherever they were born.

Was any action taken? Of course not. In this first session of the new parliament, which opened on January 18 of this year, the author of the Speech from the Throne was highly original. He put it this way:

> My government will propose legislation to amend the Canadian Citizenship Act, in order to ensure equality of rights for all citizens.

What a travesty of parliamentary leadership and action these three quotations represent. What is the result at this session? Parliament has been in session for four and a half months and the hon. member for Quebec West has done nothing to bring forward amendments to the Canadian Citizenship Act. If they were ready for introduction in 1963 as forecast by the Speech from the Throne, why could they not have been put on the order paper in January of this year?

If the amendments are what I expect them to be, we on this side of the house will put them through within a matter of minutes. However, parliamentary approval cannot be given to legislation forecast by a government which, with its typical languor or should I say somnolence neglects even to introduce it.

I do not like the legislative game being played of three successive Speeches from the Throne containing precisely the same forecast of legislation. If the government is serious in its intentions, let it act now. I say to the hon. gentleman: Introduce this bill, put it on the order paper tonight, not next week. The fact is that the government has no real interest in these amendments except as a carrot held out politically to influence naturalized Canadian citizens.

I put it to the minister now, and I have no doubt I will have to repeat it to the Secretary of State later, that it is time they stopped sitting on their hands; it is time they went to work to put into effect legislative reforms which were once so dear to the heart of the hon. gentleman from Bonavista-Twillingate. I think I can forecast what will happen. The next Speech from the Throne will contain the same pious hope. This is one prediction which I hope will not be fulfilled.

In my view this country has been lax and dilatory in its citizenship program. Last year I had the opportunity to visit Australia where I was vividly impressed with how much greater was their sense of national identity, their pride in nationhood, in the greatness of a wonderful and aggressive nation which, however, does not equal this land either in resources or in potential. We are throwing away the advantage that we have in this country.

Of course, I do not believe in jingoistic indoctrination but I do believe most earnestly that we are not giving sufficient support to the dedicated work of the officials of the citizenship branch, nor is there sufficient coordination of the federal and provincial activities in the field of citizenship and of both with the educational systems.

Today, for the first time in a hundred years the survival of this nation is imperilled, and I believe a massive effort in the field of citizenship is imperative. Our philosophical objectives and our targets as a nation, our right to be proud of and to respect our various traditions and heritages should be delineated and promoted. Nothing less than a massive effort by the citizenship branch will be sufficient. I hope that when the minister replies he will tell us what the government plans in this field, what he plans in the field of citizenship education and registration. Is sufficient effort being made to encourage eligible persons to apply for citizenship? What are the plans for the establishment of additional courts of Canadian citizenship? What is being done to make Canadian citizenship ceremonies more impressive and more warmhearted?

• (2:00 p.m.)

From time to time I hear complaints about one or two judges of the courts of Canadian citizenship displaying sharp or at least unsympathetic attitudes to applicants. Personally I hope the present minister, or the Secretary of State when it becomes a matter for that minister, will talk turkey to any judges guilty of such conduct, for nowhere is it so important to have warmhearted understanding, friendly human treatment, as in these courts. Any judge who wraps himself in his judicial cloak and speaks and deals with applicants in the fashion of a harassed magistrate in a metropolitan police court is doing a grave disservice. One judge whose friendliness and warmhearted understanding is frequently commented upon to me is the local Ottawa and Carleton judge, Judge John A. Dawson. His broad knowledge of people, his general affection for all men, his lack of side or pomposity, his ability to combine firmness with charity, these qualities which he has demonstrated amply are qualities which should be emulated by all citizenship judges.

I should like now to say a word about another aspect of citizenship which concerns me greatly, namely, the handling of the so-called security cases. The minister and all his predecessors in this chamber will know the problem. It is one which caused me the gravest concern of any in my brief sojourn in the department. I confess I agonized over these files and wrestled with my conscience which I could never satisfy. The existing

system, I am certain, is wrong, blatantly wrong, and had I remained minister for a month or two longer the system and the principles behind it would have been drastically altered. I think perhaps that is as far as I am entitled to go in the light of my Privy Councillor's oath. However, I urge most earnestly upon the minister and the Prime Minister that the terms of reference of the proposed royal commission on security be drafted to include a provision for consideration and report on this particular aspect of security. The minister will find in the departmental files a secret memorandum written by me at the end of my ministry, in my own indecipherable handwriting, expressing my views. I venture to submit that those views so expressed might be considered now by the minister and later by the royal commission.

The depriving of Canadian citizenship of persons who have been in Canada for lengthy periods, and who hold political views which are entirely legal in this country, is a most serious matter in a freedom loving nation.

I should like to turn to a discussion of immigration. As the committee knows, I am an unrepentant expansionist in connection with immigration policy. It is because of that that I confess I am a bit appalled at the audacity of the government in bringing forward these estimates without a white paper being presented, without even a prior acknowledgement of the existence of the Sedgwick report, with no statement of government policy about its important recommendations and without any action to revise and update the Immigration Act. I use the word "audacity" and I think it is an effrontery to parliament; yes, and it is arrogant. The government and the minister have been simply swinging the lead. I have no apology for saying to the minister that he has been swinging the lead in this respect. There have been questions in the house by various members on the imminence of a white paper, when would there be a statement of government policy, and he has simply avoided the issue.

His latest gem was a suggestion that the new policy would be announced soon to enable the hon. member for Carleton to sleep more peacefully. Well, sir, my sleep is unimportant.

Mr. Haidasz: May I ask the hon. member a question?

Mr. Bell (Carleton): Delighted.

Mr. Haidasz: I should like to ask the hon. member whether he swung the lead when he was minister and failed to bring in any changes to the Immigration Act?

Mr. Bell (Carleton): I will deal precisely with that situation. I took specific action which is now bearing fruit. This will be found in the files, and I recommended that we should have an expansionist policy in immigration. My friend knows that. He knows that as soon as I took command of that department I went out to the public and sought to gain support for an expansionist immigration policy.

Mr. Haidasz: But there was no change in the act when the hon. member was in charge of the department.

Mr. Bell (Carleton): I will deal precisely with that before I finish. I will tell the hon. gentleman that the regulations were amended and a specific deadline date established when we would then advance the amendments to the Immigration Act.

Somehow, sir, we were discussing the question of my sleep. I say my sleep is unimportant compared with the long Rip Van Winkle sleep of this government. Not even a snore disturbs their slumbers. The hon. member for Vancouver Centre in my view is a man who really believes in immigration. If he had been kept in the immigration portfolio he would have done a tremendous job. However, he was shifted into a portfolio in which I do not believe he is extremely happy, and this is one of the major regrets that we in this house have.

The white paper on immigration was first mentioned on December 31, 1964, when the Prime Minister promised it at the beginning of the next session. Well, two sessions later we are still awaiting it. Four ministers have been unable to persuade the cabinet to adopt a white paper. The fault is not with the officials of the department. The two gentlemen over there know very well that the department can produce all the necessary material and have it ready within 48 hours, if the minister knew what he wanted to establish as a policy or if the cabinet would come to grips for a change with this important phase of our national life.

Now, sir, I think that actually this committee should refuse to pass these estimates without a white paper. Until I hear what the minister has to say about the inordinate delays that have occurred in connection with

this white paper, I reserve the right to move an amendment to reduce these estimates.

What about the Sedgwick report? We have not heard a word from the minister when he introduced his estimates. The original section of that report dealing with ships' deserters has been in the hands of the government for 13 months. What has the government done? What is the attitude of the government? Can the government not make up its collective mind on this? We cannot get an answer out of the minister concerning the problem of Yugoslav ship deserters about which the hon. member for Ontario has inquired. What does the minister plan to do? Will he follow the Sedgwick formula? Has he now some new magic to deal with the problem? I am not unaware of the difficulties, and there is a member sitting close to the hon. gentleman who knows that. I submit to the minister that a difficult problem does not just disappear. This stalling is no substitute for initiative. When he replies I should like the minister to tell us precisely what he proposes to do with these Yugoslav deserters. What is his plan for the future of these people? He has had the report before him for 13 months, and I think this committee cannot grant the minister a permanent reprieve from decision.

Why did the minister not tell us today when he introduced his estimates about his policy in respect of part II of the Sedgwick report? I think it is a most significant document. I want to ask the minister certain specific questions and I hope he will make specific answers. Does he agree that a genuine appeal should be established in all cases from the making of an order for deportation? What is he doing to bring this about? Is he contemplating, as Mr. Sedgwick suggests, that he might establish a procedure of "exclusion orders"? Is he contemplating a new class of deportable persons, namely, persons in Canada who counsel or abet others to remain in the country illegally? What are his plans for an immigration appeal board? Does he propose to give it final discretion or does he support my view, contrary to Mr. Sedgwick, that a limited residual authority should remain with the minister?

• (2:10 p.m.)

These are genuine questions to which I think the committee is entitled to have answers. They might properly have been answered in a white paper. How can the minister expect the committee to vote him supply without these answers? What are his plans for the more than 20,000 people who are in Canada illegally, according to Mr. Sedgwick who, indeed, adds that more are arriving daily? Does he propose an amnesty or moratorium?

Mr. Sedgwick had the courage to state his views clearly about sponsored immigration. These views, in which I do not concur, have caused consternation among a number of ethnic groups. What is the minister's policy? Does he propose to adopt Mr. Sedgwick's proposal to limit sponsorship to spouses and dependent minor children of Canadian citizens or landed immigrants? If he does, it will throw havoc into established patterns of immigration from Italy, Greece, Portugal and Hong Kong.

I think there must be great concern, Mr. Chairman, about sponsorships in some of the ethnic classes where in fact sponsorship exceeds the process of selection by our own immigration officers. But what does the minister propose? I think we are entitled to know this today.

What does the minister think about the processes and procedures of exempting by order in council a considerable number of individuals each week or so, or whenever an order in council can be passed, who are inadmissible under the regulations, a procedure so strongly condemned by Mr. Sedgwick? This, we remember, is how Hal Banks became a landed immigrant.

The Sedgwick report deals basically and fundamentally with all these issues. But a pigeonholed report is almost worse than no report at all. I want the minister to be frank and open with the committee and to give us the facts. I plead with him today not to try to rely on philosophical or brush-off answers to these very practical and realistic questions which I have put to him.

I ask him to tell us now to what extent the government is co-operating with the government of Manitoba in their free passage program to attract immigrants to that province. How will this program operate? Will it be attempted on a national scale?

I think, Mr. Chairman, that the committee should know that we simply cannot compete in the United Kingdom with the financial allurements offered by Australia. Nor do I think we can compete in other European countries. Three years ago I observed in Austria through a friend, the head of the Australian immigration mission to Austria, Mr. Fred Ordish, the manner in which that office in Vienna seeks to assist desirable immigrants to Australia. I only wish we gave

our officers abroad equivalent support and assistance.

Then, sir, what of the proposed revision of the Immigration Act to which the hon. member for Parkdale referred? The previous government had specific plans for a full-out revision and then decided that as a first step a completely new set of regulations with major policy changes should be adopted as an interim measure. That government announced that as soon as a reasonable period of experimentation with these regulations had passed a full revision of the act would be undertaken. I do not know whether this has been forgotten. The regulations have now been in operation for five years.

Mr. Marchand: Five years?

Mr. Bell (Carleton): Yes, I think so, or is it four? No, it is five. The period of experimentation, I suggest, is over. I submit that a full revision of this obsolete, archaic Immigration Act is overdue. I would ask the minister whether he would consider referring the draft act to the standing committee which could hear witnesses, get information and give all those interested the opportunity to make presentations. I ask him today to come to grips with the problem, because I am getting tired of drift and procrastination as a general instrument of national policy.

The minister has undoubtedly been able to review the Edith Ferguson report for the international institute of metropolitan Toronto, which has condemned apparently in vigorous terms governmental inactivity, especially at the federal level, in the provision of funds, programs and co-ordination for immigrant education. I have not yet been able to secure a full text of the report but the report in the *Globe and Mail* of May 30, 1966, disturbs one in respect of settlement arrangements. The report states in part:

> The study suggests that outdated attitudes toward education and toward immigrants are combining to hamper the Canadian economy.
>
> Blame for a lack of funds to remedy the situation is laid almost entirely to the federal government.

The report goes on:

> Federal immigration officers overseas fail to tell the prospective immigrant "that he will be expected to learn the language of the community where he settles, that unskilled jobs are likely to grow scarcer and that it would be advisable for him to consider the acquisition of some specific type of skill".
>
> She said the federal government is also remiss in making available only a single man's allowance to unemployed men registered in program 5 (a plan in which immigrants can take English lessons) who are supporting families in the old countries; another injustice is that no government subsidized scheme exists similar to program 5 for employed persons who wish to upgrade themselves.
>
> "Recent arrivals feel they have been misled by Department of Immigration officials who did not make the true state of affairs known to them at the time of application. When they write home or return home, they tell their experiences to other prospective immigrants."

There are many interesting statements in this report, including a number of specific recommendations. Doubtless the minister has studied the report in detail, and I would ask him to comment on these recommendations in some detail when he replies.

Earlier, Mr. Chairman, I said that I was an unregenerate expansionist in immigration policy. Canada requires a much larger population. A policy of genuine national development involves population planning or at least the development of basic concepts as to the quality, optimum size and rate of growth of population.

Mr. Munro: Would the hon. gentleman permit a question?

Mr. Bell (Carleton): Yes.

Mr. Munro: Does the hon. gentleman agree that during the latter years of the administration of which he was a member and minister of citizenship and immigration a severe cut-back was made in the budget which did not allow any real promotional program in immigration? As a result there was a marked decrease in immigration into this country during the latter years of that administration.

Mr. Bell (Carleton): I say to the hon. gentleman that as soon as I took over the portfolio of immigration I sought to have a marked increased in the amount of money which was made available, and I succeeded in getting that marked increase. I started a genuine promotional program abroad which, by reason of the attitude of the labour department toward immigration, had been cut up to that time. It is just because of this that I am so concerned now at the marriage of labour and immigration. I saw at once that it was from the labour section that the influences against immigration were being exerted. That is why I have described the new department of manpower and immigration as a department warring within itself. At least there could be war among two cabinet ministers under previous circumstances, but now it is a war within the department.

The hon. gentleman has access to the facts, and I would say to him that he will find the complete situation described in the files of the department, showing the policy statement which was set forth for the year 1963 and for future years.

In conclusion, Mr. Chairman, all I want to say is this. I have expressed in previous times my view that we as a nation should set specific national objectives. What I have said many times is that one national objective should be, on a long-range basis, an inflow of immigrants of at least 1 per cent of population per annum, subject to adjustment within the limits of .75 to 1.25 per cent of population. If we establish a clear target such as this we can avoid the drawbacks of annual immigration planning. For under annual immigration planning, facilities cannot be maintained abroad, particularly in terms of trained staff to carry out the immigration programs. The stabilization of immigration policy will permit the maintenance of a trained immigration staff able to cope with reasonable problems and emergency situations.

• (2:20 p.m.)

That is why I say this white paper is so much overdue. I appeal to the minister now to state policy forthwith and to proceed ahead with the greatest of vigour. The minister, I know, takes satisfaction in the rising immigration statistics. I take satisfaction in those also. I say to the hon. member for Hamilton East that this increase is the result of policies adopted in the autumn of 1962 and early winter of 1963. Governmental policy has really coasted since that time.

Sir, Canada needs more population. We need the cultural advantages of the best immigrants from other lands. We need the continuing stimulus to our economy. Let us go out to promote immigration. Canada has a wonderful way of life. Let us sell it with advantage to those who come to our shores. That advantage would as well accrue to us who are immigrants of an earlier generation.

Mr. Saltsman: Mr. Chairman, I should like to express on behalf of our party satisfaction with the present government arrangement in which manpower and immigration are considered as two sides of one problem. I do not think we can have an intelligent immigration policy unless we have an intelligent manpower policy at the same time. It is understandable that we wish to increase the population of Canada. Certainly I have always been very much in favour of strong

immigration policies for Canada. We must also realize that the long-range prospects and the success of any immigration policy depend on the institution of a manpower policy in this country that will assure the people who have become established here that there is no jeopardy to their interests when immigration is increased.

I do not think anybody's interest is jeopardized by increasing immigration. A great deal of misunderstanding has occurred about this in the past. By considering immigration and manpower as two aspects of the same problem, I think that most of the misunderstanding will disappear in future.

My remarks at this time are specifically directed to the department of manpower, particularly to the terms of reference of the minister in dealing with manpower and with specific reference to mobility. A few days ago I pointed out to the minister the criticism existing in this country about the segregation and discrimination that have arisen with regard to the government's policy of granting loans for mobility under some circumstances but not under other circumstances. It seems most unfair that there are not outright grants as opposed to loans.

As we have pointed out, many of the people who have to move from one place to another in search of a new occupation do not have sufficient funds at their disposal. They incur considerable costs in the process of dislocation. Even if they can obtain a loan, they are under a great strain to repay it in the future. I submit to the minister that this sort of thing is a most inhibiting factor in respect of mobility program. For the mobility program to be successful and realize its full potential assistance to anyone, after the resources of an area have become exhausted and nothing else can be done but move, must be given as expeditiously as possible. When circumstances arise in which mobility become a necessary answer the federal government should assume the cost rather than letting it fall upon the individual who in most cases is not responsible for the deteriorating economic circumstances of the particular region in which he lives.

Before the debate is over I hope the minister will indicate his feelings in this regard. I hope he will indicate that he intends to eliminate the loan system entirely and implement the mobility program on the basis of grants.

I pointed out the last time I spoke that the Economic Council has taken strong exception

to the loan aspect. It is also well known to the minister that the Canadian Labour Congress has taken exception to this policy also and has strongly endorsed a system of outright grants in order to ensure maximum mobility.

A mobility program is an absolute necessity in a country such as Canada. When an area develops economic difficulties I do not think that the government or anyone else should first say to the people there: Move out. This ought to be a last resort. Other choices should be explored. But when as a last resort we recognize that moving from an area is necessary we ought to do everything in our power to make the program respecting moving as fair as possible.

Not long ago we were discussing the estimates of the Department of Industry. I hope you will excuse reference to a previous debate, Mr. Chairman, but I am doing so because remarks were made that are applicable to what we are now discussing. In that debate the problem of area development was raised and the area development program was severely criticized. I believe that the area development program should be co-ordinated with manpower mobility.

It seems to me that not enough research and study have been undertaken into the inter-relationship of these two possible solutions to the problems of unemployment and area development. The government's mobility program has been subjected to criticism in some quarters. The province of Quebec is concerned about losing its people to other parts of Canada. That province, on the other hand, has been criticized for taking a parochial attitude on manpower policy. I think there is a lot to be said for both points of view. I am not trying to walk on both sides of the fence. I am trying to express the difficulties inherent in this particular problem.

• (2:30 p.m.)

It is understandable that there is great reluctance in any area to lose its people because frequently the people who are the most mobile are the most highly trained and their departure represents a drain on the resources of an area and inhibits its future development. To say we can have an unrestricted national policy on mobility may be fine in terms of expressing the ideal, but in practice we may have to settle for something less and face up to the sociological factors that enter into the national mobility concept.

I suggest that the minister have his officials, in conjunction with the experts in the Department of Industry who are responsible for the area development program, explore the idea of growth centres within sociological regions in Canada to see whether a mobility program tied into them would offer a more fruitful avenue than does the blanket national mobility program.

I have met people who have been displaced from where their roots are. They face a most difficult problem when they are transposed from their own section of the country which has outlooks, attitudes and values that their new place of abode does not always quite respect. We may talk in terms of ultimate efficiency which may decree that mobility should be unrestricted. In economic terms this may be an unanswerable argument but in social terms it leaves a great deal to be desired. Until we come to the point where discrimination has ceased to have its effects, until we come to the point where we can plan much better for the reception of people from other areas, until we come to the point where opportunities have been more evenly distributed so that the transition from one area to another is not such a severe wrench, then we should explore a combination of area development centres of growth and internal mobility within the social fabric of such centres of growth.

The minister is not responsible for housing policy but much of his good work in manpower mobility and even in immigration may be frustrated by the extreme shortage of housing in those areas into which manpower is being directed or encouraged. The Kitchener-Waterloo *Record* of May 14 had an article headed, "Migrants Cannot Find Housing—No Problem Getting Jobs". That is typical of many areas where employment is much higher than it has been for many years. Housing is a serious problem and its shortage is one of the great inhibiting factors to mobility and immigration.

Even though an area may have a housing shortage people do not suddenly stop coming to it. They still come, but the deterioration that takes place in the community fabric leaves long and profound ill effects. I suggest that the minister use his influence among his colleagues to see that priorities are established for housing. Some of the responsibility rests with the municipalities and some with the provincial authorities, but this is always encountered in every area that the federal government enters.

The minister should do everything he can to encourage housing development, especially in areas that are rapidly acquiring more population. This is necessary in order to preserve the social values of a community and prevent the discord that accumulates because the newer arrivals are usually the worst housed. It is the migrants, those who come from other lands and other parts of Canada, who experience the greatest difficulty in finding suitable and adequate housing, and this creates social inequities within the community.

We shall always have to pay a price for mobility but the ill effects can be mitigated by advance planning. When it is known that migrants are to move into an area, a determined effort should be made to increase the area's stock of housing. I hope the minister will be able to deal with some of the questions I have raised.

Mr. Thompson: Mr. Chairman, I believe the setting up of a department of manpower is a very sound decision provided that the application of the theoretical potential reaches its objective. I agree with the preceding speaker who said that one of the greatest needs in Canada's labour force is mobility.

My own province of Alberta and the province of British Columbia are experiencing a desperate scarcity of technical manpower. The problem is so urgent that both provinces have virtually set up their own immigration recruitment programs in Europe. Yet there are still large numbers unemployed in eastern Canada, some 300,000 according to the latest statistics. The fact that this discrepancy exists in job opportunities is indicative of a great need for mobility in our work force.

• (2:40 p.m.)

This is one of the challenges which I think faces the minister. I am sure we all respect his labour background. If ever there was a man on the ministerial benches with an opportunity to go out and do something to prove himself, in a sense he is that man. I am sure that members in all sections of the house wish him well, because the situation in Canada is one which certainly involves the entire economy and all the Canadian people. The decision to set up a specific department of manpower to deal with the aspect of labour would, on the surface at least, appear to be a very sound one.

Likewise I believe the decision to unite immigration and manpower under one departmental head is also sound, at least on a theoretical basis. We have heard criticism of this decision by the hon. member for Carleton. I understand his concern in that regard, and the situation which existed prior to his assumption of the office of minister of citizenship and immigration is something we all recognize. Yet I do not see that the alternative which was provided by his own administration solved the problem either because immigration, as it has been handled for the past five, six, seven or eight years or even longer, has not been satisfactory.

With the tremendous potential in Canada we ought to have a much higher rate of immigration than at the present time. So far as our observations in this party are concerned, we do not see that there is any reason why Canada should not have a population increase of 5 per cent a year for the next 50 years. This would be a reasonable increase. If we are to supplement the normal growth rate, not only will we have to aim for an immigration flow of 1 per cent of our population but up to 1½ per cent. Historically in the growth of our economy, the years when the growth of our nation has been most rapid invariably have been tied in with the years which showed the greatest immigration inflow. If we are to continue to occupy Canada and develop the growth which Canada should have, I think it is logical to suggest we must have a more steady, continuous and higher immigration inflow than we have had for the last ten years.

In respect of our labour problem as it relates to our immigration, I would hope that the minister would get out and put his shoulder to the wheel and at the same time clear away some of the bureaucratic obstruction which he faces. I would hope that he would move ahead and really do a job for the nation. The challenge is there. I say to the minister that what is needed at the present time is less bureaucracy and more immigrants. Also, I do not believe we will get a clear perspective of what needs to be done until the white paper is brought down and is given a very careful and thorough study, and until a study is made of the application of those things in it which relate both to the department of manpower and immigration.

Sometimes I find myself becoming very critical of the administration of the Department of Citizenship and Immigration. As members of parliament we are subject to all the pressures which come from those who wish to bring into this country their own families and their own friends. I really do not

think there is anything wrong with this type of immigrant because he has the stability of his relationship to someone here in this country which allows him to become more easily acclimatized. So long as these are the type of immigrant who will be able to fit into the skilled or semi-skilled job opportunity fields, this is something we should encourage.

I believe that one of the greatest obstacles in the whole problem of immigration, not just at the present time but for the past number of years, is the maze of bureaucracy which has developed in the selection of immigrants under successive governments. Again I think this is a challenge which rests upon the minister who comes to his position fresh from his experience in the field of labour and certainly with a familiarity with the employment problems we face and the needs facing us in respect of readjustment of the entire economic picture. We in this party are willing to give the minister a fair try and every bit of co-operation we can. I must say, however, that we are going to be watching critically what happens, because what has been the case is not good enough for the future.

So far as job opportunities are concerned, we in Canada stand in a very unique position. We are just moving into the era of industrialization in our country, following the pattern of many other countries in this regard. Because we are just moving into it I do not think the effects of automation really will have an adverse reaction on the over-all picture of employment in our country in our lifetime. The real problems which will come with automation and cybernetics will affect the older industrial nations more severely and critically than Canada. Retraining and readjustment to job opportunities on the part of industry is something which is going to be much less acute for us than it will be, for example, in Great Britain, in the more industrialized European countries or in Japan for that matter. On that basis, not only must we be working toward a 5 per cent population increase per year, which I think is a reasonable objective, but also a corresponding growth in the economy as well. I also think it is quite a reasonable objective to say that along with the 5 per cent increase in population we should expect a 10 per cent annual increase in the gross national product, because the two will go together hand in hand.

I believe one of the problems with which Canadians are concerned at the present time is the fact that we lack leadership at the federal level. We view with concern the fact that in almost every instance there has been stronger leadership and stronger administration at the provincial level than we have had at the federal level. We realize we must have strong leadership at all levels. I am concerned though that some of the provinces have practically had to develop their own immigration policies and have had to go out and develop their own trade policies. This is not good. There must be leadership from the federal government. This has been necessary as things have been but it is not ideal so far as the future is concerned.

I return therefore to the premise that the minister has a tremendous opportunity and challenge before him to get out and give leadership at the immigration and manpower levels which not only will make his own department vibrant and strong but in a very major way will affect the whole matter of unity and respect for the federal government which most Canadians are looking for at the present time.

• (2:50 p.m.)

I noticed in going over the estimates that there is what I hope is a trend toward improving the administration of our immigration services. There is a marked decrease in the number of personnel in some of the technical and administrative classifications at the lower middle salary range and a marked increase in the number at the upper middle range. Likewise there has been a greater increase in immigration officers this year compared with last, and I hope that this is a sign of an attempt to give more effective and efficient administration particularly in relation to immigration officers overseas.

I have in mind particularly Hong Kong. I know that the situation there has been the subject of criticism for a number of years. The truth of the matter is that the staff in Hong Kong is just not able to cope with the situation there. While that is a very peculiar situation the department must recognize that it cannot expect to have efficiency there in breaking down some of the problems that exist so far as administration is concerned unless there is an adequate number of officers of the proper level and standard to do the job.

I will not mention specific cases, although I could cite a number in respect of which it has been almost impossible to render the type of service an immigration officer should because of the pressure of work and shortage of staff. I hope also that immigration offices in Europe

will be expanded to meet the needs there, that the number of reports that have been adverse in so far as attracting immigrants is concerned will be less and that there will be a better public image created in respect of job opportunities and the ability of the Canadian economy to absorb immigrants than has been the case in Europe during the last several years.

I do not intend to say any more at the present time except to assure the minister again that he will receive all possible co-operation from us as long as he is moving toward doing something about the problems that exist. It is up to him to prove that the union of manpower and immigration under one ministerial head is a good thing. I urge upon him the necessity of bringing out a white paper in the immediate future and getting on with the new immigration policy that has been talked about in every Speech from the Throne in the past three years since the present government took office.

We appreciate the remarks the minister has made and hope he will elaborate on them a little more before the estimates of his department are completed.

Mr. Cowan: Mr. Chairman, there are three points in respect of which I should like to comment while we are discussing vote No. 1 of the estimates of the Department of Citizenship and Immigration. The first point I wish to make is more in the nature of a question than a comment. I have raised this point on two or three occasions in the past but nothing has been done about it in spite of promises contained annually in Speeches from the Throne. It has to do with proposed amendments to the "Canadian Citizenship Act which will ensure full equality of rights for all Canadian citizens wherever they were born."

The party sitting to the right of Mr. Speaker has been in power for a little better than three years, since April of 1963, during which time we have had four ministers of immigration. When you ask why the minister does not do something about the promises contained in Speeches from the Throne to the effect that an amendment will be made to the citizenship act the answer is always that the minister was not in office when the promises were made. It seems that in order to avoid putting into effect the promises contained in the Speeches from the Throne, the government changes the minister. I do not think that is good enough, because a Speech from the Throne is read by the Governor General who has been the same honourable gentleman since this party came into power.

In the riding that has been good enough to elect me to parliament there is located the town of Weston with a population of about 10,000. Very shortly after my election to parliament I received an urgent letter from Canadian citizens of Italian birth who were greatly exorcised over the fact that they had gone to Italy for a visit and because of the cost of living there and the number of relatives they had in Italy had stayed for a number of years. They understood that before coming back to Canada they had to have their passports validated, but when they sent their passports to the Canadian embassy in Rome they were informed they had lost their Canadian citizenship because they had stayed out of Canada for so many years during which time their passports had not been validated. These people were desperate because they had Canadian-born sons and daughters in this country and wished to return. They had renounced their Italian citizenship in favour of Canadian citizenship and were glad to have done so. They were informed by the Canadian embassy that they had forfeited their Canadian citizenship because they had stayed out of Canada for a certain length of time.

I immediately took the matter up with the minister of immigration and I am happy to say that these people received the utmost co-operation and their passports were validated, re-establishing them once again as Canadian citizens.

This episode occurred two or three years ago at a time when a tremendous decision was rendered unanimously by the supreme court of the United States whereby a German born wife of a United States citizen, who had been a member of the United States armed forces in Germany when he married, could not lose her citizenship as a result of the soldier-husband and wife returning to Germany after the war to the village or town in which his wife was born and raised. The United States supreme court ruled that this German native born citizen, having renounced her German citizenship and accepted United States citizenship, could not be deprived of her United States citizenship unless she herself voluntarily renounced it in favour of citizenship of another country. That was a tremendous decision rendered unanimously, and it represents a mountain peak of freedom for United States citizens.

I have been pressing this government, as have other hon. members, to amend the Canadian Citizenship Act so that the citizens of this country who have adopted this country as their homeland cannot be deprived of their citizenship except as a result of a voluntary act of their own. This government promised to do something in this regard in January, February, April and May, and if it stays in power long enough I suppose it will make the same promise in all 12 months of the year. We received a promise in the Speech from the Throne of Thursday, May 16, 1963 stating that:

> —a change in the Canadian Citizenship Act will be proposed to ensure full equality of rights for all Canadian citizens wherever they were born.

Then on Tuesday, February 18, 1964 the Speech from the Throne contained this promise:

> You will be asked to consider amendments to the Citizenship Act which will ensure full equality of rights for all Canadian citizens wherever they were born.

Those are very nice words and are exactly the same as the ones used before. However, nothing was done.

Then in the Speech from the Throne read on Monday, April 5, 1965, for the third time we were given the assurance that something was going to be done in the following words:

> A measure will be placed before you to amend the Canadian Citizenship Act, particularly in order to ensure full equality of rights for all Canadian citizens wherever they were born.

• (3:00 p.m.)

That is thrice on that one; but that is not sufficient to really let you know that the government means it. We repeated the statement on January 18, 1966, and we have this sentence in the Speech from the Throne:

> My government will propose legislation to amend the Canadian Citizenship Act, in order to ensure equality of rights for all citizens.

Well, there is one thing about it; the determination is exactly the same as when it was first stated, but the performance has certainly been woefully lacking. At one time when I raised this point as to why no action was taken following all these wordy promises, I was told that there was a hold-up in the amendments because they were waiting for a court decision with respect to those people of Dutch extraction who were refusing to swear by the Bible. That case went through the courts and a decision has been rendered, so that excuse is out the window.

I have been told that the amendments are ready; they have been prepared and the regulations are drawn up. I would like to ask the Minister of Citizenship and Immigration—I know this is his first house, but he is, after all, a successor in a line of Liberal ministers of citizenship and immigration—when we might expect to have this measure placed before us that will amend the Canadian Citizenship Act, particularly in order to ensure full equality of rights for all Canadian citizens wherever they were born.

Mr. Bell (Carleton): When, oh when?

Mr. Cowan: Well, we have had four promises. I do not know, but I would like to think that the fourth time we might be able to get some action.

Mr. Rynard: Three and out.

Mr. Cowan: I would like to return to another subject which I discussed at some length a week ago today. I refer to the question of citizenship. I want to return to it this afternoon when we are discussing these estimates because of the very interesting question that was asked of me by the hon. member for Lotbinière last Friday afternoon. I was questioning why it was that people are allowed to accept honours, decorations and awards from the King of Greece, the government of France, the government of the Netherlands, the government of Belgium and the government of Italy, but a Canadian citizen cannot accept an honour from the Queen of Canada, who is also the Queen of Great Britain.

The Deputy Chairman: Order. I regret to interrupt the hon. member for York-Humber, but he is now beginning to speak about a topic concerning the acceptance by Canadians of decorations from different countries throughout the world and I just want to ask the hon. member whether he sees any relevancy in this topic when we are discussing the estimates of the Department of Citizenship and Immigration.

Mr. Cowan: Mr. Chairman, I thought I had explained myself fully. I am speaking on citizenship and I am coming to the subject of the citizenship of a native born Canadian who, because the Queen of Canada gave him a title, is no longer a Canadian citizen. I wish to raise some questions on this matter and particularly to reiterate the question raised by the member for Lotbinière last Friday afternoon. At that time the hon. member—I

am sorry he is not here today; I was looking for him yesterday—asked this question of me:

> Is the hon. member aware of the fact that, in order to become right honourable, that is more honourable, it is necessary to become a member of the privy council of England? Does he not think that this is a bondage, since one must become a member of the privy council of a different government in order to become right honourable? Would he deem it advisable to change such a situation, since the Queen of England is also the Queen of Canada? We could become right honourable by becoming members of this privy council of Canada.

I was referring to Lord Thomson of Fleet, who has lost his Canadian citizenship, I say temporarily because his citizenship should be restored to him by the Canadian cabinet. The Nickle resolution states that titles should not be conferred on Canadian citizens ordinarily resident or domiciled in Canada, and heaven knows Lord Thomson is not ordinarily resident or domiciled in Canada. But when the member for Lotbinière asked the question last Friday he set up a chain of thought that some of us have been developing throughout the week.

It comes to this. How is it that certain prominent Canadians can be sworn into the privy council of, shall I say, a foreign government and not lose their Canadian citizenship, whereas if another Canadian citizen is sworn into the parliament of the same foreign country he loses his Canadian citizenship? How is it possible for a Canadian citizen to be honoured by a foreign government, shall I say, and then return with the title of "right honourable"? I do not need to name those who carry the title of "right honourable" around these halls or in this Dominion of Canada; there are a few of them. But the question that comes up is: If Lord Thomson could not become a member of the British House of Lords without the recommendation of the cabinet of Canada to the Queen of Canada, or the recommendation of the government of Great Britain to the Queen of Great Britain, who recommends those Canadian citizens who wind up with the title of "right honourable"? Does the Queen reach out and say to certain Canadians, "Of my own volition I give you the courtesy title of right honourable"?

Her Majesty could not do that to Mr. Roy Thomson, a native born Canadian from Toronto. She was told, "You cannot honour him without a recommendation from the cabinet of the section of the Commonwealth of which he is a citizen". And since no such recommendation came forward from Canada he secured a recommendation from another section of the Commonwealth, but still remains a British subject and still remains Toronto born, but is no longer a citizen of Canada. If Lord Thomson of Fleet lost his Canadian citizenship because of his desire to accept a title from the Queen of Canada or the Queen of Great Britain, whichever you want to call her—she is one and the same person—how is it that other Canadians are honoured by the Queen, we are told, without anything happening to their Canadian citizenship? It is a mighty fine distinction, if you ask me, between "right honourable" and a knighthood, a baronetcy or a title in the nobility. But the Nickle resolution distinctly reads:

> Most Gracious Sovereign.
>
> We, Your Majesty's most dutiful and loyal subjects, the House of Commons of Canada in parliament assembled, humbly approach Your Majesty, praying that Your Majesty may be graciously pleased:
>
> (a) To refrain hereafter from conferring any title of honour or titular distinction upon any of your subjects domiciled or ordinarily resident in Canada—

Is "right honourable" a titular distinction, or is it not a titular distinction? If it is a titular distinction it is illegal, under the Nickle resolution. If it is a titular distinction, those who hold it should yield their Canadian citizenship in the same manner as Roy Thomson was forced to voluntarily give up his Canadian citizenship in order to accept a title in the nobility of Great Britain. It is an angle that I think the minister of citizenship should follow through, and se why it is that we have right honourables in Canada who are still considered Canadian citizens, but when you have a Toronto-born Canadian like Roy Thomson enjoying the title and perquisites of Lord Thomson of Fleet, he is no longer a Canadian citizen.

• (3:10 p.m.)

It looks very much to me as though what is sauce for the goose is not sauce for the gander. You will be interested to look up in the Oxford dictionary—I am referring to the unabridged edition, not the concise edition—the definition of that word "titular". If you want to look it up, O.K., but I can save you a little time by telling you that it reads, "not of reality; empty". That means that this Nickle resolution might well read: "Ask the King to refrain hereafter from conferring any title of honour or empty distinction upon any of your subjects..." However, I have just drawn your attention to the definition which you will find in the Oxford unabridged dictionary. If the Minister of Citizenship and

Immigration would devote some attention to that matter, I would be very happy to hear his findings as I believe that Roy Thomson, a native born Canadian, should be given back his citizenship because of the honour and distinction he has brought to himself and to the country.

I know, Mr. Chairman, that we are dealing with Item 1 of the estimates of the Department of Citizenship and Immigration. My next remarks can either come under vote 1 dealing with the promotion of a program for the employment of the older worker, or under vote 15 under which necessary funds are to be advanced for technical and vocational training. If you will permit me, Mr. Chairman, I would like to refer to a discussion that was held in this house on May 18 and 19 of this year when the Minister of Citizenship and Immigration was piloting through the house a resolution providing for allowances to persons being trained in technical and vocational schools. At that time I spoke on behalf of the housewives who are either training or retraining as nurses between the hours of 9 a.m. and 5 p.m. At that time I referred directly to the Quo Vadis School of Nursing in Toronto. Assistance to this school could come under the promotion of a program for employment of the older worker because it trains housewives who have raised their families to school age and are more or less unemployed. I hope housewives will forgive me for saying they are more or less unemployed; I know how busy they are. These women who have their children in school believe they have the time in which to take a course for graduate nurses such as is offered by the Quo Vadis School.

I was particularly interested in the statement made by the minister on May 18, 1966, at page 5278 of *Hansard*, that the allowances for people taking training could be as high as $90 a week. Because of those facts I queried whether he could not include schools of nursing such as the Quo Vadis School in the proposed vocational and technical training assistance act. When I pointed out to him that there were empty wards in the hospitals because of the lack of nurses and that the greatest problem facing the medical hospital world today is the shortage of nurses, he gave me this answer on May 19, as reported at page 5330 of *Hansard*:

Several members said that we should put schools of nursing on the same footing. I think that the Quo Vadis School of Nursing which was mentioned is an extremely valuable school and I think that it can get a grant through the Department of National Health and Welfare, something we cannot do through a system of vocational teaching. I was asked to give that matter some consideration and I certainly will.

On Tuesday morning of this week I had the privilege of meeting Miss Mackenzie, the principal of the Quo Vadis School of Nursing, and Monsignor O'Meara, an official of the school and vice chairman of the Ontario Hospital Services Commission. I also met some of the instructors of that school. I asked them what assistance they were receiving through the Department of National Health and Welfare. They informed me that the only assistance which these housewives who are training as graduate nurses are receiving from the federal department is the reimbursement of half their travelling expenses. You can imagine what a vast sum of money that is, when their travelling expenses consist either of carfare in the city of Toronto or a mileage allowance on automobiles, because all these housewives are living in Toronto where they are raising their families in addition to taking the course at the Quo Vadis School of Nursing.

Since these housewives are being retrained, I would urge the Minister of Citizenship and Immigration to consider these student nurses whose ages range from 30 to 50 and who are therefore eligible for assistance under the program for the employment of the older worker. I would ask the minister that assistance which will be offered to students in vocational and technical schools be extended to schools of nursing which fall either under the provincial departments of health or under the departments of education. We need nurses more than we need any other class of workers in Canada at this time.

Since we have been told by Miss MacKenzie and Monsignor O'Meara that the only contribution which the Department of National Health and Welfare is making to the Qua Vadis School of Nursing at this time is one half of their travelling expenses, which is carfare, I would ask you to consider this matter very seriously and make certain that such schools as the Quo Vadis School of Nursing receive assistance.

Mr. Nicholson: Will the hon. member permit a question? Does he not consider that grants to homes for nurses in training, since this is in the field of education, might be dealt with by an amendment to the National Housing Act rather than by the Department of Citizenship and Immigration?

Supply—Citizenship and Immigration

Mr. Cowan: I regret very much that I have not made myself clear, or else the hon. member does not know what I am talking about, because the Quo Vadis School of Nursing has no residences. The students of that school are all married women who live at home and raise their families. They send their children to school, prepare their lunches and then go to the school of nursing. They then try to get back home at five o'clock in order to prepare a hot dinner for their husbands and children. They do this five days a week.

I would say this to the minister, and I mean every word of it, that the Quo Vadis School of Nursing and similar schools of nursing will accept all the grants you wish to give them, provided you do not ask them to build residences because they do not need them. They would like to have assistance in the way of some sustenance for these student nurses who are training to become graduate nurses.

Mr. Baldwin: Mr. Chairman, I was greatly taken with the colourful metaphor used by the hon. member for Carleton when he opened the debate for our side. In dealing with the formation of this department he referred to the unconsummated marriage. I simply want to extend that one step further, but before doing so may I say to the minister that, having in mind his record in the house since he has been here, I am quite confident there will not be too much difficulty in passing these estimates although, as he said, there has been no issue of this marriage. However, even if we take into consideration the notorious indecisiveness of the government, its inaction, its accident proneness and its inability to act, we must assume that in a year's time even this government will probably have given birth to some issue. At that time the minister will be judged on the basis of what took place during that year.

There have been four ministers in the department over a recent period of time. In a year's time the present minister will have held office for a year and he will not have had four fathers from which to hide the paternity of the child, if it should be suffering from economic thalidomide or mental or physical retardation—which I hope it will not.

Mr. Chairman, I want to speak very briefly about this new department. After rereading in *Hansard* what I had said the other day when the bill was being debated, I thought I was a little grudging at that time in my attempt to praise the government for the use of the words "the utilization of manpower resources in their fullest sense". So far as the generality is concerned, as I said before, I do not thing too much of it. Here was the single nugget of gold in a barrel of sand. I hope the minister will not hesitate to make the fullest use of the powers which the house has given him in that regard. This is all I want to say in connection with that aspect.

[Mr. Nicholson.]

• (3:20 p.m.)

I have a few comments to add to what was said by the hon. member for Carleton and other hon. members with regard to the question of immigration. I also consider myself a complete expansionist, coming as I do from the part of the country which I have the honour to represent. The settlement of Canada took place at a time when this country did not have the social welfare programs that it has today. We had, therefore, two stools on which to found our progress in the west and in the north. In addition there was the movement of people from east to west who were seeking new homes in new areas. Today this latter movement is not available, or at least only to a limited extent. The social welfare programs we have today have a tendency to keep people where they are. People are provided with some form of assistance to aid them in their attempts to achieve a better life. This has had the effect of artificially slowing down the normal movement which you might expect in a country such as Canada, with wide open areas in the west and in the north. Then, too, the designated area program, which we were discussing a while ago, has had a similar effect in preventing the normal movement of capital which could develop the resources of the west and the north.

Consequently we have to look to immigration, I am afraid, for this development. On the basis of what we have seen in the last few years the prospects do not look too bright. I hope, Mr. Chairman, that we in the north country are not to be condemned in perpetuity to be hewers of wood and drawers of water, that is to say, to see the resources which we have there being hauled away to be processed. I think this is bad for two reasons. It is bad for us because we need the development, and it is bad for the country. We have a small population, largely concentrated in one or two areas, and the problems of transportation and communication place a tremendously heavy burden on the taxpayers of Canada which must be kept in mind

specifically in our efforts to achieve progress. If we hope to increase the population and develop our resources, we must look to immigration. For this reason, I urge the minister, in his consideration of this particular aspect of his responsibility, to be guided by the necessity of ensuring that the growth of this country is a proper and normal one. I feel confident he will have support from all sides of the house in his efforts in this respect. I can assure him he will have my support.

I should like to deal briefly with another aspect of the question of immigration. The hon. member for Carleton spoke of the Sedgwick report and the white paper. I want to urge the minister now to give consideration to a suggestion I am going to make to him. When we are debating these estimates we are, of course, limited as to time under the new rules. We could deal to a considerable extent with the provisions of the Sedgwick report and the general question of an immigration white paper. However, I would urge the minister, when he brings down the white paper, to give the house ample notice and collaborate with the house leaders to obtain a reasonable period of time for discussion of the white paper and the more important aspects of the Sedgwick report. I think it would be most unfair, having in mind the circumstances which exist now, to expect the members of the committee to deal in detail with these two matters, particularly in the light of the fact we do not have the white paper before us. I hope the minister, before his estimates are completed, will give some thought to this suggestion and indicate that he will seek the agreement of the house leaders to have a proper discussion of these issues.

Having said that, I should like to deal briefly with the Sedgwick report. It is a most remarkable document. There are parts of it with which I agree and parts of it with which I disagree. I am talking about part II, of course. There are many departures from the procedures and regulations of the past. For example, there is the question of the deportation of those people who have acquired permanent status in Canada but who are not citizens. This is something which I feel is long overdue for consideration. The proposal to establish an independent tribunal or appeal board whose decisions are not subject to ministerial review I must say appeals to me. Having in mind my experience at the present time—

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

Mr. Baldwin: Yes.

Mr. Nicholson: Is the hon. member advocating a complete abolition of ministerial discretion? In that respect, does he differ from his colleague, the hon. member for Carleton, and is he advocating the complete abolition of ministerial discretion?

Mr. Baldwin: In so far as the tribunal is concerned, I would agree with Mr. Sedgwick that it should be independent. It should be a court of record with the right of appeal. On an issue of this kind we, in this party, seem to blossom out with a reasonable amount of disagreement in our views, which is something I would strongly recommend to hon. members on the other side. I think it would take them a lot further than they have gone in the past.

In so far as ministerial discretion is concerned, I believe there should be some in certain aspects. However, in so far as the board itself is concerned, I feel there should not be any. These are all very interesting considerations which should be discussed in great detail. I hope time will be made available for that purpose.

In so far as the question of security is concerned, which is also discussed by Mr. Sedgwick, I think it is proper at this time to make a few comments. In his report at page 16, Mr. Sedgwick says something with which we can all agree. He says that the difficulty arises in that the gathering of security information is an extremely delicate and sensitive process. We have seen an illustration of that fact in the last few weeks, which underlines the accuracy of that statement.

Now, I should like to make one comment on a suggestion which I made before with regard to security and the right of those people who are affected to make a reply to the charges, particularly as this relates to the question of immigration. There was a statement made on this question with which I thoroughly agreed at the time, and this statement appears at page 4043 of *Hansard* for October 25, 1963:

> First, the government must ensure the physical safety of the secret, classified information for which it is responsible by devising effective regulations for its proper handling and proper storage. However, physical security is in itself of little use without the added assurance that the people handling the material in question are people in whom government can have full confidence . . .

If our security policies ignored, or did not take sufficiently into account, the basic rights of the individual, they could operate not to defend but to destroy the liberties which are our first concern. The reconciliation of these competing responsibilities and these competing obligations is not easy.

• (3:30 p.m.)

And again:

The security measures which have been developed here in Canada, through sometimes bitter experience, are intended to be preventive and not punitive.

These words were uttered by the Prime Minister at the time when we were debating the question of general procedure. If we were debating the matter in another context I would have a lot to say about these words and the extent to which they have been lived up to. But in their general application I accept them, as I think do most hon. members of the house. This is what we should set up for ourselves. This should be our objective. We should decide how we can relate it to the very difficult and sensitive question of security procedures in immigration problems.

I should like to make this recommendation to the minister, after having a great deal of experience not only as a member who has been dealing with cases submitted to me but in my professional capacity, knowing of hundreds and hundreds of prospective immigrants who have come to Canada, sought citizenship, been subjected to the procedures of the government and have had imposed upon them hardships wrought by our security measures.

I think it is wrong for any person who is deprived of his rights not to be given some opportunity to answer allegations which are made against him. I say that with full recognition of the fact that it might not be possible to confront the accused with his accuser. It might not be possible to disclose sources of information, and in certain cases that should not be allowed. But I see no reason why some summaries of statements which have been made, compiled in such a way as not to disclose the names of the people who have given the information, information oftentimes second and third hand, information which a court of law would never receive under any circumstances, should not be made available either to the immigrant involved—particularly in citizenship cases—or to people who may well be subject to deportation.

This will provide an opportunity for them to answer the statements, and they would know in respect of which charges their rights and liberties are being threatened. Even if the person concerned or those who represent him were not able to cross-examine on those statements, at least the appeal tribunal, which might have the final decision to make with respect to the rights which are being threatened, would have the statements before them. But to accept unchallenged evidence of this kind is, I suggest, repugnant to any democratic institution and to people who profess that way of life.

I suggest to the minister that this matter should be one of his greatest concerns. The hon. member for Carleton told us in the strongest possible terms of his great anxiety when he held the position now occupied by the minister in matters of this kind. I know the hon. member for Carleton, and I know the extent to which there were so many agonizing decisions he was called upon to make, as will the minister. I think that some procedure must be devised whereby people whose rights are threatened are no longer put into the position of not knowing what statements are made against them; but without impairing security procedures—which I suggest is possible—they should directly or indirectly be given the right to answer such charges.

Mr. Langlois (Mégantic): Mr. Chairman, my remarks are addressed to the minister of immigration, but perhaps he can discuss the point I am going to raise with his colleague the minister of external affairs and also the minister of manpower. My intervention is prompted by the problem created by Canadian labour crossing the border to work, and being subject to the military draft while working there with a visa.

I have a clipping from the *Wolseley News* of Saskatchewan dated April 20, 1966, headlined "Local Boy 'Shanghaied'". Having read this, one thing which the minister could do is at least to amend the agreements in this respect which exist between the two countries. I imagine Canadians undergoing this treatment do not like it, and if we gave the same treatment to our friends from the south who come to Canada perhaps they would not like it either.

This article reads as follows:

As the result of a court case in a city in the northern States, a Wolseley boy has been forced to enlist in the American army. This lad accepted employment and went to the States last fall, under a working visa, not knowing he was eligible for the U.S. draft. When he received a draft call in February this year, he turned in his visa and returned to Canada, where he had since been working. Ten days ago he made a return trip to visit a friend in the States, and on crossing the border was

arrested by U.S. federal authorities, and was released on $2,500 bail being posted by a U.S. friend. He appeared in court on Monday morning of last week, charged with "desertion". He was sentenced to "two to five years in prison"—

Mr. Nicholson: Mr. Chairman, on a point of order, this is hardly an immigration matter.

Mr. Langlois (Mégantic): It might not be an immigration matter directly; I said that at the beginning of my remarks. The matter could come under manpower, but it certainly comes under human rights and Canadian citizenship, because this man was a Canadian when he was caught at the U.S. border.

Mr. Nicholson: With respect, Mr. Chairman, I would suggest that this is a matter for discussion on the estimates of the Department of External Affairs.

Mr. Langlois (Mégantic): I also stated that, Mr. Chairman; and I have had experience in the past of being transferred from one department to another even when two departments seemed to be involved. However, I am just about through with this matter; I just want to give the committee the result. This man was sentenced to two to five years in prison, plus $10,000 fine, or enlistment in the U.S. army. That was quite a choice he was given.

I suggest that somebody should look into this question. The United States monopoly controls practically everything which we have in Canada which is of major value —natural resources, industry and distribution, merchandising and everything else. The United States finger is everywhere. Possibly the latest case of drafting young Canadians is their way of controlling our human resources. They may talk about their good neighbours to the north, but are they not now replacing the dove of peace with the bald-headed eagle?

I would ask the Minister of Citizenship and Immigration to consult with his colleague the minister of external affairs to see what can be done about this question. I know the same thing has happened to constituents of the hon. member for Qu'Appelle and he will be taking the matter up. This is not an isolated case.

• (3:40 p.m.)

To return to the manpower situation in my region, I do not know how many families and young men have had to find work across the border as a result of the situation which the minister of manpower knows was brought about by the fusion of the local asbestos mines. Hundreds of people left to go to the United States. They were nearly all subjected to this treatment. I think the minister should consult with his colleague from the Department of External Affairs so that there could be some agreement between the two governments. If a young man had been working in the United States, and had returned to Canada, then if he were to return again to the United States, he might be—I am not saying he would be—subject to the draft. Such a young man might only have been working for five or six months in the United States before coming back to Canada.

I think the matters that I have raised should be looked into. If any change is to be made in protocol, I should appreciate the minister of manpower's consulting with the Secretary of State for External Affairs in order that the situation may be rectified.

Mr. Skoreyko: Mr. Chairman, I thank you for this opportunity I have of dealing briefly with the Department of Citizenship and Immigration. Last year I missed my opportunity, owing to an unavoidable absence from the House of Commons. At the outset I want to thank the minister for his efforts, in the Edmonton area, in connection with a Greek immigration case. I want to thank him in the house for doing what he did on behalf of a particular man.

The hon. member for Carleton dealt very thoroughly with what he called certain anomalies in the Canadian Citizenship Act and the Immigration Act. This afternoon I want to deal with specifics.

First of all I should like to know if the minister would take it upon himself to answer some of the questions I wish to pose. Is he aware, first of all, of the following situation: When certain Chinese applicants in Hong Kong apply for admission to Canada because they are sponsored and have job opportunities in Canada, when it appears they are unable to meet specific immigration requirements they are told that as they cannot speak English they are not admissible to Canada.

For a number of years I have paid a good deal of attention to the Canadian Citizenship Act and the Immigration Act. At no time was I able to determine from reading those acts that knowledge of the English language was a criterion for admission.

My second question, for which I have substantiating documentation, is this: Is the minister aware that, after having made certain statements, certain Canadian citizens of

Chinese origin, upon interview with immigration officials in a given city where those citizens have been inquiring about the possibility of being able to sponsor certain relatives from in or around Hong Kong, are told outright by immigration officials that they are lying, and that the people in question in Hong Kong, the parties before the immigration official, are not, in fact, relatives.

If this is true, may I suggest that no matter what the authority of an official may be, no official within the department at the local level has the right to accuse any citizen of Canada of outright lying, without sufficient proof. I pose this question to the minister in the hope that he will look into the matter and see that it is not repeated.

The other matter I wish to bring to the minister's attention is of some concern to people coming from countries behind the iron curtain who wish to sponsor relatives or visitors to this country. I have noticed on a number of occasions that the motives imputed to those persons who come from behind the iron curtain and who wish to sponsor relatives or visitors, have been predetermined by the officials in the Department of Citizenship and Immigration. Let me cite one example. An elderly couple with no family of their own in the city of Edmonton, who own a dry cleaning business and are well able to afford an all-expenses-paid first class trip from Russia to Canada for a nephew of theirs, tried to obtain permission to have that nephew admitted to Canada for a six months stay. The officials of the department in Edmonton told these people that their motive for bringing their nephew to Canada was not to have him visit, but rather to bring him into the country so that they might apply to the department after he was here for him to remain permanently. This is another instance of the officials of the department predetermining in their own minds reasons why people wish to visit Canada. I think this sort of thing is quite wrong.

Another point I wish to bring to the minister's attention is the method of examining intended immigrants to Canada. I have referred to this on a number of occasions in the past. I refer specifically once again to a case in Edmonton. A young school teacher from that city, visiting France four or five years ago, met and married a young Polish emigrant who at that time resided in Paris. She married him without knowing that she could not bring him back to Canada unless he complied with certain immigration requirements.

Upon investigating this man's background—and I repeat this for the minister's benefit—it was determined that his family in the past had been connected with the communist party behind the iron curtain. Although I have no evidence to substantiate my argument, I say this: The young man swears that in his early years he never had anything to do with the communist party, and in fact that the party was one of the reasons he left his country and resided in France. He is a qualified engineer, married to a Canadian citizen. Surely, Mr. Chairman, unless there is absolute proof that this man was connected with a government espousing beliefs foreign to ours there is no reason why the woman in question should have her husband living in Paris while she, with her two children, lives and teaches in Edmonton, just because certain security information indicates that her husband is not a desirable Canadian.

I know the case is now before the minister. Appeals have been launched through religious organizations in the city of Edmonton for the minister to reconsider the grounds for the refusal of this application. If the minister does not mind, I shall privately and confidentially communicate with him at a later date, to bring this matter again to his attention.

I have also brought this matter up on several occasions: Is it not possible for immigration officials in Ottawa to communicate with their counterparts in countries behind the iron curtain. Would it not be possible to staff our embassies with the people necessary to process the applications for admission to Canada of people from behind the iron curtain?

• (3:50 p.m.)

The problem always seems to be to get clearance for departure of persons from behind the iron curtain. In recent years our immigration laws have been designed to reunite families. Many people still have relatives living in iron curtain countries, and I am looking for action to expedite family reunions. I hope the minister will look at this aspect of the matter again.

With respect to manpower, it is not so long ago since it was relatively easy for an immigrant to gain admission to Canada, provided he was destined for agricultural employment in western Canada. Many Dutch people came to Canada specifically for employment in rural areas of western Canada, for periods of two years each, but the law with respect to

that was never really enforced. Many of the people who came left farm work and went to find work in our cities.

I ask, would it not be advisable for the government to consider a formula by which people from almost any country in the world could gain admission to Canada, provided they were specifically fitted for agricultural employment or wished to establish themselves in the agricultural industry? I can see little wrong with such a proposal. My grandfather came here in the 1880's, destined for a homestead in the wilderness, and I know there are many people in many parts of the world who would be happy to come to Canada if they thought they had a future in agricultural areas.

While the hon. member for Carleton was speaking this afternoon a government supporter interjected that not much was done with respect to changes in the Immigration Act during the period that the party to which I have the honour to belong was in power. I would remind the minister that when I first came here in 1958 I did not appreciate the discriminatory (a) (b) (c) and (d) portions of the Immigration Act, and since that time they have been eliminated, bringing equality to our immigration laws. I am sure the minister will endeavour to bring further equality to them.

[*Translation*]

Mr. Mongrain: Mr. Chairman, to situate my remarks I would like to say two things. First, I believe in the necessity of immigration in progressive countries like Canada. I speak of selective immigration because, obviously, we need skilled manpower to help us develop all the potentials of our economy. Immigration will also bring us consumers, a valuable factor for our trade, and specialists in all sorts of fields.

The second remark, and I speak from experience, is that the minister now at the head of this department seems to me especially well qualified. I quote a case so as to prove that I am not simply doing an exercise in meaningless compliments.

I am among those who have to write every now and then to the minister for all sorts of requests. I remember a case concerning immigrants. I admit frankly, Mr. Chairman, that after having written to the minister, I forgot my request. But he wrote me three or four times to tell me that he was following up the case of my fellow-citizen and that, finally, he had found a solution.

For a new minister who, as a new member, must familiarize himself with all the complex parliamentary procedure and moreover, find in his department a "follow-up system"—to use a phrase not to be found in Bossuet—that means he is efficient and will render excellent services. I say that to situate the atmosphere of my remarks.

I listened to what has been said during the past few hours. Mention has been made of the Sedgwick report, that you have studied—it would be redundant, I think, to analyse it and make recommendations to the minister, because I think it has been studied and that his officials have analysed it and will use it to make proper recommendations.

I listened with great interest to the remarks of the hon. member for York-Humber (Mr. Cowan) which were not always in order but to which one can refer because they were made during the debate.

When I think of the member for York-Humber, Mr. Chairman, a French speaking person like me is reminded of a "stormy petrel", a name I checked many times in the dictionary and which, in my opinion, describes very well the character of this member whom I would see better among the independents than among the Liberals, judging by the positions he takes in this house, except that there are enough differences of opinion among the independents now, so that we do not wish a third one.

I would like anyhow to point out that I have sentimental ties with the member for York-Humber because his great-grandfather is buried in the Trois-Rivières cemetery. This may be partially the reason for his individualistic dispositions and Mr. Chairman, may I be allowed, even if I am out of order, to make this last remark about him. I should like the hon. member for York-Humber to come and stay in our riding for a few months to complete his knowledge as to what must be true Canadianism.

His intervention for Sir Thomson of Fleet, for instance, is understandable, in view of the loyalty he owes him of course—Sir Thomson put up with him for so many years—that he should at least support him in this house, even if we do not understand exactly the reason why. I think that Sir Thomson could not care less about the supreme distinction to be still recognized as a Canadian citizen after all the honours conferred upon him during the last few years.

I am coming to my point on immigration. Mr. Chairman, I should like to ask the hon. minister—I apologize for this digression—who certainly agreed with me, but I should like to emphasize this point—if his department is taking measures to synchronize its action toward a selective immigration with what the province of Quebec intends to do? It is setting up its own department of immigration.

I should like the whole house to understand me well. I do not advocate this kind of emulation between French speaking immigrants and English speaking or other immigrants.

I want it clearly understood that if it is true that in this country there are two elements; two main ethnic groups, the group which I represent, that is the French speaking group, would like very much to survive not only through the battle of the cradles but also through a selective and maybe an immigration proportionate to the size of our ethnic group.

It is a well-known fact, for instance, Mr. Chairman, that our country is going to lack skilled labour. We will need engineers. Statistics tell us that. So that our industry may achieve the degree of development which it hopes for, we must import from somewhere else engineers and professional people, technicians of all kinds.

Our specialized schools are insufficient and I would only have to quote statistics to prove it. All hon. members know that. We trust that those coming from the outside will help give our Quebec or Canadian industry, French speaking Canadian, the impetus it needs, so that we can provide for the entry of immigrants from any country, as long as they have some affinity with our own culture. I always take for granted that the house understands that the union of the two cultures will make Canada prosperous.

I would also like to ask the minister if his department heads have been instructed to supervise more closely the immigration of agitators, anarchists by nature or profession, who come from other countries. This constitutes a real danger.

Take for instance the case of political refugees. Of course, some of them are in good faith; there are some who, in their own country, cannot agree with a totalitarian-minded government. But there might be some, and I emphasize that, who are eternal malcontents or anarchists, I called them anarchists by nature or profession, who will come here to become trouble-makers.

[Mr. Mongrain.]

• (4:00 p.m.)

Mr. Chairman, in the province of Quebec, for instance, we saw in that separatist movement people who came from other countries, where they went in for agitation or anarchy and who taught our young people, our young idealists, who sometimes lack a sense of reality, how to revolt against the established order with the most modern methods.

I think that the immigration department should sift with a little more care those people who, in other countries, proved that they are eternal malcontents and who come here only to create a little more trouble.

I am not going into details, Mr. Chairman, because I remember that we have only 30 days to consider the estimates. About 12 days have gone already and I overlook what does not appear essential to me.

I would also like to insist on one thing—and I apologize if the department has already thought of it—namely that it is not enough to bring immigrants, whatever their racial origin or language. We should work closely with existing associations, call them whatever you like, chambers of commerce, junior chambers of commerce and you can probably think of 50 more like them, which would be happy to co-operate with the government and the department of immigration.

We should have some kind of intensive training for those new Canadians, taking a year or two, or more if necessary, to teach them what real Canadianism is, give them some notions of the history of Canada, explain how the federal, provincial and municipal governments operate. They should also be told how to integrate themselves a little more into the large Canadian community, so as to become active rather than useless members of our society.

I believe this to be rather important. Giving them entry to this country is easy enough, but it may not be as easy to have them become genuine Canadians. Efforts made until now could perhaps be intensified, systematized through the co-operation of the organizations I have mentioned.

Again as regards immigration, Mr. Chairman, I saw in the newspapers yesterday a report that the members of this house probably read also. A construction firm here in Ottawa was saying that they were to meet the Minister of Public Works (Mr. McIlraith) and the Minister of Citizenship and Immigration since they wanted to import 50 skilled workers in building construction.

It seems that there is a lack of skilled workers in construction in Ottawa. I admit, Mr. Chairman, that I was quite surprised, as 50 does not seem a very realistic figure to me and, in the area from where I come, in the seven or eight counties surrounding my riding, it would not be difficult for me at all to find those 50 workers. I wonder whether the necessary efforts were made through unemployment insurance officers, in order to recruit, for the building industry in Ottawa, the skilled workers that are needed before asking for some outside the country. Mr. Chairman, the excuse is given that Expo is monopolizing all the skilled workers, but once we are through with it, the immigrants we have allowed in this country will probably congest the construction field, at least it seems reasonable to think so, and I even find myself wondering whether I do not have any objection to immigration in that field and whether it would not be wiser to use up all our possibilities at home before resorting to immigration. It seems to me that if we applied to all the provincial unemployment insurance offices—and there are 10 provinces—we would certainly find 50 workers who would be glad to come to Ottawa and fill up this of skilled workers in construction.

Mr. Chairman, I am coming now to the labour question, under the jurisdiction of the honourable minister, and I repeat once more that it is not my intention to make a complete analysis of that question now before us, because I realize that the hon. colleagues here will do so or have already begun to do it and thus, thorugh our united efforts, we will have a pretty good picture of the situation.

I should like to recommend to the vigilance of the minister, when he deals with manpower, our students who, during the summer months, endeavour to earn a little to help with the cost of their studies, both in high school and at the university. Something is certainly lacking there, and not only there either.

For instance, there is the problem of the old people, for today one is old rather young. It is difficult to find work at 40 or 45, for all kinds of reasons, among others modern technical progress, social welfare progress. Whoever is unfortunate enough to be out of work has to resign himself to the possibility of death from hunger until such time as the old age pension allows him to subsist a while longer.

I should like to include also members of the feminine sex; I shall not call them old maids, old women or widows, I shall say not so young, toward whom life has not been generous in that their husbands left them without means of subsistence, because husbands did not come at the right time and they remained single. It happens that those women grow in years, that they want to earn a living and do so, but still their situation is almost desperate.

I summarize the cases I have mentioned: students who want to pay for their studies, the old—and I mean those who are over 40 when I speak of the old—who cannot find employment because one is old at 40 on the labour market, one is already old-fashioned, and members of the feminine sex toward whom life has been less kind.

For these cases, would it not be possible to get the services of a sociologist who would look into those problems and find a means to allow these persons to earn their living, instead of being assisted through welfare and public charity and keeping them in this state of perpetual despair and disillusion toward our democracy that is so affluent that it should take care of its children.

I am wondering about that and I know that others agencies are also thinking about it. I only want to point out what they have already brought to the minister's attention, because it is perhaps one of the most urgent problems with respect to the mobility of manpower.

Mr. Chairman, was there at a certain time a sort of conflict, or at least an apparent conflict, that could have been exaggerated in the press, between the department of labour of the province of Quebec and the department of manpower of the federal government with respect to what was called the mobility of manpower?

I should like to see both ministers sitting around a table, as people of good will, to discuss objectively problems of synchronization of efforts between the two departments, because I am one of those who believe that the problem of manpower mobility cannot only be settled within the limits of one province, but that there must be intensive co-operation from the federal government.

I express the hope that the two ministers involved who are obviously Canadians of good will—I know them well enough to say it—can forget all secondary considerations, such as political or election concerns, to envisage only the common weal and try to find an agreement formula.

I have another suggestion to make in the field of manpower—it may be a side issue. Unemployment insurance is being paid to a lot of people in the country. It is a good thing and it has helped a lot. Like many others, I wonder whether it would not be appropriate to give productive work to some of those who are in receipt of unemployment insurance, who are fit and willing to work, who are proud enough to prefer earning their daily bread to living on hand-outs that often seem like charity or philanthropy, rather than recognition of their capacity.

I wonder if it would not be appropriate to review such legislation. I am aware that such a remark may raise an outcry, from the labour unions for instance. I know, because the Canadian Federation of Mayors to which I belonged for a number of years, dared express such a thought at one time. The next morning, editorials across the country charged that we were suggesting concentration camps. But I believe the Canadian worker has enough pride to want to earn his own bread, if he is given the opportunity, and that he is not satisfied to live off whatever is granted by the public treasury, because he feels it is an insult to his dignity as a man.

I wonder if this unemployment insurance program could not be reviewed in relation to the manpower mobility program, so as to apply it to those who are receiving unemployment insurance and who are in a position to accept some kind of job for which they are qualified and fit and who would agree in certain circumstances to be displaced temporarily to work where there are 40 skilled workers. Could not a middle road be found, so that we would stop saying what is being said often enough, not always rightly, but sometimes anyway, that unemployment insurance is some sort of a premium on sloth.

I am submitting these remarks very objectively to the minister of manpower, recognizing his own qualifications since he has personally been at the head of a labour organization; he must have studied, during his career, the sociological and economic aspects of labour organizations and I know that he will take my remarks quite objectively, with good will just as he can count on the co-operation of all members of the house in this area.

• (4:10 p.m.)

[*English*]

Mr. Orlikow: Mr. Chairman, like other hon. members of the party to which I belong, we welcome the changes the reorganization of departments has brought about, and particularly the placing of immigration under the same minister as manpower.

It has always seemed to me to be somewhat impractical to make speeches, as members of parliament often do, or to write editorials, as so many newspapers do, about the virtues of large-scale immigration without taking into consideration employment and the economy. The member for Carleton made a speech again today, as he did on another occasion, which made me think that he was suggesting to the minister that he ought to do what that hon. member suggests rather than what that hon. member did. We never had as little immigration in the past 25 years as we had during those years when the hon. member for Carleton was the minister of citizenship and immigration. I am not criticizing him in this regard, because at that time we had fairly large-scale unemployment in this country, and no government could encourage extensive immigration under those circumstances.

Today we are enjoying a period of boom and full employment and the government is encouraging immigration. I subscribe to that encouragement, but immigration policies must be a part of the whole manpower policy of the government. Having said that, I should like to say to the minister, without being critical—because, as has been said before, he is the fourth minister of his department in four years—that I could very well make the same speech today, word for word, that I made in 1964, because the things I suggested then still have not been done, and the required policies still have not been enunciated. We are still waiting for the white paper on immigration which has been promised by every minister of immigration since I came here. In 1962, we are still waiting for amendments to the Immigration Act and regulations. I hope the present minister will remain in office long enough so that the promises made in the past about the white paper and revisions to the Immigration Act and regulations can be fulfilled.

It is not my intention to deal in detail with immigration needs at this time because they have been enunciated on many occasions by hon. members in the house of all parties. I wish to say to the minister, however, that the time is long past when we ought to have amended our laws and regulations in respect of citizenship and immigration to provide the right of proper appeal to any individual whose application for entry or for citizenship

status has been turned down by the government, or a board representing the government. An appeal procedure should be provided whereby a person who is making the appeal has the right to present his case, hear the objections taken against his application, and the right to answer the charges which have led the department to deny his application.

Mention has been made of the Sedgwick report, and I wish to deal with it briefly. If we had not observed so many terrible examples of totalitarian countries, both communist and fascist, burning books and reports, I would suggest to the minister that all the copies of the Sedgwick report in his department be burned. The few good things suggested in that report have been said many times both inside and outside this house and they do not need repeating. The rest of the report is bad, and I urge the minister to ignore the report almost entirely. I suppose we are all the products of our invironment and I do not wish to sound too critical, but it seems to me that the Sedgwick report is based on a very restrictionist point to view, taken so often by individuals who have been in and have run this country almost since its formation.

• (4:20 p.m.)

Knowingly or unknowingly, if the recommendations of Mr. Sedgwick were adopted we would cut off almost completely the entry into Canada of the large number of people who have been coming and are continuing to come from countries such as Italy, Greece, Portugal and many others of southern and eastern Europe, because they have been coming here as a result of sponsorship by their families or relatives. They have not been coming in the traditional ways in which people have come from Great Britain and countries of northern and western Europe. I think it is a good thing that people have been coming from those countries and I want that immigration to continue; but if the recommendations which Mr. Sedgwick made were adopted by the government, this immigration would virtually stop. I think the government ought to forget about the Sedgwick report.

I want to raise just one point, which I have mentioned on other occasions. This is in regard to immigration policy and the laws that apply to immigration. There is a feeling held by prime ministers and governments of some commonwealth countries—of the non-white countries, if I may put it that way—that the immigration laws, regulations and policies of the government of Canada discriminate against people from those countries coming to Canada. I want to quote very briefly from a speech made by Prime Minister Eric Williams of Trinidad and Tobago which was reported in the *Globe and Mail* of May 24, 1965, as follows:

> The latest came last week, when Prime Minister Eric Williams of Trinidad and Tobago accused commonwealth countries of "racial inequality and discrimination against people of colour, as if they are poison or disease".

He said further:

> "Canada eases its conscience by accepting a handful of domestic servants. The contemporary slogan is Keep Britain White—the very Britain which was built up by African and Asian labour in Africa, Asia and the West Indies. Whatever the commonwealth may be in theory, it is in practice being increasingly tainted with a racial limitation.

The *Globe and Mail* quotes figures which prove conclusively that Mr. Williams knew what he was talking about, because in the year before Mr. Williams made this speech—that is, the year 1964—Canada permitted 112,606 immigrants to come to Canada? Of these only 1,493 were West Indians, 2,127 were Chinese, 1,309 were Indian and 104 were Japanese. So Mr. Williams was certainly not exaggerating when he said very specifically that Canada's policies in fact are designed to permit really only white immigrants to come to Canada. This ought not and cannot be permitted to continue.

I want to deal in the time I have left with a matter that I think is of the utmost importance. This country is embarking upon a policy—and I agree with the policy—of expanded immigration, a policy of encouraging more people to come to Canada. The economic situation in Europe being what it is, it is impossible, whether we want it or not, for that immigration to continue to come almost exclusively, as it did in earlier years, from countries such as Great Britain and those in Scandinavia. A very large percentage of the immigrants who come to Canada are from Italy, Spain, Portugal, Greece and countries in which the people to a large extent do not speak English.

I am not being critical of this policy—I support it—but it creates a very serious problem for Canada both for now and the future. I think it is good that the minister in charge of immigration is also the minister of manpower, because it seems to me he can look at this problem and the implications of what we are doing in a very practical and concrete manner. Studies have been carried out in

Toronto, and I am sure if similar studies were carried out in Montreal, Winnipeg or Vancouver the results would be the same, which indicate that immigrant children are discriminated against in the Toronto schools system—not deliberately, not as a matter of policy but simply because the Toronto schools system, like the Montreal, Vancouver or Winnipeg schools systems, are not geared to teach the regular curriculum to large numbers of children whose mother tongue is not English. I have here a report which appeared in the Toronto *Globe and Mail* of February 17, 1966. I will read just a few paragraphs of it to indicate what the problem is. This article deals with a report by a citizens group in Toronto and refers to the report in this way:

> It says that those who cannot speak English are urged to quit school when they are 16, and until they reach that age, they do little but sit out their time.
>
> The group's findings are similar to those in a report by the Toronto Board of Education.
>
> Existing facilities for immigrant children who do not speak English are inadequate and to a large degree non-existent, the citizens' report finds.

Later on the article says:

> The report says that virtually no teenage immigrants who don't speak English enter the high school system.
>
> "We were told by several people that if a teenage girl or boy of 14 turns up at school who does not speak English he is usually encouraged to get a work permit and get a job."

The findings of the survey carried out by this citizens group have been duplicated in a report by the Toronto Board of Education. I am speaking from memory, but their report estimated that it would cost $2 million a year for special programs to help children of new immigrants to Canada adjust and stay in school. This is a very small price to pay. I have mentioned in the house before, and I say to the minister now, that even though education is the responsibility of the provinces, under the British North America Act it is a problem of the government of Canada and the people of Canada, not only morally because we encourage these people to come here, but because if these young people do not continue at school, if they do not acquire the skills they require, they will be in the same position five or ten years from now as the thousands of people in Canada who did not go to high school and are finding it increasingly difficult to get jobs today.

We have embarked upon a manpower training program. I do not think it is good enough, but it is far superior to anything we have done in the past. It makes little sense to me if, when we embark upon a manpower training program for young people and adults who were born and brought up in Canada, we do not at the same time face up to the problem of training and educating young, new immigrants to Canada; because they will be here for the next 30, 40 or 50 years and the kind of training they receive now will to a large extent determine the kind of work they will do in the coming years. I suggest to the minister that he could do nothing more important in the next year than devise in co-operation with the provinces workable solutions to this problem, programs to which the federal government would contribute financially even though there is some question whether under the constitution the federal government is responsible. What is true of immigrant youngsters who are still attending school is true of immigrants who have come to Canada and are now old enough to work.

• (4:30 p.m.)

In the *Globe and Mail* of May 30 of this year there is an article entitled "Immigrants refused classroom space while schools lie idle, report charges". The news story is summarized from a report prepared for the International Institute of Metropolitan Toronto, and I shall read several paragraphs from the article as it appeared in the *Globe and Mail*.

> Immigrants who need and want education are going without it while huge schools lie idle, according to a study "Newcomers and New Learning", released during the weekend . . .
>
> Many new classes for adults are needed now, but it is claimed there is no space for them. Yet there are numerous school buildings, constructed at great expense, which are open only eight or nine hours a day between March and October and some of them not at all during the summer holidays. This is a waste of taxpayers money . . .
>
> Miss Ferguson says that last spring and summer, when auto mechanics were in short supply, the project was refused space to give trained Greek auto mechanics a skill-adjustment course that would have quickly fitted them to go to work. At the same time, from March to October, auto mechanics shops lay idle in the technical schools each evening.

Here is a concrete example of the need for the manpower training program, which the federal government is sponsoring, to use all the facilities and to take care of the people who have been encouraged to come to Canada by the story that there is work for them, only to find that they are not qualified.

In this regard the report says the following:

> Recent arrivals feel they have been misled by Department of Immigration officials who did not

make the true state of affairs known to them at the time of application. When they write home or return home, they tell their experiences to other prospective immigrants.

Some very concrete suggestions are contained in this report and I will quote a few of them:

Further experimental programs for immigrants "to discover the quickest and most effective means of combining instruction in English with upgrading of basic education and occupational training;"

Recruitment of a staff of bilingual or multilingual field workers to promote education among immigrants;

Establishment of educational counselling services with multilingual staffs at locations convenient to the employed and unemployed;

That an adult education department be set up by the Metropolitan School Board for co-ordinating Metro schemes;

—Year around English language and citizenship classes for immigrants, available day or evening, anywhere there is sufficient demand.

Mr. Chairman, I know that some of this work is being done by cities such as Montreal, Toronto, Winnipeg and Vancouver, but I want to reiterate what I said earlier, that I think it is the responsibility of the federal government to give leadership in this field and to put up a substantial part, if not all, of the funds required. If people are encouraged to come to Canada, as they are, the decision to follow this policy having been made not by the cities concerned but by the federal government, it is the responsibility of the latter to provide the funds. I say that the federal government has both a moral and, I think, a legal responsibility to take action in this scheme.

Mr. Chairman, I want to deal with one other matter about which I had asked some questions and about which I have had some correspondence with the minister. I do not raise this in a critical manner. There is ample evidence that while the federal government has successfully embarked on a program of encouraging skilled and highly qualified people to come to Canada, certain groups, in their own selfish interests or because of their racial or religious prejudices, are making the work of the department to a large extent useless. I am referring specifically to what has happened and what is continuing to happen to a large number of doctors who have been encouraged to come to Canada and who have settled in Ontario. In the last five years, 763 doctors have come to Canada from Asia, a large number of them from India and Pakistan.

Mr. Chairman, I am not being critical but the government has followed an aggressive policy of encouraging doctors, as it has encouraged engineers and other skilled professionals, to come to Canada. Doctors in particular have been able to write examinations and to practise in a number of provinces in Canada. They have been able to practise in Manitoba, Saskatchewan, British Columbia and the maritimes. However, the province of Ontario, which suffers from almost as great a shortage of doctors as any other province in Canada, has adopted, through the College of Physicians and Surgeons, discriminatory measures. Doctors from India and Pakistan are not permitted to write the exams and therefore to get licences to practise.

Mr. Chairman, I will not give details in regard to this today, although it can be done and I have sent substantial material to the minister regarding this situation, but the fact is that there are doctors in Ontario who have graduated from schools in India, who have been able to get their licences and practise in other provinces, but who will not be permitted to write the examinations and to practise in Ontario. The College of Physicians and Surgeons is quite happy to let them work in Ontario hospitals because of the shortage of doctors in that province—and those who work in the hospitals are not overpaid—but they have been adamant in their determination to prevent those doctors from practising.

Of course, the College is scandalized by the suggestion that this refusal is based on racial prejudice. An examination of the evidence however makes it very clear that there is no other reason. One of the reasons which has been given is that the education which those doctors received in India is not as good as the education given to Canadian or European doctors. Evidence proves the exact contrary.

The Medical Council of Canada sets examinations for doctors who wish to practise in Canada and who have been trained in other countries. The records which they keep are very precise and exact. I want to give a few examples from those records. They show that between the years 1919 and 1963, of doctors who came to Canada from Austria and wrote the Medical Council's examinations, only 54.3 per cent passed, only 56.9 per cent of Belgian doctors passed, 73.8 per cent of French doctors passed, 37.7 per cent of Greek doctors passed and 50.6 per cent of Hungarian doctors passed. And yet, Mr. Chairman, all of these doctors who came from these countries

are permitted to write their examinations in Canada.

However, if you look at the number of doctors from India who have written the examinations, you will see that 76.4 per cent passed them. Yet, Mr. Chairman, the College of Physicians and Surgeons of Ontario has refused any doctor who graduated in India permission to write the examinations. There is no other explanation for this except prejudice on the basis of race or colour.

• (4:40 p.m.)

It has been argued by the College of Physicians and Surgeons that the reason is the training is not good enough, that the percentage of full-time teachers as compared to enrolment in Indian medical colleges is not satisfactory. A comparison of the medical colleges in Canada, the medical colleges in other countries and the medical colleges in India, proves conclusively that this is not true. The ratio between teaching doctors in Indian medical colleges, and students, is just as good as the ratio in other countries. I know that the licensing of doctors is a provincial matter, and that the government of Ontario has given the job of determining qualifications to the Ontario College of Physicians and Surgeons. However, I do not believe that is a reason for the Department of Citizenship and Immigration just leaving it at that. After all, we are encouraging these people to come to Canada, and rightly so. There is a shortage of doctors in this country, in every province.

According to the Prime Minister, this country will institute a national medicare plan on July 1, 1967. At that time the people will not have to worry about the expense of seeing a doctor, and the shortage of doctors will become even more acute. This kind of discrimination, based on race and colour, is contrary to every principle of democracy, every principle of equality, and contrary to the needs of this country. I hope the minister will take a broad view rather than the very narrow, legal view that this matter is the responsibility of the provincial governments and there is nothing the department can do. If the government of Canada were to take this matter up with the Premier of Ontario or the Minister of Health of Ontario, and make it clear this kind of policy is not acceptable to the people of Canada, I believe the government of Ontario would find ways of convincing the College of Physicians and Surgeons that this policy must stop, and must stop now. I hope the minister will consider the matters which I have raised today, because I believe they are important.

Unless we move quickly, energetically and aggressively to meet the problems of continuing the immigration we need in this country in increasing numbers from non-English speaking countries, in years to come we will be faced with problems in the field of employment and in the field of welfare which would have been completely unnecessary if we had moved now in the light of the experience of the last few years.

Mr. Lambert: I hope I will only take about five minutes to cover the points that I must necessarily cut short at this time. First of all, I could not disagree more with the hon. member for Winnipeg North, who seems to indicate any person has the right of entry into another country, that he has a fundamental right of entry. I do not believe so. There is a sovereign right to exclude those persons we see fit to exclude, in the same way I can be excluded from any other country. I cannot insist upon my right, under any conditions, to be admitted into another country. This does not mean, however, that I do not agree with him that there might not be some relaxation in connection with the refusal, in many instances, to give the reason for the exclusion of a person.

For instance, I am thinking of medical grounds. Frankly, the old practice of the department in this connection is out of date. There is nothing wrong with telling a person he is suffering from tuberculosis or from this or that particular ailment. You might be doing the person a kindness by telling him what you have discovered. If the refusal is related to the fact a person has had a nervous breakdown, then let us have a look at that. This is one area in which I suggest we do have to overhaul our procedures. The fact the person has suffered a nervous breakdown is not a permanent stigma, otherwise a great proportion of the people of Canada would be under this stigma.

We have made great advances in this regard, but at the present time there are statutory difficulties. I am suggesting to the minister that there should be a review of these particular statutory disabilities. I have spoken about the difficulties under section 5 (d) in relation to moral turpitude, and I still maintain my views about that.

Mention has been made of the Sedgwick report which dealt with a particular problem, in the main, namely ship jumping. This is all

right, and I can readily understand it. In so far as the Sedgwick report recommends the elimination of sponsored immigrants and that we restrict ourselves to skilled persons, then I think the report should be buried. I feel it should be absolutely buried. I do not believe we should be limiting ourselves to a small category of sponsored immigrants. We cannot afford to do so, because I feel it is mouthing sheer nonsense to say that we shall get only skilled workers from abroad. We may try to get them, but then what do we do? We indulge in the greatest hypocrisy at home. Our trade unions are to blame in part. They have restrictive regulations as to apprenticeship and as to qualifications for admission. I know a number of European trained workmen who are, frankly, just as good as if not better than our own Canadians, but do you think they can become qualified? They could not become qualified in a year of Sundays. The same situation prevails with respect to our professional bodies.

I agree with the hon. member for Winnipeg North when he refers to our doctors. As a lawyer I say that we too, in the legal profession, are antediluvian in this regard. We have some sort of idea that we must featherbed. There is a sort of depression complex that you have to maintain these private preserves for a limited number of people. What utter nonsense this is. I lay the blame all the way down the line, in our professional bodies, our trade unions and our provincial departments of labour who administer industrial standards. If we say we are going to attract skilled people, then let us give them the opportunity immediately to earn a living, and not make them wait years to qualify.

• (4:50 p.m.)

Therefore, Mr. Chairman, we must also go out and get unskilled people. This country was originally populated by unskilled people. We have great demands for people. Certainly we admit unskilled people under the sponsorship categories, many of them being relatives of other unskilled people. And what are they but successful people today? So why should we say that these people do not possess any skills, or that they do not have the equivalent of grade 10 education, as somebody in the Department of Immigration at one time indicated to me as one reason entry was refused. Shame. We have many of our own people who have not attained grade 10 education; and in many skilled occupations grade 10 is not reached. So why put that excuse forward now?

With regard to speaking either of the two languages, I should like the staff of the department to go to a country where there may be 25 or 30 languages in use, and where very few of the people speak English, and yet get along. So let us not have such reasons as these put forward. If we need manpower, let us go out and get it, both skilled and unskilled. We can certainly use it and train it.

The hon. member for Trois-Rivières indicated that he was surprised that any contractor should ask for 50 workers. I had a case last spring of a contractor who wanted to import 100 workers from Italy because he could not get any labour in this country. The department referred him to the National Employment Service. The men who were referred to him were simply not worth the powder, and that is all there was to it.

Just because there is a surplus of labour in Quebec or in the maritimes or in some particular pocket in the country, you cannot say that you will be able to transfer them to an area in which there is a demand for labour, because there are many factors to consider. For example, they may have families with children at school, and perhaps a home which represents their only equity. You cannot move them around just like so many numbers. Therefore I suggest it is wrong to say that until you have completely and utterly exhausted the number of people who are unemployed or are unemployable you cannot bring in workers to meet the requirements of the employer and of the job.

There are many other matters I should like to raise, but finally may I say that I appreciate the increase in immigration from Hong Kong last year over the previous years. I also appreciate the great understanding that has been displayed by immigration officials in this regard. The minister told me that the staff in Hong Kong had been increased, but it seems that the periods of appointment are lengthening again. Perhaps we could have another look at this; it is very discouraging.

As I say, Mr. Chairman, I hope that we will be able to see the white paper. There are some other matters I should like to discuss, but in view of the time I will hold them for some other occasion.

[*Translation*]

Mr. Marchand: Mr. Chairman, my first words will be to thank hon. members of the house for the suggestions, the criticism and, indeed, in some cases, the hopes which have

been expressed; I may add that I also understand those who were less optimistic.

It is obvious that, upon arriving in a new department, which has a past, it is not easy to defend all that was done previously. It is not my intention to do so, neither on behalf of those of the party of which I am a member nor of those who were there before. I also understand those who have particular interest in immigration problems and who want amendments in order to correct situations that everybody has been wanting to remedy for years.

I do not think it was ill-will, neither on the part of the minister of immigration of the previous government, nor of his predecessors.

In this field, a consensus must be reached on some immigration philosophy. It is the white paper on immigration that must define this immigration philosophy and program. I must accept some responsibility for a certain delay in the tabling of this white paper, because I requested that a certain part which I did not agree with be rewritten. It is not the departmental officials who are responsible for that delay; I am. And I think that, being a new minister and having to take responsibility for this white paper in this house, it was in order that I should request the departmental officials to rewrite certain parts which did not suit me, although the house is free to disagree with what I may propose. There have been delays over a period of years; if you have no reason to believe that such delays will not be multiplied, perhaps you have none to believe that they will not be shortened.

All I can say to the house—and I cannot lay formal proof before it—is that this white paper is almost completed. It will have to be revised but the writing is about completed. I hope we will be able to present it. As several members have asked, it will be referred to a committee of the house as soon as it is completed. Hon. members will then have every opportunity to consider it and to make suggestions and recommendations so that our immigration policy meets the wishes of the Canadian people.

But, Mr. Chairman, I should like to answer a few of the questions that were put during the debate.

[*English*]

The Chairman: Order. It being five o'clock, and in order that the house may proceed to the consideration of private members' business, shall I rise, report progress and request leave to sit again later this day or at the next sitting of the house, as the case may be?

Some hon. Members: Agreed.

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

• (5:00 p.m.)

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, I believe it would meet the wishes of hon. members if we were to suspend private members' hour for today and continue the discussion of the estimates as we had been doing immediately before five o'clock. If that is agreeable, I should like to take advantage of this opportunity to announce the business for Monday.

Some hon. Members: Agreed.

Mr. Orlikow: Mr. Speaker, I do not want to be difficult, but—

An hon. Member: Then sit down.

Mr. Orlikow: —this is a department in which a number of our members are interested, and in connection with which they have a number of problems to raise. I am certain that we cannot finish the whole of the estimates in the next hour. However, I am agreeable to the minister's completing the statement he began, and to passing item 1 of the estimates. I cannot agree to continuing until six o'clock and finishing the whole department.

Mr. McIlraith: I wonder if I could ask a question by way of clarification. Do I understand the hon. member to want to revert to private members' hour at the end of the proceedings he mentioned?

Mr. Orlikow: Yes, Mr. Speaker, that is what I am suggesting.

Mr. McIlraith: I would point out, Mr. Speaker, that we have already referred the subject matter of I think, some 33 private members' bills and resolutions to committees of the house, with a view to obtaining recommendations that should embody legislation. I think it is quite unprecedented in the history of parliament. We propose doing the same with some four or five other resolutions now on the order paper. I wonder if the hon. member would agree to letting us go on with the estimates of some other department, if what I have said helps to meet his problem.

Mr. Orlikow: Yes, Mr. Speaker; that is agreeable to me.

Mr. Deputy Speaker: Order, please. Does the house agree to dispensing with the private members' hour today and going on with the estimates of some other department—

Mr. McIlraith: After item No. 1.

Mr. Deputy Speaker: After item No. 1 is carried?

Some hon. Members: Agreed.

Mr. McIlraith: Might I take advantage of this opportunity to announce the intended business for Monday. We proposed proceeding with item No. 56 on the order paper, third reading of the bill respecting the organization of the government of Canada; then item No. 7, resumption of the debate on the bill to amend the Yukon Act; then item No. 58, second reading of the bill respecting employment in the Public Service of Canada; then item No. 59, second reading of the bill to amend the Financial Administration Act; then item No. 51, the resolution to amend the Public Service Superannuation Act, Canadian Forces Superannuation Act, and certain other superannuation acts; then item No. 54, consideration of Senate amendments to the combines investigation bill, and item No. 4, consideration of Senate amendments to the National Research Council bill.

INDUSTRY, RESEARCH AND ENERGY DEVELOPMENT

NATIONAL RESEARCH COUNCIL—REFERENCE OF ESTIMATES TO STANDING COMMITTEE

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, arising out of the proceedings this morning I seek unanimous consent of the house to revert to motions in order that I may move two motions in connection with the designated areas program, and the estimates of the National Research Council and the Medical Research Council.

Mr. Deputy Speaker: Does the house give unanimous consent to revert to motions?

Some hon. Members: Agreed.

Mr. Drury: I move:

That the items listed in the Main Estimates for 1967 relating to the National Research Council including the Medical Research Council, presented to the house at the present session, be withdrawn from the Committee of Supply, and referred to the standing committee on industry, research and energy development, saving always the powers of the committee of supply in relation to the voting of public monies.

Motion agreed to.

CONSIDERATION BY STANDING COMMITTEE OF DESIGNATED AREA PROGRAM

Hon. C. M. Drury (Minister of Industry) moved:

That the Standing Committee on Industry, Research and Energy Development be empowered to consider the subject matter of the designated area program and the criteria thereunder.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, this committee to which two sets of estimates have been referred is also considering those of the Department of Mines and Technical Surveys. Does the minister hope that the committee can complete its task rapidly, in this context?

Mr. Drury: Mr. Speaker, this morning I questioned, on the grounds the hon. member has raised, the desirability of making these references to the committee. I was assured that there was a great desire that that be done, and I accordingly agreed.

Motion agreed to.

SUPPLY

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

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

General Administration—

1. General Administration including the promotion of a program for the employment of the older worker; the promotion of programs for combatting seasonal unemployment; the organization and use of workers for farming and related industries; and the manpower consultative service, $3,913,500.

The Chairman: Shall vote 1 carry?

• (5:10 p.m.)

(*Translation*)

Mr. Marchand: Mr. Chairman, as several members pointed out this afternoon, I am in favour of an extensive and systematic immigration for Canada. I feel, however, that our immigration policy should take into account the situation of the Canadian economy and labour market, not exclusively but inclusively, among other factors.

We are told sometimes that we should follow the example of the United States. It was somewhat the basis of the argument put forward by the member for Edmonton West (Mr. Lambert). As a matter of fact, I thought his intervention contained the same type of argument. According to that argument, we should follow the American policy, that is, accept the greatest possible number of immigrants, with a view to extending our domestic

market and eventually bringing about prosperity.

Now, Mr. Chairman, it should be kept in mind that conditions in 1966 are not the same as those which prevailed when massive immigration took place in the United States. The professional requirements of the labour class, when the United States allowed massive immigration were not similar to those existing today.

When I joined the trade union movement, probably 30 per cent of labour was unskilled and could easily be absorbed by industry. Nowadays, this ratio has fallen to 10 per cent and keeps going down. At a time when our efforts are directed towards professional and technical training, we should strive to provide those unskilled workers with a proper training to enable them to escape unemployment. Our immigration policy should not be allowed to contradict this manpower retraining policy.

Whether we like it or not, Mr. Chairman, even when reference is made to selective immigration, even when immigrants are required to have certain professional qualifications in order to come to Canada, the fact remains nevertheless that under our sponsorship policy, year after year, approximately 35 per cent of immigrants coming to Canada are unskilled workers. They are being admitted to Canada for a humanitarian reason rather than a professional one.

I feel we should continue to stress professional qualifications so that immigrants come to Canada, not necessarily to enjoy our culture or our bilingualism, but rather to make a better living.

I think that if we accept immigrants, we should see that they are provided with suitable jobs. Otherwise, Mr. Chairman, there is a very serious danger of giving rise to negative reactions on the part of workers. If ever workers realize that immigrants compete with them on the labour market, thus increasing unemployment, then a negative reaction to immigration will take place, and I think nobody wishes that to happen.

That type of immigration should therefore be rational, in that it should take into account our economic situation, our development and growth. But at the same time, it must be humane. And I think that by reconciling those two factors, our immigration policy will really achieve the purposes we are aiming at.

[Mr. Marchand.]

The hon. member for Carleton (Mr. Bell) has touched upon several points and almost insisted that I give a reply to each one of them. I feel he is familiar enough with parliamentary procedure and the ways of government not to expect me to give him, this afternoon, texts that would provide an eventual solution to the problems he has brought up. I can merely tell him, in all sincerity, that the points he brought up do not only interest me, but are of concern to me as they are to the department. We hope to solve them within a short time. Not only that I feel we will have to deal with certain problems even sooner than with the white paper, that is to say we shall be able to solve certain problems before the white paper comes before the house.

There is the problem of sponsorship and that of courts of appeal. I believe those problems can be solved before the overall problem of immigration is looked into.

With regard to the setting up of a court of appeal with wider powers than those it now has, I believe we will come to an agreement; it will be a matter of drawing up a text which is almost ready now and which we hope to be able to submit to the house.

Several members have brought up a question which is of concern to me, and doubtless to others who have not spoken: that of security. It truly is the type of problem one hardly dares bring up because of a persistent feeling that the security of the state is at stake. Only, not talking about it eventually leads to even involuntary abuse of individual rights and freedoms. Sooner or later we may have to re-investigate the whole matter, even if it means taking certain chances.

I therefore fully agree on that point, and I trust the house will approve what recommendations we may make in that respect. For with regard to security, you know, sir, that according to the law certain countries are completely exempted from security tests. The purpose of such security rulings is to protect our country from certain agents. I feel there are times when we are most inadequately protected. Such countries as might be interested in sending spies or saboteurs to Canada would be intelligent enough to send them by way of those countries where there are no security tests. The whole question must be gone into, with due regard to individual rights and freedoms.

I think that any immigration or security system intended not only, and in this respect

everybody will agree, to get rid of saboteurs, anarchists, dynamiters and what have you, but also to exert a control on the free and democratic thought of the people, is a bad system. Then freedom is in danger. I think that in Canada, while we cannot afford to be threatened with dynamiting and sabotage, we certainly can run all the risks that involve our freedom.

At any rate, let us say that, with this mentality, we shall move soon, I hope, certain amendments that will take into consideration some of the points raised by the hon. member for Carleton.

The hon. member for Carleton mentioned that one of the objectives as far as the number of immigrants to Canada is concerned could be set at about 1 per cent. Well, I think this year, we will get this objective of 1 per cent of the population of Canada and I hope this trend will continue in years to come.

It is a fact that conditions are more favourable this year for massive immigration than they were in previous years. It is more easily acceptable to the people since immigrants can readily find jobs and workers do not have the impression that immigrants come here to compete with them. Now it is a fact that these conditions exist and I think the over-all policy of the department is intended to increase the number of immigrants.

The hon. member for Waterloo South (Mr. Saltsman) spoke about the manpower mobility program. It is sure this program is not perfect and that it will have to be rectified as was already done since its inception in December last. We have reviewed it, we have adopted new regulations, for instance the Bissette case has been dealt with in a special way. We had to work out new regulations in that instance and we shall continue to improve them, so as to put the emphasis on grants rather than on loans for workers who will have to move from one town to another.

I believe we should not delude ourselves on the efficiency of a program aimed at manpower mobility. We cannot move people systematically and massively from Newfoundland to Vancouver or from Winnipeg to Quebec. People are attached to their environment, and I think some ideas conveyed by the hon. member for Waterloo South (Mr. Saltsman) are quite defensible. If we could develop some growth centres in the provinces, this would certainly meet our needs far better and would not require the uprooting of whole populations.

As regards the amendment of the Citizenship Act, in order to ensure equality of rights for all Canadian citizens, there is no doubt that if you are a naturalized Canadian citizen, your rights are more restrictive than those of a Canadian born citizen. I believe that everybody is agreeable to the idea. As stated, everybody has wanted this discrimination to disappear from the act for many years now.

Even the hon. member for Carleton, though well-meaning, did not have time to introduce this amendment. I hope to remain in office long enough to do so, and I expect this will be in the near future, so that all Canadian citizens may be on an equal footing.

• (5:20 p.m.)

[*English*]

Mr. Bell (Carleton): Why not bring it down and we will pass it next week?

Mr. Marchand: Well, unless there is another Spencer case—

Mr. Bell (Carleton): We want to get ahead with it.

[*Translation*]

Mr. Marchand: Well, I do not think it will be too long. As for the hon. member for York-Humber (Mr. Cowan), he dealt with the Lord Thomson case. Of course, it is a tragic situation, but Lord Thomson lost his Canadian citizenship not because he was decorated by the Queen of England, but because he agreed to become a citizen of the United Kingdom. That is why he lost his Canadian citizenship under a formal provision of the Canadian Citizenship Act. If he wants to get it back, he can easily do it, but the act requires him to come and reside in Canada for at least a certain period of time.

According to the information I have, his case has nothing to do with the fact that he received a decoration; it is rather based on the fact that he has agreed to become a citizen of a foreign country and, as such, has automatically lost his rights to Canadian citizenship.

As for the observations of the hon. member for Mégantic (Mr. Langlois) about Canadian workers or labourers who are called-up in the United States, I am ready to discuss this matter with the Secretary of State for External Affairs (Mr. Martin), but it does not come actually under my jurisdiction.

Now we will certainly have to try our best, in accordance with the spirit and the letter of the law, to facilitate the access to Canada of people living behind the iron curtain, who now meet with certain difficulties. I think that question was put to me by the hon. member for Edmonton East (Mr. Skoreyko). This is another problem which we have considered. We tried to find out how to put these people on an equal footing with immigrants from other countries, without jeopardizing Canadian security and the proper application of the act.

This is a more involved problem but it is now being considered by the department, and we hope to find a solution which we will submit to you as soon as possible.

Members have dealt with immigrants coming from certain countries of Asia and Africa. All countries are certainly not on the same footing with regard to the Immigration Act. In the matter of sponsorship alone one notices a certain discrimination. Should it be abolished? Personally, I feel that any type of discrimination should be eliminated from every provision of the act, so that people wishing to come to Canada be all on the same footing. Should special cases come up, we could exercise various other means of control. I do not think that discrimination should be embodied in the act itself. Therefore, it is a solution to a problem that we hope to be able to submit to you quite soon.

Now, the hon. member for Edmonton East referred to the case of a Frenchwoman married to a Pole who cannot come to Canada. Her husband is not acceptable here not because he is a communist, but simply because we cannot check his record.

Therefore, this is related to immigration difficulties in the case of those living behind the iron curtain. Those are problems that we will have to solve soon enough and I would even hope to settle them before consideration of the white paper on immigration.

Of course, it gives rise to injustice when it can be said that someone is a communist or a danger for Canada. Very often, when there is a risk involved, we do not impose it upon this country, but rather upon the applicant for entry into Canada. But perhaps it would be necessary to widen the door in this regard so as to avoid certain situations which are absolutely inhuman.

It is the problem that ministers of immigration have had to face in the last few years and I am not alone in this. Besides, I was told that that was really the place where ministers were buried, because in spite of human problems, we are obliged to apply the law as is. This involves considerable difficulties. If a risk is taken, if at a given time we let a common law criminal or a bandit get through, as it happened in the past, this may result in a general uneasiness in certain quarters.

Anyway, we will seek to adjust the law so that this situation cannot occur again.

Now, we were asked to try and establish a special class for people intending to go into agriculture. It is quite normal to want to attract immigrants to make farmers out of them, but if they farm for two, three, four or five months, and if economic conditions are such that they are attracted to our cities, it serves no purpose.

I think that to accept people with lesser qualifications, ostensibly because they will work in agriculture, is to fool oneself because, as soon as they see they can earn $1 or $2 more per hour in Toronto, these people will leave agriculture. The only way is to bind them by their fare, in other words to promise to pay their fare provided they work on a farm for one, two or three years. But, in my opinion, this is not a very sound procedure in a democracy. I think this is slave labour rather than freedom. Anyway, in such cases, they cannot he forced to stay. I do not believe this is an acceptable method and philosophy as applied to immigration.

The hon. member for Trois-Rivières (Mr. Mongrain) talked of the balance of cultures in Canada, between the French and the English element. Of course, nowadays immigrants are not like merchandise that one can pick and choose. They must be sought after and we must take them wherever we can, when they are ready to come.

In my opinion, since Quebec has begun to follow Ontario, it should deal with the immigration problem and set up offices in French speaking countries in order to solve those problems. I am sure Quebec will receive full co-operation from the federal government. The Ontario government has been doing this for several years in co-operation with the federal government. This does not create friction of any sort and there is no objection to Quebec doing the same thing, so long, of course, as it respects the law and regulations of the Canadian immigration office. I believe this is the way to preserve this balance rather than at the federal level.

The hon. member for Trois-Rivières also spoke of construction workers brought into Ottawa. I should like him to give me further information on this subject, because I do not think immigrants have been brought to Ottawa for the construction industry. If there is a particular case, I am willing to discuss it, but I do not know of one.

The hon. member made a suggestion with which I basically disagree when he said we should try to find part-time work for those who draw unemployment insurance.

Unemployment insurance is a type of insurance. The people who get unemployment insurance are not living on public charity. If we give start to competition between workers and those who are on unemployment insurance, I fear we will create an unbearable situation. Those people start working for lower salaries and will finally end up competing with regular workers. To my mind we must instead find regular employment for the people on unemployment insurance, full-time jobs that will afford them a livelihood. We must not allow them to compete against the working class.

The member for Winnipeg North (Mr. Orlikow) spoke of a court of appeal—I have already spoken about it—and of the Sedgwick report.

• (5:30 p.m.)

[*English*]

We have studied the Sedgwick report, but we never suggested that it was our intention to apply or implement it in its present form. Surely there will be some changes made and for the time being I do not think we are in disagreement in this regard.

The hon. member spoke about the report made by Miss Edith Ferguson. All I have to say in this regard is that under federal-provincial training agreements, the decision to establish training programs and extend living allowances is a provincial decision rather than a federal one. At the present time the federal government contributes 75 per cent of training costs and 90 per cent of living allowances for unemployed persons, including immigrants in full-time courses, and 50 per cent of training costs for employed persons taking part-time courses.

The provincial and federal officials will be making arrangements to hold discussions on these matters in the near future. If provincial governments decide for example to set up classes combining language, citizenship and academic subjects for newcomers who need this training for employment the federal government will share in the costs. The government is also willing and anxious to do what it can to lessen any other obstacles to the effective integration of newcomers.

Although a knowledge of either English or French is not a requirement for admission to Canada, all unsponsored immigrants selected overseas by the Department of Citizenship and Immigration are informed that until they know the language of their community of settlement they cannot expect to realize their full capabilities. Written advice is given to all such immigrants on the necessity of learning either English or French early in the immigration process, and it is suggested to them that they take language instruction prior to their leaving for Canada. This point is further stressed during the interview with the counselling officer, and the facilities for carrying on language instruction after arrival in Canada are explained.

As far as unskilled immigrants are concerned, the department is not selecting such persons abroad unless they meet certain basic educational requirements. We are ready to work with provincial governments in this field, and I hope our efforts in this regard will be fruitful.

[*Translation*]

The hon. member for Winnipeg North has also mentioned the case of medical doctors who cannot practise even with professional qualifications. In this field, we have already approached the provincial government of Quebec. We are ready to apply again to the Ontario government, if need be, so that provincial governments may bring professional organizations to cease this discrimination, not only in the case of physicians but of all professionals immigrating to Canada. The same thing could probably be asked of our good friends of the trade unions, as they are sometimes a little too conservative in this field. Immigrants must feel at home in Canada and they must be convinced that their professional qualifications are recognized.

But the hon. member for Winnipeg North will understand that this matter does not come directly under our jurisdiction and that we have to leave it to the provincial authorities, which usually control the activities of these private organizations.

Mr. Chairman, those are the remarks I wanted to make following the comments made in the house and which I took in very good part.

In a few years, shall we find again in the Speech from the Throne the same hopes as were expressed in two, three, four or five previous Speeches from the Throne? I cannot swear it is impossible. I only wish to say that we shall do the utmost in order that the next Speech from the Throne may deal with other topics than immigration and citizenship.

Some hon. Members: Hear, hear.

[*English*]

Mr. Fane: Mr. Chairman, I should like to direct a question to the minister. During his remarks I did not hear him say anything about immigration provisions regarding farm workers in western Canada. At one time certain immigrants were expected and required to work on farms for one year before moving to another type of employment. This provision seems to have gone by the boards in the last few years. It is very difficult to get farm labour in western Canada and I believe that some provision should be made which would require certain types of immigrants from other countries to make themselves available for farm work for a certain period of time.

There is no point in requiring immigrant doctors and lawyers who must requalify in this country to spend a certain period of time working as farm labourers. It is much better to have trained farm workers required to put in a certain period of time at this type of work before moving to another occupation. I should like to hear what the minister has to say about this matter. He may well have said something in this regard during his remarks, but if he did I did not hear it.

• (5:40 p.m.)

Mr. Marchand: Mr. Chairman, perhaps I missed the first part of the hon. member's remarks. Let me assure hon. members that there are a certain number of farmers coming to Canada each year. I do not have the figures with me, but the problem in this regard is that even though these people are required to work on farms they do not stay at that work, for different reasons, some of which are economic. I understand that what the hon. member has in mind is that there should be a clear understanding or even a formal agreement that they will stay on the farms for a while. Is this the question the hon. member put to me?

Mr. Fane: Yes, Mr. Chairman. If the minister wishes, I can supply him with the names of people who have written to me in the last few days and asked me to do something about getting farm help for them. In the majority of cases, they would like to hire their farm help by the year, and out in the country in which I live people are well able to do this. The difficulty is that labourers are just about as scarce as hens' teeth at this time.

Mr. Marchand: The number of people employed on farms in Canada is decreasing all the time and has been decreasing tremendously in the past 10 or 20 years. At the same time, for many reasons farmers have not been in a position to provide competitive working conditions and pay competitive wages. Therefore it is very difficult to counteract this trend. I should like to reserve judgment on this question because there are a number of things of which I am not aware. But personally I am not very enthusiastic about having formal agreements in order to compel a free citizen to stay in a certain job for years if he does not like it, or can find a better job somewhere else. I am not sure that such agreements could be easily implemented or enforced. In any event, Mr. Chairman, I should like to take this question as notice and perhaps I can discuss it with the hon. member. When my estimates come back, as they probably will, for consideration by the committee perhaps I can clarify this point.

Mr. Fane: Perhaps I would be able to visit the minister in his office and we could talk it over under perhaps better circumstances than these.

Mr. Marchand: The hon. member is welcome to visit me in my office.

[*Translation*]

Mr. Latulippe: Mr. Chairman, I wish to address a question to the minister. Does he intend to make some arrangements concerning the immigrants who cross the border into the United States and who cost a lot of money to Canadians? They do not stay very long in Canada and they go over shortly to the United States. I believe some steps should be taken, and I wish I were informed of the minister's opinion on this matter.

Mr. Marchand: Mr. Chairman, Canada is a country which benefits from immigration. If we consider the final result of immigration, the number of persons entering Canada as compared to the number of those leaving it, we have a positive balance-sheet, that is there are many more immigrants entering Canada than leaving the country.

So, if Canada is happy to receive immigrants, I believe it would be quite illogical to try to impose restrictions on people wishing to go elsewhere, because if all countries acted like that, the migration of populations would be impossible.

Concerning the United States, there is no doubt that we incur in deficit on immigration and emigration. In other words, there are more people from Canada going to the United States than there are coming to Canada from the United States. The discrepancy is perhaps of the order of 30,000 people per annum. But on the whole, if we consider the total migration of Canada, we benefit, and if, by any chance, we imposed restrictions on emigration to the United States, well, we should expect the United States and the other countries to do the same thing toward Canada.

This is like people who think they can impose duties on foreign products and that other countries will not. We are not alone in this world.

Therefore if this population migration is to our advantage, we must not be among those who impose restrictions or make a useless fuss. The way for us to keep people in Canada is to create conditions such that they will want to stay. And, between us, if we were to find some advantage in moving to California, because it suits us, or if we had a family and so on, would we accept it if a state made all sorts of trouble for us because we were not leaving? Aside from states and the common interest, there is also the individual. Anyhow, let us say I do not find these restrictions very desirable.

[*English*]

Mr. Reid: Mr. Chairman, I should like to ask the minister a question about mine labour. I understand that the mining industry is claiming that it is short to the extent of some 6,000 men to fill available jobs, and I know the minister has on several occasions said that one of the reasons for this lack of manpower is the fact that the accommodation and facilities provided in mining towns is not of a quality to keep immigrants to this country working in the mines in these areas. I should like to ask the minister whether he has had any conversations with the mining industry about means and methods which the industry could use to hold the people that are brought in occasionally, and also to attract Canadians back to these mining areas.

[*Translation*]

Mr. Marchand: Mr. Chairman, we have met with representatives of the Mining Companies Association to discuss this problem, but we believe that those companies can make an effort in order to train or retrain their staff. They might also strive to improve working conditions so as to attract workers.

At any rate, let us say that we are trying to avoid, by expanding an immigration which might create a problem in Canada at a given time, that some employers be prevented from assuming their responsibilities with regard to our workers and to the Canadian people.

This does not mean that all mining companies seek to have workers for less than they would pay Canadians. Conditions must not be created which would encourage them to adopt this practice.

For instance, a mine was closed down at Bell Island, Newfoundland, where there are close to 1,000 miners in the street. We do not know what will happen, but anyway if there are jobs in Canada, we must give them the preference, we must try and retrain them instead of importing people who are qualified and who eventually will become a burden to the Canadian economy.

[*English*]

Mr. Thompson: Mr. Chairman, I have just one question to ask the minister. In view of the fact that it was only about six weeks ago, or perhaps two months ago, that the minister said it was impossible to run the immigration department under its present policies and set-up—

Mr. Marchand: I said that?

Mr. Thompson: I think it was on March 22. At least, it was reported that the minister said he had lost control over immigration policy and it was impossible to continue on that basis. I wonder how long the minister anticipates it will take, after bringing in the white paper, to introduce the new Immigration Act in the house?

• (5:50 p.m.)

Mr. Marchand: I think the report the hon. member has given of my statement is a little too broad. I did not say it was impossible to run the immigration and citizenship department; I said it would be impossible to keep control of immigration if we did not solve the problem of non-immigrants in Canada. My statement was not as broad as the hon. member has said. So I think this problem of non-immigrants in Canada will have to be

solved before we present the white paper on this subject. I think it will probably be done in a few weeks time, as soon as the agenda of the house allows for it.

Mr. Thompson: My question was whether you anticipate introducing legislation relating to this matter during this session of parliament.

Mr. Marchand: I do not know, any more than any of the other hon. members of this house, exactly what will happen in the next few weeks or few months, but the intention is to introduce this legislation as soon as possible, and probably before the end of June.

Mr. Herridge: I have a question for the minister. I know that in the southeastern part of British Columbia many immigrants come from the United States and receive the status of landed immigrants. However, many of them have no intention of settling in Canada; they come here to take employment at very high wages for a year or two and, as they will tell you, they intend to go back as soon as the job is completed. What will be done to stop that situation? Those people are taking away jobs from Canadians and even from immigrants who, in some cases, wish to stay in this country.

Mr. Marchand: I presume that some Canadians do exactly the same thing in the United States. Whether you restrict the employment of United States citizens in Canada or the employment of Canadians in the U.S., you have to accept this competition. I think that if we prevent U.S. citizens from coming here and working under those conditions, the U.S.A. will probably retaliate by preventing Canadians from doing the same in the U.S.

Mr. Herridge: Would it not be better, to be quite frank about it, not to call them landed immigrants but to give them visitors' permits allowing them to work here for a year or two? There is a lot of humbug in this now, and I loathe humbug.

Mr. Marchand: I do not know how you can discover the intention of a U.S. citizen who states he wishes to have the status of a landed immigrant and become a Canadian citizen. It is not easy.

Mr. Rapp: Mr. Chairman, I wish to ask the minister a question. Since our western agriculture has reached a stage where it is very technical and where there is a need for people who know something about operating very heavy expensive machinery such as combines, big tractors and equipment to clear land, would it be possible to allow some of these people to take technical and vocational training in schools which are set up for this purpose at the present time? Our agricultural industry is very complicated at present and it will get more so as time goes on.

Mr. Marchand: I think that farmers can profit by this training allowance bill which is now before the house and which provides for allowances up to $90 a week for training or retraining in primary industry such as agriculture, forestry and so on.

Item agreed to.

The Chairman: As agreed earlier today, the remaining items of the Department of Citizenship and Immigration will stand. Is it the wish of the committee to proceed to the consideration of the estimates of another department?

Mr. Churchill: In view of the fact that there are only four minutes left, I think perhaps we should call it a day.

Resolution (Citizenship and Immigration) adopted in committee of supply this day reported and concurred in.

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

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

DEPARTMENT OF INDUSTRY

1. Departmental administration, including grants as detailed in the estimates, $6,795,400.

5. To sustain technological capability in Canadian industry by supporting selected defence development programs, on terms and conditions approved by treasury board, and to authorize, notwithstanding section 30 of the Financial Administration Act, total commitment of $60,000,000 for the foregoing purposes during the current and subsequent fiscal years, $25,000,000.

10. To advance the technological capability of Canadian manufacturing industry by supporting selected civil (non-defence) development projects on terms and conditions approved by treasury board and to authorize, notwithstanding section 30 of the Financial Administration Act, total commitments of $20,000,000 for the foregoing purposes during the current and subsequent fiscal years, $8,770,000.

Loans, investments and advances—

Industry—

L35. Loans, in the current and subsequent fiscal years and in accordance with terms and conditions prescribed by the Governor in Council, to assist manufacturers of automotive products in Canada affected by the Canada-United States agreement on automotive products to adjust and expand their

production; such loans to be made for the purpose of acquisition, construction, installation, modernization, development, conversion or expansion of land, buildings, equipment, facilities or machinery and for working capital; and to authorize, notwithstanding section 30 of the Financial Administration Act, total commitments of $30,000,000 for the foregoing purposes during the current and subsequent fiscal years, $8,600,000.

DEPARTMENT OF DEFENCE PRODUCTION

A—Department—

1. Departmental administration including the care, maintenance and custody of standby defence plants, buildings, machine tools and production tooling and grants to municipalities in lieu of taxes on Crown-owned defence plants operated by private contractors, $21,330,800.

5. Payments, subject to the approval of the treasury board, for certain programs carried out under the Defence Production Act, (a) to assist defence contractors with defence plant modernization, and in connection with the establishment of production capacity and qualified sources for production of component parts and materials; and (b) for capital assistance for the construction, acquisition, extension or improvement of capital equipment or works by private contractors engaged in defence contracts, by Crown plants operated on a management-fee basis or by Crown companies under the direction of the Minister of Defence Production, $4,765,000.

B—Emergency measures organization—

20. Administration and operation, $3,015,900.

25. Construction or acquisition of buildings, works, land and equipment including authority to make recoverable advances not exceeding in the aggregate the amounts of the shares of the governments of the provinces of the costs of joint programs, $2,199,000.

30. Grants to provinces and municipalities for civil defence and related purposes and authority to make recoverable advances in accordance with terms and conditions approved by the treasury board, $5,400,000.

C—Crown companies—

Canadian Arsenals Limited—

40 Administration and operation, $446,000.

45. Construction, improvements and equipment, $357,400.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

General administration—

1. General administration including the promotion of a program for the employment of the older worker; the promotion of programs for combatting seasonal unemployment; the organization and use of workers for farming and related industries; and the manpower consultative service, $3,913,500.

HOUSE OF COMMONS

Monday, June 6, 1966

The house met at 2.30 p.m.

BUSINESS OF THE HOUSE

LEGISLATION TO BE DEALT WITH BEFORE SUMMER RECESS

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, recently in the house and in meetings with other house leaders the government has been asked to indicate the business which it proposes to bring forward in this part of the present session. I should like to indicate that the major items which the government proposes for consideration, in addition to those already before parliament, are the medicare bill; the Bank Act revisions; a bill to amend the crop insurance legislation, and a bill to establish a Canadian dairy commission. These four measures will shortly appear on the order paper.

I should add, of course, that while these are the items which we foresee offering to the house for its consideration, there is always the possibility that there might be some minor items or that some emergency might arise which will require legislative action. We must also consider interim supply if the estimates have not been completed.

[*Later:*]

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): I should like to ask the government house leader what particular stage of completion the government believes we should reach in connection with the four major pieces of legislation to which he referred before a recess is taken. I have in mind particularly the Bank Act revision and the medicare bill.

Mr. McIlraith: Mr. Speaker, I would prefer not to answer the question directly, because I have indicated the four measures which the government plans to submit for consideration in addition to all those now before parliament. I should think that at the moment it would be better just to go along and consider as many as we can before we make a firm decision on the precise date of the recess.

CRIMINAL CODE

AMENDMENT TO PROVIDE FOR DESTRUCTION OF CRIMINAL RECORDS

Mr. D. R. Tolmie (Welland) moved for leave to introduce Bill No. C-192, to amend the Criminal Code (destruction of criminal records).

Some hon. Members: Explain.

Mr. Tolmie: Mr. Speaker, the purpose of this bill is twofold: first, to erase criminal records incurred by minors who, upon reaching their majority, have become respectable members of society; and second, to relieve adults, who have paid their debt to society and taken their place as law-abiding citizens, from the continuing stigma and harassment of past criminal records.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

C.B.C. FREE TIME TO POLITICAL PARTIES

Question No. 320—**Mr. Caouette:** (*Supplementary*)

1. Did the C.B.C. offer, free of charge, periods of time to the various provincial political parties during the last election in each province?

2. If so, how many hours were allocated to each party in each province?

3. What is the cost of these hours based on the rates of rental for every provincial party in each province during the last provincial election in these provinces?

4. What is the total cost of the expenses incurred by each political party during the official period of the last federal election campaign for the rental of facilities of private television stations, and of the government-owned network, as reported to the B.B.G.?

[*Translation*]

Hon. Judy V. LaMarsh (Secretary of State): The C.B.C. does not sell time for political broadcasting and does not normally attempt to place a monetary value on such broadcasts. However, if commercial rates in effect at the

time of the last provincial election campaign in each province were applied to the hours of broadcasting, the cost to each party would have been approximately as follows:

	Lib.	P.C.	U.N.	N.D.P.	S.C.
Newfoundland	$ 420	$ 420	$ —	$ 215	$ —
P.E.I.	450	450	—	—	—
Nova Scotia	1,480	1,790	—	1,170	—
New Brunswick	2,180	2,180	—	—	—
Quebec	16,000	—	13,255	—	—
Ontario	17,500	21,100	—	10,200	—
Manitoba	860	1,275	—	860	450
Saskatchewan	1,570	940	—	1,890	630
Alberta	1,800	1,800	—	1,800	3,600
British Columbia	1,450	1,185	—	2,000	2,270

[*English*]

RECOVERY OF C.B.C. PAYMENTS FOR WORK NOT DONE

Question No. 753—**Mr. Sherman:**

What has the Secretary of State done with respect to recovery of the $450,000.00 which the C.B.C. paid out last year in "salaries and wages for work not performed", as listed in the Auditor General's report for the fiscal year ended March 31, 1965?

Hon. Judy V. LaMarsh (Secretary of State): As the Auditor General's report, in commenting on this matter, acknowledged that "all payments were in accordance with the articles of the various union agreements and our tests did not reveal any discrepancies in their application", no action has been taken or is required by the Secretary of State on this matter.

PUBLIC SERVICE SUPERANNUATION ACCOUNTS DEFICIENCY

Question No. 1,337—**Mr. Bell (Carleton):**

1. In each of the fiscal years ending March 31, 1962 to 1966 inclusive, what amount has been charged to budgetary expenditure in respect of actuarial deficiencies in the public service superannuation accounts arising out of pay increases?

2. For each of the years aforesaid, what is the actual amounts of the actuarial deficiency arising out of pay increases and what percentage or fraction of this was charged to budgetary expenditure?

3. What is proposed in respect of the percentage or fraction of the actuarial deficiency arising out of pay increases for which no amount has been charged to budgetary expenditures?

4. What is the total actuarial deficiency in the public service superannuation accounts as of March 31, 1966, for which no provision has been charged to budgetary expenditure?

Hon. Mitchell Sharp (Minister of Finance): 1.

Fiscal Year Ending March 31	Public Service Superannuation Account	Canadian Forces Superannuation Account	Royal Canadian Mounted Police Superannuation Account
1962			
1963			
1964		$76,500,000	
1965	$ 9,980,200	$13,440,400	$1,038,400
1966	$25,900,200	$16,760,400	$1,038,400

Increases Authorized in Fiscal Year Ending March 31	Public Service Superannuation Account	Canadian Forces Superannuation Account	Royal Canadian Mounted Police Superannuation Account
1962			
1963			$2,800,000—0[1]
1964		$76,500,000—100%	
1965	$49,901,000[2]—20%[3]	$67,202,000—20%[3]	$5,192,000—20%[3]
1966	$79,600,000 —20%	$16,600,000—20%	

[1] This amount was written off to net debt under the authority of finance vote 68e of Appropriation Act No. 4, 1964.

[2] Includes increases authorized in the fiscal year 1963-64 where deficiency not determined until valuation of Account completed in 1964-65.

[3] The same percentage of these deficiencies was charged to budgetary expenditure in the fiscal year 1965-66.

3. The relevant legislation now requires that such deficiencies be amortized in equal instalments over five years commencing in the year in which the increase is authorized. This procedure commenced in the fiscal year 1964-65. Thus three more instalments are payable in respect of the amortization which commenced in 1964-65 and four more in respect of the amortization which commenced in 1965-66.

4. Public Service Superannuation Account, $93,620,600; Canadian Forces Superannuation Account, $53,601,200; Royal Canadian Mounted Police Superannuation Account, $3,115,200.

PURSHASES FOR INDIAN PAVILION, EXPO '67

Question No. 1,341—**Mr. Howard:**

Was Andrew Tanahokate Delisle, since he was appointed commissioner general of the Indian pavilian of Canada, Expo '67, or just prior thereto, approached by any person to arrange that the purchase of any goods or materials for the said pavilion be made through one person or agency, and, if so, what is the name of any such person, the nature of his representations and did those representations entail an arrangement whereby the said Andrew Tanahokate Delisle would benefit if the said purchase could be so arranged and, if so, what was the nature of such a benefit?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): 1. I am informed by Andrew Tanahokate Delisle that he has not been approached by any person or persons to arrange for any purchase of materials or goods for the Indians of Canada pavilion at Expo '67, prior to or since his appointment as commissioner general of the pavilion.

UNIDENTIFIED FLYING OBJECTS— REPORTS TO R.C.M.P.

Question No. 1,342—**Mr. Howe (Hamilton South):**

1. Does the R.C.M.P. accept reports of unidentified flying objects and, if so, to which government department are these directed?

2. Are such reports investigated and, if so, by which government department or departments?

Hon. L. T. Pennell (Solicitor General): 1. Yes. If the object is suspected to be a meteor or fireball it is reported to the Department of Mines and Technical Surveys. If it is not suspected to be a meteor or fireball it is reported to the Department of National Defence.

2. Yes. Such reports are investigated by the R.C.M. Police and referred to the Department of Mines and Technical Surveys or the Department of National Defence for whatever further action those departments may deem necessary.

CANADA PENSION PLAN

Question No. 1,380—**Mr. Bell (Carleton):**

1. Pending legislation by parliament, what action has been taken by the government to integrate the Canada Pension Plan and the Public Service Superannuation Act or other superannuation acts?

2. Have any loans been made to public servants in respect of their contributions to the Canada Pension Plan?

3. If so, on what basis, in what total amount, under what procedure and pursuant to what statutory or other authority?

4. Have any deductions for Canada Pension Plan contributions been made from increased salaries or wages paid in 1966 to public servants for periods in 1965?

Questions

5. If so, on what basis, in what total amount, under what procedure and pursuant to what statutory or other authority?

Hon. Mitchell Sharp (Minister of Finance): 1. See government order No. 51 of April 21, 1966.

2. and 3. By vote L100d of the Appropriation Act No. 2, 1966 and vote L100e of the Appropriation Act No. 4, 1966, parliament has authorized special accountable advances to or in respect of persons employed in the public service whose remuneration is payable out of the consolidated revenue fund and who are required to make contributions under (a) the Public Service Superannuation Act or the Diplomatic Service (Special) Superannuation Act, and (b) the Canada Pension Plan or the Quebec pension plan, in the amounts by which the combined contributions required from such persons in respect of remuneration to which an act referred to in paragraph (a) and an act referred to in paragraph (b) both apply exceed 6½ per cent of such remuneration in the case of males and 5 per cent of such remuneration in the case of females.

These advances amounted to $4,034,935.77 up to March 31, 1966.

4. Yes.

5. These deductions have been made in accordance with the requirements of the Canada Pension Plan and the regulations thereunder and amounted to approximately $210,000, up to March 31, 1966.

CANADA SAVINGS BONDS

Question No. 1,389—**Mr. Godin:**

1. How many Canadians are holders of Canada savings bonds?

2. What is the total value of these bonds?

3. What is the percentage of interest paid to holders?

Hon. Mitchell Sharp (Minister of Finance): 1. It is estimated that there are approximately two million holders of Canada savings bonds.

2. At May 25, 1966 there were $5,629 million of Canada savings bonds outstanding.

3. The average yield to maturity offered on Canada savings bonds has varied from series to series. Coupon rates payable on outstanding issues each year also vary according to series. At May 1, 1966 the weighted average yield over the remaining life to maturity of Canada savings bonds outstanding was 5.23 per cent.

CANADIAN EMPLOYEES OF INTERNATIONAL AGENCIES

Question No. 1,396—**Mr. Harley:**

Further to question No. 994, what are the working classifications of the total number of Canadian employees as shown in column 1 of the answer (a) professional personnel (b) senior administrative staff (c) senior staff level (d) junior staff levels (i.e. clerks, secretaries)?

Hon. Paul Martin (Secretary of State for External Affairs): The United Nations and its agencies do not employ the classifications outlined in the above question and each of the 15 organizations involved would almost certainly place varying interpretations on what was meant by these descriptions. The resulting statistics would be misleading. In the interests of accuracy, therefore, I would prefer to reply to this question by employing the broad classifications used by the United Nations system and dividing the Canadian nationals employed in it between professional and non-professional staff. The following table shows this division.

Questions

Employment of Canadians in International Organizations

Organization	Professional Staff	Non-Professional Staff	Totals
United Nations	75	93	168[1]
International Labour Organization	17	7	24[1]
World Health Organization	60	0	60
International Telecommunication Union	1	2	3
World Meteorological Organization	2[1]	1	3
Inter-governmental Maritime Consultative Organization	0	0	0
International Atomic Energy Agency	6	9	15
UNESCO	14	3	17
International Civil Aviation Organization	24	221	245[2]
International Monetary Fund	13	27	40
International Bank, International Development Association	16	65	81
International Finance Corporation	1	8	9
Universal Postal Union	1	0	1
Food and Agriculture Organization	80	11	91

NATO International Staff

Classification	Number
Unclassified (Senior Officer)	1
A3 and A4 (Intermediate Officers)	4
B3 (Senior Clerical)	1
C4 (Junior Clerical)	1
Total	7

[1]There are also 29 Canadians employed with the United Nations and 9 with ILO on a contract basis as experts for technical assistance work. The two professionals of WMO are also technical assistance experts.

[2]Revised total from that given in answer to question 994.

PENSION PLAN INVESTMENT FUND

Question No. 1,430—**Mr. Bell (Carleton):**

1. As of May 1, 1966, what was the total amount to the credit of the Canada Pension Plan investment fund?

2. As of that date, in which securities of what provinces, and in which securities of Canada, was such amount invested and what was the amount invested in each such security?

Hon. Mitchell Sharp (Minister of Finance): 1. On May 1, 1966 the Canada Pension Plan investment fund held $84,338,000 in provincial and federal securities. On May 3 a further $53,058,000 was invested in these securities raising the total held by the fund to $137,396,000.

2. Only special securities of the provinces, other than Quebec, and of Canada can be held by the fund. They are not negotiable, transferable or assignable. The provincial securities may include a special security of any agent of Her Majesty in right of a province that is guaranteed as to principal and interest by the government thereof.

As of May 3, 1966, the Canada Pension Plan investment fund held the following securities:

Questions

Jurisdiction	Sub-Total $	Total $
Newfoundland		2,577,000
Prince Edward Island		431,000
Nova Scotia		4,944,000
New Brunswick		3,859,000
Ontario		79,189,000
Manitoba—development fund	2,077,000	
—water supply board	2,954,000	
—school capital financing authority	3,173,000	8,204,000
Saskatchewan		5,673,000
Alberta—municipal financing Corporation		12,083,000
British Columbia—hydro and power authority		20,036,000
Canada		400,000
		137,396,000

SELECTION OF CENSUS OFFICIALS

Question No. 1,432—**Mr. Schreyer:**

1. What procedure is followed in selecting (a) census commissioners (b) census enumerators?

2. Are census commissioners and enumerators selected through application or by solicitation?

3. Is anyone invited to recommend persons for these positions to the Minister of Trade and Commerce?

4. If so, on what basis is it decided whose recommendations are to be followed?

5. What is the remuneration paid to census commissioners and enumerators?

6. In the case of the 1966 census, what was the date on which census commissioners were appointed?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): 1, 2, 3 and 4. The Minister of Trade and Commerce is responsible, under section 5(1) of the Statistics Act, for the appointment of census commissioners and enumerators.

The appointments were made by the Minister of Trade and Commerce following recommendations and interviews by the regional office representatives of the Dominion Bureau of Statistics.

Because of the large number of enumerators required, (about 35,000), the Minister of Trade and Commerce has delegated responsibility for locating, testing and hiring to the census commissioner for the census district to which he or she is assigned. The commissioners solicit and receive applications for positions of enumerator and, after written tests supplied by the Dominion Bureau of Statistics, make the appointments.

5. Each census commissioner will be paid $1,100. In addition, travel expenses are allowable in accordance with government travel regulations in the rural areas, and an allowance of $20 or $40 in lieu of travel expenses in the urban and semi-urban areas.

Census enumerators will be paid a basic rate of 8 cents for each person enumerated. $1.00 for each farm holding enumerated, 15 cents for each merchandising establishment and from 5 cents to 8 cents per dwelling listed. In semi-rural and rural areas additional allowances are paid in lieu of travel expenses. If instruction regarding population and agriculture is required, enumerators will receive $22. If instruction regarding population only is required, enumerators will receive $12.

6. Census commissions were not all appointed at one time but the names were announced on April 27, 1966. Since then, further appointments have been made to fill vacancies and replace those who have had to resign.

CENSUS COMMISSIONERS, CUMBERLAND COUNTY, N.S.

Question No. 1,458—**Mr. Coates:**

1. What are the names of the census commissioners selected in Cumberland county, Nova Scotia, and what are the qualifications of each?

2. What remuneration will they receive and for how long a period will they act?

3. What are the names of the individuals selected by each of the census commissioners to carry out the census, what is their remuneration and for how long a period will they act?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): 1. The census commissioners appointed for Cumberland county are: Mrs. W. Baryle McCunn, Mr. K. J. Cochrane, Mrs. Jennie I. Cameron.

The qualifications are: a good education with subsequent professional or business experience in a supervisory capacity, intimate knowledge of the census district, proven executive and organizing ability; tact, good judgment and ability to deal with the public.

2. Each census commissioner will be paid $1,100. In addition, travel expenses are allowable in accordance with government travel regulations in rural areas, and an allowance of $20 or $40 in lieu of travel expenses in the urban and semi-urban areas. They will be involved in census work part time in April and early May, and full time during the latter part of May and June, until all field work in their area is completed to the satisfaction of the dominion statistician.

3. Names of census enumerators are not yet available as they are appointed by the census commissioner in their particular area on behalf of the Minister of Trade and Commerce. Enumeration pay is based on the number of forms completed accurately; a basic rate of 8 cents for each person enumerated; $1 for each farm holding enumerated; 15 cents for each merchandising establishment and from 5 cents to 8 cents per dwelling listed. In semi-rural and rural areas allowances are paid in lieu of travel expenses. In addition, if instruction regarding both population and agriculture is required, enumerators will receive $22; but if instruction regarding population only is required, enumerators will receive $12. An enumerator will be expected to work full time on the assignment which might last between one to three weeks depending on the efficiency of the enumerator and the population density of the enumeration area.

SPRINGHILL PENAL INSTITUTION—PAYMENTS IN LIEU OF TAXES

Question No. 1,459—**Mr. Coates:**

1. What was the amount of the grant in lieu of taxes paid to the municipality of Cumberland for the young offenders' penal institution at Springhill, for the fiscal year 1965-66?

2. What was the amount paid in lieu of taxes to the town of Springhill for the young offenders' penal institution at Springhill for the fiscal year 1965-66?

3. Will a re-appraisal of the amount involved in the grant in lieu of taxes be made on the completion and opening of the young offenders' penal institution at Springhill and, if so, when?

Hon. Mitchell Sharp (Minister of Finance): 1. $280 (relating to municipality's taxation year 1965).

2. Nil (relating to town of Springhill taxation year 1965). $80,409 approved for payment (relating to town of Springhill taxation year 1966).

3. Yes. It is expected the institution will be completed during 1966, and that the 1967 grant in lieu of taxes will reflect its increased assessed value.

USE OF PORT OF CHURCHILL, MAN.

Question No. 1,470—**Mr. Scott (Danforth):**

1. Has the government received representations from the Hudson Bay route association of Saskatoon, containing copies of the resolutions passed at their 23rd annual convention?

2. If so, what were the nature of the representations, and what was the nature of the government's responses?

3. Is the government conducting investigations to ascertain that the seaport at Churchill, Manitoba, is being used to its capacity and, if so, what have been the results of any such investigation?

4. Is the government conducting investigations to ascertain that the seaport at Churchill, Manitoba, can be used for a longer period of time each year than at present and, if so, what have been the results of any such investigations?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Departments of Trade and Commerce and Transport as follows:

1. Yes.

2. A copy of the resolutions passed at the 23rd annual convention of the Hudson Bay Route Association was received by the Minister of Trade and Commerce. The Hudson Bay Route Association was assured that its views will be given careful consideration in examining the department's external trade and tourist promotion objectives.

The resolutions directed to the federal government and its agencies involve many aspects of the operation and use of the port of Churchill and its associated railway line. They advocate measures designed to increase the volume of export and import traffic moving over this route.

Those resolutions which involve matters falling within the ambit of the Minister of Transport have been referred to the branches of the department and other agencies concerned, and to Canadian National Railways where appropriate. The Hudson Bay Route Association has been so informed.

3. The National Harbours Board, who operate the port of Churchill, have under constant review the problem of using the port to its fullest capacity.

4. The board made arrangements in 1964 with the National Research Council for a study of ice conditions in Churchill harbour. The study was to evaluate the statement that the navigation season could be extended. The terms of reference for the study were enlarged to include a report on how the port would be affected should the flow of the Churchill river be reduced by reason of proposed hydro development. The National Research Council has been conducting field investigations since 1964 and the technical data is being analysed and studied. The work is continuing and no conclusions can be reached until the study is completed.

COMPETITION FOR FIREFIGHTERS, TORONTO AIRPORT

Question No. 1,473—**Mr. Scott (Danforth):**

Did the Department of Transport, or the Civil Service Commission on its behalf, conduct a competition No. 66T775, for the position for firefighters at Toronto international airport at Malton and, if so (a) how many applicants were there in the competition (b) how many wrote the competition and/or were interviewed (c) what were the qualifications for the said competition (d) what were the results of the said competition?

Hon. Judy V. LaMarsh (Secretary of State): Yes. (a) 148. (b) 116 were called to interview of whom 33 did not appear. (c) Elementary school education; mechanical ability; mental alertness; evidence of ability to perform the duties outlined; personal suitability; satisfactory physical condition.

Prior to reporting for duty, a candidate must be in possession of a licence that will permit him to drive firefighting vehicles within the area in which he is to be employed.

Candidates will not be accepted who have not reached their 21st birthday or who have reached their 36th birthday (and in the case of candidates having five years of firefighting experience, or having three years of recent progressive experience in a recognized full-time firefighting organization, their 50th birthday) before the closing date for receipt of applications.

Continuing employment in this class will be subject to the successful completion of an in-service course in firefighting.

(d) The competition has not reached the stage at which names of the successful candidates are available. It is expected that they will appear in the June 4 issue of the Canada Gazette.

PROTESTS AGAINST SEAL KILLING

Question No. 1,474—**Mr. Scott (Danforth):**

Has the government received representations, letters or cards in protest against the methods being used for the killing of baby seals in the annual seal hunt off the eastern coasts of Canada and, if so (a) how many such requests, protests, etc., have been received by either The Prime Minister or the Minister of Fisheries, or any government department (b) what action does the government plan in response to any such protests or representations?

Hon. H. J. Robichaud (Minister of Fisheries): Yes. (a) approximately 5,200. (b) see statement by Minister of Fisheries in *Hansard* of March 15, 1966, p. 2702.

COMPANIES PURCHASED BY NORTHERN TRANSPORTATION CO.

Question No. 1,490—**Mr. Caouette:**

1. Has Northern Transportation Company Ltd. bought the following companies (a) Yellowknife Transportation Ltd. (b) Arctic Shipping Ltd. (c) Decury Supply Ltd.?

2. If so (a) what were the reasons for this nationalization (b) how much was paid to the former shareholders in the case of each company (c) what were the valuation standards (d) were the companies integrated with Northern Transportation Company Ltd. or have they become subsidiaries of Northern Transportation Company Ltd.

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): I am informed by the management of Northern Transportation Company Limited as follows:

1. Northern Transportation Company Limited purchased all the outstanding shares of Yellowknife Transportation Company Ltd., Arctic Shipping Limited and Decury Supply Limited as of April 29, 1965. Prior to consummation of this transaction, it received approval of the committee of the Privy Council under date of April 22, 1965.

2. (a) The purchase by Northern Transportation Company Limited of the capital stock of the aforesaid three companies cannot be properly regarded as an act of nationalization in view of the fact that the

negotiations which led to the transaction were initiated by the management and principal shareholders of the three companies. It is presumed that, underlying the decision of those shareholders to offer the companies to Northern, was the realization that the volume of traffic on the MacKenzie river and along the western Arctic was insufficient to support on an economic and commercially satisfactory basis the operation of competing separate carriers rendering similar services.

(b) Yellowknife Transportation Company Limited, $1,560,537; Decury Supply Limited, $60,687; Arctic Shipping Limited, $11,385.

(c) Examination of the record of earnings and an assessment of future earnings by an independent firm of chartered accountants and an assessment of the value of marine equipment by an independent firm of surveyors and appraisers. These independent firms were chosen by Chief Justice Wilson of the Supreme Court of British Columbia and were accepted by all parties.

(d) Operations of the three companies have been integrated into the operations of Northern Transportation Company Limited, but the three companies continue to exist as non-operating subsidiaries of Northern, for the time being.

COMMITTEE ON ELECTION EXPENSES

Question No. 1,493—**Mr. Herridge:**

1. When was the committee on election expenses appointed?
2. Who are the members of this committee?
3. What are the terms of reference for the committee?
4. How many public hearings have been held by the committee, and at what places in Canada?
5. What remuneration has been paid to each member of the committee to the end of April, 1966?
6. What expenses have been paid to each member of the committee to April 30, 1966?
7. What are the names of the staff employed by the committee, and the remuneration paid to each person to April 30, 1966?
8. What expenses were paid to each member of the staff employed by the committee to April 30, 1966?
9. What other expenses have been incurred by the committee to April 30, 1966?

Hon. Judy V. LaMarsh (Secretary of State): 1. The committee on election expenses was appointed on October 22, 1964.

2. The members of this committee are: (a) Alphonse Barbeau, Montreal, Quebec (Chairman); (b) Hon. M. J. Coldwell, Ottawa, Ontario; (c) Gordon Dryden, Toronto, Ontario; (d) Arthur R. Smith, Calgary, Alberta; (e) Prof. Norman M. Ward, Saskatoon, Saskatchewan.

3. The terms of reference are "to inquire into and report on the desirable and practical measures to limit and control federal election expenditures".

4. The public hearings that have been held by the committee and the places in Canada are:

Date	Places
December 9, 1965	Regina, Saskatchewan Professor Norman Ward, The Saskatchewan Hotel.
December 10, 1965	Winnipeg, Manitoba Professor Norman Ward, The Fort Garry Hotel.
December 10, 1965	Vancouver, B.C. Mr. Arthur R. Smith, Hotel Vancouver.
December 10, 1965	Toronto, Ontario Mr. Gordon R. Dryden, The Royal York Hotel.
December 10, 1965	Montreal, Quebec Mr. Alphonse Barbeau, The Old Court House Building.
December 10, 1965	Halifax, Nova Scotia Hon. M. J. Coldwell, The Nova Scotian Hotel.

5. The amount of remuneration that has been paid to each member of the committee to the end of April, 1966 is:

Name	Remuneration
A. Barbeau	$ 7,900.00
Hon. M. J. Coldwell	7,900.00
G. Dryden	6,950.00
A. R. Smith	6,200.00
Prof. N. M. Ward	3,600.00
Total	32,550.00

6. The expenses that have been paid to each member of the committee to April 30, 1966 are:

Name	Expenses
A. Barbeau	3,722.14
Hon. M. J. Coldwell	2,445.24
G. Dryden	3,119.04
A. R. Smith	3,551.65
Prof. N. M. Ward	659.95
Total	13,498.02

Questions

7. The names of the staff employed by the committee, and the remuneration paid to each person to April 30, 1966 are:

Name	Salary
J. E. Archambault	531.70
R. Barbe	17,434.81
J. L. Brown	6,449.76
P. Y. Delage	3,214.57
Y. M. T. Demers	5,319.26
M. M. Dupuis	5,647.98
C. Gauthier	2,005.93
H. Laurier	444.77
J. G. Levasseur	5,557.47
J. P. McCalla	3,811.00
D. McLaughlin	783.43
M. A. Morency	2,727.40
J. S. McEachran	19,656.75
C. A. Nicholls	747.70
H. P. Noble	4,382.76
K. Z. Paltiel	13,354.61
M. C. Rand	2,002.03
J. B. McAulay	2,660.09
R. A. Whitaker	5,905.33
F. Rosenfeld	1,680.16
E. W. Richardson	3,212.05
Total	107,529.56

8. The expenses paid to each member of the staff employed by the committee to April 30, 1966 are:

Name	
H. E. Alexander	23.72
R. Barbe	2,431.83
J. L. Brown	154.55
Y. M. T. Demers	600.00
J. G. Levasseur	12.80
J. S. McEachran	4,124.32
H. P. Noble	169.45
K. Z. Paltiel	2,439.95
E. E. Roady	166.68
R. Rose	70.51
R. A. Whitaker	148.30
Total	10,342.11

9. Other expenses that have been incurred by the committee to April 30, 1966:

Total	26,722.22

[Miss LaMarsh.]

CENSUS COMMISSIONERS, PRINCE COUNTY, P.E.I.

Question No. 1,494—**Mr. MacDonald (Prince):**

1. What census commissioners were appointed from Prince county to take part in the census this year?

2. Who recommended them for appointment?

3. What will their duties be?

4. What remuneration will they receive?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): 1. The census commissioners appointed for Prince county are: Mr. W. A. Cotton, Mr. J. Morrison, Mr. J. B. DesRoches, Mr. A. B. Wells.

2. The appointments were made by the Minister of Trade and Commerce following recommendations and interviews by the regional office representative of the Dominion Bureau of Statistics.

3. The census commissioner is responsible for the organization and successful completion of the 1966 census for all enumeration areas in the census district assigned to him. Census commissioners are required to have a thorough knowledge of the census district to which they are appointed; to handle any special problems likely to be encountered; to attend training sessions; to receive, check and distribute supplies; to select suitable applicants for census enumerators, test and appoint the most competent as enumerators; conduct a prescribed training course for the appointed enumerators and instruct them in their duties; to supervise the work of each enumerator during the field enumeration to ensure that it is carried through to a successful completion; to check carefully the work turned in by each enumerator and to ensure that it is complete and accurate before forwarding to the Dominion Bureau of Statistics.

4. A census commission is paid the sum of $1,100 when the field work in his census district is completed to the satisfaction of the dominion statistician. In addition, travel expenses are allowable in accordance with government travel regulations in rural areas, and an allowance of $20 or $40 in lieu of travel expenses in urban and semi-urban areas.

CENSUS COMMISSIONERS, VICTORIA AND CAPE BRETON COUNTIES, N.S.

Question No. 1,496—**Mr. Muir (Cape Breton North and Victoria):**

1. What are the names and addresses of the census commissioners who have been selected in (a) Victoria county, and (b) Cape Breton county, Nova Scotia?

2. What remuneration will they receive and for how long a period will they act?

3. Are these census commissioners presently employed and, if so, what is the name of their employer and what positions do they hold?

4. What are the names of the individuals selected by each of the census commissioners to carry out the census and what is their remuneration and for how long a period will they act?

5. How many of the census commissioners and the individuals selected are veterans?

6. What method was used to select these census commissioners and what are their qualifications to carry out the job for which they have been engaged?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): 1. The census commissioners appointed for the constituency of Cape Breton North and Victoria are: Mr. Allison D. Turnbull, P.O. Box 445, Sydney, N.S.; Mrs. Thomas A. McDonald, Burnside Drive R.R. No. 3, Sydney, N.S.; Mr. John H. MacDonald 23 Clyde Avenue, Sydney Mines, N.S.; Mr. Duncan F. Buchanan, Baddeck Forks, N.S.

The census commissioners appointed for the constituency of Cape Breton South are: Mr. Kenneth N. Macrury, Birch Grove, Cape Breton County, N.S.; Mr. Bernard Currie, 316 King Edward Street, Glace Bay, N.S.; Mrs. Helen Ryan, New Victoria, Cape Breton, N.S.; Mr. W. Reid Ross, 76 Rigby Road, Sydney, N.S.; Mr. Joseph MacArthur, 659 Prince Street, Sydney, N.S.

2. Census commissioners are paid the sum of $1,100 when the field work is completed to the satisfaction of the dominion statistician. In addition, travel expenses are allowable in accordance with government travel regulations in rural areas, and an allowance of $20 and $40 in lieu of travel expenses in the urban and semi-urban areas.

Census commissioners started work on the cenusus part time in April and early May, and are full time during the latter part of May and June until all field work in their area is completed to the satisfaction of the dominion statistician.

3. Information is not yet available on all of the persons.

4. Names of census enumerators are not yet available as they are appointed by the census commissioner in their particular area on behalf of the Minister of Trade and Commerce.

Enumerators pay is based upon the number of forms completed accurately; a basic rate of 8 cents for each person enumerated; $1.00 for each farm holding enumerated; 15 cents for each merchandising establishment and from 5 cents to 8 cents per dwelling listed. In semi-rural and rural areas allowances are paid in lieu of travel expenses. If instruction regarding population and agriculture is required, enumerators will receive $22. If instruction regarding population only is required, enumerators will receive $12.

An enumerator will be expected to work full time on the assignment which might last between one to three weeks depending on the efficiency of the enumerator and the population density of the enumeration area.

5. Three of the above census commissioners are known to be veterans. Information is not yet available concerning census enumerators as they are appointed by the census commissioner for each census district.

6. The appointments were made by the Minister of Trade and Commerce following recommendations and interviews by the regional office representative of the Dominion Bureau of Statistics. The qualifications are: a good education with subsequent professional or business experience in a supervisory capacity, intimate knowledge of the census district, proven executive and organizing ability; tact, good judgment and ability to deal with the public.

MANPOWER SERVICES LIMITED

Question No. 1,499—**Mr. Lambert:**

1. In setting up the Department of Manpower and the establishment of a manpower service office, what consideration has been given to the existing positions of the national commercial enterprise Manpower Services Limited?

2. Has any contact been established with this firm with respect to the confusion which may arise through the similarity of names as Manpower Services Limited has been established in 19 communities in Canada?

3. Has a legal opinion been obtained from the law officers of the crown with respect to the proposed use of the term "manpower service office" and, if so, has the opinion confirmed any right of usage of the said term by the government of Canada?

Mr. J. C. Munro (Parliamentary Secretary to Minister of Citizenship and Immigration): 1. Careful consideration is being given, with the object of avoiding a confusion of names

which would be inconvenient for the department as well as for the company Manpower Services (Ontario) Ltd.

2. Yes, both by correspondence and by discussion.

3. There is no intention of using "manpower service office" as a name. The only use of the term by the department has been in an informal sense (without capital letters) to express the change of function from "employment office" (also not a formal name). The legal opinion asked from the law offices of the crown has therefore related to the general question of terminology for the department. Discussions and consultations are proceeding before arriving at any detailed decisions on names for the parts of the department.

GROSS FEDERAL DEBT

Question No. 1,504—**Mr. Mather:**

What was the gross amount of the federal debt in 1959 and 1965?

Hon. Mitchell Sharp (Minister of Finance):

Gross Public Debt (in millions of dollars)

As at March 31	Unmatured debt	Other liabilities	Total
1959	15,574.1	4,672.7	20,246.8
1965	18,978.2	7,595.2	26,573.4

Source: Public Accounts of Canada.

AIR CANADA ORDERS FOR JET AIRCRAFT

Question No. 1,506—**Mr. Forrestall:**

1. Has Air Canada placed orders for the elongated series of the DC8 jet transport, specifically, the model series 60, 61 or 63?

2. If so, which series, how many, and in and out of what terminals will they operate?

3. What steps are being taken to (a) strengthen the existing runways to handle the new series (b) ensure against undue noise levels?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The management of Air Canada advise as follows:—

1. Yes.

2. Six DC-8-61 series aircraft on order. They may be operated in and out of the same terminals as present DC-8 fleet—Vancouver, Calgary, Edmonton, Winnipeg, Toronto, Montreal, Halifax.

3. (a) and (b) Because of the gross weight of the DC-8-61 being only 10,000 lbs. heavier than present models, there is no significant effect on runway requirements or noise abatement procedures.

[Mr. Munro.]

CHATHAM, N.B. AIR BASE—TENDERS FOR ELECTRICAL WORK

Question No. 1,508—**Mr. Flemming:**

1. Did Defence Construction (1951) Limited advertise and receive public tenders on behalf of Coronet Paving Ltd. for electrical work on Chatham air base, and (a) if so, is this the regular method of securing bids for electrical work (b) if not, why were tenders not called for in the regular way?

2. What was the name of the low bidder?

3. At any time after close of tenders, was the low bidder asked by Defence Construction (1951) Limited to reduce his competitive tender and, if so (a) for what reason (b) what was the name, position and duties of the Defence Construction (1951) Limited officer who made this request?

4. After the close of tenders, did Defence Construction (1951) Limited request the low bidder to come to Ottawa at his own expense for interrogation, and was the low bidder requested to reduce his price?

5. If this meeting was held, what was the result and who were the officers of Defence Construction (1951) Limited who interviewed the low bidder?

6. Does Defence Construction (1951) Limited intend to award the contract to the low bidder and, if not, for what reason?

7. If tenders are to be recalled, what steps will be taken or have been taken by Defence Construction (1951) Limited to protect the now publicly disclosed tender of the low bidder in the event that he is required to submit a new tender?

Hon. Léo Cadieux (Associate Minister of National Defence): 1. Yes (a) No. (b) It was necessary to call tenders for apron reconstruction at Chatham in the late autumn of 1965 in order for the successful contractor to locate and arrange for the supply of granular materials so that construction could begin as soon as weather permitted in the spring of 1966. Tenders were accordingly called for the apron reconstruction in October 1965. Plans and specifications covering the electrical portion of the project were not complete at that time. Since this electrical work was an integral part of the apron reconstruction project it was essential that the general contractor should have control over this work in order to co-ordinate it properly as part of the apron reconstruction project. The contract with Coronet Paving Ltd., the prime contractor, awarded on January 31, 1966, contained a provision that tenders would subsequently be called on behalf of the contractor for the lighting system when the plans and specifications were available. Tenders, therefore, were called in early February 1966, closing March 2, 1966, for this electrical work.

2. Alfred T. Mockler, New Denmark, N.B. was the only bidder.

3. Yes (a) his price was approximately 50 per cent higher than DCL's estimate. (b) Mr. A. B. Sainthill, chief, tender review section.

4. and 5. No, however, at Mr. Mockler's request a meeting was held in Ottawa and Defence Construction (1951) Limited was represented by Mr. J. H. Stitt, assistant chief engineer, Mr. A. J. Forsyth, chief estimator, and Mr. E. A. Weaver, senior electrical estimator. Mr. Mockler's bid price was reviewed in detail and he was advised that DCL could not justify his bid price.

6. No. See (5) above.

7. None. New tenders will be based on a modified scope of work.

POLLUTION STUDY OF RED RIVER

Question No. 1,513—**Mr. Schreyer:**

Has the international joint commission or any agency of the government of Canada involved itself in a study of water pollution of the Red River?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Departments of Mines and Technical Surveys, National Health and Welfare and Secretary of State for External Affairs as follows:

In 1962 the Canadian section of the International Joint Commission requested the Department of Mines and Technical Surveys to undertake daily water sampling of the Red river and analyse the samples for chemical quality. A sampling station was established at Emerson, Manitoba and samples have been taken on a continuing basis. Bacterial pollution determinations are not made but surveillance of chemical changes that may indicate pollution is being maintained.

Yes. In October 1964, the governments of Canada and the United States requested the International Joint Commission to investigate pollution of the Red river. The commission has established a technical advisory board, on which two senior officers of the Department of National Health and Welfare are the federal representatives, one being the co-chairman.

At the request of the Canadian and United States governments on October 1, 1964, the International Joint Commission is investigating the quality of the waters crossing the international boundary in the Red river with a view to recommending any necessary remedial measures.

Questions

URBAN RENEWAL PROJECTS

Question No. 1,528—**Mr. Mongrain:**

1. How many urban renewal projects are at present in progress in Canada?

2. How many are in progress in each of the ten provinces?

3. How many projects has Central Mortgage and Housing Corporation approved for each year since 1960?

4. Where are these projects for each of these years located?

Hon. J. R. Nicholson (Minister of Labour): 1 and 2. Preparation and implementation of urban renewal schemes approved under the N.H.A.

Number of projects underway at May 27, 1966, by province

Areas	Preparation of Schemes	Implementation[1] of Schemes
Newfoundland	5	—
P. E. Island	—	—
Nova Scotia	2	2
New Brunswick	2	1
Quebec	5	3
Ontario	9	8
Manitoba	2	1
Saskatchewan	1	1
Alberta	3	1
British Columbia	2	3
CANADA	31	20

[1] Includes activity approved prior to 1960.

3. Preparation and implementation of urban renewal schemes approved under the N.H.A.

Number of Projects Approved, by Year 1960 - May 27, 1966

Year	Preparation of Schemes	Implementation of Schemes
1960	—	3
1961	—	1
1962	—	2
1963	—	3
1964	4	4
1965	26	4
1966 Jan.-May 27	7	2
TOTAL	37	19

4. Preparation and implementation of urban renewal schemes approved under the N.H.A.

Questions

Location of Projects Approved
1960 - May 27th, 1966

1960, Saint John, N.B., Sarnia, Ontario, Vancouver, B.C.; 1961, Winnipeg, Manitoba; 1962, Montreal, P.Q., Hamilton, Ontario; 1963, Halifax, N.S., Montreal, P.Q., Ottawa, Ontario; 1964, Hamilton, Ontario, Kingston, Ontario, Toronto, Ontario, Vancouver, B.C.; 1965, Corner Brook, Nfld., St. John's, Nfld., Amherst, N.S., Dartmouth, N.S., Moncton, N.B., Hull, P.Q., Montreal, P.Q., Trois-Rivières, P.Q., Kitchener, Ontario, London, Ontario, Mountjoy Twp., Ontario, Port Arthur, Ontario, Sault Ste. Marie, Ontario, Sudbury, Ontario, Torontor, Ontario, Winnipeg, Manitoba, Regina, Saskatchewan, Calgary, Alberta, Edmonton, Alberta, Burnaby, B.C., Victoria, B.C.; 1966 Jan-May 27, Sydney, N.S., St. Jerome, P.Q., Westmount, P.Q., Neelon and Garson Twps., Ontario, Toronto, Ontario, North Battleford, Saskatchewan, Calgary, Alberta, Medicine Hat, Alberta.

R.C.M.P. BARRACKS, STONEWALL, MAN.

Question No. 1,529—**Mr. Stefanson:**

Has the government any plans to build R.C.M.P. detachment barracks at Stonewall, Manitoba and, if so (a) has land been purchased (b) when will this project be proceeded with?

Hon. L. T. Pennell (Solicitor General): It is not intended to proceed with crown construction of R.C.M.P. detachment quarters at Stonewall, Manitoba. An agreement has been entered into for construction of detachment quarters at Stonewall by private enterprise, for long term lease to the force. The new building is expected to be ready for occupancy by August 1, 1966.

AIRPORT EXPENDITURES, CASTLEGAR, B.C.

Question No. 1,536—**Mr. Herridge:**

What has been the total expenditure on the Castlegar, B.C. airport since its establishment up to March 31, 1966, by the Department of Transport, and the amount provided for in the estimates, for the fiscal year ending March 31, 1967?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): Total expenditure to March 31, 1966, $233,369; amount provided for in 1966-67 Estimates, $299,000.

REPLIES TO LETTERS TO FOREIGN OWNED SUBSIDIARIES

Question No. 1,538—**Mr. Irvine:**

1. How many replies have been received as a result of letters sent to subsidiaries in Canada of foreign owned companies by the Department of Trade and Commerce on or about March 31, 1966?

2. How many such companies were circularized?

3. What are the follow up plans for those companies that have not as yet replied?

4. What were the over-all item by item totals of all reports received in answer to questions 1 to 9 on form "A"?

5. What were the over-all itemized totals of replies on "geographical allocation of expenses and other items of the reporting companies", questions 1 to 15 inclusive?

6. What were the over-all itemized totals in reply to form "B"?

7. What were the over-all itemized totals of all replies to questions regarding "geographical allocation of liabilities and capital items of reporting companies"?

Hon. Robert Winters (Minister of Trade and Commerce): 1. The letter of March 31 to foreign owned companies in Canada did not request a reply. Acknowledgments have been received from some 250 chief executive officers, some of which represent several companies.

2. 3,950.

3. Answered by 1. See below.

4, 5, 6 and 7. Questionnaire forms requesting certain information on operations and financing, on a confidential basis, were sent to the 300 largest foreign owned subsidiary companies on or about May 24 and additional companies will be circularized shortly.

POST OFFICES CLOSED

Question No. 1,544—**Mr. LeBlanc (Rimouski):**

How many post offices were closed during the past ten years in each of the provinces?

[*Translation*]

Hon. Jean-Pierre Côté (Postmaster General):

Province	Post Offices closed	Post Offices established
Newfoundland	55	114
Prince Edward Island	8	4
Nova Scotia	393	29
New Brunswick	254	9
Quebec	353	361
Ontario	402	472
Manitoba	91	65
Saskatchewan	242	66
Alberta	249	137
British Columbia	210	178
Yukon	2	6
Northwest Territories	5	12
Total	2264	1453

Post Offices closed	2264	
Post Offices established	1453	
Net decrease	811	

[*English*]

STRENGTH OF RESERVE FORCE

Question No. 1,546—**Mr. MacRae:**

What was the effective strength of the Canadian reserve force as of March 31 of each of the following years 1963, 1964, 1965 and 1966?

Hon. Léo Cadieux (Associate Minister of National Defence): 1. 1963, 59,678; 1964, 53,207; 1965, 36,554; 1966, 33,179.

ADVERTISING AGENCY, ARMED FORCES RECRUITMENT

Question No. 1,551—**Mr. Nasserden:**

1. Has an advertising agency or agencies been engaged by the government for the recruitment program of the armed services?

2. If so (a) have contracts been let (b) what is the total costs of these contracts (c) what is the name of the agency or agencies engaged?

Hon. Léo Cadieux (Associate Minister of National Defence): 1. Yes.

2. (a) Yes; (b) Approximately $760,000; (c) Vickers & Benson Ltd., Toronto.

BAN ON USE OF STILBESTROL

Question No. 1,577—**Mr. Noble:**

Will the Department of National Health and Welfare ban the indiscriminate use of Stilbestrol in the feeding of livestock used for food since the United States Food and Drug Administration have recently recognized Stilbestrol as a cancer causing agent and, if not, for what reason?

Hon. A. J. MacEachen (Minister of National Health and Welfare): The Department of National Health and Welfare has no evidence of the indiscriminate use of stilbestrol in the feeding of livestock. Market surveys of the meat of cattle administered feed containing stilbestrol have been made and no residues of the drug have been found in the edible tissues of the treated cattle.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CENSUS OFFICIALS, ALBERTA

Question No. 1,476—**Mr. Lambert:**

1. What are the names of the (a) census commissioners (b) assistant commissioners or area supervisors, by constituency, for the seventeen constituencies in the province of Alberta?

2. When were they appointed?

3. On whose recommendation(s), by constituencies, were they appointed?

Return tabled.

CASEIN PRODUCTION

Question No. 1,511—**Mr. Laprise:**

1. How many factories produce casein (a) in Canada (b) in the province of Quebec?

2. For each year since 1960, what was the value of the casein produced and in what quantity was it produced (a) in Canada (b) in the province of Quebec?

3. For the same years, how much casein was exported and to what countries?

4. Since 1960, has casein been imported into Canada and, if so, in what countries was it purchased?

5. What is the annual consumption of casein in Canada?

6. At the present time, is there any surplus casein in storage and, if so, in what quantity?

Return tabled.

LABOUR RELATIONS

QUEBEC LONGSHOREMEN'S STRIKE—REQUEST FOR REPORT ON NEGOTIATIONS

On the orders of the day:

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, I would like to place a question before the Minister of Labour. I would like to ask the minister to inform the house whether any progress has been made in the longshoremen's strike in Montreal; and can he also inform us of the present status of negotiations?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, the mediator, Judge Lippe, spent some hours in Ottawa yesterday. He gave me an interim report of developments up to the end of last week. He has returned to Montreal faced with some very difficult decisions, because I will not say proposals and counterproposals have been made but certainly suggestions for a possible settlement were being made right up to Saturday last.

The mediator proposes to have the parties meet again tomorrow, if at all possible, when he has sorted out these various things, to which I have referred as suggestions rather than as counterproposals. In any event that meeting, if it does not take place tomorrow, should take place Wednesday morning.

Mr. Winkler: A brief supplementary question, Mr. Speaker. I am wondering whether the minister has considered or is considering bringing the parties to the capital.

Mr. Nicholson: As I have said before, I have great confidence in the mediator and his ability to mediate and narrow issues. I had the parties come to Ottawa once, and unless I

have a recommendation from the mediator with regard to a move such as my hon. friend has suggested I do not think it would be fitting for me to request them to come here, while the mediator is working along the lines that he is at present.

PUBLIC SERVICE

EFFECT ON SALARIES OF CURRENT JOB RECLASSIFICATION

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, my question is for the Minister of National Revenue in his capacity as chairman of treasury board. I should like to ask the minister whether the job classification revision being done in the civil service, and particularly in the customs and excise branch, is having the effect of materially reducing the salaries of certain categories before they have had any opportunity to negotiate under the new collective bargaining legislation.

Hon. E. J. Benson (Minister of National Revenue): Mr. Speaker, a program of reclassification is being carried out by the Civil Service Commission. A substantial number of customs and excise officers are included in the first phase of the reclassification program, the application of which to some 50,000 civil service positions was announced a few weeks ago. In no case is the salary of an employee reduced. If the classification of a particular position is too high according to the standards established under the new classification system, the position is red-circled, which means that the employee retains his existing salary range until the established salary rates for the new classification of the position catch up. No reductions in salaries are involved.

I might point out incidentally that the reclassification is being carried on in consultation with civil service organizations which are, I understand, generally in agreement with the objectives of the program.

Mr. Douglas: Mr. Speaker, I have a supplementary question. May I ask the minister if he has received a telegram from the executive of the Vancouver branch of the customs and excise officers association protesting that some 97 men who are affected will each have a reduction of some $1,533. May I also ask the minister if he would consider leaving this matter of reclassification until it can be dealt with through the collective bargaining process which the government is setting up.

[Mr. Nicholson.]

Mr. Benson: The system of reclassification has to be carried out in order to establish units under the system of collective bargaining. To my knowledge there is no reduction in the salary of any employee as a result of the reclassification system. May I also say, Mr. Speaker, that I have not received the telegram mentioned by my hon. friend from Burnaby-Coquitlam, either in my capacity as Minister of National Revenue or in my capacity as vice chairman of the treasury board.

Mr. G. L. Chatterton (Esquimalt-Saanich): I have a supplementary question which I wish to direct to the Minister of National Revenue. The minister said the reclassification has to be completed in order to establish bargaining agencies. Can the minister say whether any of these red circle positions can be referred to the bargaining agency after it has been set up?

Mr. Benson: Undoubtedly the red circle positions, as long as they exist, will be discussed in collective bargaining to the extent that the employees concerned are included in bargaining units. Incidentally, the bargaining units will be determined initially by reference to the classification system.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO POSSIBLE CHANGE IN DATE

On the orders of the day:

Mr. R. N. Thompson (Red Deer): My question is directed to the Prime Minister. Can the Prime Minister tell us whether he has made any decision as yet on whether he will be going ahead with the federal-provincial conference which was to have been held next week in Victoria?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker. The matter is now under consideration in the light of recent developments.

Mr. Eric A. Winkler (Grey-Bruce): May I ask the Prime Minister then if he can tell us on what date we might expect the by-election in Nicolet-Yamaska to be called?

Mr. Pearson: As soon as possible, Mr. Speaker.

Mr. G. L. Chatterton (Esquimalt-Saanich): I have a supplementary question, Mr. Speaker. In view of the possibility that the conference which was to have been held on June 16 may

be postponed, and in view of the reply given by the Prime Minister last Thursday with regard to scholarship and bursary programs, can the Prime Minister, in order to satisfy the concern of the students, assure us that this program of bursaries and scholarships will be proceeded with regardless of such a possible postponement?

Mr. Pearson: Yes, of course, Mr. Speaker; and I would hope that if there is a postponement it will only be a short one. However, we will proceed with our consultations with the provinces on this and other related educational matters.

Mr. T. C. Douglas (Burnaby-Coquitlam): I have a supplementary question, Mr. Speaker. In view of the fact that I did not hear the Minister of Public Works mention legislation on scholarships and bursaries while he was outlining the work that was to be dealt with prior to the recess, is it the government's intention to deal with this matter before the recess in view of the fact that any bursaries and scholarships to be of value next academic year will have to be dealt with soon?

Mr. Pearson: Mr. Speaker, there is legislation on the order paper respecting student loans, but the question of bursaries and scholarships was not included in those matters which it was hoped we could deal with before the summer recess because these were matters to be discussed with the provinces at the forthcoming conference. It was not thought likely we could deal with this until resumption of the session in the fall.

[*Later:*]

Mr. Chatterton: Mr. Speaker, may I direct another question to the Prime Minister. In order that scholarships and bursaries might be available by September, would the government consider negotiating with the provinces specifically with regard to that phase, so that legislation can be introduced before the recess?

Mr. Pearson: Mr. Speaker, I will be glad to consider that suggestion. We had hoped that at the forthcoming conference we would be able to exchange views which would expedite the final decision. If that conference is to be postponed for any length of time—and no decision has been made about that—then I agree that we should proceed at once.

Inquiries of the Ministry

ADMINISTRATION OF JUSTICE

INABILITY TO RECOVER COSTS IN SUPREME COURT ACTION

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to address a question to the Minister of Justice. In view of the fact that Mr. Charles Gherardosi, a constituent of mine, won a precedent shattering judgment in the Supreme Court of Canada on March 11 last but is unable to collect his major costs because he appeared in person, without legal counsel, would the minister consider an amendment to the Supreme Court Act to rectify this type of injustice?

Mr. Speaker: Order, please. I doubt if the question is of national interest or importance, except perhaps in view of the fact it was posed by the hon. member for Kootenay West.

AIR TRANSPORT

CHANGE IN REGULATIONS RESPECTING AIR CORRIDORS ACROSS ATLANTIC

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): In the absence of the Minister of Transport perhaps I could put this question to the Minister without Portfolio. It has to do with the separation of air routes on north Atlantic flights which have been the subject of some questioning recently. Did the Canadian government reject the seven point compromise solution presented by the F.A.A. of the United States and approved by the international federation of airline pilots as well as the Air Transport Association of the United States?

Mr. Speaker: Order. I fail to see how this question is so urgent that it should be asked at this time.

Mr. Prittie: With respect, Mr. Speaker, the discussions are continuing in Washington this week, and the question has been asked a number of times in the last few months. Negotiations are going on at the present time.

PUBLIC BUILDINGS

OTTAWA—HEIGHT OF PROPOSED DEFENCE HEADQUARTERS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I hope the Minister of Public Works will not mind if I put this question to the Prime Minister. I should like to ask the Prime Minister a question concerning the announcement about the building of a

national defence headquarters in this city to a height greater than any building we may now have in Ottawa. May I ask if this is the final decision and, if it is, will the government reconsider it in the light of the desirability of the peace tower continuing to dominate the skyline of this city?

Mr. Speaker: Order, please. I suggest to the hon. member for Winnipeg North Centre that this question is not so urgent it should be put verbally at this time.

Mr. Knowles: I wonder if I may make the suggestion that the Prime Minister take the question as notice and answer it another day.

Right Hon. L. B. Pearson (Prime Minister): Yes; and I hope the hon. member will not mind if I take up this matter with the Minister of Public Works.

EXTERNAL AFFAIRS

NATO—PROPOSED RELOCATION OF MILITARY HEADQUARTERS

On the orders of the day:

Hon. A. J. MacLean (Queens): I should like to ask the Prime Minister if he has any statement to make to the house concerning a report that it has been agreed by the NATO countries that the military headquarters in France will be relocated in one of the Benelux countries.

Right Hon. L. B. Pearson (Prime Minister): No, I have not had word to the effect that any decision has been made on this matter. I have seen the reports in the press this morning. As soon as there is anything to report, and assuming that the Secretary of State for External Affairs has not returned, I will be glad to make a report to the house.

COAL

INQUIRY AS TO REPORT ON ASSISTANCE PROGRAM

On the orders of the day:

Mr. Donald MacInnis (Cape Breton South): I should like to ask the Minister of Finance if he has yet received the Donald report.

Hon. Mitchell Sharp (Minister of Finance): Yes, Mr. Speaker.

Mr. MacInnis (Cape Breton South): May I ask a supplementary question. Will the minister make that report available, or at least pass on its contents to the interested parties, the union and the company in Cape Breton?

[Mr. Knowles.]

Mr. Sharp: The government has not yet had an opportunity of thoroughly studying Dr. Donald's report, and we have not yet reached a decision as to when it would be appropriate to publish it.

HATE LITERATURE

INQUIRY AS TO INTRODUCTION OF LEGISLATION

On the orders of the day:

Mr. David Lewis (York South): I should like to ask the Minister of Justice when we can expect legislation against the publication and distribution of hate literature, as recommended by the Cohen committee report.

Hon. Lucien Cardin (Minister of Justice): Mr. Speaker, the Department of Justice has completed its study of the Cohen committee report on hate literature. Recommendations on the matter are before the government. I do not know exactly when legislation will be before the house.

PENSIONS

INQUIRY AS TO LEGISLATION REGULATING PRIVATE PLANS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wonder whether the Minister of Public Works could indicate what has happened to the legislation regulating pensions which come under federal jurisdiction, which the Minister of Finance said last Thursday he had recommended to the Prime Minister. Why was it not included in the list of business announced today?

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, I am sorry but I was unable to hear the legislation to which the hon. member was referring.

Mr. Knowles: I am referring, Mr. Speaker, to the legislation that the Minister of Finance recommended, which would regulate private pension plans which come under federal jurisdiction.

Mr. McIlraith: I will look into the matter, Mr. Speaker.

CANADA DEVELOPMENT CORPORATION

INQUIRY AS TO INTRODUCTION OF LEGISLATION

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, in view of the fact that the

Minister of Public Works did not announce that the legislation setting up the Canada Development Corporation would be introduced prior to the summer recess, am I to take it that the Minister of Finance does not intend to proceed with this legislation until late fall?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, while this is very important legislation, I think it is more important that we proceed with the items which have been announced by the house leader.

INQUIRY FOR RETURN

On the orders of the day:

Mr. J. R. Keays (Gaspé): Mr. Speaker, I have a question for the Minister of Northern Affairs and National Resources. Due to recent developments concerning construction of the Grande Hermine, would it be possible for me to have the correspondence ordered by this house three weeks ago?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, we will facilitate that return at the earliest possible moment.

GOVERNMENT ORGANIZATION

PROVISION FOR ESTABLISHMENT OF NEW DEPARTMENTS

Right Hon. L. B. Pearson (Prime Minister) moved the third reading of Bill No. C-178, respecting the organization of the government of Canada and matters related or incidental thereto.

Hon. E. D. Fulton (Kamloops): Mr. Speaker, at this stage of the debate I rise for the purpose of making only one point, which I wish to direct to the attention of the government by way of an objection to this kind of legislation. If I may put it without misunderstanding, I want to issue a warning that should this method be repeated in the future we will do more than record a mere objection but will do our very best by proper parliamentary means to prevent the passage of legislation in this form.

I refer, of course, to the practice incorporated in this bill of what I think can best be described as omnibus legislation; that is to say, the introduction of a single bill affecting a very large number of established statutes. This is not a new problem in this House of Commons, Mr. Speaker. We in the official opposition on a number of occasions in earlier years have recorded our very strenuous objection to this method of legislation.

• (3:00 p.m.)

I recall especially during the years 1953 to 1957. I think it is accurate to say that if hon. members will consult the *Hansards* of that period it will be found, generally speaking, that our objections in principle were accepted and the government of that day agreed to refrain and did in fact refrain from the practice of omnibus legislation. When our government was in office from 1957 to 1963, although I do not and cannot claim that our record was perfect in this regard, it was certainly the exception rather than the rule for any omnibus legislation to be introduced. Certainly the instances when more than one bill was affected were rare in number, and the number of bills or statutes affected by any one bill in each case were very small.

The dimensions of the problem that I am dealing with today may be recognized when it is seen that Bill No. C-178 has to do with eight new departments of government. I call them new departments because, while it is true that only six are new in name, two others, namely the Treasury Board and the Department of State are so substantially reconstituted as in effect to amount to new departments. As I say, this one bill sets up eight government departments. The same bill amends in very substantial ways five existing statutes; the Department of Public Works Act, the Department of Forestry Act, the Department of Mines and Technical Surveys Act—these last two named are partially repealed—the Financial Administration Act and the Salaries Act. Then if you refer to the first part of schedule A you will find that this schedule transfer responsibility for administration of 54 statutes to new ministers or departments as compared with the present situation. Schedule B lists, in addition to the changes I have enumerated already, 30 acts which are amended or repealed in whole or in part, including the complete repeal of three existing statutes.

Mr. Speaker, surely there can be few more important pieces of legislation than those setting up new departments of government and constituting such a substantial reorganization of government administration. I submit that it is objectionable in principle and bad in practice that all those changes affecting such a wide spectrum of the operations and responsibilities of government should be incorporated in one statute. What is the man to do who is advising clients? What is the citizen taxpayer to do who wants to know, when dealing with the government, what is

the authority and responsibility of the minister and department with whom he is dealing? He will no longer be able to turn to the statute bearing the name of the department, in many cases. If he wants to deal with the department of energy, mines and resources he will not be able to find a statute entitled "An act respecting the department of energy, mines and resources". If he wants to deal with the Treasury Board he will not be able to refer to a statute called, perhaps, the treasury board act.

Mr. Benson: There is no department of the treasury board.

Mr. Fulton: If the citizen taxpayer wishes to deal with the Department of Forestry, or with the new department of forestry and rural development, he will not find an act entitled "The department of forestry and rural development act". I could go on through the bill giving examples of the difficulties which Canadian citizens are going to be confronted with in finding specific statutes dealing with the authorities and responsibilities of ministers or departments of government.

Sir, I might go on to speak of how the government, by this omnibus schedule consolidating and listing changes in so many acts previously administered by one minister and transferred to another, has further compounded the difficulties of the Canadian citizen. I submit that it would be most desirable if there could be in every case an appropriate statute corresponding to the name of the government department to which it refers, where the duties and responsibilities of the minister and the department will be set out. In that statute there should be the collection of acts administered by or under the responsibility of that department. This would be the proper and responsible way to legislate.

It is true that it might take a little longer to get such legislation through the House of Commons, but I doubt it. We had, in effect, six or seven separate debates at the committee stage of this bill. I doubt very much if in the over-all picture it would take appreciably longer to get the legislation through the house, were the legislation properly organized and separated as I am suggesting. And if it did take longer, Mr. Speaker, I submit that it is our responsibility as legislators and members of parliament—and it should be the responsibility of the government—to introduce legislation in that form. If doing that makes it a little less convenient to get the legislation through the house, the government is not entitled to raise that as an excuse for imposing a very much greater inconvenience on the Canadian people.

We considered very carefully whether at this stage we should move an amendment to refer the bill back to the committee of the whole with instructions to divide it into the appropriate seven or eight parts. However, on reflection we came to the conclusion that the more appropriate course to be followed at this stage would be to register in the most emphatic terms our objection in principle to this method of legislation, and to refrain from moving an amendment at this stage.

Having served this notice, let me make it clear that should this course presently being followed be followed in future, there will be the most strenuous and, if necessary, protracted efforts to divide legislation into its component parts in order that the proper interest of both parliament and the Canadian people may be served.

On this occasion, however, I content myself, on behalf of this party and the official opposition with saying that having registered our objection, we intend to allow the bill to carry on division.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my words at this stage will be very brief. I should like to support the protest that has been made by the hon. member for Kamloops. Indeed, it is appropriate that I should do so, since I made the same protest when we were debating this bill on second reading. My speech on that occasion occupied less than a page, and began on page 5514 of *Hansard* for May 25.

I indicated then that we thought it was unfair and inappropriate to have legislation governing a number of departments gathered together in one statute, as distinct from the general rule, which is to have an act for each separate department. We share the view of the hon. member for Kamloops that though this is something we feel strongly about, it is not something which calls for an amendment or for the dividing of the house.

• (3:10 p.m.)

I should like to ask, however, that someone on the government side make a comment on the matter at this point. When I spoke on this subject on May 25 I suggested that the alternative to going back and re-doing this legislation in several separate bills would be for the government to request the commission

which has the job of revising the statutes to do the necessary work so that when we get the next issue of the Revised Statutes of Canada the separate pieces of departmental legislation would be in separate places.

The Minister of National Revenue responded generously to my appeal on May 25, using these words as recorded in *Hansard* at page 5515:

> We would certainly be glad to pass along the suggestion of the hon. member for Winnipeg North Centre. If what he says can possibly be done we will see that it is done.

Well, a couple of weeks have gone by and I wonder whether the Minister of National Revenue, or the Minister of Justice, or the Solicitor General, or the Minister of Northern Affairs and National Resources, who seems to be showing an interest, have done something about it and can tell us that an assurance has been received that this is something which the commission revising the statutes can do for us.

I need not spell out the argument I put forward on May 25 and which the hon. member for Kamloops has advanced today so convincingly, but I think we would appreciate an assurance that the legislation respecting each department of government will appear in a separate place in the statutes of Canada when they have been revised.

Hon. E. J. Benson (Minister of National Revenue): I reiterate the assurance I gave to the hon. member for Winnipeg North Centre on May 28—

Mr. Knowles: May 25.

Mr. Benson: On May 25. May 28 was my birthday; I remember that date. I took up the hon. member's suggestion at the time, verbally, with my colleague the Minister of Justice, and he assured me this could be done. I appreciate the argument put forward by the hon. member for Kamloops. Perhaps, in retrospect, it would have been better to bring in half a dozen bills dealing with this matter, but the government did not feel that debate would be in any way inhibited by the introduction of one omnibus measure; and I do not believe, if we look back on the debate, that we could reasonably prove that debate has in fact been inhibited in any way.

As to the question of the departmental arrangements, let me simply say this. Looking at the statute for one particular department would not give one full knowledge of what is going on. I would refer hon. members to the Canada Year Book, which one can consult to find out what responsibilities fall to particular departments of government. This information is given fairly fully, together with a list of statutes falling within the ambit of particular departments.

The hon. member for Kamloops said something which made me very happy when, in the course of his remarks, he drew attention to the importance of this legislation. I say this because, as I recall it, his leader and several other members of his party were minimizing the importance of this legislation not too long ago, and saying it did not carry out anything.

Mr. Speaker: Shall the motion carry?

Some hon. Members: On division.

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

YUKON ACT

AMENDMENTS RESPECTING INDEMNITIES, TRAVELLING EXPENSES, ETC.

The house resumed, from Friday, May 13, consideration of the motion of Mr. Laing for the second reading of Bill No. C-147, to amend the Yukon Act, and the amendment thereto of Mr. Dinsdale.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question.

The house divided on the amendment (Mr. Dinsdale) which was negatived on the following division:

• (3:20 p.m.)

YEAS

Messrs:

Aiken	Gundlock
Baldwin	Hales
Barnett	Hamilton
Bell (Carleton)	Harkness
Bower	Howard
Brewin	Howe (Hamilton South)
Chatterton	Howe (Wellington-Huron)
Churchill	Irvine
Coates	Keays
Code	Knowles
Crouse	Korchinski
Dinsdale	Laprise
Douglas	Lewis
Fane	MacDonald (Prince)
Fawcett	MacEwan
Flemming	MacInnis (Mrs.) (Vancouver-Kingsway)
Fulton	MacLean (Queens)
Gauthier	
Gilbert	

Division

Macquarrie	Peters
McCleave	Prittie
McIntosh	Pugh
McKinley	Rapp
Madill	Saltsman
Martin (Timmins)	Simard
Mather	Skoreyko
Nielsen	Southam
Nowlan	Stefanson
Orlikow	Webb
Ormiston	Winkler
Pascoe	Woolliams—60.

NAYS

Messrs:

Allmand	Mackasey
Andras	McIlraith
Badanai	McNulty
Basford	McWilliam
Batten	Matheson
Benson	Munro
Blouin	Nicholson
Byrne	Nixon
Cadieux (Terrebonne)	O'Keefe
Cardin	Patterson
Carter	Pearson
Clermont	Pennell
Cowan	Pepin
Deachman	Pilon
Éthier	Richard
Faulkner	Rideout (Mrs.)
Favreau	Rinfret
Gray	Robichaud
Guay	Rochon
Habel	Ryan
Haidasz	Sharp
Harley	Stafford
Hellyer	Stanbury
Hopkins	Stewart
Isabelle	Tardif
Klein	Thomas (Maisonneuve-Rosemont)
Laing	Thompson
Langlois (Chicoutimi)	Tolmie
Leblanc (Laurier)	Turner
Lefebvre	Walker—62.
Legault	
Macdonald (Rosedale)	

• (3:30 p.m.)

Mr. Lambert: Mr. Speaker, I was paired with the Secretary of State for External Affairs. Had I voted I would have supported the amendment.

Mr. Fairweather: Mr. Speaker, I now am brave enough to declare that I was paired with the hon. member for Charlotte (Mr. McLean). Had I voted I would have voted in favour of the amendment.

Mr. Herridge: Mr. Speaker, I was paired with the Secretary of State.

Some hon. Members: Oh, oh.

Mr. Speaker: I declare the amendment lost. Is the house ready for the question on the main motion?

Some hon. Members: Question.

[Mr. Speaker.]

Mr. Speaker: Is it the pleasure of the house to adopt the said motion?

Mr. Nielsen: On division.

Motion agreed to on division, bill read the second time and the house went into committee thereon, Mr. Batten in the chair.

Clauses 1 to 10 inclusive agreed to.

Title agreed to.

• (3:40 p.m.)

Bill reported.

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

Mr. Nielsen: By leave, now.

Mr. Deputy Speaker: By leave, now?

Some hon. Members: Agreed.

Mr. Laing moved the third reading of the bill.

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

PUBLIC SERVICE

LEGISLATION RESPECTING EMPLOYMENT IN GOVERNMENT SERVICE

The house resumed, from Tuesday, May 31, consideration of the motion of Mr. Pearson for the second reading of Bill No. C-181, respecting employment in the public service of Canada.

Hon. R. A. Bell (Carleton): Mr. Speaker, since ten o'clock last Tuesday I have been suffering the horrible frustrations of an undelivered and uncompleted speech. When the debate was adjourned I had just expressed approval, an approval in which all my colleagues on this side and my friends on the other side may well not concur, of the extension of civil service procedures and the merit system to prevailing rates employees.

Very briefly, I should like to discuss the application of the merit system as it applies in the new bill. A feature of the new bill which bothers me is the endeavour to import into the definition of merit certain selection standards based upon such factors as residence, language, age "or any other matters that, in the opinion of the commission, are necessary or desirable having regard to the nature of the duties to be performed." That clause in my opinion gives the commission the right to drive a horse and cart through the merit system. Since 1918 the merit system

has been sacrosanct. Now the commission is given full authority to say that merit is not merit; it may be colour of eyes, curl of hair, warmth of smile or whatever the commission in its whim decides.

But let no one be under any illusion as to the desired purpose. This provision is intended to regularize what the commission has already done in importing language into merit, and all the other words are a cover. Under the old Civil Service Act such factors as residence and language were matters of job requisites, conditions precedent, if you like, to appointment. These features are retained in the new act but the new act is very different in adding something to them. Residence, language, age and other factors are made selection standards in the assessment of merit. In my view this constitutes a conflict of words. What it means is that merit is no longer merit. It is no longer to be determined by objective tests and objective standards. Merit is always to be subjective. I want to warn the government and the commission that they are embarking upon a dangerous course which may well destroy the whole merit system.

The present government policy on bilingualism in the public service is causing the most extensive demoralization I have ever seen. Anger is coupled with grave anxiety and deep consternation, and in my opinion recruitment of the best minds will fall off. I do not intend to repeat this afternoon what I said in the house on March 8. My position is very clear and unequivocal. Where performance of the work or effective service to the public requires a bilingual officer, it should be specified as a job requisite, a condition precedent, and none but bilingual persons should be appointed. But to give a preference for bilingualism in the assessment of merit for a unilingual job is a pure travesty of the merit system. The mere fact that the government has had to exempt the scientific, technical and professional fields from their policies on bilingualism is the clearest evidence of its immaturity, of its lack of present practicality, of its dangers to the whole public service.

Because I have tried to be frank and open in my approach to this problem I have been branded as anti-French. Having spent a considerable part of my life in endeavouring to bridge the gaps between races in this country, I resent that suggestion and resent it deeply. No French speaking person who has ever known me has ever believed me to be unsympathetic. Expression of realistic, honest and knowledgeable opinions in this field should not lead to abuse of those persons, and I hope I am one, who will prove to understand the basis of Canadian unity best. Basic and realistic national understanding is something that I believe I can help to achieve if the political neophytes will wait until they understand the basis of Canadian unity better.

I think members of the house generally will welcome the retention of the veterans preference. It has served an important national purpose. On the other hand, the utility of the preference in its existing form is diminishing year by year and my hope would be that the special joint committee might have discussions with the Royal Canadian Legion and other veterans organizations about methods of making the theory behind the veterans preference more effective in the years ahead.

One of the fields in which the government has shown no disposition to experimentation is in the definition of political partisanship or in the definition of political rights of public servants. Representing, as I believe I do, more public servants than any other member of the house, I express my conviction that the present provisions are obsolete and unrealistic. The problem is to establish a balance between the essential impartiality, the imperative non-partisanship of the public service as a whole, and the ordinary political rights of citizenship in a democratic country.

The old act and the new act do not succeed at all in this regard. Personally I like what has been done by the legislature of Ontario and I hope the Ontario legislation, and indeed that of all other democratic jurisdictions, will be very carefully studied by the special joint committee.

This bill and all the companion bills have one general fault. The powers to enact regulations are much too broad and sweeping and the authority to delegate is much too general. The old act specified clearly and definitely the regulatory powers and in what fields those powers existed. The new act authorizes in blanket terms such regulations as may be necessary to carry out and give effect to the provisions of the act. Perhaps I was educated in the law at a time when Lord Hewart's "The New Despotism" was the popular text, but such a blanket delegation of regulatory power is an anathema to me. When this is coupled with the almost unlimited right to delegate to deputy heads it makes a total joke, if I may describe it in that way, of the old maxim upon which we were trained, namely, *delegatus non potest delegare.*

Under this bill those venerable words "civil servant" will pass from our vocabulary. On the whole I regret the passing of this designation. This nation has been brilliantly served by those who felt privileged so to describe themselves. But in the past decade the government service has undergone a vast transformation; the work has become more specialized, more complex, more technical. Each succeeding decade will accelerate that trend. In my view it is of prime importance that the new bill should give scope for growth and so that precedent may be built upon precedent.

• (3:50 p.m.)

So, with some grave reservations which I have endeavoured to express, I support the bill and with others in this party look forward to fruitful and exhaustive discussions in the special joint committee designed to improve the bill in principle and in detail.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, when the general outlines of the three bills with which we are dealing were first indicated to us I confess that I had some misgivings, and that some of the questions which bother the hon. member for Carleton (Mr. Bell) were of concern to me as well. However, such study as I have been able to give to the government's plans for reorganizing our public service lead me to believe that we are moving in the right direction. I look forward, along with my colleague the hon. member for York South (Mr. Lewis), to being a member of the special joint committee which will deal with these three bills. With the two of us there I can guarantee that all the appropriate questions will be asked and I trust that some of the suggestions that we will have to make will be considered and perhaps adopted.

Nevertheless, even though there are questions to be asked and reservations to be made, I think that the general plan of dividing the problem into its three constituent parts is a good one. As I understand it, the job of deciding what kinds of people are needed and what jobs are required in the particular departments will, in the final analysis, come under the direction of the Treasury Board.

I understand that departmental heads in their capacity as managers of their functions will play a much more significant role in these decisions than has been the case in the past but that the total picture is one in which the decision as to the kind of establishment we will have will be made under the direction of the Treasury Board. I believe this makes it possible for the set-up in our various departments to be more tailor-made to the needs of the departments, and on the whole I think this is good. In the main, of course, this function will be dealt with legislatively by the amendments that we will be making to the Financial Administration Act. They come before us under Bill C-182, the second reading of which follows this one.

Then there is the second main problem, that of staffing the various establishments. As I understand it, that is to be the main function of the public service commission which we will be appointing by the passing of Bill C-181. In so doing we are replacing the Civil Service Commission by a public service commission, and it is clear that the functions will change considerably.

At first glance it might seem that the work of the former Civil Service Commission is being greatly reduced, but I suspect that with the growing complexity of our job in the public service the job of staffing and the job of meeting our requirements will continue to grow and that the public service commission will find that it still has plenty of work to do. I also dare to believe that the more restrictive role of the public service commission will enable it to give even greater attention to the function that it must fulfil as the guardian of the merit system. Since, as I say, it will be responsible for staffing and for promotions, this will be the body that will be finally responsible for seeing to it that the merit system is intact and that both appointments and promotions are completely free of patronage, partisanship and partiality.

I was glad that the Minister of National Revenue, when he introduced this bill the other night, gave us a few minutes of history and told us something of the half century of service given to this country by the Civil Service Commission. I share his view that when that half century has been rounded out in a year or two appropriate tribute should be paid, but I think it is also proper that in the course of this debate we note with gratitude and appreciation what the Civil Service Commission itself, with the various people who have comprised it over the decades, has done both for the public service of Canada and for the building of the life of this country

As I said, Mr. Speaker, it is not just a change of name; it is a very real change we are making as we move from the era of the

Civil Service Commission into the era of the public service commission. However, I suggest that the role that is being given to this body is a key one, a significant one, and I approve of the change that is being made.

As I see it, Mr. Speaker, the third element in this picture is the general question of salary and wage rates, of working conditions and all those things that are to become part of the process of collective bargaining. We have already provided for this in the public service staff relations act, which is Bill C-170, but I make the assertion that the success of this new tripartite arrangement depends very largely on the success of the practice of collective bargaining.

I am glad that all three of these bills are going to the same special committee so that we can look at them in their relationship to each other. However, I suggest that unless the collective bargaining is genuine, unless the representatives of the employees have a say in the working conditions and in the wage and salary levels of the employees, this new tripartite system that we are evolving will not be the success that we had hoped it would be.

Some of us indicated, when we were dealing with that other piece of legislation, Bill C-170, some of the shortcomings and flaws that are in it. As a matter of fact, if we think back to that debate we realize that perhaps there are even more criticisms that we should have made of it, but we will have the chance to make those criticisms when the bill is discussed in the special joint committee.

Looking at the package as a whole, Mr. Speaker, and dividing the problem of our public service into its three functions, first, the make-up of the establishment and putting it under the Treasury Board, second, the staffing of the establishment and the protection of the merit system and promotions, and putting that under the public service commission and, third, providing for salary rates and working conditions to be the subject of genuine collective bargaining, we think this general picture is good. We hope that the improvements that need to be made in each of these bills will be considered seriously by the committee to which they will be referred.

• (4:00 p.m.)

In the course of the debate on Bill No. C-170 I made reference to what I regarded as a most unfortunate development, namely, a provision in that bill against political freedom on the part of public servants even more severe than anything we have yet seen in any federal legislation. As I pointed out, the bill not only took a stand against some of the things we believe should not be agreed to, such as a check-off for political parties or what have you, but it also went so far as to deny any union of public servants that handled, even on a voluntary basis, any money for any political party the right to be certified or to engage in the collective bargaining in any way whatever. In my view that went too far. I pointed out, of course, that it was based on a provision in the old Civil Service Act and that that provision was being carried forward into the bill now before us, the public service employment act.

However, I was pleased when the Minister of National Revenue (Mr. Benson), in closing the debate on second reading of Bill No. C-170, stated on behalf of the government that the position set out in these bills is not necessarily final. As I understood it, he said that if in the special joint committee there was agreement amongst the parties represented there to lessen these restrictions or, perchance, to provide complete political freedom for public servants, the government would be prepared to amend the bills accordingly. I make very strongly the plea that this type of change be made in the committee that will deal with these bills.

After all, in this whole matter we are dealing not with servants or slaves but with Canadian citizens who work for all the citizens of Canada. One of the things we are trying to do by the changes that are being proposed, in particular by establishing collective bargaining, is to assert the equality of those who work for the people of Canada with the people for whom they work. We are trying to assert that equality by giving them the right of collective bargaining. I submit that those who work for all of us are not second class citizens in any way and should have the same political freedoms that are enjoyed by all the people of Canada.

I am satisfied, even though we shall have to make changes in these bills, that in the main they represent a forward step. Let us not accompany this forward step by the kind of backward step that is in these bills in the denial of the political rights of public servants. As I say, I welcome the statement made by the minister. In my view the government should have gone farther. I do not think it is good enough just to do as this government seems to do so often these days, throw things out and say, if you have some suggestions we will look at them. We think the role of

government should be one of giving leadership. A government that has been prepared to give some kind of a lead on the right to collective bargaining should also be giving a lead on political rights for our people.

We think that this is one of the most important things to be settled by way of amendment to these bills when we get them before the special committee. As I say, there are other changes that may have to be looked at. In the main, however, we support the general program. We welcome the fact that these three bills, Bill No. C-170, this Bill No. C-181, and Bill No. C-182, will be referred to a special joint committee where we can go into them thoroughly and I hope bring back even better legislation than we have at the present time.

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I wish to say a few words on Bill C-181 to express our views and say that we are happy about the introduction of this bill to create a public service commission. I think it will be an improvement over the old Civil Service Act.

It seems that appointments will be made by competition, etc. I think that will give one more guarantee that the very thought of patronage will be discouraged in the public service. Even if people tried to make us believe today that patronage no longer exists in the public service, Mr. Speaker, we would not be convinced, because we have proof every day that this evil exists. The government is not always necessarily to blame, because that evil often comes from a lower level; but to have a healthy government, it is necessary at all costs to destroy by all possible means that idea of patronage, so that the appointment and selection of public service employees can be made according to their qualifications.

I think that we will be surer of that with this bill than with the former legislation. When I talk of qualifications, I must say that I was very surprised to hear the remarks made by the hon. member for Carleton (Mr. Bell). As a matter of fact, that is why I took the floor. We have been led to understand that an amendment would be moved to make it possible, first of all, to find out whether or not the candidate is bilingual.

We are happy about this and we congratulate the government for bringing that amendment to the legislation. Bilingualism will at last be a matter of priority and I feel that between two men—one bilingual and the other unilingual—having the same rating and qualifications, the bilingual one should get the preference, because it must be admitted that in the eyes of some hon. members a bilingual man is worth more than one who is not.

The English speaking group must understand that. For 75 years we have been fighting to have the very meaning of confederation understood and the hon. member for Carleton (Mr. Bell) now tells us: The meaning of confederation must be considered.

Well, the basis of confederation is bilingualism. As long as certain groups do not understand that, there will be quarrels. The French speaking group is always ready to make concessions but the other group is never willing to understand.

But today, fortunately, the majority of English speaking people are beginning to understand the meaning of confederation. But there are still too many people saying: It will be a disaster if we preferably accept unilingual personnel. And in fact, that is precisely what they mean by that word.

I claim that due to such a principle, it has been a disaster since the inception of confederation and when through this bill preference for bilingual employes is achieved, then will we be thinking in accordance with confederation, we will be truly living according to confederation and disputes will cease.

The reason I am rising to speak in this debate is to congratulate the movers of this bill which is truly in the spirit of confederation.

We applaud such a bill and we are convinced that when it is applied we shall witness the achievement of the pact of confederation as we have been hoping for 90 years.

Remember, once again, that Canada is a bilingual country. You will have to realize that and pay the price. We have been paying for something else for 90 years. It is high time sincere members of the house get together for a move along these lines.

The hon. member for Carleton says he is happy to see what is being done in Ontario. He would like the Canadian government to imitate the Ontario government in the civil service. But the Ontario government precisely is on a one-way street. Count the number of jobs now held by French Canadians in the Ontario public service and you will see it is very small indeed. A self-styled English province cannot be taken as an example for a

federal piece of legislation which will extend to the whole of Canada which is bilingual country.

• (4:10 p.m.)

[*English*]

Mr. Bell (Carleton): Would the hon. member permit me to point out that I was discussing a totally different subject when I spoke of the examination of legislation in Ontario. What I was discussing then was the question of political participation of public servants, which has nothing to do with the subject of bilingualism.

[*Translation*]

Mr. Gauthier: Mr. Speaker, I am pleased with the explanation the member for Carleton just gave me, because in his flight of oratory, he seemed so much to connect bilingualism in Ontario to that question as it affects the whole country that I thought he was pleading the cause of Ontario, with regard to linguistics, on behalf of the federal parliament.

As I said earlier, all members must at all costs pass this piece of legislation unanimously. If they want to contribute to confederation in a constructive way, let them pass this piece of legislation unanimously, especially the part dealing with bilingualism. Then, we shall all have accomplished something worthwhile for our country, Canada.

[*English*]

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I have one small point I should like to draw to the attention of the committee that may sit in consideration of this bill, and it concerns the matter of appeals. I have found in the past that the machinery for appeals does not give quite the assistance necessary to public servants across the country. I think there should be set up with-in the civil service commission or the public service of Canada a division similar to that of the pensions advocate under pensions legislation for war service, consisting of men who are qualified to assist entrants to the civil service or those seeking promotion, and to handle their appeals.

I know that they are entitled to counsel, but this is awkward at times. We also find on many occasions that witnesses are away and the responsibility is thrown entirely upon the appellant. I think that something can be done to assist these appellants by way of setting up a section similar to that of the pensions advocate. I realize that staff associations offer some help but there should be some provision made within the civil service commission itself.

Mr. J.-T. Richard (Ottawa East): Mr. Speaker, may I say I do not intend to speak for more than a few moments, but I should like to repeat in a few words what I said the other evening when we were discussing the other bill to which this is a companion. Like the hon. member for Winnipeg North Centre (Mr. Knowles), I agree that this legislation is a good package, but like all other legislation its effectiveness will depend on how its terms are carried out.

I do not intend to make any remarks on particular clauses of the bill because I think our main purpose must be to see that the public servants of Canada are provided with the best legislation to enable them to realize their goal. It should surely be the desire of all members of this house to see that appointments are made on the basis of qualification and through promotion. Other matters will depend a great deal on collective bargaining, the bill providing for which we have already sent to a committee for study. I hope that the type of collective bargaining provided in the bill will be a little better than that which we have now under labour codes and that it will be suitable to the civil service.

If I may make one point in that regard, I hope that the day will come soon when there will no longer be a number of bargaining agents dealing with this question. The sooner the civil service has one or two main unions only to speak on behalf of most or all of its members, the easier it will be to satisfy the proper claims of civil servants in this country.

I am not going to say anything about political partisanship nor about matters raised by some other hon. members. I think it would be much better to let those who appear before the committee express their views on these matters so that we may draw the proper conclusions in the interests of all civil servants.

Mr. David Lewis (York South): Mr. Speaker, I rise to make one comment on a point which the hon. member for Edmonton West (Mr. Lambert) made with regard to the powers in respect of demotion or discharge, with right of appeal to the civil service commission.

Mr. Lambert: And competitions.

Mr. Lewis: Yes, competitions and all the rest of it. I will have something more general to say about this on another bill which will be coming before the house. What distresses me about the provisions of this bill, as in the companion bill, is that there is no tie-in with the collective bargaining act.

If you take away from the collective bargaining process the right of grievance on demotion or promotion or improvement or, conversely, if you leave within the collective bargaining act the power to grieve on such matters and then in a companion piece of legislation give the civil service commission the ultimate authority to make the decision but do not tie the two together and provide for arbitration so that the employee affected may have something to say, then you are creating a very difficult situation.

I appreciate that the intention may be that the grievance procedure will operate and that as a result adjustments may be made by the civil service commission. But nothing is said in the bill about this. So far as the words of this bill and those of the earlier bill are concerned, the civil service commission is given the ultimate authority to have the final say and is not bound by the decision arrived at through any grievance procedure or rendered by any arbitration board.

I just rise to raise that point now because the question also arises in connection with the bill which I understand we will next be considering and which involves a large range of subject matters.

• (4:20 p.m.)

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I rise to support the general principle contained in this bill and in the other two bills dealing with the same subject. We in this party have always believed that civil servants should have the same rights as other citizens of Canada. I do not believe in having second class citizens, whether on the basis of race, religion or type of employment. It does not matter whether a person works for a private or public employer, whether he works for the federal or a provincial or municipal government or for one of the many boards appointed by those bodies.

I am not critical of the government's intentions, which I think are excellent. We are entering a new field of legislation in this country. For the first time we are introducing legislation which spells out the right of employees to band together and bargain collectively. Of course, employees have been banding together for many years but up till now civil service employees have had to come to the government cap in hand saying: "Please raise our pay", or "could you increase the vacation period", or "could you look into the way employees are hired and fired". The government could either agree with these requests, disagree with them or ignore them completely as it frequently did for reasons having nothing to do with the employees.

To the extent that the government now recognizes the right of federal civil servants to belong to organizations and to bargain collectively, I completely support what it is attempting to do. Yet, Mr. Speaker, the government in its desire to spell out all possibilities has brought in legislation so lengthy and so complicated that it will lead to trouble for years to come. I have had some experience with labour unions and collective bargaining, although not as much as some other hon. members. I know that the minister wishes to do a good job. We wish, however, that he had consulted the permanent officials of the federal Department of Labour and had drawn on their experience in collective bargaining. I submit, Mr. Speaker, that on the basis of available experience it has been shown that the more detailed legislation covering collective bargaining is, the more trouble you run into.

Why must we have this lengthy, detailed, extremely complicated legislation comprising three separate bills with hundreds of clauses and subclauses? Why are civil servants not treated like all other employees who come under the jurisdiction of the federal government? Why should they not be subject to the Industrial Relations and Disputes Investigation Act, with the same rights as employees of the railways, banks, airlines, telegraph companies or other industries which come under the jurisdiction of the federal government?

I am not trying to be critical but with the tremendous detail that the government has gone into in drafting these bills in an attempt to find answers to difficulties in advance of their arising, I submit that other difficulties have been created. I was going to say that the government almost does not believe in the principle of collective bargaining but I shall not say that not wanting to be unfair to the government or to the minister.

Believing that the minister wants to do the right thing I can only assume that he, along with the government, does not understand what collective bargaining is. To my mind

collective bargaining is simple to define. It means that wherever there are differences of opinion between the employer, in this case the federal government, and the employees, in this case the civil servants, having to do, first, with the nature and extent of the rights and responsibilities of the employer, second, the conditions of employment and emoluments of employees and, third, the redress of wrongs, those matters should be resolved by collective bargaining agreements whether the employer is a public employer and the employees are public employees or whether the employer and employees are in the private sector.

If what I say is correct, all else can be worked out when difficulties arise. I predict, Mr. Speaker—and I do not want in the future to say: "I told you so"—that the minister is creating a tremendous amount of work and many problems for the government which are completely unnecessary.

Collective bargaining in the public sector should be no different from the private sector where legislation already in existence covering the situation is working relatively well. I predict that this bill, because it is unnecessarily complicated in its present form, will by the very nature of things create difficulties. The hon. member for York South (Mr. Lewis) is here and I do not wish to speak unkindly. It seems to me, however, that the government by what it has done here has created virtually permanent employment for lawyers.

Mr. Winkler: Hear, hear.

Mr. Orlikow: It may be very worthwhile employment for the lawyers but I do not think it helps collective bargaining. The lawyers representing the government and the employees will have constant meetings and consultations interpreting and reinterpreting the legislation.

Mr. Winkler: At how much an hour?

Mr. Orlikow: This, I think, is completely unnecessary. The government has not been able to rid itself of the old concept that it must not only look after the people of Canada but must also look after its own employees and protect them. I do not think that the government, any more than any other employer, has to protect its employees. Once collective bargaining legislation is passed, employees have a responsibility and duty to look after their own interests. They do this by forming the organizations which they think they need and through those organizations they discuss their problems, whether they have to do with salaries, conditions of work, holidays or anything else. They do that through negotiation.

Through this bill we are creating endless difficulties and endless confusion. I say this regretfully. I think the government has started off on the wrong track and that this will lead to endless difficulties for itself and for its employees.

• (4:30 p.m.)

There is another question I should like to discuss. Clause 31 deals with the manner in which employees may be dismissed if they prove to be incompetent. To me this would seem to negate the whole principle of collective bargaining. What does the clause say? It says in effect that when an employee proves to be incompetent the deputy head of the department—I presume it means the deputy minister—shall have power to dismiss him. There is nothing wrong about that. Then there is a provision that should an employee feel he has been improperly dismissed or demoted he has the right to appeal. But to whom may he appeal? He is allowed to appeal to the commission.

As I say, this seems to me to negate the whole principle of collective bargaining. When an employee has a difference of opinion with his employer he tries to settle it, first of all, through discussion. Should this fail, he resorts to writing. But when neither of these approaches results in an agreeable settlement it seems to me the employee must have the right to carry his appeal to an independent board.

Apart entirely from the composition of the board or the competence of its members, as I read this bill it appears to me that the commission is appointed by the government and is in fact a government agency. I may be wrong. I admit that when dealing with a bill of this length I get lost in some of the details. But if I am right this one clause goes a long way in my opinion toward wiping out principles for which every hon. member has indicated support.

I wish to deal now with one other clause, that relating to public servants actively engaging in politics. I have been an elected representative in just about every form of government. I began as a member of the Winnipeg school board. I later served on the Winnipeg city council and in the Manitoba legislature before coming here. I know that a

few of our civil servants, deputy ministers, for example, have a great deal to do with the establishment of policy and its translation into practice.

I could understand the government saying that no deputy minister should be permitted to become actively involved in politics. But, as I said earlier, I do not believe there should be second class citizens of any kind. In a democratic system we should not only give people the right to participate in politics but we should encourage them to do so. I think the provisions of this clause constitute a complete denial of the rights of a very large number of people. I think we should say to our civil servants: when you have finished your work at five o'clock, six o'clock, or when you are free on Saturdays or Sundays, you have the same right to participate in politics as anybody else. Far from containing the present prohibition, I believe this clause should spell out the right of civil servants to participate actively in politics and work for candidates of any party they choose.

One of the major shortcomings of the democratic system in the sixties is that government is becoming so complicated that fewer people are taking part. Rather than telling people that they must not participate we should be doing everything possible to encourage them to participate on a voluntary basis. Instead of saying that civil servants cannot take part in politics under penalty of being dismissed we should say to them: you have the right to participate fully and to work for any candidate you wish in your own time. Second, we should say to every civil servant: if you wish to run for office you may do so provided you take leave of absence for the duration of the campaign, whether it be federal, provincial or municipal.

I do not know how many federal civil servants would wish to become involved in politics. The former hon. member for Carleton was a controller in the city of Ottawa before he was elected to this house in 1963. I do not know whether he was elected controller when he was a federal civil servant. But even if he was not elected while he was a federal civil servant I can see no reason why he should not have run for office.

I can think of many civil servants in Ottawa and elsewhere who would make excellent members of the city councils and the municipal school boards to which we so often elect lawyers and businessmen. I believe civil servants are at least the equal of lawyers and businessmen. I believe they should be encouraged to run for office rather than forbidden to do so.

The minister said earlier that in committee the government would seriously consider the suggestions made. I do hope the minister and his colleagues will look approvingly on this suggestion and encourage our civil servants to be active politically. It is not a matter of which party they support or for which party they choose to run. Let them run for any party they wish. Let them be as active as they please. I say this because I believe that the civil servants of Canada not only at the federal but at the municipal level should have the same right to engage in politics as have all other citizens of this country. Until this goal is achieved there will continue to be people who are really second class citizens and, as I say, I am against such a state of affairs.

Mr. Deputy Speaker: Is the house ready for the question? I must advise the house that if the minister of national welfare speaks now he will close the debate.

An hon. Member: Expect no welfare from him.

Mr. Deputy Speaker: I should have referred to the Minister of National Revenue.

Mr. Benson: National revenue is necessary for the welfare of the country.

Some hon. Members: Oh, oh.

• (4:40 p.m.)

Hon. E. J. Benson (Minister of National Revenue): Mr. Speaker, as I said in closing the debate on second reading of Bill C-170, which forms part of this three-bill package, there will be an opportunity in the joint committee when the three bills are before it to examine in depth the various questions hon. members have raised at this stage of the proceedings. For this reason my remarks will be brief indeed. I will limit them to one or two matters on which I believe some clarification is needed immediately lest hon. members and others concerned accept as a true interpretation of this legislation what in fact is the result of a misunderstanding of the proposed arrangements. It is my hope that any misconceptions on this matter will be corrected without delay.

It has been suggested that the transfer of responsibility for classification from the independent commission to the Treasury Board, who in turn could delegate the power to

departmental heads, would lead to political and bureaucratic patronage in the classification of public servants. It was also suggested that over the years the Civil Service Commission, because of its independent status, had been in a position to prevent abuse in this regard.

I should like to make abundantly clear to all hon. members of the house that what is envisaged is the transfer to the Treasury Board of the responsibility for the classification of positions and not for the appointment or promotion of individuals to these positions. In other words, the Treasury Board will establish positions, as it has done since the Civil Service Act of 1961 came into force, and it will also determine the level of these positions. Its role will stop there. It will be up to the public service commission to approve both original appointments to new positions and the promotion of individuals to positions whose level may have been increased by the Treasury Board. In short, the role of the commission in regard to the individuals will remain unchanged; their appointments upon entry into the public service or to newly created positions or to positions that have been reclassified will all be accomplished under the jurisdiction of the commission on the basis of merit and on the basis of merit only.

Mr. Bell (Carleton): Would the hon. gentleman permit a question. Is the hon. gentleman indicating that if a position such as, shall we say, director of traffic 1 is reclassified as director of traffic 2 that position will immediately be vacated and that a promotional competition will be held?

Mr. Benson: This will come under the jurisdiction of the public service commission. They will decide who will fill the new position of director of traffic 2. If a new position is created which is sort of an upgrading it will be necessary for the commission to decide who will be the person to occupy that position ultimately.

In response to a question raised on the subject of appeals I would like to assure the house, Mr. Speaker, that nothing in Bill C-181 is designed to remove the existing right of employees to be represented by counsel or by other individuals in presenting appeals to the Civil Service Commission. The changes in wording that gave rise to the question were introduced solely because, in the opinion of the legal draftsmen, the Bill of Rights made it unnecessary to have specific provision in this bill for the right to representation. If, after their study of the matter, the joint committee should come to a different conclusion, the government will be prepared to consider changes that might more effectively express the intent.

There is another suggestion that was made in relation to appeals. It was advanced that appeals on appointments resulting from closed competitions and on recommendations for downgradings and releases on the grounds of incompetence should be made not to the public service commission but to another independent body.

The substance of the appeal provisions of Bill C-181 is, with one exception, unchanged from that of the Civil Service Act of 1961. The one exception is of course the transfer of appeals dealing with matters of discipline to the adjudication process provided under Bill C-170. The reason for this transfer is simple. Because discipline will be the subject of collective agreements it is only reasonable that grievances resulting from disciplinary actions be heard by the same administrative tribunal that will hear grievances resulting from the interpretation of all the other sections of collective agreements. Indeed, any othe arrangement would inevitably lead to confusion.

I should like to make a few other brief remarks. There have been some allegations with regard to the independence of the Civil Service Commission which will become the public service commission. I believe that over the years the commission has proven it has acted independently from government. I believe it will continue to act independently from government, and I believe that allegations as to its impartiality in respect of its authority, as raised by hon. members such as the hon. member for Carleton (Mr. Bell), are completely unwarranted. I believe the public service employees have complete confidence in the present Civil Service Commission with regard to promotions, appeals and so on, and personally I believe this confidence is well warranted and will be continued in the future.

The question of bilingualism in the public service was raised. I should like to point out that the Prime Minister (Mr. Pearson) stated quite clearly the government's position with regard to bilingualism some six weeks ago and there is no variance from that position in the present government.

The question again was raised with regard to the political rights of employees employed

in the public service. As I stated in respect of the previous bill I believe it would not have been reasonable for the government to change this particular clause in the legislation unilaterally. It is brought forward in this bill as it was in the previous legislation. As I stated during debate on the last bill, the government is willing to consider changes which might be recommended by all parties represented on the committee set up to study this legislation. I believe this is the only fair method by which to deal with this particular clause; indeed, I believe it is the fairest method of dealing with all clauses in these particular bills. When the committee has met, examined these clauses, heard representations and then brings in recommendations to the government, the government of course will consider them very seriously.

Mr. Lewis: May I ask the minister a question for clarification? He said the government will be prepared to consider suggestions made by representatives of all parties. Does the hon. minister mean he will consider them only if all the representatives of all the parties agree or does he mean a majority of committee representatives of all the parties?

Mr. Benson: Well, if I said a majority of the committee representatives of all parties I might have been misinterpreted as saying that we would accept views expressed only by Liberal members of that committee.

Mr. Lewis: A majority of the committee then?

Mr. Benson: A majority of the committee could be simply Liberal members. In respect of a clause of this nature which affects all parties in the house I think we must have opinions which are representative of all the parties of the house and not simply the party which happens to have a majority in the committee.

Mr. Knowles: May I ask a question, Mr. Speaker? This may be an academic question and if so it will not be the first time one has been asked in this house. Why, in the minister's view, is it wrong for the government to give a lead on the question of political freedom when it is doing so on the question of trade union freedom?

Mr. Benson: I am very happy to see my hon. friend admit that we are giving the lead with regard to trade union freedom.

Mr. Knowles: I said "a lead", not "the lead".

[Mr. Benson.]

Mr. Benson: I would say that had the government unilaterally chosen to change this clause, particular political motives could have been attributed to the government in this regard.

Mr. Knowles: Perish the thought.

Mr. Benson: It is very seldom that political motives are attributed to the government by hon. members on the other side, but we feel that on the particular clauses in these pieces of legislation we must have the views of all parties in the House of Commons before making a change in an act which would permit political activity by civil servants in Canada.

Mr. Knowles: May I ask one further question? Since so many references are made to the views of the parties when the committee meets, will the government party state its view on the matter?

• (4:50 p.m.)

Mr. Benson: I am sure that members of the government party who are present in the committee will be free to explain their views in respect of this particular matter just as they are at all times. The committee then must arrive at a consensus and come back with its report to the government indicating this consensus.

There is nothing further I wish to say except to refer briefly to the remarks of the hon. member for York South (Mr. Lewis) in respect of appeals regarding appointment, promotion or dismissal being handled through the public service commission as has traditionally been done in Canada. The reason really for having a public service commission in Canada is to ensure that politics do not enter into the appointment, promotion and demotion of civil servants in Canada. The public service commission has acted as a purely independent body for a long period of years and, indeed, when civil servants on occasion have accused the government of wrong action in respect of these three particular aspects, appointment, promotion, demotion, they have been able to appeal to the civil service commission. In future they will be able to appeal to the public service commission.

What has developed as a tradition in the past, and this has been appreciated by the civil servants of Canada, is being continued into the future by taking it away from the government or management as such, and thus out of the collective bargaining procedure, and

leaving it with the public service commission of Canada.

Motion agreed to, bill read the second time and referred to the special joint committee on the public service of Canada.

FINANCIAL ADMINISTRATION ACT

AMENDMENTS RESPECTING FUNCTIONS OF TREASURY BOARD

Hon. E. J. Benson (for the Prime Minister) moved the second reading of Bill No. C-182, to amend the Financial Administration Act.

He said: Mr. Speaker, we have already dealt with Bill C-170, which makes provision for a system of collective bargaining in the public service, and with Bill C-181, which makes provision for the maintenance and extension of the merit principle of appointment and promotion under an independent public service commission which would function as a central staffing agency for the public service. We come now to a measure that complements and supports the other two. I refer to Bill C-182, which proposes a number of amendments to the Financial Administration Act, amendments designed in the main to establish the Treasury Board as the central source of managerial authority in the public service and to provide it with the capacity to serve as the principal agent of the employer in the processes of collective bargaining.

Under the provisions of this bill the Treasury Board would be empowered to act for the governor in council on all matters relating to personnel management, financial management, general administrative policy and the control of organization and establishments. It would be expected in fact to concern itself generally with the quality of management in the public service.

Hon. members will recall that the lack of a central focus of managerial authority was one of the major problems identified by the royal commission on government organization and the subject of some of its most important recommendations. The provisions of Bill C-182 are wholly consistent with those recommendations.

The bill is consistent also with the Glassco recommendations that called for greater decentralization of authority to departmental management. Like the proposed public service employment act, it would make possible an extensive delegation of authority to deputy heads and other chief executive officers.

In the view of the government the public service is becoming too complex to function efficiently without some means of giving senior departmental officers more authority to manage their affairs, within policy limits set out by the government. It should be emphasized, however, that under the proposed legislation the use of delegated authority would be subject to such conditions as the central agencies considered appropriate, and that the rights and interests of employees would be protected by the traditional appeal procedure or by the new system for the processing and adjudication of grievances.

Most of the amendments set forth in Bill C-182 are concerned with the important field of personnel management in which there has been in the past a very considerable dispersion of central authority. Under the proposed amendments, the Treasury Board would be authorized to establish policy governing almost all aspects of personnel management, including measures required to ensure effective manpower utilization, and to determine and regulate almost all conditions of employment, including classification and pay, hours of work and leave, and the standards governing physical working conditions.

The government believes that the concentration of this authority in the Treasury Board, which is essential to the proposed system of collective bargaining, will lead to a more comprehensive and co-ordinated approach to the planning and development of personnel policy than any that has been possible in the past.

It will be noted that some of the amendments are designed to transfer to the Treasury Board functions now located in whole or in part in the Civil Service Commission. For example, the commission now has responsibility for the maintenance and administration of the system of classification and pay applying to civil servants. Because rates of pay will be subject to collective bargaining and arbitration, and because classification is in a sense the process whereby employees are grouped for purposes of salary administration, it is essential that this responsibility be transferred.

It will be noted that other amendments are designed to give the board authority to establish conditions of employment that are now fixed by statute in so far as civil servants are concerned. I am referring here to hours of work, leave and holidays, all of which will be matters falling within the scope of collective bargaining and arbitration.

In other circumstances the concentration in the Treasury Board of authority to determine and regulate conditions of employment might have been regarded with apprehension by employees. At a time when bargaining rights are being granted and steps taken to establish formal grievance procedures, I doubt that this will be the case. Indeed, I think there is a recognition on the part of most, if not all, organizations representing public servants that, if there is to be genuine collective bargaining, some one agency must be able to speak with authority for the employer, the government of Canada.

In addressing myself to this bill and its companion measures I have attempted to describe the principles underlying the program of legislation developed by the government to provide for the introduction of collective bargaining, the retention of the merit system of appointment and promotion and a redistribution of managerial authority along lines recommended by the royal commission on government organization. Much more could be said but in view of the plans to subject all three measures to careful scrutiny by a joint committee I doubt that the time required could be justified. In conclusion, let me repeat what I have already said in the earlier debates. This is legislation of great importance, perhaps the most important legislation of its kind that has been laid before this house since the Civil Service Act of 1918 established the foundations for a great and impartial public service. I know that hon. members will wish to give to it the attention and careful study that it deserves when it is referred to the appropriate committee.

Hon. R. A. Bell (Carleton): Mr. Speaker, in the debate on the two accompanying bills I dealt indirectly with the principle of this bill and with its provisions as they affect the public service. I have no intention now of repeating myself but I want to state certain specific reservations which I intend to pursue when the bill is before the special joint committee.

• (5:00 p.m.)

First, I am concerned whether the intrusion of Treasury Board into fields which have been traditionally appurtenant to the Civil Service Commission is sound and responsible in practice, whatever its theoretical value may be. The clipping of the wings of the Civil Service Commission removes safeguards which may not be fully replaced. Second, the extension of the power to enact regulations and the authority to delegate in this bill, as in the companion bills, are much too general and sweeping. They offend, in my view, against sound rules of responsible government in delegating legislative and administrative authority. Third, the dismissal and suspension procedures for misconduct or breach of discipline on the one hand, or for security reasons on the other, are not clear and satisfactory and I believe will require additional study, amendment and amplification. Fourth, I believe that the appeal procedure needs amplification. On the public service employment bill I dealt with this matter specifically and in some detail, namely, the inadequacies which I think exist in the appeal procedure in the three bills. I do not want to repeat what I have said, which has been concurred in by other members.

This bill has two other what I shall describe as tidying-up features which I think are entitled to some comment. The very tidying-up raises the principle of the wisdom of the provisions themselves. The first is the tidying-up of the act consequent upon the adoption of the Glassco commission recommendation for the establishment of a ministry to be known as president of Treasury Board. This was discussed earlier, of course, on the bill dealing with government reorganization and I want only to express personal reservations about the new provisions. Personally I do not see how expenditures can realistically be divorced from taxation policies, and that is what happens when you separate Treasury Board completely from the Department of Finance.

I just do not appreciate how you can divorce supply and ways and means. Rumour hath it that the Carter commission will propose abandonment of the Department of National Revenue as a ministerial portfolio and the handing over of the collection process to some type of board of commissioners of internal revenue. If this be true, I am inclined to say "a plague on both royal commissions." My own view is that the Financial Administration Act should be amended to vest in the Minister of Finance full responsibility for expenditure, collection and taxation policy and should give him two ministerial assistants of non-cabinet rank, a vice-chairman of treasury board and a minister of national revenue.

The other tidying-up operation in this bill repeals and then re-enacts the provisions for governor general's warrants. I confess that I

was brought up in the old school which believed that governor general's warrants were evil per se and basically inconsistent with responsible government. I do not believe that provisions for them should be re-enacted in their present form. By introducing this clause in the bill I think the government has raised the whole issue of the future use of governor general's warrants. In this respect I emphasize that I speak only for my myself, but I believe it is an affront to parliament and responsible government for a prime minister to dissolve the house without having secured from parliament financial provision for at least the election period. That is what happened last autumn and it has happened on three previous occasions in Canadian history. Dissolution coupled with reliance upon governor general's warrants for financing is an act of dubious constitutional validity for which, in my submission, no provision should be made in the Financial Administration Act which is now before the house. I go no further at this time, Mr. Speaker, but I intend to return to this issue in its broader form, namely, the powers of a prime minister, on another occasion as well as pursue the matter in the special joint committee.

These are reservations which I felt compelled to state before agreeing to second reading of this bill and its being sent to the special joint committee of the Senate and House of Commons.

Mr. David Lewis (York South): Mr. Speaker, I want to voice certain reservations about some of the principles underlying the bill before the house, but they do not follow the reservations voiced by the hon. member for Carleton (Mr. Bell). As I understand what the minister has said and what the bill says—I ask the minister to correct me if I am wrong—in the context of the total legislation with which we are concerned Bill No. C-170 makes Treasury Board the bargaining agent, as it were, on behalf of the government. As I understand the changes proposed in Bill No. C-182, they are by and large intended to give Treasury Board the powers it needs in order to conclude a collective agreement with the bargaining agents which are set up under Bill No. C-170. I therefore cannot but agree on behalf of our party with the general proposition that if Treasury Board is going to do the bargaining it must have the authority to make an agreement when the bargaining is over. You cannot possibly have Treasury Board as the bargaining agent and then leave with the public service commission the authority to make decisions.

I think this is the basic purpose of the bill and with that purpose, if one has any understanding of the process of collective bargaining, one is forced to agree. I have done a great deal of collective bargaining in 15 or 16 years of labour law work, and there is nothing more frustrating in a collective bargaining process than to sit opposite the bargainer on behalf of the employer who has no authority to tell you what the employer is really intending to do. The change in this respect is, in my submission, desirable despite the views which the hon. member for Carleton expressed.

But, Mr. Speaker, I see in all three bills with which we have been concerned a continuing tendency on the part of those who have advised the government not to let go of the traditional powers of government. Let me say that you cannot have collective bargaining in private industry unless management is prepared at some point to abridge the ordinary common law authority of management; and you cannot have collective bargaining with a government unless the government is prepared to abridge the ordinary constitutional powers which it normally has. You cannot have collective bargaining if the government insists that it will remain the final authority despite the collective bargaining process, and you cannot have genuine collective bargaining if you retain legally in the hands of the government agency the final word about what is to happen. When you have that you do not have collective bargaining.

The first thing, therefore, that worries me immensely about Bill No. C-182 is precisely what the minister referred to, namely, that one of the clauses of the bill retains in the hands of Treasury Board without qualification and, on the contrary, specifically, the authority, notwithstanding any other provision of any other enactment, to determine everything that normally goes into collective bargaining. It retains the authority to determine the requirements for and terms of training, the classification of positions and employees, the authority to determine and regulate pay, to determine and regulate hours of work and leave of employees, the power to establish physical working conditions and things related thereto, the power to determine and regulate payments in connection with travelling expenses and allowances and

if that were not enough, the power to determine all other terms and conditions of employment which are not mentioned specifically.

• (5:10 p.m.)

It may have been the intention of the government that Treasury Board have these powers in order to be able to implement the terms of a collective agreement reached with the bargaining agent. The minister nods his head. As a lawyer let me say to him, if I may: If that is what he intended, that is what he ought to have said. The bill says nothing of the sort. The bill does not say that this authority which is retained by the Treasury Board, and which may in certain circumstances be delegated to someone else, is subject to the collective bargaining process and to any collective bargaining agreement reached. It merely gives that authority, unqualified and without reservation, to the Treasury Board.

The point that one must always remember in collective bargaining is that if a representative of the employees sits at a bargaining table he will only be able to bargain if he feels that he is the equal of the people who sit opposite him. So long as the people who sit opposite him in the collective bargaining process have in their hands the ultimate weapon to deprive him of genuine collective bargaining, so long as the people who sit opposite him and who represent the employer are able to say directly or by implication, we have the authority to impose this on you if you do not like it in the last resort, so long as that is the situation and so long as the law reads that way, genuine collective bargaining does not take place

The wrong principle embodied in this bill is that the authority which is to be given to the Treasury Board in order to enable it to implement a collective agreement is given in such a way that it can exercise that authority as far as the law is concerned without regard for the collective bargaining process. It is my intention, as it is that of my hon. friend from Winnipeg North Centre, to do everything we can to make sure that this is remedied in the legislation.

A thought occurred to me, Mr. Speaker, as I was speaking. Suppose the parties at the collective bargaining table reach an impasse, suppose the bargaining agent has chosen, under Bill C-170, the role of conciliation rather than of compulsory arbitration and suppose the situation in Canada is such that the government feels it cannot tolerate the possibility of a strike. Then Treasury Board has the power under Bill C-182—and we understand the minister will be president of the Treasury Board at that time—to impose conditions which should otherwise be bargained for collectively.

I am confident, as we all have said, that the minister's intention and the intention of his government is to introduce collective bargaining. If we are mistaken in that, if they have any reservations on that point and we are really beating the air, it would be a heartbreaking fact. However, I am assuming they really intend to introduce genuine collective bargaining. If that is the case, I plead with them to get rid of the chains which now bind their minds concerning the ultimate power being in the hands of the employer because in this case the employer happens to be the government. We simply will not have collective bargaining for the benefit of the people concerned so long as there is this hidebound approach to the relationship with the employees.

The same is true of the appeal procedure. The minister said in the earlier debate that the public service commission will be an independent body and will not be government controlled. Of course no one is suggesting that the Civil Service Commission has been a government agency which has carried out government orders or anything of the sort. But the fact is that the public service commission has certain duties under this legislation, as the Civil Service Commission had under the other legislation.

Its duties are, in the first place, to make appointments, to give promotions and to make certain decisions with regard to the conditions of work in certain spheres. The body which makes the decision about employment, promotion, demotion and all the rest of it is not the body that should have the final say in the appeal procedure. In the same way the Treasury Board under this bill is the body which makes certain regulations with regard to discipline and other things. It should not be the final appeal board. The fact that we request the minister to consider making appeals subject to the agreement procedure of the collective bargaining process is not to be taken as throwing barbs at the public service commission or questioning the impartiality or the best intentions of that body. We ask for independent arbitration because the public service commission is inevitably and necessarily directly concerned

with the decisions against which the employees are protesting. The body which in the first place makes the decision cannot be the body which in the last resort should decide the appeal. It is as simple as that.

May I also say to the minister and to his advisers that the essence of trade unionism is frequently misunderstood. It is often taken for granted that the major object of a union is merely to get an increase in wages or a reduction in hours or some additional physical or monetary benefits for the people concerned. That is certainly an important part of the organization of labour. However, Mr. Speaker, I say to you and to the minister that even more important than all of the monetary benefits which a union seeks to achieve is the fact that it is the spokesman of the employees who otherwise would not have their own spokesman. It is much more important for the member of a union or the member of a bargaining unit represented by a union that his organization be able to represent him, to fight for him when he thinks he has been aggrieved, to take his case right up to the final arbitral tribunal, than it is for the employee to get another 5, 10 or 15 cents an hour. Both in the federal service and in ordinary industry the single employee is a number, whether he punches the clock or signs the book and, left alone, the employee when he feels himself aggrieved cannot do anything that is adequate to protect himself.

The major value of the trade union in the democratic and social sense is that it is the spokesman and protector, on an equal basis with the employer, of the employee whenever he feels himself aggrieved by any act of the employer. This is why we in this party are concerned about the principles which seem to animate the three pieces of legislation that are before us. At the same time, as I said on an earlier occasion, while dotting every "i" and crossing every "t" in the proposed collective bargaining legislation we retain unreserved and unqualified power in the hands of management, in this case the governor in council, the Treasury Board or the public service commission, which, if it were applied as the wording of the legislation enables it to be applied, would rob the collective bargaining process of any meaning.

The second principle with which I wish to deal very briefly is the one about which we had so much fuss in parliament in connection with the late Mr. Spencer. I am astonished that the amendments to Financial Administration Act as contained in this bill not only leave the old section 50 of the Civil Service Act unchanged except in one respect, namely, limiting the power to dismiss without appeal for the safety and security of Canada, but this time spell it out in the bill instead of it being understood as was the case before. In essence there is no change in section 50 by this bill but in fact it is made worse. It says in so many words that once there is a piece of paper dismissing an employee of the government allegedly for reasons of security and safety it becomes final proof that the employee is unsafe from the point of view of the security of Canada. What makes it even worse is that the bill spells out in the clearest possible terms the fact that once the employee is thus dismissed he is through. He cannot question the reason for the dismissal because the piece of paper, it seems to me, is final proof of the fact he is a security risk for Canada.

• (5:20 p.m.)

When we had the debate on the Victor Spencer matter my impression was that there were members on the government side, indeed members of the cabinet, who agreed that there ought to be an amendment to section 50 of the Civil Service Act, who agreed that there ought to be some appeal from such dismissal. Unless my memory serves me wrongly, and I have not gone back to *Hansard* to check on the matter, these hon. members opposite emphasized the fact that the only reason they had to support the government on the Spencer issue was that there was the law, there was section 50. They said that it had to be applied in a case like Mr. Spencer's.

Surely this was the opportunity for the government to rectify that situation. When we are re-evaluating all the legislation relating to civil servants in Canada, this bill was the means whereby the government could have provided for a hearing. It may be said by someone that since the Prime Minister (Mr. Pearson) has offered to set up a board of inquiry into all security matters the question of such an amendment must await the report of the royal commission. If that is the reason, Mr. Speaker, I cannot think of anything more invalid than to say that a necessary amendment has to wait upon the report of a board of inquiry that has not been set up yet. I see no reason whatever for waiting. The government could have proposed an amendment that would give a person dismissed as a security risk the right, if he desired it, to a

full and impartial inquiry by a commissioner or commissioners appointed under part I of the Inquiries Act or by any other body the government thought more capable of looking into the matter.

I must admit to profound disappointment, after what parliament went through in the Spencer case and even after the Prime Minister had granted a commission of inquiry in that case, allegedly I understand because the late Mr. Spencer asked for it, because I cannot for the life of me understand what it was that prevented the government from including an amendment that would make an impartial inquiry a matter of right for any employee of the government dismissed under section 50 of the Civil Service Act. It is the intention of those who represent this party on the joint committee to suggest amendments to the legislation which will make it clear that any powers granted the Treasury Board are subject to the collective bargaining process and cannot be exercised in order to interfere with that process. We intend to propose also an amendment to this legislation which will give any person dismissed, for whatever reason but including the reason of security, an opportunity for a full and impartial hearing.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, it is not my intention to discuss this bill in detail. However, I should like to refer to the last matter mentioned by the hon. member for York South (Mr. Lewis), namely the sections of this bill which repeat and, indeed, as the hon. member made clear, strengthen the original and objectionable section 50 of the Civil Service Act. I do not intend to go into great detail. We had considerable discussion—some members may think too much—of this matter when the Victor Spencer case was being debated. If my memory serves me correctly, I was the first member of this house who discussed the Spencer case in terms of the right of any employee to a full explanation of why he was being dismissed and the right to put forward a full defence.

I recall that when I raised this matter the parliamentary secretary to the Prime Minister, the hon. member for Mount Royal (Mr. Trudeau), questioned me vigorously. I do not mind that at all. He questioned me about the principle I was enunciating that every employee had a right to a hearing regardless of the reasons for his dismissal. He referred to the fact that Mr. Spencer had not, at the time I was speaking, asked for a hearing.

[Mr. Lewis.]

I challenged the Minister of Citizenship and Immigration (Mr. Marchand), on the basis of his past record as a labour leader, to explain to the house how one who believes in the principle of collective bargaining, which this government apparently does, could square his belief in the principle of collective bargaining with section 50 of the Civil Service Act. The minister accepted my challenge, and to give him credit I must say that he accepts every challenge to explain his position. Immediately after I had completed my remarks he spoke in the house. I want to read one or two paragraphs from his speech made on February 28, 1966 and recorded on page 1894 of *Hansard*:

> This raises a fundamental problem and I think hon. members will have the opportunity to discuss it when the legislation is brought before the house. At that time, I think we shall be able to discuss the matter irrespective of the Spencer case.
>
> There is no doubt that section 50 may, in certain circumstances, deprive civil servants of rights normally theirs under a collective labour agreement.

What the minister was saying, and I think correctly, was that section 50 was there and had been there for some considerable time and that the principle in section 50 should be reviewed and would be reviewed when we got to the collective bargaining legislation. Well, Mr. Speaker, here it is and the old section 50 is back word for word, in fact, not only word for word but its provisions are strengthened. This section spells out in even greater detail the right of the government to dismiss without explanation and without appeal, an employee who may be a security risk.

I reject completely the idea that parliament has to wait for the report of a royal commission, which as the member for York South earlier pointed out has not even been appointed, before considering the matter. We do not have to discuss the Spencer case here. We do not have to know whether the dismissal of Mr. Spencer was correct or incorrect, proper or improper, too severe or not severe enough. His case will be dealt with by the royal commission and I am not suggesting that we prejudge the matter.

• (5:30 p.m.)

The principle which I and other members enunciated at the time, with which I am satisfied the Minister of Citizenship and Immigration (Mr. Marchand) agreed, is a simple one. It is that no employee shall be dismissed for any reason without cause, without the right to know the reason for his dismissal and without the right to challenge

the decision made by his employer—in the Spencer case the government. Whether an appeal should be heard in public or in private, Mr. Speaker, is not the issue at this point. That is something which can be spelled out by the government and discussed when we are in committee. However, it seems to me that in proposing to write into this legislation the old section 50, which was objected to by so many members from all parties when we discussed the Spencer case, we are doing something that is wrong. This section should not be brought forward at this time.

I am hoping that when amendments to the bill are proposed by members of this party or by any other members of the committee the government will reconsider its apparent decision to re-implement the completely objectionable features of the old section 50 of the Civil Service Act.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I have just a brief comment before the minister closes the debate. It does not relate to the specific matters we have been discussing which for the most part have had to do with the reorganization of the public service. I have in mind rather the fact that the Financial Administration Act as it is now stands has a set of definitions in section 2, one of which is "minister". "Minister" means the Minister of Finance and Receiver General. I notice that one of the things that Bill No. C-182 does is to substitute for the phrase "the minister" the expressions "the President of the Treasury Board" or "the Treasury Board". This is done in a number of places.

One of the sections which interests us as members of parliament, of course, is section 28. It is the one under which governor general's warrants can be utilized if parliament is not sitting. It used to be the case that it was the Minister of Finance who made the recommendation that governor general's warrants be issued, for example, in a period after parliament has been dissolved. Now it appears that the recommendation will be that of the president of the Treasury Board.

It strikes me, Mr. Speaker, that now we have a bit of confusion as to draftsmanship of the legislation in respect of the Financial Administration Act. In some places it will still say "the minister", and if one looks back to the definition section "the minister" is the Minister of Finance. In other places the minister will be the president of the Treasury Board.

I have two questions. First, would it not be possible to avoid some of this drafting confusion? My second question is: What is the general philosophy of the government in the division of functions that it seems to be making between the Minister of Finance and the president of the Treasury Board? I am aware of the fact that the present Minister of National Revenue (Mr. Benson) has been doing many things in the house which used to be done by the Minister of Finance (Mr. Sharp), notably putting through interim supply and things of that sort. In the last parliament the present Minister of Public Works (Mr. McIlraith), who was then President of the Privy Council, did this task; and I overhear the minister saying that he was also vice chairman of Treasury Board.

Perhaps I have stated the question that is in my mind. The Minister of Finance used to be the Minister of Finance. He was the big shot in this whole field. Now his functions are apparently being divided, and the Financial Administration Act will to some extent reflect that division by sometimes referring to the minister—and we will have to look at the definition section to see what minister it is—and sometimes the reference will be to the president of the Treasury Board. So what is the philosophy, the division of labour? I thought the minister might have expanded on this or touched upon it when he made his speech on second reading. Since he did not do so I now give him the opportunity.

The Acting Speaker (Mr. Rinfret): I would remind hon. members that if the minister speaks now he will close the debate.

Mr. Benson: Mr. Speaker, first of all I should like to deal with a couple of points raised by the hon. member for York South (Mr. Lewis). The first related to his interpretation of clause 3 of the new bill which includes a new section 7 of the Financial Administration Act. He is a lawyer whereas I am a layman, but he seemed to imply that Treasury Board can override decisions on matters which are bargainable under collective bargaining procedures, and which may form the terms of a collective agreement, simply by making a unilateral decision of its own. If this is the correct interpretation of the section, then I can assure him that the wording will be changed, because it is not the intention of the legislation that this should be the case. Clause 3 of the amending bill, which amends existing section 7 of the Financial Administration

Act, was put into the bill so that the powers accorded throughout numerous other pieces of legislation could be drawn in under this piece of legislation; it was not put in so as to override any decision with regard to collective agreements.

The second point which he raised is a difficult one, and that is the matter of dismissal of people in the interests of the safety and security of the nation, the so-called security cases. This is a matter to which I should like to assure him we gave a great deal of thought as to what we should do. Should we put into the bill some sort of appeal procedure or should we, in view of the fact that we are appointing a royal commission to look into security procedures, wait until the commission reports. Perhaps the commission's report will make a recommendation as to how security cases should be dealt with, how far security matters should be divulged, what types of hearings should be held in security cases, and the particular matters which are involved in any appeal which might be allowed with respect to cases coming under section 50.

The hon. member has the right, of course, to disagree with the decision of the government and I would be very surprised if in most instances he did not do so. However, the decision of the government was that the clause should be put in with the strict limitation that it will apply only to security cases, which was not the case before. We really had doubt whether we should even put in that provision because if someone is discharged under the section people will automatically know that a security case is involved. So to that extent perhaps you are branding someone by dismissing them under the section.

• (5:40 p.m.)

However, the government decided to await the decision of the royal commission which had been set up to look into security procedures. Certainly everyone will have the opportunity of making his views known fully with regard to this matter when it goes before the committee. The government will, of course, consider the views put forward by various hon. members when the particular bill is considered by the special committee of the house and the Senate.

I now wish to deal briefly with matters raised by the hon. member for Winnipeg North Centre (Mr. Knowles) with respect to the drafting of changes in the Financial Administration Act. I was concerned about the drafting and about having two ministers under one particular bill, which would be the case in the Financial Administration Act. Although the Treasury Board has been mentioned there is quite a change in the position of the Treasury Board, and the president of the Treasury Board comes under the bill. I was assured that the drafting of this bill had been undertaken with the greatest care possible under the circumstances by officials in the Department of Justice.

The hon. member asked for the philosophy behind the division of duties between the president of the Treasury Board and the Minister of Finance. If the hon. member refers to the report of the Glassco commission I think he will see set out clearly what that commission recommended with respect to the president of the Treasury Board. It recommended that the post of president of the Treasury Board be created to deal basically with government expenditures. In other words, the president of the Treasury Board would be responsible for such things as the approval of departmental estimates and for applying directives laid down by the governor in council or cabinet and would look into such matters as organization within departments, improving and upgrading employees in the public service with respect to operating the public service more efficiently, taking an over-all look—and this would be done by the Treasury Board reporting through its president—at the organization of government. This means that the field of supply involving the moneys necessary to make government expenditures falls into the lap of the president of the Treasury Board.

It might seem at first, and the hon. member for Carleton (Mr. Bell) mentioned this, that Treasury Board would run off in one direction and the Minister of Finance in another. I assure hon. members, nevertheless, that Treasury Board is not the president of the Treasury Board. Treasury Board consists of a number of ministers including the Minister of Finance. The president of the Treasury Board has the burden of looking after the detail of expenditures, dealing with departmental and governmental organization, and he must look after the upgrading of the organization, trying to improve efficiency within the government organization. That job, in the opinion of the Glassco commission, was too detailed and cumbersome to be put on the shoulders of the Minister of Finance. The Minister of Finance is basically responsible for economic policy, for monetary policy generally in the country, and, indeed, for many other matters.

Indeed, there must be close liaison between the president of the Treasury Board and the Minister of Finance. I can assure hon. members that the concept of having a president of the Treasury Board as well as a minister of finance could not work if there were not close liaison between the two. Government could not work if there were not close liaison between, say, the Prime Minister and the Secretary of State for External Affairs. There has to be liaison and consideration of each other's problems as between all ministers of government or the government will not work but disintegrate, as has sometimes happened in the past.

Mr. Knowles: Be careful now.

Mr. Benson: I do not think I need to say anything further about this matter. I think I have dealt with the particular problem raised by the hon. member.

I should like to say in conclusion that I see no difficulty in the establishment of the president of the Treasury Board and his relationship with the Minister of Finance in view of the fact that the Minister of Finance will always be a member of the Treasury Board. Indeed, this is laid out in the legislation. The president of the Treasury Board is subject to the wishes of the Treasury Board which consists of several ministers, as my hon. friend knows.

Mr. Knowles: Would the hon. minister permit one more question in this same area. It relates specifically to the change from the Minister of Finance to the president of the Treasury Board in the case of the new section 28. I do not wish to set the present Minister of National Revenue against the present Minister of Finance. After all, they will not be here forever.

Some hon. Members: Hear, hear.

Mr. Knowles: It strikes me that the recommending of governor general's warrants, which usually comes about because parliament has been dissolved before estimates have been passed, is a major financial decision. I am surprised that the responsibility for recommending that kind of decision is to be taken from the Minister of Finance who I thought was still, in this field, senior to the president of the Treasury Board. I say it is not a matter of distinguishing between the two individuals who happen to hold the positions at the moment. Would the minister relate the philosophy he has outlined to the new section 28?

Mr. Benson: As I have said, the minister who happens to be president of the Treasury Board is, with the Treasury Board, responsible for expenditures. He is responsible for the matter of supply in the house. This is the decision that has been made. It has been decided that the president of the Treasury Board will come to the house for supply if the house is sitting. If the house is not sitting, if it is not in session or has been dissolved and governor general's warrants are required, with the authority of the Treasury Board he would go to the governor general for warrants in that particular period just as he would go to the house if the house were in session.

Mr. Douglas: Would the minister permit a question? What ministers, other than the Minister of Finance and the president of the Treasury Board, are members of the Treasury Board?

Mr. Benson: Mr. Speaker, as this is a cabinet committee I should not like to disclose the names of ministers. To answer the question, five other ministers besides the Minister of Finance and the president of the Treasury Board are listed as members of the Treasury Board. In addition, there are an equal number of alternate members.

Motion agreed to, bill read the second time and referred to the special joint committee on the public service of Canada.

PUBLIC SERVICE

MESSAGE TO SENATE CONCERNING REFERENCE OF CERTAIN BILLS TO SPECIAL JOINT COMMITTEE

Hon. E. J. Benson (Minister of National Revenue) moved:

That a Message be sent to the Senate to inform that house that the following bills have been referred to the special joint committee of both houses appointed to consider legislation relating to the public service:

Bill C-170, an act respecting employer and employee relations in the public service of Canada;

Bill C-181, an act respecting employment in the public service of Canada; and

Bill C-182, an act to amend the Financial Administration Act.

Motion agreed to.

Pensions

• (5:50 p.m.)

PENSIONS

CORRELATION OF VARIOUS PLANS WITH CANADA PENSION PLAN

Hon. E. J. Benson (for the Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Public Service Superannuation Act, the Canadian Forces Superannuation Act, the Royal Canadian Mounted Police Superannuation Act, the Diplomatic Service (Special) Superannuation Act and the Intercolonial and Prince Edward Island Railways Employees Provident Act to provide for a reduction in the contributions required to be paid under those acts as a result of the implementation of the Canada Pension Plan and for the correlation of the pensions or annuities payable under those acts with the pensions payable under the Canada Pension Plan; to extend the portability provisions of certain of the plans established under those acts; to raise the limit on the amount of the supplementary death benefit payable in respect of persons employed in the public service and members of the Canadian forces; and to make amendments of a general nature in connection with the administration of those acts and of the Defence Services Pension Continuation Act and the Canadian Corporation for the 1967 World Exhibition Act.

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

Mr. Knowles: Before the minister begins, perhaps there could be an understanding that he should be allowed to make his statement in full, provided it does not run to great length, and that the private members' hour should run for an hour from the time the minister sits down.

The Chairman: Is that agreeable?

Some hon. Members: Agreed.

Mr. Benson: Mr. Chairman, I trust that the words of admonition used by the hon. member for Kamloops this afternoon on the subject of omnibus bills do not apply to the measure contemplated in the resolution before us, because if ever a bill was an omnibus bill the bill to be introduced following this resolution will be one. This has to be the case because a great many acts will have to be changed in order to make possible integration with the Canada Pension Plan. In most cases the amendments to the various acts will be the same but they must be brought about by an omnibus bill.

Perhaps before we complete our discussion on the resolution we might hear the views of hon. members on this subject. This is certainly not an omnibus bill of the type to which objection was taken earlier today, but there needs to be amendment of between 15 and 20 acts affecting people in various parts of the public service.

The main purpose of this resolution is to make possible the introduction of legislation to provide for co-ordination between the Canada Pension Plan and a number of acts dealing with the superannuation of members of the public service. It is highly desirable that the amendments to the various acts mentioned in the resolution should come into effect at the same time; consequently, the government felt it would be desirable to proceed by means of a statute law amendment bill which would combine all of the proposed legislative amendments in a single bill.

When the bill to establish the Canada Pension Plan was before the house a detailed explanation of the government's proposals, designed to co-ordinate the Public Service Superannuation Act with the Canada Pension Plan was given both to the house itself and to the joint parliamentary committee which reviewed that bill. The legislation which this resolution contemplates contains the provisions which were foreshadowed and explained at that time.

It will be recalled that the joint parliamentary committee on the Canada Pension Plan suggested that the door should be left open, if possible, for integration of the Canada Pension Plan with the existing pension provisions covering the armed forces and the R.C.M.P. The committee recommended that the "provision exempting the armed services and the Royal Canadian Mounted Police from coverage under the Canada Pension Plan should, if integration is technically feasible, be deleted". While a satisfactory method of integration could not be developed before the Canada Pension Plan was passed, section 6(2)(g) of the bill to establish that plan was amended in committee to conform to the joint committee's view. The clause as amended now provides that excepted employment is "employment as a member of the Canadian forces or the Royal Canadian Mounted Police except as provided by any other act of the parliament of Canada". During the intervening months a method of integration has been developed which meets the criteria established by the joint parliamentary committee in the case of persons to whom the Canadian Forces Superannuation Act and the Royal Canadian Mounted Police Superannuation Act apply. This bill will, therefore, implement the recommendations of the joint committee to the greatest feasible extent.

In the explanation which has already been given to the house and to the joint parliamentary committee on the general method of co-ordination or correlation which is proposed with respect to the public service, R.C.M.P. and armed forces legislation, two basic criteria have been set forth. The first principle is that the total contributions paid by the employee and by the government on the salary on which contributions are now being paid under the relevant superannuation acts should not be increased; instead a portion of the contributions should be diverted away from the superannuation fund in each case to the Canada Pension Plan or to the Quebec Pension Plan in the case of those persons who are employed in the province of Quebec.

As a consequence of this diversion it was recognized that the benefits earned under the relevant superannuation act would have to be reduced. This led to the second principle, namely, that the reduction in benefits should not bring the total level of benefits below the level that would have prevailed under the superannuation act had it not been for the introduction of the Canada Pension Plan. Thus the total contributions would not increase and the total benefits would not decrease, and might even be marginally increased in some instances, in the case of present employees who take their retirement in future either on grounds of age or disability. In addition, their pension credits already earned for service prior to the commencement of the Canada Pension Plan would not be affected.

As hon. members realize, it was not possible to introduce this legislation prior to January 1, 1966, so that in order to prevent a decrease in the take-home pay of those civil servants who were already contributing 5 or 6½ per cent of their salary to the superannuation account it was necessary to provide accountable advances to cover the period until this legislation was introduced and passed. These accountable advances have been made to date under the authority given by parliament by vote L100d of the Appropriation Act No. 2, 1966 and vote L100e of the Appropriation Act No. 4, 1966. The effect of the provision contained in this present bill would be to reduce the amounts which such persons are required to contribute to the superannuation account with effect from January 1, 1966 so that the advances made to persons who are contributing on the date of royal assent will be recovered in this way.

Similar provisions will apply to those public officials who are contributing under the Diplomatic Service (Special) Superannuation Act. No such provision was necessary in the case of the members of the Canadian forces or the Royal Canadian Mounted Police since they have not been required to contribute under the Canada Pension Plan up to the present time. However, Canadian National Railways has arranged for similar advances in the case of those employees to whom the Intercolonial and Prince Edward Island Railways Employees' Provident Fund Act applies.

Quite apart from the arrangements for integration with the Canada Pension Plan, the bill contains a number of other amendments which have been deferred until the present time, principally because the pressure of legislative business did not give parliament an earlier opportunity of dealing with them. Some of these relate to proposals of the public accounts committee; others arise from recommendations contained in the quinquennial actuarial reports on the various superannuation and death benefit accounts; others reflect the growing interest in the question of portability of pension rights and are designed to broaden the provisions of certain of the acts in this regard.

Finally, a number of the amendments are proposed for the purpose of taking care of anomalies and administrative problems which have come to light during the years since these acts were last before parliament for a detailed review. I should mention that the references to the Defence Services Pension Continuation Act and the Canadian Corporation for the 1967 World Exhibition Act are included for this last reason and not because of any direct connection with the Canada Pension Plan.

At this stage I would like to make particular mention of two items out of the general categories which I have just outlined. One of these is mentioned in the resolution and has for its purpose the raising of the limit under the supplementary death benefit plan for members of the public service and the Canadian forces which is presently provided under Part II of the Public Service Superannuation Act. It is proposed to raise this limit from the present ceiling of $5,000 to the approximate actual salary or pay level of the person concerned, subject to the continuation of the present provision by which the total death benefit is reduced by one-tenth of the basic benefit each year after reaching the age

of 60, and to the retention of the minimum benefit of $500 for those to whom this has applied in the past.

• (6:00 p.m.)

The low level of the death benefit under this plan was a subject of comment by the Glassco commission. At the same time it is proposed, for administrative and other reasons, to delete from part II of the Public Service Superannuation Act the provisions affecting members of the regular forces and to add a new part III to the Canadian Forces Superannuation Act to provide for the continuation of death benefit coverage for present members of the Canadian forces and former ones who are covered by this plan.

Finally, I would like to mention that the government has been concerned for some time over the rigid limitations, contained in the Canadian Forces Superannuation Act and the Defence Services Pension Continuation Act, on the amount of pension a former officer may receive under those acts if he is subsequently employed in the public service of Canada. The bill contains a provision which will make this control more flexible. This provision is similar to that contained in the Royal Canadian Mounted Police Superannuation Act which leaves it to the governor in council to deal with this situation by regulation.

Mr. Bell (Carleton): Mr. Chairman, may I call it six o'clock?

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED UNDER ADJOURNMENT MOTION

Mr. Deputy Speaker: It is my duty pursuant to provisional standing order 39A, to inform the house that the questions to be raised at ten o'clock this day are as follows: The hon. member for Springfield (Mr. Schreyer), farm machinery—possible time required for inquiry; the hon. member for Montreal-Sainte-Marie (Mr. Valade), Labour relations—Quebec—stoppage of work by longshoremen; the hon. member for Brantford (Mr. Brown), Old age security—consideration of increase in amount of pension.

It being six o'clock the house will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motion.

[Mr. Benson.]

HIGHWAYS

PROPOSED FEDERAL-PROVINCIAL CONFERENCE ON BUILDING PROGRAM

Mr. Frank Howard (Skeena) moved:

That, in the opinion of this House, immediate steps should be taken by the government to arrange for a federal-provincial highway building conference at the earliest possible moment in order that a national highway building program be instituted with special attention in such a program to be given to access roads in the northern areas and lesser developed areas of the nation.

He said: Mr. Speaker, this is the age of federal-provincial conferences. In recent years we have had these conferences on a variety of subjects and some of them were fruitful and others were not. What the motion seeks is to have a national highway building conference established, something which, incidentally, was contemplated and planned when Hon. Jean-Paul Deschatelets was the minister of public works. In fact, while he was minister he had so organized and arranged the plans for a dominion-provincial conference on highways that the date for it was almost established.

Unfortunately, however, the Prime Minister (Mr. Pearson) and the then minister of finance, at a dominion-provincial fiscal conference in Quebec city, gave way to some of the demands of that province and as a result the then minister of public works, Mr. Deschatelets, had to come to parliament and regretfully announce that the plan for a dominion-provincial highway building conference had been cancelled because, as he put it, there was not sufficient money to go around inasmuch as there had been an increase in the contribution under the tax-sharing arrangement. In any event, at that time there was a recommendation with regard to the responsibility of the federal government in the field of highway building, a recommendation with which I agree, namely, that the federal government must participate in a national highway building program in order that there might be an orderly development of highways and roads in this nation.

I think this was recognized at least tentatively in 1949 when the Trans-Canada Highway Act was passed and that highway was contemplated. It was also recognized when the Conservative government took office by the establishment of the so-called roads to resources program under which the federal and provincial governments participated jointly in financing roads which led to potential or actual natural resources or which

opened up areas particularly in the northern part of our nation.

We would hope that the ideas conceived with regard to those two forms of financial participation could be carried forward. Since 1949 there has been quite in increase in travel, in the ownership of automobiles and in the expansion of the nation in respect of population and affluence. There has been a heavy emphasis upon tourism, upon seeing Canada, and a heavy highway building program has been instituted in the various provinces. In order to develop it is necessary that we try to co-ordinate and tie together the various highway building programs in the provinces. This means that there must be more communication and preparation on a national basis. In the motion I place emphasis on the northern part of our nation because we all know that in the highly populated southern areas of Canada the population itself creates sufficient pressure on the provincial governments with relation to the building of highways at least.

We conceive that with the federal government participating financially it would be the dominant force in respect of highways in those parts which are not so well populated. We conceive also of the necessity for opening up areas which now are not populated at all or, if so, only to a very limited extent. We believe that roads which open up areas automatically bring people there for settlement and for the exploitation of the resources which exist there, and people bring prosperity.

I should like to make only passing reference to the portion of British Columbia from which I come. For some years we have had an intensive interest in the concept that what locally in the province is referred to as highway 16, which extends from there through the Rocky Mountain trench area to Jasper, should be part of another trans-Canada highway. Incidentally, this proposal has received unanimous political support at the local level for as long as I can remember. The Liberal party revises its support for this program every time there is an election, but promptly forgets about it when the election is over. I should like those hon. members who raise their eyebrows at this statement to remember that fact, because it is a fact. We are not interested at home in merely making political hay out of roadbuilding programs; we want to see something worthwhile accomplished in this regard.

• (6:10 p.m.)

Because the provincial governments have some jurisdiction over the building of highways and because the federal government is involved both jurisdictionally and actually in the building of highways in the Northwest Territories and has an overriding responsibility for the development of an orderly highway system we think that a conference is necessary. Co-operation is needed between the various levels of government, and at such a conference it would be possible to set out those areas which require a roadbuilding program. It would also be possible to come to some agreement about the money split—who would pay how much toward what.

We believe that priorities are necessary so that we can engage in the building of highways that are urgently needed and we feel it is possible to establish priorities at a federal-provincial conference. In this way the provinces would know on the basis of long-range plans what to expect in the way of federal financial participation and could plan accordingly.

I rather anticipate that this motion will not receive different treatment from that accorded to similar motions which come before the house and that a Liberal backbencher will be on his feet at the end of private members' hour loving this particular motion to death. If that is the desire of the Liberal party I wish them Godspeed, but if there is a real and genuine desire to treat me gently hon. members will let this motion come to a vote so that parliament can at least give an expression of opinion on this extremely urgent question.

Mr. J. B. Stewart (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, the proposal put forward by the hon. member for Skeena (Mr. Howard) is one that I am sure will recommend itself to members in all parts of the house. He has referred to the need for better roads and highways throughout Canada and we all applaud that goal. The next immediate step proposed by the hon. member toward the achievement of better roads and highways from a federal point of view is the convening of a federal-provincial highway building conference. While I think we would agree with the aim he puts forward, I for one would disagree with his suggestion that such a conference is the next logical step, and I want to submit to the house through you, Mr. Speaker, certain reasons for taking that view.

Before doing that I want to agree with the hon. member that there is no question but that the government of Canada is thoroughly involved in the matter of roads and highways. The hon. member very cautiously mentioned the years 1949 and 1958, but I should think one could go back beyond that time to the Canada Highways Act and to some of the things that were done in the 1930's, perhaps primarily to relieve unemployment but certainly with a direct effect on highways.

In so far as the roads to resources program begun in 1958 is concerned, this was, if you will, a flowering of a process which goes back something like 30 years in respect of forest access roads and the like. There is no question but that the government of Canada is thoroughly involved in highway construction, but what is now before us is a question regarding means, and I suggest that the immediate desirable step to be taken is not what is proposed in this motion.

The hon. member put his motion on the order paper on January 20, 1966, and I am sure at that time he did not anticipate certain circumstances as they now exist. I want to suggest that the desirability of an immediate conference in this period of great instability and uncertainty of provincial government is at least questionable. Earlier today the Prime Minister (Mr. Pearson) told the house that the timing of the announced federal-provincial conference which is to concern itself with financing in the field of education was somewhat uncertain by reason of the prevailing instability and uncertainty of provincial government, so I think this is not the opportune time for the immediate launching of yet another federal-provincial conference. Perhaps that is somewhat facetious, for I am sure the hon. member would be prepared to let this proposal stand until such time as things are somewhat more stable in the field of provincial government.

We must consider the question of the usefulness of the proposed highway building conference. Let us look at some of the programs in which the government of Canada has been participating directly or indirectly. First, we have the matter of highway construction in the north. If the Minister of Northern Affairs and National Resources (Mr. Laing) were speaking now I am sure he would refer to an announcement he made last October to the effect that the government of Canada, in order to stimulate resources development in Canada's north, was launching upon a massive ten year roadbuilding program in the Yukon and Northwest Territories. This new program calls for an average expenditure of $10 million per year and is to be carried on for a long period. This is an area which would not need to be touched upon at least by a federal-provincial conference, and I mention it initially so as to put it aside.

The trans-Canada highway collaboration between Canada and the provinces has been a major adventure in highway construction, and we all know that the first trans-Canada highway has not as yet been completed. Only last year on August 2 the Prime Minister announced that the final date for payment to the provinces for trans-Canada highway construction was to be extended until December of 1970. That was the government's proposal. It is interesting to note that there is a good deal of work yet to be done on this first trans-Canada highway. I have some figures at hand but I will not try to put them before the house just now. There is a good deal of work to be done in the province of Quebec and Nova Scotia. Both of these provinces are pushing ahead with this work and I assume will be able to complete it within the new time limit. However, I think it would be premature actually to launch a second trans-Canada highway until we have managed to wrap up the first one.

One must also consider the roads to resources program and the fact that this also is not completed. I understand that there is considerable money available from the government of Canada in the case of Newfoundland, Prince Edward Island, Saskatchewan and British Columbia under the roads to resources program. This was not a large program. The money available to each of the several provinces was $7½ million, but in certain cases not all this money has been used. I understand that when a revival or continuation of this program is discussed, what comes to the fore is the need to appraise what has been done. It may very well be that in some instances the fullest value has not been obtained and consequently that some new specifications should be introduced on how this kind of money should be spent.

• (6:20 p.m.)

Then there is the other question which presumably would make a nice point for discussion and ratification at a federal-provincial conference, namely, the distribution of money and whether each of the several provinces should get exactly the same amount

regardless of population, size and the engineering difficulties of the terrain. My understanding is that although the roads to resources program has not yet been completed, thought is being given to questions such as those to which I have just referred.

I have looked over some of the comments the hon. member for Skeena has made in the past on this interesting subject. On one occasion he was very intrigued by the work being undertaken by the Atlantic Development Board in connection with trunk highway construction in the Atlantic provinces. If I recall correctly, he applauded this program, and so do we all. This is a good undertaking. We are hoping that as these trunk highways begin to make their impact on our Atlantic economy they will contribute greatly to the general economic well-being of our area and will help solve some of the problems that exist in this regard. However, Mr. Speaker, there is a great deal of work to be done. I notice, for example, that my own province of Nova Scotia has only begun to use that money. Here again we have, as it were, a great deal of unfinished business.

What I have been doing, Mr. Speaker, is to refer to some of the aspects of federal participation in road and highways construction and to suggest that several of these programs are still in operation although it is true that they are in their tapering-out stages. I would not lean on this argument as conclusive in dealing with the motion put forward by the hon. member for Skeena. There is another point that I think is very important. I refer to the work being done by the tax structure committee.

We are all familiar with the problem that prevails, namely, that of the provinces having jurisdiction and Canada having at least the legal right to tax. I think it would be unwise to launch now a federal-provincial conference on highway building, which I suggest must go ahead on the presumption that the federal government will continue in much the same way as it has in the past, that is, making grants in aid in connection with highway projects, until such time as the tax structure committee has made its report and until such time, indeed, as the appropriate constitutional authorities have accepted or rejected the proposals of that committee. We should not anticipate that report.

I understand that consultation regarding various aspects of highway transportation does go on between provincial and federal officials. The provincial authorities raise various questions on highway transportation. I would think it is fair to assume that the whole range of questions adduced by the motion of the hon. member for Skeena is being and will be explored in these conversations. I would hope that as these conversations, albeit at the official level, go on the thinking of Canadians with regard to Canada's highway needs would develop and become modernized. In other words, Mr. Speaker, I am suggesting that there probably is going on, if you will subterraneously, talk and thinking which may very well at the appropriate time eventuate in the kind of conference the hon. member is now proposing.

Therefore my concluding remark is that I think the aim of the motion is commendable but that I do not think a federal-provincial highway building conference at the earliest possible moment, as contemplated by the motion, is the best next step toward the accomplishment of the aim the hon. member has in mind.

Mr. J. R. Keays (Gaspé): Mr. Speaker, I do not intend to take up much time on this motion because, as the hon. member for Skeena (Mr. Howard) has said, I think we would like to see it put to the house. I note that the parliamentary secretary believes that the motion is commendable although he has certain reservations concerning the timing of such a federal-provincial conference. I hope that the cliff-hanging election results throughout Canada will not be the excuse used to delay the holding of such a conference because there is a danger, in the way we are proceeding now, that many departments of this government will be working in different directions.

As a precedent in this regard I always like to refer to route 6 in the province of Quebec where the federal government paid $125,000 per mile for a highway which is not part of the trans-Canada highway. In the estimates this year we also have an amount of $1¼ million for the construction of a highway between the city of Moncton and Buctouche, New Brunswick, to replace the railway line that is being abandoned. These unilateral actions were taken by this government for the construction of provincial highways which are not part of the trans-Canada highway. I believe there is a danger in this regard because the agreements are unilateral or in some cases bilateral, and if we are to pursue

a policy of building highways in the provinces other than the trans-Canada highway it should be done by national agreement.

• (6:30 p.m.)

I can think of different departments of this government such as national resources, transportation, public works and forestry which provide for the building of highways not necessarily through bilateral agreements between a province and the federal government. There is the danger that if we pursue such a policy we will not fully utilize the money that is being spent on the provinces. It is certainly advisable that this conference be held at the earliest possible moment and that officials of the ministries of which I have just referred attend and together with the provinces study the different programs so as to come up with a policy which will be for the betterment of the provinces and will utilize all the money which should be expended in the best way.

Mr. Stewart: May I ask the hon. gentleman if it is his view that the proposed provincial federal conference would decide the federal policy with regard to federal assistance to road and highway construction? Is that what I am to understand from what he is suggesting?

Mr. Keays: I think I have referred to what has already been invested by this government in highways apart from the trans-Canada highway. If we are going to pursue this policy, then let us face up to a national conference and have all the departments of the government work together to utilize in the best way the money expended.

Mr. Grant Deachman (Vancouver Quadra): Mr. Speaker, I think it is wonderful this afternoon to find the hon. member for Skeena (Mr. Howard) introducing a motion for the convening of a conference on highways to consider the development and expansion of the north because those members who come from British Columbia value very highly the highways systems of this country and of their own province in particular. We live in an extremely mountainous province, one in which access to its great resources is extremely difficult and very costly to achieve with the result that we have to do so slowly. Fortunately we have been aided in our development by two outside sources. One source has been the federal government which has not only built the trans-Canada highway but has also assisted in the building of additional routes through the federal parks within that province and also under the roads to resources program.

In addition to the assistance from the federal government considerable assistance has also been given to the development and expansion of northern British Columbia in the form of U.S. funds that were put into the building of the Alaska highway from Dawson Creek to Alaska, which was a military route during world war II.

In addressing myself to the motion of the hon. member I want to dwell for a moment on the importance of this highway and on what should be considered by any federal-provincial conference on roads in respect of that highway. If you go north out of Vancouver up to the centre of the province, a distance of approximately 500 miles, you come to the city of Prince George which is pretty well in the centre of the province of British Columbia. From Prince George you take the Hart highway, named after a former premier of that province, for a distance of approximately 270 miles north and slightly east to the town of Dawson Creek, not to be confused in the minds of easterners with Dawson City which does not lie in the province of British Columbia. Dawson Creek lies in the Peace river district, a great farming district opened up in northern Alberta and British Columbia, access to which is not only by the Hart highway from Prince George but also westward from Edmonton to the town of Dawson Creek. Dawson Creek is a thriving agricultural community and it is also mile zero on the Alaska highway.

Mr. Howard: It would be a good place in which to hold this conference.

Mr. Deachman: I quite agree with the member for Skeena that it would be a good place in which to hold the conference. I think that is very magnanimous on his part because it lies in the riding of the hon. member for Cariboo (Mr. Leboe). Incidentally, he and the hon. member for Skeena have almost two-thirds of northern British Columbia in their constituencies.

Let me revert for a moment to mile zero of the Alaska highway at Dawson Creek. During the war the inland access route to Alaska began there and was built northward a distance of approximately 1,200 miles through Canada. About 600 of these miles lie in the province of British Columbia and another 600 miles take you through the Yukon territory as far as the borders of Alaska. From there

the Alaska highway runs to the city of Fairbanks. This highway, except for a relatively short piece comprising 36 miles between the town of Dawson Creek and Fort St. John, which lies on the other side of the Peace river, is unpaved. A short stretch of the highway is paved north of Fort St. John but it does not extend very far. What is needed in the opening of the north in order to stimulate not only commercial traffic along that highway but heavy tourist traffic is the continuation of its paving.

About a year or so ago I had the opportunity of discussing this matter with the premier of British Columbia. I asked him what he wanted to see done with the Alaska highway. He said to me: "Institute a federal program of paving the highway as you are its owners and operators and do so on a regular basis of say 100 miles a year extending northward. Turn it over to the province and we will maintain it." That seems to me to be a fair deal and a fair method for getting the Alaska highway paved.

I want to turn for a moment to an alternative suggestion for paving that highway and opening up that section of the north. I refer to a proposal made by two American senators, Senator Mansfield and Senator Metcalf. On January 18, 1964 they introduced in the U.S. Senate Bill S. 2417 to assist Canada on a 50-50 basis in the paving of the Alaska highway. Here are some of the things they would like to see done and which they have written into the provisos of their bill, which is somewhat similar to a private member's bill in this house.

This bill reads in part:

1. Will provide, without participation of funds herein authorized, all necessary rights of way for the construction of the Alaska highway, which shall forever be held inviolate as a part of the highway for public use;

2. Will not impose any highway toll—

Note this provision which they would like to see put into the agreement.

—or permit any such toll to be charged, for use by vehicles or persons of any portion of the highway construction under the provisions of this act.

• (6.40 p.m.)

3. will not levy or assess, directly or indirectly, any fee, tax, or other charge for the use of said highway by vehicles or persons of the United States that does not apply equally to vehicles or persons of such country;

4. will grant reciprocal recognition of vehicle registration and drivers licences; and

5. will provide for year-round maintenance of the highway, including snow removal—

And so on. Those are the terms of a bill under which they would like to see the Alaska highway paved from Alaska a matter of 1,200 miles to the border. Why should they want to see this done? In the first place, Alaska is one of the recent states to enter the United States. Alaska fascinates them. If you watch the traffic going through in the summertime you will see people from all over the United States who want to travel that route, one of the most romantic routes in North America today. The prospect of driving through Alaska during the summer holidays fascinates these people. The ubiquitous Californian, whose station wagons and cars can be found everywhere, hurls himself across the rocks and stones on this road, with stones banging against his car and breaking his windshield. You can walk down the streets of Dawson Creek at night and look at the cars from the United States parked at the curb.

These cars are covered with dirt and dust after having made the journey from Prince George or having come down the Alaska highway. Their windshields are pitted from the small pebbles that have hit them and some windshields are broken. My wife and I one night walked down the street making a count of how many windshields were broken or pitted. We calculated that approximately 90 per cent of these cars had pitted or broken windshields as a result of rocks being thrown up along the Alaska highway. This was a few years ago. It is no wonder that these people want to see that highway to Alaska paved.

We have a special reason for wanting to see that highway completed. Before it ever reaches Alaska, in which we are really not so greatly interested, there is a cut-off which leads through to Haines and provides access to the sea. This cut-off from the Alaska highway is about 159 miles long and passes through part of the Yukon Territory, part of British Columbia and part of the Alaska panhandle which is United States territory. It is a road that is difficult to keep open in the wintertime because the snow is very heavy but it is an enormously important road because it provides access to the sea at the very top of British Columbia.

It is a very vital matter, therefore, to us to see this road paved so that traffic may move across the northern part of our province to tidewater at Haines. I would prefer to see a federal-provincial conference such as the hon. member has suggested, work out methods for

the paving of this highway. I would prefer to see the federal government take up the task of paving this highway on a regular basis, mile by mile until the project is completed rather than going to the United States and saying, we will enter into a 50-50 deal with you for the paving of the Alaska highway. In other words, I reject the ideas contained in the Mansfield-Metcalf bill. I suggest we would be far better off in this country if we built our own roads and paid for them. If other nations want access via those roads for purposes of their own, such as to go through the panhandle to Alaska, we should work out through some other kind of arrangement which is satisfactory to them. We should control the building of our own roadways.

I would be happy to see the type of conference suggested by the hon. member. I believe that by building this road ourselves, owning it outright and keeping it in good condition we could go to the United States and say, we are prepared to give you access over the Alaska highway but there are some things that we would like you to settle with us. The first one would be some kind of permanent arrangement about the Alaska panhandle. As hon. members know, this was a deal we got into when we were barely emerging from colonial status at the turn of the century. The negotiators from Great Britain, anxious to go home to the roast beef and ale of England, made a rapid and ready deal with the United States which gave the United States the panhandle which stretches down half the coast of British Columbia. If the 60th parallel were cut through to the sea in this piece of territory which, as it has turned out, has not been so useful to the United States, it would be of inestimable benefit to us. It would give us access to the sea which we greatly need in the northern regions of British Columbia. One of the suggestions I am going to make this evening is that we have such a conference in the future and that we bear in mind that we should be the owners of our own highway system. We should then deal with others on the basis of our complete ownership of that highway system. I believe we should proceed forthwith with the paving of the Alaska highway on a regular, annual basis until it begins to return us solid dividends. I believe, as the hon. member does, that we should be doing everything we can to complete an additional, northern trans-Canada route to serve the growing regions of the north. We should be working toward that objective. I am rather astonished to hear from my Maritime colleagues how slow the province of Quebec and the Maritimes are in completing the trans-Canada highway for which funds have been available for so long. If they lived in the west, as we do, 3,000 miles from Ottawa, they would realize that the construction of the trans-Canada highway and keeping it in good condition as it is today is a good thing. I know if they drove over it, they would see the reason for completing that highway in the Atlantic provinces.

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I should like on this occasion to support the hon. member for Skeena (Mr. Howard) in his attempt to indicate to the government that a conference of the nature he has suggested in his resolution should be held, whether it be called a highway conference or simply a road conference. Listening to the parliamentary secretary indicate that there were other programs, the trans-Canada highway program, the roads to resources program and so on, left me with a strong impression that such a conference should be held. The hon. member for Vancouver Quadra (Mr. Deachman) has indicated that there is a problem in connection with the Alaska highway. He believes a conference of this nature would help solve some of these problems.

The fact that there are problems has been indicated by both the parliamentary secretary and the hon. member for Vancouver Quadra. I am sure my own province of Saskatchewan could indicate many problems. There may be some provinces that may not require a program of this sort as much as other provinces. There will be some that will not be in a position to undertake construction immediately. However, that should not be a reason for preventing other provinces from progressing.

• (6:50 p.m.)

The premier of the province of Saskatchewan, having driven the wicked C.C.F. from office, has always told us that the free enterprise government which he heads will try to encourage development. Perhaps it has done that in its own way. However, the roads to resources program is one which will assist the province in its endeavours. It seems to me that the premier of the province of Saskatchewan should be the first to cry out for such a conference.

Last year the Minister of Northern Affairs and National Resources (Mr. Laing) was asked some questions in the house and said,

as reported at page 980 of *Hansard* for May 6, 1965:

—we have circulated—

The provinces.

—asking for their opinions as to the efficacy of the program.

Surveys have been taken by the department and various departments have been corresponding with the ministers of each province trying to ascertain the need. There is a need, and they must have ascertained the need from the survey which was undertaken. I would have thought that the premier of the province of Saskatchewan might have taken the bull by the horns, so to speak, and put more money into the development of the north, something which in itself would encourage enterprises.

However, Mr. Speaker, since 1963 what do we find? We find a slowdown in roadwork in the north. While the province has asked for extension of the road program for another year, at the same time it has reached the stage where there is no point in rushing. Only a limited amount of money is forthcoming from the federal government, so what is the point of rushing? The federal government has indicated that it will extend this program as well as progress with another program. If it will indicate it is prepared to put aside a certain amount of money and will ask the provinces to work out a program satisfactory to them, I am sure they would be glad to present one to the federal government for its approval or whatever may be necessary.

If this were done the province of Saskatchewan would then know that it would have to match a certain amount. In reply to a question of mine, No. 878, on March 21 it was indicated that the province of Saskatchewan required another $20 million to complete its existing program. We know that under the existing program it is impossible to obtain this amount of money; yet there is the road to Uranium City, the road to Island Falls and the road to Cumberland House. Money is scattered among various projects when it is known it is impossible to complete all of them. However, if the federal government were to indicate that it was quite prepared to put up another $20 million or even $10 million in the case of Saskatchewan, the province would then be able to work out a program.

It may be that the province of Prince Edward Island, for example, might not require such a large amount but would be satisfied with another $500,000 to complete its existing program, or it may have other programs in mind. But surely a program of the type indicated by the hon. member for Skeena would help resolve all of these problems.

In the reply to the question which I raised on March 21 I noted that six provinces have asked for an extension. British Columbia, no doubt because of its particular type of problems, asked for an extension of five years for its roads to resources program. Is it fair to the rest of the provinces to wait another five years, some of them perhaps having completed their projects, just because British Columbia has mountain terrain which makes it difficult to complete its roads within the next year or so? This does not seem fair in the case of a program which has worked well.

I am sure there has been support for this program from every corner of the house. I am also sure that a conference at this time would help in the formulation of a program. I do not care who gets the credit for this type of program or who initiates it. Surely we must look at the end result. This might be a wonderful opportunity. I am sure that the idea of roads from igloo to igloo has long passed. I know that the Prime Minister (Mr. Pearson) will agree, and I do not think it necessary to go into that aspect. But when we realize that there are provinces which are prepared to work out programs or to complete existing programs if given further assistance, I think the need for such a conference should be evident to the government.

Mr. Hubert Badanai (Fort William): Mr. Speaker, I wish to congratulate the hon. member for Skeena (Mr. Howard) for bringing his resolution to the attention of the house. The resolution calls for a conference to discuss a national highway building program. I presume this has nothing to do with the trans-Canada highway but rather with a network of access roads in the northern and less developed areas of the nation.

I am all in favour of new highways and access roads. We do not have enough roads in the country to meet the demand of the ever-increasing number of motor vehicles which are using our highways and byways. When we consider that the annual increase in the number of motor vehicles in Canada is of the order of 200,000, the present pace of road-building is nowhere near sufficient to ensure the safety of our motorists. I am not only in favour of the resolution but I would suggest a

national conference in which motor car manufacturers and provincial, municipal and federal representatives would participate.

I also suggest, Mr. Speaker, that the present trans-Canada highway be widened to four lanes from coast to coast. At the present time there are four-lane stretches across some parts of Ontario and Quebec and they are indeed a great improvement but unfortunately they do not extend into northern and northwestern Ontario and to other regions of Canada.

I can speak of northwestern Ontario where the worst part of the trans-Canada highway is found. There are stretches between the lakehead and the Manitoba boundary that are really a disgrace to the nation. True, they fall within provincial jurisdiction, but surely when the federal government contributed 90 per cent of the cost of the trans-Canada highway construction it should also exert some measure of direct control.

May I call it seven o'clock.

Mr. Deputy Speaker: The hon. member may have another five minutes.

Mr. Badanai: Mr. Speaker, I am very much impressed with the idea of having a conference to deal with the very important question of highways, especially with the trans-Canada highway in which I am perhaps more interested. This would provide the opportunity to discuss the construction of access roads to meet the demand which, as I said in my earlier remarks, is increasing at a very fast rate year by year.

I have attended conferences dealing with highways and invariably at every conference the matter of the cost to municipalities, to provinces and to the federal government is raised. This is one of the questions we must meet in some manner. I have suggested at one of these conferences that experts of the highways departments of provincial governments should sit down and try to figure out ways of building highways at less cost.

• (7:00 p.m.)

I was very much impressed when travelling from the city of London, England to the London airport, to see that different sections of the highway were built of different materials. These different materials were used not only to determine the suitability of the substances used, but also to determine the relative costs of the highway. I have not seen anything like it in Canada.

[Mr. Badanai.]

I have suggested, at meetings I have attended, that similar things be done here. There have been favourable discussions, but nothing of a concrete nature has happened. I still wish to make that suggestion, because we must reduce costs.

One finds that public roads cost, per mile, in the neighbourhood of $200,000, $300,000 or $400,000. I agree that some stretches of the trans-Canada highway, especially those last built in southern Ontario, and in some parts of Quebec near Montreal where there are four lanes, are of substantial construction, probably costing as much as I have suggested. However, I suggest that we ought to try to find methods to build highways at reduced costs, because that will result in our building more highways for less money.

I sincerely hope, with respect to the resolution brought forward by the hon. member, that the government and those responsible for these matters will take notice of it, and will convene a conference as suggested, with a view to finding ways and means of coping with the problem.

Mr. Deputy Speaker: Order, please. The hour for the consideration of private members business has expired. The house will revert to the business interrupted at 6.05 p.m.

PENSIONS

CORRELATION OF VARIOUS PLANS WITH CANADA PENSION PLAN

The house resumed consideration in committee of the following resolution—Mr. Benson (for Mr. Sharp)—Mr. Batten in the chair:

That it is expedient to introduce a measure to amend the Public Service Superannuation Act, the Canadian Forces Superannuation Act, the Royal Canadian Mounted Police Superannuation Act, the Diplomatic Service (Special) Superannuation Act and the Intercolonial and Prince Edward Island Railways Employees' Provident Act to provide for a reduction in the contributions required to be paid under those acts as a result of the implementation of the Canada Pension Plan and for the correlation of the pensions or annuities payable under those acts with the pensions payable under the Canada Pension Plan; to extend the portability provisions of certain of the plans established under those acts; to raise the limit on the amount of the supplementary death benefit payable in respect of persons employed in the public service and members of the Canadian forces; and to make amendments of a general nature in connection with the administration of those acts and of the Defence Services Pension Continuation Act and the Canadian Corporation for the 1967 World Exhibition Act.

Mr. Bell (Carleton): Mr. Chairman,—

Mr. Knowles: Where is the minister?

Mr. Bell (Carleton): —this is a very significant resolution. The minister has correctly described it as omnibus in character. Indeed the wide variety of its provisions and their very complex nature has been emphasized by the minister's explanation. But I must say candidly to him, or I would say candidly to him if he were here, that his explanation was exceedingly sketchy, and was indeed more significant and revealing in its omissions than in its elaborations.

The very technical nature of the acts to be amended would indicate that major discussion should await second reading and subsequent committee procedure. But the minister this afternoon indicated that the government intends to group all the proposed amendments in an omnibus bill, rather than introduce separate amending bills for each statute. I object vigorously to this procedure. An omnibus bill such as was adopted in the reorganization of government departments is a most untidy and most confusing legislative process.

I fully adopt what was said this afternoon by the hon. member for Kamloops and I reiterate what I urged on two occasions during the discussion of the government reorganization bill. May I put it this way: If in this chamber the government persists in omnibus bills, I hope the other place will exercise proper sober second thought and divide them. I put it specifically to the members of the other place that this is a proper role for a second chamber, if a second chamber must be maintained in our legislative system—and I confess that my views in this respect are very similar to those of the hon. member for Winnipeg North Centre.

Mr. Knowles: If it is a proper role, let us do it here.

Mr. Bell (Carleton): I say, Mr. Chairman, that one bill amending 15 acts is a travesty upon legislative procedures. It simply ought not to be tolerated in this committee, or in the house at second reading.

Taken as a whole, Mr. Chairman, the superannuation provisions Canada makes for her dedicated public servants are the equal of any country's and compare most favourably with private industry. Only in the treatment of retired public servants who have been caught in the upward trend of prices, for which their pensions make no provision, has the Canadian government been shabby and shoddy. I use these adjectives deliberately because, in relation to this situation, they are mild. I shall have more to say about this, because I firmly believe that we must do two things, and we must do them now. First, we must raise the pensions of those who have retired to the appropriate equivalent of the rates at which they retired and, second, we must build in an escalation clause for the future. I shall return later, in the discussion in committee, to this theme.

I think that the committee will approve of the tidying up operation forecast by the minister this afternoon in respect of the integration of the various superannuation acts and the Canada Pension Plan. The government got itself into an unholy mess by not doing this at the proper time. Does the committee realize that at the present time the government is actually extending to every civil servant a loan, or an accountable advance to the amount of his or her Canada Pension Plan contribution? What a perfectly silly arrangement. This ought to have been looked after at the proper time, long ago. These loans, or accountable advances amounted, in the first three months of the year, at March 31, to over $4 million, in accordance with an answer to a question of mine which was brought down in the house this afternoon.

As the law stands, every civil servant must contribute the full superannuation rate of 5 per cent or 6½ per cent, as the case may be, plus—and I emphasize this—the full Canada Pension Plan contributions. This bill presumably cancels out these loans, affecting a bookkeeping transfer as between the superannuation funds and the Canada Pension Plan. If ever I saw an illustration of untidy, slovenly, disjointed administration, it is in the way the government has handled this whole matter.

Mr. Benson: How would the hon. member have done it?

• (7:10 p.m.)

Mr. Bell (Carleton): Done it neatly at the proper time by legislative action, as it ought to have been done. It is the dilatoriness of this government—always postponing something to another day—which has led to this situation.

A very large number of complaints have reached me about the practice of requiring that Canada Pension Plan deductions be taken from salary increases retroactively made. The result has been to levy deductions upon salaries actually earned in 1965 before the plan came into effect. It seems to me this is unwarranted and I would ask the minister to

deal with this question in the course of his reply. According to a question of mine which was answered this afternoon and which, presumably, will appear in *Hansard* tomorrow the sum of $210,000 was collected in 1966 from civil servants in respect of salary earned in 1965, before the Canada Pension Plan came into effect.

Before this bill passes the house we shall want to be assured of certain things. I shall list them. First, that the integration of the Canada Pension Plan and the superannuation acts will not be detrimental to any public servants and will be more favourable to some. Second, that the basic principles of the superannuation acts are not violated or substantially altered. As I have said, the superannuation acts are sound. Personally, I believe the benefits available under the Public Service Superannuation Act should be placed upon the basis of a five-year average. They should never have been related to a ten-year average, as was done by hon. gentlemen opposite. Many of the hardships suffered by retired civil servants are the result of that ill-advised action in establishing a ten-year average. The best I was able to achieve when the act was last revised was to have the period dropped back to a six-year average. I plead today with the minister to recognize that in these times of rapidly shifting costs and frequent changes in salary levels, the least he could do would be to include a five-year average in the act.

In the third place we want an assurance that an attempt will be made to build into the superannuation acts an escalation principle. This has been accepted as a matter of policy by the government in relation to the Canada Pension Plan. Introduced into the superannuation acts it would become a technique for avoiding the hardships and injustices which have confronted so many retired civil servants. And it would set a standard for industry which would be most desirable.

Now in respect to certain injustices—the minister called them anomalies—which have arisen in the administration of the Canadian Forces Superannuation Act, the hon. gentleman has indicated that the bill will seek authority to deal with these by regulation or by orders in council.

I object as vigorously as I can to this technique of bypassing parliament. If the new procedures in the mind of the government can be outlined by regulation, or in an order in council, they can be set forth in the statute itself. The injustices are recognized. The time to cure them is now, openly in this chamber, not in some back room. What evidence do we have that the government really intends to take action on this matter, one which has been hanging fire for a long time, when they conceal from this house what they propose to do?

The first problem I wish to raise concerns pensioned officers of the armed forces who are employed in the civil service. The existing provisions of the Canadian Forces Superannuation Act relating to receipt of pensions while employed in the civil service are out of date and harshly unjust. Under these provisions a retired officer, warrant officer or chief petty officer entitled to a pension or annuity may receive, when subsequently employed in the civil service, only that part of his pension or annuity which, when added to his civil service pay, does not exceed his pay on retirement or the current pay in effect for the rank he held at the time of his retirement, whichever is greater.

This provision has had two deleterious effects. It has deprived the civil service of the services of highly trained and skilled officers who might have made a further major contribution to the public well-being. Second, it has brought injustice and hardship to those retired officers who, despite this discrimination, have entered federal employment. Many of them are my friends. I admire their personal loyalty as much as I deprecate the policy which deprives them of fair remuneration to which they are entitled.

The minister gave us no inkling of how he proposed to deal with this matter. He seeks a blank cheque to deal with it behind closed doors, by regulation. That is not good enough. This committee is entitled to be told what is planned with respect to a matter about which the government has been stalling—deliberately stalling—for months and months. If a remedy can be found by regulation it can be found by statute, in which case this chamber and all those persons who are affected will know what is proposed and can assess whether or not the solution is just and equitable. If we do not learn now what the government proposes it may be months, even years, before this issue is settled. I want an answer from the minister now, before this legislation passes. I do not wish to give the government a blank cheque in respect to this matter.

I turn now to the pension status of persons who enlisted in the armed forces during the war and continued to serve after the war

ended. The interpretation of the Canadian Forces Superannuation Act has led to major discrimination and the minister has given no indication of the nature of his proposals.

The problem is this: the Canadian Forces Superannuation Act of 1959 makes eligibility for annuity dependant upon whether the contributor served in the armed forces for certain minimum periods. This was based upon the concept that these minimum periods of entitlement should be in the regular or permanent forces in order to qualify the contributor for pension. Active service during world war II by a person who was not a member of the forces as defined in the act does not count in this qualifying period, but once the qualifying period is satisfied the active service can be counted as pensionable service in the benefit formula.

Where there is a 25-year requirement and an officer wants to retire before normal retirement age, his war service has been totally eliminated from calculation. In my view, this is a genuine injustice—a real discrimination and must be rectified—and the place to rectify this is in the statute, not by regulation or order in council. I want the minister's answer tonight—not at some vague and indefinite date in the equally vague future.

One particular case of major injustice I wish to present without mentioning names, but arising out of the rule that a widow more than 25 years younger than her deceased husband is not entitled to pension. Protection against death-bed marriages is, of course, necessary, but some discretion ought to be provided to deal with harsh and unjust cases. In the particular case to which I refer a lieutenant colonel, at age 49, married a young woman of 22. It was a happy and productive marriage which lasted for 31 years, until the lieutenant colonel died at the age of 80. His widow is 26 years and four months younger than her deceased husband, and after 31 years of marriage she is deprived of pension.

I have given the Minister of Finance and the Associate Minister of National Defence full particulars, but I fear the bill to be founded on this resolution will not enable justice to be done in this particular case. If it does not, I shall have to deal with this matter, in detail, in committee.

Finally, sir, a brief word about pension increases for retired public servants, members of the R.C.M.P. and armed forces. I would have hoped that the phrase "amendments of a general nature in connection with the administration of those acts" in the last sentence of this resolution could be given real meaning by immediate and decisive action to raise these pensions. Since the minister has been silent, apparently it does not. I am deeply disappointed.

My views are well known. I have argued them in this house and outside on many occasions. It was an indiscreet speech of mine in 1957—deliberately indiscreet—which made it certain that readjustments would be achieved by the former government in 1958. Frankly, I am appalled by the adamant attitude of the Minister of Finance and the Prime Minister on this issue. I say to them both that I believe the will of this parliament is that justice and equity be done to the retired servants of the crown, and they cannot long stand in the way of that will. Both of them are former civil servants and ought to understand better the principles involved.

• (7:20 p.m.)

Personally I believe the Public Service Superannuation Act and other acts should have now a built-in escalation clause, and the contribution should reflect this. I will refer to this further on second reading and in committee. But this does not help the retired civil servants who now are enduring major hardships because due to the failures of the government, the dollar value of their pensions has declined so steeply.

My views are set forth as neatly as I could put them in resolution No. 28 which I introduced and which has been on the order paper since January 20. Because I fear it will not be reached at this session of parliament, I should like to read it:

> That, in the opinion of this House, the government should give the earliest possible consideration to the advisability of adjusting upwards the pensions of superannuated public servants and of superannuated members of the armed forces and the Royal Canadian Mounted Police to take appropriate account of increases in the cost of living, increases in salary levels and other relevant factors occurring since the rates of pension of such persons were determined.

This only I add: In other countries, notably Great Britain and the United States, precisely this has been done. The government of the right hon. gentleman for Prince Albert established a precedent in Canada, and all that needs to be done is to bring that legislation up to date. The right hon. gentleman for Prince Albert has been the best practical friend the superannuated civil servants have ever had, and I urge respectfully but firmly upon the present Prime Minister emulation of his example. I appeal to the Minister of

Finance and the Prime Minister for justice now for those who have served Canada well.

Thank you.

Mr. Knowles: Mr. Chairman, because of the time limitation we are under at this stage of debate, because of the complex nature of this piece of legislation, and also because of the limited number of details we have been given, it will not be possible to deal with it in full at this time. However, this is a most important piece of legislation and I trust ample time will be provided on second reading and in committee of the whole for us to go into this bill in the manner it deserves.

This piece of legislation does two main things. In the first place it brings before us the government's policy concerning integration of the various government pension plans with the Canada Pension Plan. That is a very simple statement when one makes it in one sentence; but when he realizes the number of government pension plans and the complexity of the formula which has been worked out, it becomes clear that there is a lot more to it than can be put in one simple sentence. The other main purpose of this legislation is to make a number of general amendments to pension legislation, and apparently this is being done in this way because the subject matter of government pensions is before the house at this time.

With regard to the policy concerning integration I should like to say that, even though I may be a voice crying in the wilderness and even though we may have to accept this legislation because the representatives of the public servants—I am told—agree to it, I still am in disagreement with it. I disagree with the government's policy, but not for the reasons advanced by the hon. member for Carleton. I disagree with it because it is my view that complete integration—and that is what the government's policy is—denies one of the main purposes for which the Canada Pension Plan was brought in.

As I see it, the Canada Pension Plan had two main purposes. On the one hand it was designed to provide a basic pension for all wage earners in this country, having in mind in particular those who previously had no pension plan whatsoever. The other purpose of the Canada Pension Plan, however, was to improve the pension position of those who already had some pension arrangements. In other words, the second purpose was to add to the pension possibilities many of our people already had. I quite recognize there are pensions which are so good that no addition, no supplement, to them really is necessary; but most pensions in this country are not in that category.

As time goes on, as living costs go up and as living standards go up, we are learning that there are more and more people on pensions which they thought were going to be adequate, and which they now find are not going to be adequate. As a result of all this we are learning there is a need for supplementation to most pensions. Therefore one of the reasons I was glad to support the Canada Pension Plan—and I was a strong supporter of it from start to finish—was that it provided an additional pension for those who already had pension arrangements and as well provided pensions for those who had not.

However, when under the name of integration you take away from the pension arrangement you already have all or practically all of what you are going to get under the Canada Pension Plan, then you have made no improvement for those persons who already had some pension arrangement. I know that a happy medium has to be found, or a line has to be drawn somewhere, but in my view the government's action in saying, in so far as its employees are concerned, that they are to get practically no improvement as a result of coming under the Canada Pension Plan, is a denial of one of the main purposes of the Canada Pension Plan. This also is a case of giving a very poor lead to private employers in this country.

I know the argument used is that 5 per cent and 6½ per cent are high contribution rates and that those who pay these contributions do not want to pay any more. When those same people retire on their pensions they will wish they had a little more and that they had had the opportunity to pay a little more, even 1.8 per cent; but when the government lays down as a policy a complete integration that takes away the benefit which the Canada Pension Plan would have provided, private employers across the country use that as an excuse. Many of them are doing the same thing, even in respect of pensions where the contribution rates are lower than those in the government service and where the pension benefits are much lower.

• (7:30 p.m.)

I contend therefore that this principle of what amounts to almost complete integration is, as I say, a denial of benefits and rights to public servants that they might have enjoyed, and it is also a very poor lead to private employers.

In all of this I am talking about the government's legislation as though it took away everything by complete integration, but I know that it does not go that far. There are a few instances where there is a marginal improvement as a result of which an employee will pay a total amount that is exactly the same as he would have paid, but will get a little more in the end. The main reason he will get a little more is that, dollar for dollar, money put into the Canada pension plan buys a better pension than money put into the public service superannuation fund. This is also true with respect to many private pension plans. I recognize the fact that there is marginal improvement and that some employees will get a little bit more, but that does not detract from the basic principle that this legislation, which will leave the total amount that civil servants are paying exactly the same, guarantees only that the benefits will not drop.

In my view it would have been better to work out a principle of integration that would give a little here and would give a little there. Perhaps the total contribution could have been increased by one half of one per cent or by one full percentage point. That is the kind of thing that I think would have been more acceptable in the long run to our public servants, and would have provided a better lead to employers across the country. We will be able to go into these things in greater detail when we reach second reading or committee stage, but I want to indicate at this point why I think we are being taken down a path on which we should not be travelling.

The minister this afternoon referred a number of times to this legislation as implementing recommendations of the joint committee on the Canada Pension Plan. While there may be many of those recommendations which will be implemented, surely the one that he is talking about when he refers to integration is the one which reads:

> There should be scope for further benefits under private pension plans for those in a position to afford them and integration of private pension plans with the Canada Pension Plan should be a matter of consultation between employers and employees.

In other words, we in the committee recognized that there would be integration. But, we had before us many bodies, particularly of employees who were concerned that the benefits of the Canada Pension Plan would be taken away from them under the cloak of integration. They asked us to support them in the suggestion that any such arrangements should be a matter of consultation. What kind of consultation there has been in this instance I do not know, but I do know that in private business there has been far too many unilateral decisions by the employers who simply say to the employees that they are going to get this benefit from the Canada Pension Plan, so half or all of what they would get under the old plan will be taken away; and they have suggested they are justified in taking this action because the federal government is doing the same thing. That is my view of the situation; but we will cover it in detail when we reach the committee stage of the debate.

I welcome the announcement that the legislation will be worded in such a way that something will be done about the armed service and the R.C.M.P., as we recommended in the report of the joint committee on the Canada Pension Plan. The point raised by the hon. member for Carleton, that this sort of thing should be spelled out in the legislation rather than just being made a subject of regulation by order in council, was well taken. I welcome also the decision that among the things to be done in a general way regarding the pension plans of the government there will be an improvement in the supplementary death benefit provided for civil servants. The $5,000 level that is in the act at the present time has become an inadequate amount, and the suggested change is all to the good.

I also welcome the suggestion that something is going to be done for defence personnel, particularly those referred to by the hon. member for Carleton, who have wartime service but so far have not been able to count that service for pension purposes if they choose to retire early. I trust this change is included in the legislation, because on two or three occasions I have asked about it and the Associate Minister of National Defence has indicated to me across the floor of the house that it would be included in this omnibus legislation now before us. I will have to wait until I see the legislation before I can decide whether it is satisfactory just to have this provided for as a regulation or whether it should be included by actual legislation in the statute itself.

I should like to say now a few words about the things that in my view certainly ought to be included in this legislation, but concerning which so far there is no evidence that they

will be. One of the points that civil service organizations and organizations of retired civil servants have been making is the need for altering, indeed improving, the formula under which pensions of widows of civil servants are calculated. The hon. member for Carleton referred to one specific situation, namely the age differential that is included in the legislation. There is also a question in respect of the formula under which the amounts of widows' pensions are calculated.

It has been a contention among civil servants, and particularly retired civil servants, that something should be done about this formula by this legislation. Since this resolution does state that there can be amendments of a general nature, I hope that there will be a change, in the formula under which the pensions of widows of civil servants are calculated.

This leads me, so far as this limited period of time is concerned, to the one remaining point about which I want to speak. This is a point to which the member for Carleton directed the major and warmest part of his remarks, and I join him in that warmth. I think it is an utter disgrace that this government goes on, and on, and on, constantly refusing to make any improvements in the pensions of civil servants already retired. The excuses we are given time after time just do not stand up or hold water. These excuses carry less weight and less conviction than ever, now that this goverment has recognized the need for escalators in pension legislation.

In the Old Age Security Act there has been written an escalator provision that will provide for a possible increase of 75 cents or $1.50 per month, from year to year. If we are around long enough we may get old age pensions up to $100 per month, but it will take a long time. At least the principle has been accepted, that even though a pension has been put into pay, conditions change and pensions need to be increased. An escalator that applies after a pension is put into pay applies not only to the Old Age Security Act but also to the Canada Pension Plan. Whatever pension a person will get when he retires on the Canada Pension Plan is subject to an increase if the cost of living goes up in subsequent years.

In addition to that, there has been built into the Canada Pension Plan an escalator which increases the potential value of a contributor's pension during the years he is working and contributing to the plan. The escalator which operates while the contributor is working is geared to the wage index. In other words, it is geared to an increase in productivity and to the fact that the standard of living goes up.

• (7:40 p.m.)

If that principle has been accepted, and I give the government credit for it, then I ask: Why should it stop where it does? These people we are talking about, retired civil servants, are the retired employees of the people of Canada. They worked for all of us. They worked for this government. If their pensions are low, it is for reasons beyond their control. I submit that it is the height of inhumanity, it is callousness in the extreme, for the government to go on saying to these people, "We can raise other people's pensions; we can raise other people's salaries; we can build escalators into other pension plans, but yours is a contractual arrangement and we can do nothing at all about it."

Talking about what other employers do is beside the point. The government's responsibility in this matter is not only that of government, which it has to all our people, but it also has its responsibility as an employer. I submit that at this time when the government has in effect opened up the Public Service Superannuation Act, has admitted that some benefits have to be raised, such as the supplemental death benefit, which is being raised from $5,000 to a higher figure, when it recognizes that such changes and improvements have to be made, it just is not acceptable for us to be asked to pass this bill without doing something for the civil servants already retired, and for their widows.

The hon. member for Carleton pointed out that this has been done in other jurisdictions, the United States and the United Kingdom for example, that it has been done by a number of provinces in this country—it has been done in this very province of Ontario for the teachers—that it has been done in certain municipalities, for example in my own city of Winnipeg, namely the raising of pensions of people already retired. It was also done by the parliament of Canada during the years when the present right hon. member for Prince Albert was prime minister of this country. If it has been done in so many areas, it is a principle that can be followed, and I urge that it be done while we have this legislation before us.

As I say, Mr. Chairman, this is an important piece of legislation which covers two

main things, how we handle integration and incidental changes in our pensions generally. I will have something to say about integration when we reach second reading of the bill and committee of the whole, unless perchance the government decides to send the bill to a special committee where people can appear and we can go into the bill more thoroughly.

I have stated my views. We may have to accept the bill as it is; but I deeply and bitterly regret that when the government has brought in such a good piece of legislation as the Canada Pension Plan it should by its own lead encourage private employers to take the same kind of step, with the result that many people are denied the improvements they might otherwise have had. On the other side of the ledger are the incidental improvements being made to our various pieces of pension legislation, and I welcome the fact that some changes that needed to be made are being made; and so far as the minister indicated them to us, they are good.

But what is the matter with the minister, what is the matter with the government, opening up this issue of the Public Service Superannuation Act, knowing how serious this matter is, knowing how many hundreds of letters come to the Minister of Finance, the Prime Minister and members of parliament day after day, week after week, and then saying that we must put this legislation through without doing anything for our retired civil servants? I can tell the minister that if provision for these people is not made in the legislation he will hear more about it, not only from me but from a good many other members of this house, for all of us want to do the right thing by our retired civil servants.

[*Translation*]

Mr. Gauthier: Mr. Chairman, I should like to say a few words at this stage of the resolution. We shall certainly have more to say on second reading, in view of the fact that the province of Quebec constitutes a special case since it has its own pension scheme.

This resolution is to introduce:

A measure to be known as the Canada Assistance Plan, to establish a program for sharing with the provinces in the cost of assistance.

As far as we in Quebec are concerned, we realize that when the federal government gives a benefit, it necessarily takes more in return. That is where our problem arises in Quebec, where we have our own pension plan, our own public assistance program, our pensions for the blind and for assistance to the disabled.

I believe that at this stage of discussion in committee the specific case of the province of Quebec will have to be considered. We should no longer have to pay administration costs. In fact, I believe that if the federal government intrudes further into such social assistance programs, it will necessarily have to tax us.

To my mind, what we have to discuss is this: The federal government must cease to tax the province of Quebec in order to pay us back. I have said it previously in the house, Mr. Chairman, we are old enough to levy our own taxes. We have no need of the federal government to levy taxes in areas that belong to us, that are totally within provincial jurisdiction.

I cannot understand the federal government not wanting to discuss this specific case. The Minister of National Revenue should discuss with the provincial authorities rather than levying a tax and paying back part of it to the province of Quebec.

• (7:50 p.m.)

The province of Quebec should be given back a percentage of taxes equivalent to the majority help which will be given to the other provinces since they accept that national plan. The province of Quebec does not want to join in the national program because it has adopted its own pension plan and we support it. As far as the social assistance plan is concerned, once again the federal government helps the province of Quebec, but it is not the kind of help which we want.

We are asking the federal government to stop giving us those amounts and to give us the equivalent instead, that is a percentage of our taxation rights until we are given them in full once and for all. Twenty years ago the federal government took over the property tax from the province of Quebec and it is giving it back to us bit by bit. It should give us back once and for all our taxation fields and our property tax. We feel that those three taxation fields, namely personal income tax, corporation income tax and succession duties, belong by right to the provinces; they should be given back to them and the government should stop coming to the province of Quebec to get $10 and give it back $3. It is precisely against that attitude that we will fight when this bill is considered. We are not against other provinces who want to walk together.

Quebec has clearly indicated its stand in that field, as well as in the fields of health, agriculture, forestry, which come under the provinces. The provinces should be left free once and for all to administer them, especially Quebec whose cause I want to plead here; the door should be thrown wide open to agreements in order to avoid that double administration. It seems to me that this would help the federal government while giving much more to the province; that would also prevent taxes from going back and forth. One knows that taxes are a little like water flowing in a river; a little is always lost along the way, so that finally it is found that if it is posible to recover 30 per cent of the taxes which were taken from us, that is all that we can recover.

Mr. Chairman, I just want to warn the house that we will watch this bill closely not only at the committee stage but also on second reading. We will certainly ask that a percentage of the taxes which belong to us be given back to us instead of sums of money; thus we will be able to continue to pay the costs of our own health insurance plans, as we are doing right now for our pension plan, until we have the other programs which also belong to us, as the Quebec minister of health requested recently. Besides, I think that the government which was elected yesterday will ask for it even more vigorously; I hope that the Minister of National Health and Welfare (Mr. MacEachen) will understand the reason why we are fighting; it is simply that we want to keep in Quebec what belongs to us.

[*English*]

Mr. Patterson: Mr. Chairman, I would just like to say a few words in support of the resolution that is now before the committee. I also want to express my dissatisfaction with the way in which this particular measure has been brought before the house. It has been referred to as an omnibus resolution, and I suppose the bill will follow along the same line. I think the nature of this resolution is unfortunate. It is confusing and illogical, and I think it is almost impossible to enter into a logical debate on the measure as it is presently brought before us.

I rise mainly to add my voice of protest against the failure of the government to make any adequate provision for retired civil servants. Throughout the past several years this matter has been raised in the house on many occasions, not only in debates in the house but also in the private members' hour. It has been raised as well in the question period on orders of the day, and I was very disappointed the other day when, I believe it was the Prime Minister, in reply to a question that was posed to him stated that no consideration was being given to bringing in at this time a measure to increase the pensions of the superannuated civil servants.

It is a matter of wonderment to many of us and to many people across this country that the government can find millions of dollars for this, that, and the other purpose; they can find hundreds of millions of dollars for other projects; but when it comes to a matter of superannuated civil servants, old age pensioners and others, there is just not enough money to give these people a few extra dollars a month to help them meet the cost of living.

I say, Mr. Chairman, that the people across the country are wondering where the priorities are placed and what the government is thinking of in refusing to make provision for our own people when, as I say, millions of dollars are being provided for operations and for services overseas. We are not objecting to them; we believe in them; but we also believe we must make provision for these people who are living in our midst and who are living on the borderline of poverty. It is not their fault that the cost of living is increasing. In some respects it is owing to government policies that are adopted and implemented, and because of other situations that have developed. I say it is not the fault of these people that the cost of living is increasing, and yet they are caught in the squeeze.

The letters we receive from some of these people are pathetic in the extreme. They point out the fact that when they go to buy their groceries each week they find their dollar buys a little less; it is shrinking. They are trying to get by on a diet that is far from satisfactory and adequate to maintain their health and strength.

This was the main purpose for which I rose to participate briefly in this debate. I wish to challenge the government once again to reassess its position in regard to superannuated civil servants, those who are unable to get by and make some provision to live out their days, not in a position of luxury but with sufficient means to maintain themselves with some degree of comfort and security.

Now, Mr. Chairman, reference has been made to the purpose of this particular resolution to effect the correlation of the various public service pension plans with the Canada Pension Plan. This was a matter of concern when the pension plan was first introduced. It

has been a matter of concern ever since that time. Those who have other types of pension and have made provision for their own needs through other pension plans have wondered just how they are going to fit into the over-all Canada Pension Plan. We realize that some of these changes are necessary and that it is necessary that they be correlated.

Of course, if the civil service organizations are satisfied this is the best way to accomplish the objective, then we have no objection to it. While I do criticize the government on one or two points, yet I recognize the importance of the resolution that is before us. This is the extent of my remarks at this particular stage.

Mr. Cowan: Mr. Chairman, in rising to support this resolution I wish to state frankly that I do wish it went further than it does at the present time. This resolution covers five specific acts: the Public Service Superannuation Act, the Canadian Forces Superannuation Act, the Royal Canadian Mounted Police Superannuation Act, the Diplomatic Service (Special) Superannuation Act and the Intercolonial and Prince Edward Island Railways Employees' Provident Act. We are told that it is to provide for a deduction in the contributions required to be paid under those acts as a result of the implementation of the Canada Pension Plan and for the correlation of the pensions or annuities payable under those acts with the pensions payable under the Canada Pension Plan.

I am a strong believer in setting an example rather than in telling other people what they should do. Actions speak louder than words in my book, and I believe in the books of most Canadians. I would like to ask the government why, if they have an omnibus clause—and I am not objecting to such a resolution covering five acts—they could not also have included a sixth act for action at this time, namely Members of Parliament Retiring Allowances Act, under which all the members of parliament are beneficiaries.

The minister, in introducing the resolution this afternoon, stated that there are 15 or 20 acts which need to be changed because of the coming into force of the Canada Pension Plan. Later on in his remarks he stated that a method of integration had been perfected during the past few months.

• (8:00 p.m.)

Now, the riding which has done me the honour of sending me to Ottawa in three consecutive elections contains five municipalities, and those municipalities are contained within metropolitan Toronto. My riding is the only riding in the Toronto area which has such a large number of municipalities making up the one riding. Some of the metropolitan Toronto ridings have as many as three municipalities in them, but York-Humber has five. The constituency includes the town of Weston, the village of Swansea, the town of Mimico, part of the township of Etobicoke and part of the township of York. Then, over and above that, we have the metropolitan Toronto government. The net result is that in this riding of York-Humber there are residents who are covered by the pension plans of six different municipal councils.

I have supported the Canada Pension Plan from the embryonic stage. I agree it may only be a first step and that there should be further steps before we are through with this measure, but the people of Canada will be assured of decent pensions in the future. The present Canada Pension Plan is a terrific first step. When the plan was announced these municipal governments to which I have alluded were faced with the question, should they stack their present municipal pensions on the Canada Pension, or should they integrate? Interestingly enough, of the six municipal councils, three of them decided to integrate and three decided to stack. Immediately I had constituents coming to me and asking if the federal government could not force all the municipal councils to stack. It was apparent of course that these municipal employees—I will call them state employees—wanted the Canada Pension Plan and the municipal pension plan stacked, because in that way the municipal taxpayer would be contributing to the municipal plan as well as the municipal employee, and under the Canada Pension Plan the Canadian taxpayer would be contributing to the plan as well as the municipal employee. These people would be getting two contributions from the Canadian taxpayers and the benefits would be payable to one employee when the age of pension was reached.

I felt very strongly, and still do, that where an employee is being paid by a municipal government, provincial government or federal government, his pension plans should be integrated. I do not believe for one moment that the taxpayers should be asked to pay into pension plans twice which are going to be of benefit ultimately to one individual pensioner. I do believe that this omnibus resolution—I

am not using the expression in a derogatory sense although some people consider it a bad feature—should have included the Members of Parliament Retiring Allowances Act. When I received my May remuneration, as all members of parliament did at the end of the month, there was attached to the cheque a statement of earnings and deductions for the month of May. A very interesting situation hits you right between the eyes when you look at that statement. We, as members of parliament, are having our pension plans stacked.

How can we legislate at this time for a couple of hundred thousand public employees under these five acts, the Public Service Superannuation Act, the Canadian Forces Superannuation Act, the Royal Canadian Mounted Police Superannuation Act, the Diplomatic Service (Special) Superannuation Act and the Intercolonial and Prince Edward Island Railways Employees' Provident Act, in order to integrate the Canadian Pension Plan with their present plans while we continue to have our own plans stacked? It is all right to say that there are 15 or 20 acts which need to be changed in view of the advent of the Canada Pension Plan. I pointed out on Friday afternoon that we have had four promises in four consecutive Speeches from the Throne that there are going to be changes in the Canadian Citizenship Act, but the changes have not been made yet. We tell the people we are going to change the terms of the Members of Parliament Retiring Allowances Act some day. I think the public would appreciate it a great deal more if the Members of Parliament Retiring Allowances Act were integrated with the Canada Pension Plan at this time when we are integrating these other five plans. Then the public would see that we mean to treat ourselves in exactly the same way as we are endeavouring to legislate for the employees of the federal government.

If you look at your May cheque, you will find a deduction of $60 for the House of Commons pension. Then you will find the deduction of $10.80 for the Canada Pension Plan. The federal government, of course, is contributing to both of these plans, and each one of us is the individual beneficiary. The taxpayers are contributing twice. I believe that when we are integrating plans for the people covered by the five acts enumerated in the resolution we would have been in a much stronger position if the Members of Parliament Retiring Allowances Act had been included in the resolution. I ask that the Members of Parliament Retiring Allowances Act be put into the bill when it is brought forward here, because that is a vital and necessary improvement. Let us not put ourselves in the position of not paying any attention to what the cabinet is doing under the five acts, but just integrate these acts in the thought that some day in the future we will amend the Members of Parliament Retiring Allowances Act. Let us show we mean it and amend the Members of Parliament Retiring Allowances Act at this time as well.

[Mr. Cowan.]

Mr. McCleave: I think the resolution before us will be a great disappointment to a great number of Canadians who had expected that in the housekeeping operations of the government revolving around the civil servants, we would be dealing with some of the issues that were raised so eloquently earlier this evening by the hon. member for Carleton, supported by the hon. member for Winnipeg North Centre and others who took part in the debate. I cast about for a phrase to sum up the resolution we are now considering. At one point I considered that it might be described as a good housekeeping resolution that would mean the melding of the operations of the Canada Pension Plan with these other plans that are being considered. However, I have come to the conclusion it is a minimum housekeeping operation dealing with the cold facts and figures that chartered accountants might present concerning the operation of these pension plans, with little thought to the needs of the people who are supposed to be benefited.

All of us have received submissions from groups of civil servants, especially the Civil Service Federation of Canada, whose president Mr. C. A. Edwards, on March 24 of this year wrote the following:

• (8:10 p.m.)

It is a fact that the cost of living has increased 40 per cent in the past 15 years, over 20 per cent in the past 10 years, and approximately 10 per cent in the past five years. Thus, civil servants retired for five years or more have seen the purchasing power of their pension dollars cut by from 10 per cent to 40 per cent depending on the date of their retirement. In fact, in the past 15 years average wages and salaries paid the wage earners across Canada have increased by over 100 per cent while civil servants retired for 15 years, who had not died of starvation in the meantime—

I interpolate, many have, either from starvation or frustration while waiting for us to

take some action. Going back to Mr. Edwards:

—had suffered a reduction in their incomes of nearly 40 per cent. In short, while the average income of wage earners has doubled during this period the income of retired civil servants on pension has in effect been cut almost in half.

The committee has heard this evening, over and over again but never ad nauseam, the point that parliament and especially the government, which after all is the trustee of parliament in dealing with our public servants and retired public servants, has to do something for them. We have too often adopted in the past the attitude that we must never set the pace but must lag behind every other institution or government which takes forward and progressive steps. I think hon. members who spoke earlier mentioned that at least the United Kingdom and the United States have a conscience in this matter, and their governments have attempted to do something for people who had worked very hard for their countries and found themselves, in their declining years, with no place to look to for help except their former employers, having been met with the bland statement that help simply could not be given because the taxpayers would not put up with it. I do not believe that of the taxpayers at all, Mr. Chairman.

One of the other submissions which is in my mounting file, Mr. Chairman, has been a thoughtful statement by Mr. G. I. Smyth, president of the Retired Civil Servants Association, Windsor branch, Ontario. I should like to quote briefly part of his thoughtful message to members of parliament some time earlier this year under the title "The Canadian public service superannuation plan":

In January of this year in answer to questions asked in the House of Commons it was revealed that 5,330 retired civil servants and 6,775 widows of civil servants receive pensions of less than $50 a month.

To which I interpolate: Shameful.

Those getting under $100 monthly include 13,109 civil servants and 11,923 widows.

Again I interpolate: Shameful.

It has recently been said by welfare authorities that a couple getting less than $300 a month are living on the fringe of poverty.

That is the statement of Mr. Smyth, who speaks for retired civil servants in the Windsor area of Ontario.

One can continue these quotations indefinitely, including in them the sad and miserable case histories of those suffering from neglect, but I will conclude this part of my remarks with a very brief quotation from Mr. A. Reg Buckler, from my own province. Mr. Buckler is president of the Federal Superannuates National Association and lives in Annapolis Royal. He poses this question, which I pass on to the Minister of National Revenue, who has been in and out of the House of Commons like a jack-in-the-box, though instead of going up and down he goes sideways. However, I must say on behalf of the hon. gentleman that he has always been within earshot and a good loud yell usually brings him back very quickly.

Mr. Buckler's question is this:

As a first step in pension adjustment, why does the government not grant federal superannuates a "cyclical cost of living" provision similar to the one incorporated in the Canada Pension Plan? Currently active civil servants will enjoy this benefit when they retire.

I can pursue that argument indefinitely but others have raised it before me, Mr. Chairman. I do not think it lacks emphasis; it simply lacks action taken to deal with a very pressing need. We have not had such action since the right hon. gentleman for Prince Albert and the former government took the very humane and necessary step which it took early in its term of administration.

The second point I should like to make deals with the position of servicemen who retire on pension and then go forth into government or civil service positions. As we all know, there is a formula that sees to it that they do not earn more than the amount of pay they would receive, had they continued to draw the same pay cheque as they did in the latter stages of their work in the services. I think this is a devilish formula which knocks out all incentive for a man to get ahead or to give his best in any job. This is undoubtedly the type of formula, knowing many of these people in my own area of Halifax and Dartmouth, which sends them somewhere else. You have an accumulation of 15 to 25 years of experience in government service—that is, the armed forces side of government service—which would take tens of thousands of dollars to build if one wanted to train such people from scratch; yet they are prevented by what I call a devilish formula from having some extra incentive when they retire from the service, still able to give a good deal of work to their country and to the civil service.

I understand that the minister proposes to deal with this problem by regulation. My suggestion for regulation is simply to knock out this formula and allow them to seek their own levels. If they are going to make $5,000 on their serviceman's pension and another $10,000 to $15,000 working for the civil service, then God bless them, let them go to it.

Another point, one which has been raised in previous correspondence, deals with a person who volunteered in world war II, having reached the stage where he has had 25 years service, but who, because he had five years voluntary service and only 20 years postwar service in the army, navy or air force—as opposed to a man who is credited with 25 years all the way through—has his pension reduced. His pension is calculated on a 20-year basis instead of a 25-year basis.

I believe the minister was silent on this point, which is a vexatious one. It would be whimsical were it not discriminatory against so many people who fought in the war, not worrying whether they were volunteers or otherwise, but who simply went forth to serve their country. I hope that the government will come to grips with this problem when the bill which accompanies this resolution, and other bills, are before the committee. I think the minister and most members in the committee at the present time will agree with me that it does discriminate against people without even having a basis of common sense to justify such discrimination. Therefore I hope—

Mr. Benson: If the hon. member will permit me to say so, I may have missed it in my earlier statement but this legislation will provide a vehicle for correcting this particular anomaly.

Mr. Bell (Carleton): By regulation only, though.

Mr. Benson: I will be talking about your regulations in 1959 in a little while.

Mr. Bell (Carleton): Concealed from the house.

Mr. Benson: I will deal with your action in 1959 in a few minutes.

Mr. McCleave: Mr. Chairman, if I understood the minister correctly, we may have two legislative bodies in this country—the one sitting here this evening and another one tucked away in his department or in Treasury Board. I would join in the sentiments expressed by the hon. member for Carleton, that surely if we have an important legal position involving citizens of this country to be stated, we should attempt as much as possible to state it through legislation passed here, rather than through ad hoc arrangements which are reached in ministers' offices. Otherwise the trend will be for parliamentary superiority respecting legislation and policies to continue to be eroded.

• (8:20 p.m.)

May I ask the minister another question, this time one involving the Canada Pension Plan. A fear has been expressed to me by some people that by fitting together the armed forces superannuation plan and the Canada Pension Plan, those retiring from the armed forces will not be able to live in places other than Canada after the age of 65. I see the minister shaking his head. I place that on the record, because I should like to advise those people involved that their fears are unfounded.

I take it that a person retiring from the armed forces, although the armed forces superannuation plan and the Canada Pension Plan are fitted together, can still at the age of 65 enjoy the benefits of the superannuation and Canada Pension Plans as they are fitted together, without losing the Canada Pension Plan portion of the income he will derive. In other words, such a person can go to another country.

Mr. Benson: Mr. Chairman, perhaps the hon. member would like me to mention that the Canada Pension Plan may be paid to any person at the age of 65, no matter in what country that person is living, provided that person has contributed to the Canada Pension Plan and has accumulated the necessary benefits in Canada.

Mr. McCleave: I thank the minister for his statement, which will reassure many people to whom this was a point of concern.

I should like to put to the minister a specific problem, but not at any length, since it comes under the aegis of the Minister of Justice. My problem relates to the Royal Canadian Mounted Police pension plan. Specifically, in the Halifax area there was a retired sergeant who elected a number of years back to go from one part of the then act to another. One year later he was forced to retire on pension because of a medical condition. He had developed ulcers. As a result of his election to proceed from one part of the act to the other, he found that he was,

in effect, chopping off about $700 from the pension he received. I will not burden the committee with this, although it is an important matter as a point of principle. It involves one person, and I will advise the minister by letter of this, so that when problems such as these are studied in the special pension committee, it may be dealt with also.

May I now deal with the point raised by the hon. member for York-Humber who spoke just before I rose, suggesting that the retiring allowances of members of parliament be dealt with at this time. I sincerely hope before anything is done for members of parliament that we get on with what most people have expected us to do since we assembled here last January, which is to give protection and help against inflation to old age security pensioners and those receiving old age assistance. In other words, our first priority is to deal with the Canada assistance act, and these matters as well, before we deal with our own problems.

Mrs. MacInnis (Vancouver-Kingsway): I feel that I cannot let this opportunity pass without saying a few words about this resolution. I had hoped that when my colleague for Winnipeg North Centre raised this point about the need for increasing pensions for civil servants already retired, that the minister would have reconsidered the legislation coming in, and that provision would have been made for this matter when the legislation finally came down. I am very disappointed to find out that no change is being made this session.

We have all heard from organizations of superannuated civil servants across the country, communications from many of which have been read during the course of this debate. Tonight I want to take a few minutes to examine two cases, to point out how this matter works in the lives of people concerned.

I have noticed that when one comes to the House of Commons in Ottawa, unless great care is exercised one is apt to see people as statistics and figures in columns, and to forget that they are flesh and blood, capable of suffering, and of having feelings, as we all have in the chamber. For the most part speaking generally these people are a great deal less cushioned against the difficulties and hardships of living than we are. I am talking of those superannuated civil servants who have been writing to us from across the country. How does all this work out in the lives of these people?

I want to take two examples, both from British Columbia. One is a man who worked as a civil servant for many years in one government department, and who was superannuated recently. Of course his pension does not meet the cost of living today, nor the standard of living which is rising through the years. This man found on retirement that he could not make ends meet for himself and his wife. In desperation he looked around for a job. It might have been expected that a grateful country would see that his pension would keep him in reasonable comfort for the rest of his life. Instead of that, on retirement he was forced to look for work. As he went around he found himself in competition with younger people, and he found it impossible to get any work of any kind that would bring him in an income. At last he went to the Department of Public Works hoping that the government would give him casual employment, so that he might work on and off. Instead the door was closed in his face, and he was told that the department would not hire anybody over retirement age. So, here is a man and his wife having to get along on a miserable pittance of a pension in the face of rising living costs.

This man feels bitterly that he has been let down, that he gave his best to the country. His record as a civil servant was good. He feels, now that other people have the Canada Pension Plan, and are laying by for their old age in a much better way than formerly, that he has been let down in a very ungrateful way by the country to which he gave his services.

Here is another case. A letter was written to me by a friend of the woman in question. The letter says:

> I felt you would be outstandingly sympathetic to a lovely gentle widow—a family friend. We have watched her struggle to maintain a good appearance and an adequate living on the pittance she receives from our federal government.
>
> Her husband retired in 1941 from the office of the District Director of Postal Services on account of a heart condition. He had been employed for more than thirty-three years at that time by the civil service. He died in June 1957 of cancer after a long painful illness through which they asked for and received no assistance. Both have and had a great Scotch pride of independence.
>
> His wife carried on working as a relief in the local post office till veterans replaced her. Now she is forced to exist on $62.88 (sixty-two dollars and eighty-eight cents). She has maintained an old beach cottage in White Rock making it look charming with her care.

• (8.30 p.m.)

> She pays $157.29 taxes, fuel and light comes to $17 (used sparingly) telephone $3.25, water $3 per month.

We have worries of "what if the house foundations gave way? What if she needed health and dental care?"

It truly hurts us to think that a widow of one of our former Canadian servants is treated so very shabbily.

She asks me what can be done to help this widow at this stage of life—this widow who had bravely seen her husband through a painful illness, cancer, met the medical costs as best she could, filled in at the local post office, and finally been forced to eke out an existence.

These are the things we should consider today before we consider benefits for those who are in better circumstances. Everyone needs pension plans, but we should not throw on the scrap heap those others who have given their best to their country. To do so would be to show ingratitude and insensitivity; it would certainly be showing that we are not competent to look after the needs of the people who live in this country.

These retired civil servants do not have eternity in which to wait. Most of us here in this group feel that if we wait long enough the benefits which we are seeking for our fellow Canadians will be provided. We know from experience that after 30 years or so the things for which we are fighting will be made effective. But these superannuated people are for the most part, elderly. Unless something can be done for them now they will pass their late years feeling they have been cheated and treated unfairly by a country to which they have given years of service and the best that is in them.

I strongly urge that something be done without delay to help these superannuated people. Surely it will not involve a major expense. This is unfinished business of a most urgent kind and I certainly join with the hon. member who preceded me in his plea that before we concern ourselves with the pensions of members of parliament and other well situated people we should consider those who are virtually penniless at this time, unless the government comes to their aid.

The Deputy Chairman: Shall the resolution carry?

Mr. Knowles: Does the minister not intend to answer some of the points which have been raised?

The Deputy Chairman: I must remind the committee that when the minister introduced the resolution he spoke to the limit of the time available to him and he may only continue by unanimous consent. Is it agreed that he may continue?

[Mrs. MacInnis (Vancouver-Kingsway).]

Some hon. Members: Agreed.

Mr. Benson: I was the sole nay vote, Mr. Chairman. However, I am happy to deal with some of the questions raised by hon. members opposite, although I am sure I shall not be able to deal with them to their satisfaction.

First I refer to the speech made by the hon. member for Carleton in which he objected to dealing with these matters by means of an omnibus bill. In this particular instance I think there is good reason for having an omnibus bill to deal with all these questions because what we are generally concerned with is one single principle—the amendment of a series of acts in order to integrate the Canada Pension Plan with various superannuation schemes affecting government employees. There are a few other minor matters we can deal with, but the central purpose is integration.

Mr. Knowles: There is not just one principle, then—there is that one, and then there are some others?

Mr. Benson: There are a few other matters—provisions for cleaning up, as the hon. member for Winnipeg North Centre pointed out— and I consider some of them not without importance. It is convenient to do these things at the same time. But the central purpose of this bill is not to deal with the affairs of retired civil servants, but rather to deal with civil servants who are presently in employment, and the integration of their pension plans with the Canada Pension Plan.

The hon. member for Carleton also objected strenuously to certain things being done by regulation and to conditions governing retired members of the forces. We have indicated that we intend to change the rules governing the amount of income these people can earn in addition to their service pensions. I should like to point out to the hon. member that the provision respecting military pensions was enacted by the government of which he was a member in 1959. At the same time, in 1959, there was also enacted an amendment to the R.C.M.P. Superannuation Act which allowed the government, by regulation, to do exactly what we are proposing to do.

I maintain that both acts should have been amended in the same way in 1959. Retired members of the R.C.M.P. have no problem worrying about their retirement pensions in

the civil service. If in 1959 the government had made a similar amendment to the provision with respect to the armed forces, the people in the armed forces would be much happier today than they presently are.

Mr. Bell (Carleton): Would the minister tell us what he proposes to do by regulation? He has given us no indication of the plan.

Mr. Benson: When the pertinent section of the act comes up for consideration I shall be pleased to comment on its contents.

Mr. Bell (Carleton): But the minister is a suppliant for the approval of this resolution by the committee and I suggest this is the time at which he should tell us what he proposes to do.

Mr. Benson: All I am seeking tonight is approval in principle of a resolution to introduce a bill into this house—a bill which will be discussed on second reading and then referred to committee of the whole where its clauses can be discussed in detail. It is then that specific clauses of the measure should be discussed, not on the resolution stage.

Mr. Bell (Carleton): The minister has not yet decided what he proposes to do.

Mr. Benson: I have decided what I propose to do and the hon. member will in due course find out.

Some hon. Members: Oh, oh.

• (8:40 p.m.)

Mr. Benson: Another statement made by the hon. member for Carleton was that integration should not be detrimental to any civil servant, but should be to the advantage of many. I think indeed under the act, and under the arrangements in the act, which were arrived at after due consultation with the civil service associations as to the methods to be followed, no civil servants are losing in the over-all pension under the integrated plan and indeed, as I believe was pointed out by the hon. member for Winnipeg North Centre, many civil servants will gain marginally. As I pointed out, the question that was raised by a good many members was why this does not deal with retired civil servants. As I pointed out it is not the purpose of this act to deal with retired civil servants. The main purpose of this act is to deal with people who presently are servants of the crown, and the integration of their pension plan and certain other changes which will affect them.

[Mr. Benson.]

The hon. member for Winnipeg North Centre also said he would have liked to see the pension plans stacked or decked. He said that in fact we really should legislate beyond what the civil servants want and that we should think and legislate in the manner which we believe is to their greatest benefit in the long run, perhaps by making the contribution to the Canada Pension Plan one-half of one per cent additional, thereby giving them a higher pension for the future. The government, in arriving at the solutions at which it arrived in respect of integration of the pension plans consulted with the associations, and their views have been respected in this regard.

The hon. member for Roberval raised some question with regard to the effect of the bill on Quebec. I should like to point out that the sole purpose of this bill is to deal with federal civil servants; it is not a matter in respect of which there should be consultation with the province. We are dealing with our employees here and with authority for their pensions.

The hon. member for York-Humber raised the question as to the members pension plan. I might mention that in this bill the members pension plan is not being adjusted. I should mention also that the judges pension plan as such is not being adjusted. We feel these are special cases and that if they are to be dealt with in any manner they should be dealt with by entirely separate legislation at a future date.

I do not think there were any other matters raised with which I have not dealt generally. There were a number of matters raised in respect of problems concerning individual cases. I will be glad to review these in *Hansard* tomorrow and if there is anything I can do to assist in this regard, I will be pleased to do so, bearing in mind the fact that this legislation is not intended to deal with pensions of retired civil servants. If the government intends to deal with this particular matter, it will have to be dealt with by separate legislation. This bill is intended to deal solely with pensions of members of the civil service who are presently employed.

Mr. Knowles: Mr. Chairman, may I ask a couple of questions which I hope the minister might answer as a matter of courtesy. First of all, I am afraid there has been some confusion with respect to the question concerning the wartime service of persons who have continued in the permanent force. The confusion may be all over here rather than over

there. My simple question is this: is there some provision in the legislation regarding this matter?

Mr. Benson: Yes, Mr. Chairman; there is a provision in the legislation which will be forthcoming right after first reading, which allows the government to deal with this in the legislation. The intention is that wartime service will be picked up. There are some complications. One of the reasons regulations are necessary with regard to this kind of legislation is that conditions change from time to time. If you put something stiffly into a piece of legislation, it cannot be adjusted quickly the way it needs to be from time to time because of the different situations which may arise.

Mr. Knowles: Is there anything in the legislation adjusting the formula under which the pensions of widows of retired civil servants are computed?

Mr. Benson: No, Mr. Chairman.

Mr. Knowles: It is not too late to put it in.

Mr. Chatterton: Mr. Chairman, I am prompted to say a few words particularly with reference to the statement the minister made that the retired civil servants will not be affected in any way by this legislation. The fact is that retired civil servants feel they have an interest and a stake in the federal Civil Service Superannuation Act and in the fund that is established by this act. Whether rightly or wrongly, the fact is that they have an interest in the fund. They are afraid and concerned that any amendment to the Civil Service Superannuation Act might affect their entitlement under the fund, a fund which was created by the Public Service Superannuation Act.

I know the Prime Minister and the Minister of National Revenue have written to them and have said that in no way will their entitlement under this act be affected by any integration of the Public Service Superannuation Act with the Canada Pension Plan. However, many doubts have been raised in the minds of retired civil servants by the passage of the Canada Pension Plan. Over the years civil servants have felt their rights are protected under the Public Service Superannuation Act by virtue of the fact that it is an actuarially sound funded plan. But then along comes the Canada Pension Plan, a major contributory pension plan, which affects people who retire in the future. The government says, that this major plan, which affects the pensions of future Canadians is not based on an actuarially funded plan. Immediately the question arises in the minds of retired public servants: If the Canada Pension Plan is not based on a funded basis, why should ours be?—keeping in mind the fact that the vast majority of retired civil servants are living under severely handicapped conditions by virtue of the fact that their pension is fixed whereas the cost of living rises? So, in the every day events these people say: Why should our pension be fixed; is there no responsibility on the part of the government toward its employees?

These same civil servants have in mind that in 1959 the previous government of this country passed an Act, the federal Civil Service Superannuation Adjustment Act, which did adjust the pensions of a large number of retired civil servants. So the fact is that these retired civil servants are justly concerned in respect of how their position is affected by the integration of the Public Service Superannuation Act with the Canada Pension Plan. I think the only way in which these people can be satisfied is by their having an opportunity to present their case to representatives of the House of Commons. I feel, Mr. Chairman, that this resolution No. 51, at the appropriate stage, should be referred to a special or standing committee.

The Canada Pension Plan is a very complicated piece of legislation. It was referred to a special joint committee of the Senate and House of Commons. Speaking from memory, I believe that committee held 51 sittings. I think there were something in the order of 30 briefs presented to it. It was a complicated piece of legislation.

• (8:50 p.m.)

In order to understand integration of the P.S.S.A. and other pension schemes with the Canada Pension Plan, we must clearly understand not only the Canada Pension Plan but the other acts which must be amended in order to complete this integration. If it was necessary, and certainly it was, to submit the proposed Canada pension to a committee then even more so is it necessary to submit to a committee the proposal to integrate these other pension plans with the Canada Pension Plan.

At this stage the minister cannot, of course, describe in any detail the proposal for integration of these plans, but various statements have been made by him and by others as to

the general proposals. Assuming that these proposals will be incorporated in the bill, which the minister will in due course present, I predict there will be grave anomalies disclosed when integration is attempted.

I predict that many civil servants will find themselves in the fortunate position of having an increase after the proposed integration of something like 25 per cent in their pensions, whereas other civil servants will find that there will be no increase. More power to those who receive 25 per cent more, but how will this fact sit with those who receive no increase whatsoever? Furthermore, I predict that if the bill to be introduced by the minister conforms to the statements he has made up to date, we will find that in certain cases potential widows of civil servants yet to be retired will receive pensions larger than the earnings of their husbands. All the more power to those widows; but how will this fact sit with other Canadians, and particularly those who are now widows of civil servants who receive nothing whatsoever from either the public service superannuation fund or the Canada Pension Plan.

I predict that when we come to the details of the bill we will find grave shortcomings as result primarily of the fact that the Canada Pension Plan is not an actuarially sound funded pension plan, and that when such a plan is integrated with others that are actuarially sound on a funded basis serious inequities will be disclosed. This was predicted by many experts who gave evidence before the Canada Pension Plan committee.

The main points of my argument are these. Retired civil servants are very concerned that the proposed integration of the P.S.S.A. with the Canada Pension Plan might affect their rights. Second, they are concerned that since the Prime Minister and this present government have refused to accept any responsibility to these retired employees, that is all the more reason they should be heard. Third, I feel that because this is such a complicated matter involving the integration of complicated legislation, the integration of various civil service superannuation acts with the Canada Pension Plan it should be submitted to a special or standing committee in order that various representatives of public service organizations and public superannuation associations would be given an opportunity to present their case and hear the expert evidence.

I am sure that many other members of this house will find it extremely difficult to understand the intricacies of the integration of these various acts with the Canada Pension Plan. However, if this were sent to a committee members of the civil service, including members of the armed forces and the R.C.M.P. and others who will be affected, including retired employees, would be able to give evidence, and hear evidence of experts, and this matter would become somewhat more clear.

Mr. Benson: Mr. Chairman, before the resolution is carried, I should like to correct an error which I made earlier.

The Chairman: Does the committee agree to the minister giving an explanation at this point?

Some hon. Members: Agreed.

Mr. Benson: Mr. Chairman, on a question of privilege, I should like to correct an error I made in an answer I gave recently in which I indicated that changes in the proposed bill to take care of past services of employees in order that they would get credit for wartime service would be handled by regulation. In checking the situation I find that this is handled by an actual clause of the bill.

Resolution reported and concurred in.

Mr. Benson (for Mr. Sharp) thereupon moved for leave to introduce Bill No. C-193, to amend the Public Service Superannuation Act, the Canadian Forces Superannuation Act, the Defence Services Pension Continuation Act, the Royal Canadian Mounted Police Superannuation Act, the Diplomatic Service (Special) Superannuation Act, the Intercolonial Prince Edward Island Railways Employees' Provident Fund Act and the Canadian Corporation for the 1967 World Exhibition Act.

Mr. Bell (Carleton): Mr. Speaker, is there to be one bill only? Surely the minister is not going to attempt this sort of legislative travesty?

Mr. Benson: Mr. Speaker, this is not a legislative travesty, and I should like to refer the hon. gentleman to what was said recently in the British House of Commons when an omnibus bill was introduced to create three new portfolios and appoint four parliamentary secretaries. The opposition objected to the government's action and likened it to legislation of 1860 when—

Combines Investigation Act

Mr. Knowles: Mr. Speaker, I rise on a point of order. Is debate allowed at this point?

Some hon. Members: No.

Motion agreed to and bill read the first time.

COMBINES INVESTIGATION ACT AND CRIMINAL CODE

EXTENSION OF MORATORIUM RESPECTING B.C. FISHING INDUSTRY—CONCURRENCE IN SENATE AMENDMENT

Hon. Guy Favreau (President of the Privy Council) moved the second reading of and concurrence in an amendment made by the Senate to Bill No. C-169, to amend an act to amend the Combines Investigation Act and the Criminal Code.

Mr. Deputy Speaker: Is it the pleasure of the house to adopt the said motion?

Mr. Knowles: Perhaps we could have enough time to find this amendment in *Votes and Proceedings.*

Mr. Deputy Speaker: Order, please. Perhaps I could assist the hon. member by advising him that the amendment can be found at page 585 of *Votes and Proceedings* for May 27.

• (9:00 p.m.)

Mr. Barnett: Mr. Speaker, I wonder if we could have an explanation from the minister as to the purpose of this amendment and his understanding of it.

Mr. Favreau: Mr. Speaker, in the original bill, the principle of which has been adopted by this house, was paragraph (b) of clause 1 providing that the extension of the exemption of the fisheries industry in British Columbia from the application of the Combines Investigation Act would last until either December 31, 1967, or any later date until such time as this house, on the resolution or motion of 10 of its members, adopted the decision to repeal the exemption. What was called in question in the Senate was the principle that the bill as originally drafted provided only for a motion of this house instead of one of either house. The bill has now come back to us with clause 1, paragraph (b) which first read as follows:

The thirtieth sitting day of parliament next after the day on which any resolution of either house of parliament, based on a notice of motion in that house signed by any ten members thereof and made in accordance with the rules of that house, that this section cease to be in force is concurred in by the other house,

[Mr. Benson.]

The amendment from the Senate has the same effect but provides for there being a motion originated by 10 members of either house which is passed in the house and concurred in by the other house. In other words, the Senate objected to the House of Commons being solely in control of the decision and requested that it also be given the privilege of originating the motion which would bring about the end of the extension. The measure now has to be concurred in by both houses instead of only the House of Commons as originally drafted.

Motion agreed to, amendment read the second time and concurred in.

RESEARCH COUNCIL ACT

AMENDMENTS RESPECTING NAME, ADDITIONAL REMUNERATION OF OFFICERS, ETC.,—CONCURRENCE IN SENATE AMENDMENTS

Hon. G. J. McIlraith (for the Minister of Industry) moved the second reading of and concurrence in amendments made by the Senate to Bill No. C-150, to amend the Research Council Act.

Mr. Knowles: Mr. Speaker, may we have an explanation of what appear to be five amendments to this bill?

Mr. McIlraith: Yes, Mr. Speaker, the hon. member for Winnipeg North Centre was a little too quick for me. The amendment is to make clear that the minister in charge of the National Research Council must be a member of the Committee of the Privy Council on Scientific and Industrial Research. As the bill stood it was theoretically possible that the minister in charge might not be a member of the committee of ministers charged with considering this subject matter. The other changes are consequential thereto.

The substance of the changes appears in item 1, referring to clause 3 (e), which provides for the designation of a minister. The point is that there should be a slight amendment in the clause to make it clear that the minister must be a member of that Privy Council committee. The other changes of course are consequential, substituting the word "minister" where the word "chairman" appears in the act and the bill.

Motion agreed to, amendments read the second time and concurred in.

FAIR WAGES AND HOURS OF LABOUR ACT

AMENDMENTS RESPECTING HOURS OF WORK, RATES OF PAY, ETC.

House in committee of the whole on Bill No. C-2, to amend the Fair Wages and Hours of Labour Act—Mr. Nicholson—Mr. Batten in the chair.

Mr. Nicholson: Mr. Chairman, on second reading of this bill, at the suggestion of members of more than one of the different parties or groups in the house, this bill was referred, at my request, to the committee of the house on labour and employment, not only that it might be discussed clause by clause but that representations might be made by the Canadian Construction Association and other organizations who had intimated they wished to be heard. The matter came before the committee on at least three different occasions and was considered clause by clause. There was a unanimous report from the committee, and the bill was reported without amendment. I can see several members present in the house tonight who participated in the debate and discussion in the committee stage.

Mr. Herridge: Mr. Chairman, did the minister say that this bill as it stands was recommended back to the house by the unanimous vote of the committee?

Mr. Nicholson: Yes, Mr. Chairman.

Mr. Herridge: Without amendment?

Mr. Nicholson: Without amendment.

Clause 1 agreed to.

Clauses 2 to 6 inclusive agreed to.

Title agreed to.

Bill reported.

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

Some hon. Members: By leave, now.

Mr. Nicholson moved the third reading of the bill.

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

• (9:10 p.m.)

CANADA ELECTIONS ACT

APPOINTMENT OF JEAN-MARC HAMEL TO POSITION OF CHIEF ELECTORAL OFFICER

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, I should like to raise an item of business which I think will commend itself to the house. I will mention and explain it now since it is not the type of item that is on the order paper.

The elections act requires that the Chief Electoral Officer be appointed by a resolution of the House of Commons.

Mr. Fairweather: You won't need that for a year or two.

Mr. McIlraith: As hon. members know, the office is vacant and the practice has been for the Prime Minister to communicate with the leaders of the opposition groups to acquaint them with the name of the person he proposes be appointed and to ask for their concurrence. I am told that the correct action has been taken in accordance with the precedents and I should like therefore to move the following resolution:

Whereas Nelson Jules Castonguay has submitted his resignation as chief electoral officer; and whereas subsection 2 of section 4 of the Canada Elections Act, chapter 39 of the Statutes of Canada 1960, provides that in the event of a vacancy of the office of the Chief Electoral Officer the vacancy shall be filled by resolution of the House of Commons;

Be it therefore resolved, that Jean-Marc Hamel be and he is hereby appointed Chief Electoral Officer.

Mr. Deputy Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, as the house leader has indicated, this resolution has the concurrence of the leaders of all parties, and thus becomes an act of the House of Commons rather than a governmental act. I am sure that we all concur in it, but I do not think this moment should pass without at least a word being said in appreciation of the work that has been done for parliament and Canada by the Messrs. Castonguay for as long as I can remember.

Both Mr. Nelson Castonguay and his late father, Mr. Jules Castonguay before him, have served us well, and I think that in accepting the resignation of the younger Mr. Castonguay we should pay a word of tribute. I had thought there might be another Castonguay coming along but apparently we are

changing the name of the Chief Electoral Officer, and we concur in the appointment of Mr. Hamel.

Mr. McIlraith: Mr. Speaker, I think it would be appropriate if I put on the record a few words regarding the new appointment. I will be very brief about it.

Mr. Jean-Marc Hamel of Lotbinière, Quebec, is a graduate of Laval University. He has been in the federal public service since 1950, and I believe a great many hon. members will remember his work around the House of Commons in the staff organization work during the last two years. I am sure that those hon. members who knew him when he was director of administration on the staff of the House of Commons will be particularly well pleased with the nomination.

Since November 1965 he has been an assistant to the undersecretary of state. I for one think we are fortunate to have a man of his qualifications available to serve in this important position, because there will be much new work consequent on the redistribution of seats. I am particularly happy that Mr. Hamel is well qualified in administrative work.

I should also like to place on record a word of appreciation for the former chief electoral officer's services, and, if I may be permitted to do so, to refer to his father who preceded him in that office. For some 39 years the two Messrs. Castonguay have been the chief electoral officers of Canada. I think it would be proper for me to say we owe a word of appreciation to the father, the late Jules Castonguay, for his services from 1927 to 1949, and to Nelson Castonguay from 1949 until the present time. I always have felt that they have undertaken this work with a good understanding of the basic requirements of the job, and yet a delicacy of touch—if I may use that phrase—which is necessary in this kind of public job. I want to commend them for it.

It is interesting to note that Mr. Nelson Castonguay was responsible for the administration of the act during the last six general elections since 1949.

Mr. Churchill: If you include 1949, it is seven.

Mr. McIlraith: I am not sure whether he was appointed before or after the 1949 election. In any case, I am quite sure that many hon. members here who have had occasion to come into contact with him, whether in committees or elsewhere, will agree with me on the desirability of placing on record our acknowledgement of the high degree in which he possessed the fairness and impartiality that has been traditional in this office and which is greatly to be desired and indeed necessary in the proper administration of the functions of the office.

Some hon. Members: Hear, hear.

Hon. J. A. MacLean (Queens): Mr. Speaker, I would like to say that we concur wholeheartedly in this appointment. I suppose it is fair to assume Mr. Hamel will not be called upon to call an election on Sunday at some future date.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, on behalf of the Social Credit party I would like to concur in the remarks that have been made both in regard to the appointment of Mr. Hamel and also in the words of gratitude that have been expressed for the very capable services of Mr. Nelson Castonguay. I note with some degree of satisfaction that all parties have given their wholehearted approval to this appointment. We are grateful that the Prime Minister brought it to our attention in the way that he did. I should only like to say that the challenge before Mr. Hamel is indeed a great one if he carries out the duties of chief electoral officer with the same degree of efficiency that his predecessors have set. I think that if there ever was a thing on which we were unanimous in this house it is this, and therefore we are happy to be able to add our word to it.

[*Translation*]

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I wish to join with previous speakers, on behalf of the Ralliement Créditiste, to pay tribute to Mr. Castonguay who has presided over elections since 1949. Mr. Castonguay proved equal to his task, and I believe all those who had to deal with him were quite pleased with him.

I take this opportunity to extend to the new incumbent, Mr. Jean-Marc Hamel, the fullest co-operation of our group, and we are sure he will be able to perform the duties assigned to him this evening with tact and efficiency.

• (9:20 p.m.)

[*English*]

Mr. H. W. Herridge (Kootenay West): I want to congratulate the Minister of Public

Works upon his delicate touch in paying tribute to Mr. Nelson Castonguay and his distinguished father. I am sure members of all parties in this house would agree that both of them have served Canada well in an office that is not easy to fill on certain occasions.

Motion agreed to.

NATIONAL ARTS CENTRE

ESTABLISHMENT OF CORPORATION FOR ADMINISTRATION AND OPERATION

Hon. G. J. McIlraith (for the Secretary of State) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to establish a corporation for the administration of the national arts centre to operate and maintain the centre, to develop the performing arts in the national capital region and to assist the Canada Council in the development of the performing arts elsewhere in Canada; to provide for the remuneration of certain members of the board and the expenses of all members, for the appointment and salary of a director of the centre, for the employment of officers, employees, technical and professional advisers and their remuneration; and to provide also for certain other matters incidental to the administration of the act.

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

Mr. McIlraith: I do not know that there is a great deal I can usefully add, Mr. Chairman, to what is contained in the resolution providing for the introduction of legislation to establish a corporation for the administration of a national arts centre, to operate and maintain the centre, and to develop the performing arts in the national capital region. The bill itself will be examined by all hon. members. As I have said, the three major tasks of the corporation are to operate and maintain the centre, to develop the performing arts of the national capital region, and to assist the Canada Council in the development of the performing arts throughout Canada.

I do not know that there is much to be said at this stage in so far as a description of the arts centre is concerned, because an item will be before the house in my own estimates under which we can deal with that. Perhaps I should mention that there will be three auditoria, one seating 2,300 for opera, music and ballet, one seating 970 people, and a 300 seat studio for drama. They have been carefully designed to meet the requirements of the advisory committees composed of the leading artistic and technical directors in the country. I believe there is general agreement among these groups who have had experience in successfully directing the performing arts across Canada, that the national art centre will worthily house the performances of the best companies of this or any other country. These buildings will grace the national capital and certainly will equal such facilities in any national capital in the world.

I do not know that there is much more I should say at this stage, other than to welcome the opportunity of having the house consider any and all information that can be made available on this subject. The whole proposal can be discussed in detail when the minister is here to deal with the bill both on second reading and in committee of the whole house.

Mr. Churchill: This is a very important resolution, but in the absence of the minister I do not think we should debate it at length tonight. I think the minister should be here to deal with the bill. The subject matter can be dealt with adequately on second reading rather than at the resolution stage. In view of the fact we are making great progress today, so far as we are concerned, I believe we are prepared to pass this resolution without debate and wait to see the bill. Then we can have a full debate on second reading of the bill.

Mr. Knowles: In view of this display of unanimity, may I say that we, too, are prepared to hold our remarks on this matter until we see the bill.

Mr. Thompson: We give our support to this resolution in principle. I think it is a good suggestion to let it pass in order that there may be a more intelligent debate when the minister is here, and has made her remarks with regard to this subject.

However, there is just one remark I should like to make. I mention this because the Minister of Public Works has referred to the construction of the centre for the performing arts. Although this matter is not strictly related to the resolution, the resolution refers to the machinery for operating it. I am concerned about the tremendous increase in the cost of construction of this centre. I believe the original estimate we discussed was around $9 million.

Mr. McIlraith: I do not believe that was the figure; it was $18 million.

Mr. Thompson: In any event, I am mentioning it tonight because I believe we should have some report from the minister, since the cost is now approximately $32 million. We should have information provided by the minister which will help us discuss this situation in greater detail than we can tonight.

Mr. Herridge: I support the remarks of the hon. member for Red Deer. I have watched the development of this building to which the minister has referred. I judge from his remarks we will have an opportunity, when his estimates are presented, to discuss the original cost, the present cost and the anticipated cost of the performing arts centre, as well as all other matters relating to its construction.

Mr. McIlraith: I regret to have to admit, Mr. Chairman, that is so.

Resolution reported and concurred in.

Mr. McIlraith thereupon moved for leave to introduce Bill No. C-194, to establish a corporation for the administration of the national arts centre.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, it has been a very warm day and I am very appreciative of the co-operation of all hon. members in dealing with legislation. I believe it is so close to ten o'clock that it would meet the wishes of hon. members if we called it ten o'clock.

• (9:30 p.m.)

Before doing so, I should like to take advantage of this opportunity to indicate the business of the house for tomorrow. We will proceed with the consideration of the budget resolutions, and afterwards item No. 63 on today's order paper, the bill to amend the Bank of Canada Act.

Mr. Thompson: Mr. Speaker, I wonder whether it might not be closer to the truth if the Minister of Public Works were to say that we have run out of legislation on the order paper. I hope he will have something new on the order paper by tomorrow.

Mr. Deputy Speaker: A motion to adjourn the house under provisional standing order 39A—

An hon. Member: There is no one here.

Mr. Deputy Speaker: Is there unanimous agreement that the house do now adjourn?

Some hon. Members: Agreed.

At 9:35 p.m. the house adjourned.

HOUSE OF COMMONS

Tuesday, June 7, 1966

The house met at 2.30 p.m.

PUBLIC SERVICE

COMMONS MEMBERS OF JOINT COMMITTEE ON COLLECTIVE BARGAINING

Mr. Bernard Pilon (Chambly-Rouville) moved:

That the members of the House of Commons on the joint committee of the Senate and the House of Commons to introduce a measure to provide for the establishment of a system of collective bargaining, approved April 25, 1966, be Messrs. Aiken, Ballard, Bell (Carleton), Caron, Chatterton, Crossman, Émard, Faulkner, Hymmen, Isabelle, Keays, Knowles, Lachance, Leboe, Lewis, MacRae, McCleave, Munro, Orange, Ricard, Richard, Rinfret, Tardiff and Walker; and that a message be sent to the Senate to acquaint Their Honours thereof.

Motion agreed to.

LABOUR RELATIONS

QUEBEC LONGSHOREMEN'S STRIKE—REQUEST FOR REPORT ON NEGOTIATIONS

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I wish to address a question to the Minister of Labour and ask whether he has anything further to report on the longshoremen's strike. What hopes are there for a settlement of this prolonged strike which has now lasted for some four weeks, and does the situation look hopeful at the moment?

Hon. J. R. Nicholson (Minister of Labour): All I can say, Mr. Speaker, is that the mediator is meeting with the parties today. He met with some representatives of the longshoremen this morning and I understand there is a further meeting this afternoon. I am anxiously awaiting the outcome of that meeting.

Mr. Starr: A supplementary question, Mr. Speaker. In view of the situation that has been prolonged to this extent, does the government not wish to change its position in endeavouring to bring about a settlement of this dispute?

Mr. Nicholson: I think I have announced the government's position more than once in the house. We sincerely believe that every effort should be made to settle this dispute by the collective bargaining process. It is still our hope that this will come about. That is all I can say at this time.

Mr. Starr: A further supplementary question, Mr. Speaker. Does not the minister believe that his attendance at the negotiation table would also be a form of collective bargaining, and would probably bring about better results than have been achieved heretofore?

Mr. Speaker: Order, please. The question is argumentative.

Mr. Eldon M. Woolliams (Bow River): A supplementary question, Mr. Speaker. In view of the statement of the Minister of Labour I would like to now put a question to the Minister of Finance. What effect has this long strike had on the fulfilment of the wheat contracts that were made by the wheat board with other nations?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, this strike is having a very serious effect.

Mr. Woolliams: A further supplementary question, Mr. Speaker. When the minister says "a very serious effect" does he mean that sales will be lost in respect of wheat agreements made between the wheat board and those countries purchasing our grain?

Mr. Sharp: I do not know whether this in fact will happen. I do not think it need happen. All I can say is that this strike is having a very serious effect upon the delivery of grain that the wheat board has already sold, and it is beginning to back up the movement into the country, making it more difficult for the wheat board to equalize its quotas.

Mr. R. N. Thompson (Red Deer): A supplementary question, Mr. Speaker. I would ask the Minister of Labour in view of the decision of the Canadian Brotherhood of Railway, Transport and General Workers to strike later this month, an action that would tie up the seaway from Montreal to Sault Ste. Marie, whether the government is taking any initiative to deal with this threatened strike before it actually takes place.

Mr. Nicholson: Yes, Mr. Speaker.

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

Mr. Douglas: Mr. Speaker, the question I want to ask—

Mr. Speaker: Order, please. The hon. member for Provencher has the floor.

Mr. W. H. Jorgenson (Provencher): I wish to ask the Prime Minister whether he is aware of the statement made this morning by the chairman of the Canadian Wheat Board, that every day the strike is prolonged will do irreparable harm to Canada's ability to market grain in the future.

Mr. Woolliams: I have a further supplementary question, Mr. Speaker.

Mr. Speaker: The hon. member for Burnaby-Coquitlam has the floor.

Mr. T. C. Douglas (Burnaby-Coquitlam): If the question of the hon. member for Red Deer was supplementary, then mine is also a supplementary question. I wish to ask the Minister of Labour what action the government will take in view of the fact that the workers on the St. Lawrence seaway have taken a strike vote and set a deadline of June 17. Is the minister planning any steps to bring the two parties together in the hope of effecting a satisfactory settlement?

Mr. Nicholson: Mr. Speaker, my colleague the Minister of Transport and I have given the matter some thought. We will be meeting again later today to discuss it. I have nothing further to say at this time.

Mr. Douglas: I have another supplementary question, Mr. Speaker. Is the minister able to announce to the house that he will be appointing a mediator to look into this question? If so, how soon does he expect such a mediator to be appointed, in view of the fact that only 10 days are left before the strike deadline?

Mr. Nicholson: I would rather not make any statement before concluding my discussions with my colleague.

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, my question is supplementary and I wish to direct it to the Minister of Finance. Has the minister received any inquiries from our regular wheat customers indicating concern over the strike, and is he preparing a statement that special efforts will be made in order to meet our commitments to deliver grain to these countries?

Mr. Sharp: Mr. Speaker, the government is making every possible effort to settle this strike. I do not think it is necessary for me to make any representations in this matter.

Mr. Woolliams: Mr. Speaker, I wish to ask a further supplementary question directed to the Prime Minister. Can the Prime Minister tell us whether his government anticipates bringing in legislation to end the strike on the St. Lawrence seaway, in view of its prolonged duration and in view of the statement made by the Minister of Finance?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, we hope this strike will be ended shortly by the process of free collective bargaining.

Some hon. Members: Hear, hear.

[*Later:*]

Mr. H. A. Olson (Medicine Hat): I should like to address a question to the Prime Minister and ask him whether the government is considering taking action on one or more current labour disputes in the transportation field similar to that taken by Right Hon. Louis St. Laurent in 1950, when he dealt with the very serious labour dispute then involving vital transportation.

Mr. Pearson: Mr. Speaker, there is one dispute that has been discussed, and it is being dealt with. That is the only one which at the moment has the serious implications my hon. friend refers to. I do not think I can add anything in that regard to what has been said.

Mr. Korchinski: I have a question for the Minister of Finance. Have any negotiations for any possible future wheat sales been postponed or cancelled as a result of the current dock strike?

Mr. Sharp: Not to my knowledge, Mr. Speaker.

[*Later:*]

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question for the Minister of Labour in connection with the longshoremen's strike. Has the government prepared draft legislation in the event that the government decides to intervene, and has the government reached a decision as to the conditions precedent to the introduction of such legislation?

Mr. Speaker: Order. I suggest the hon. member's question is hypothetical and should not be asked at this time.

Mr. Lee Grills (Hastings South): Mr. Speaker, I wish to direct a question to the Minister of Labour. Due to the waterfront strike in Montreal some of the garment manufacturers in my riding are down to one week's supply of fabrics. Several have written me asking if there was any hope of this strike being settled and if the government intended to take any action to bring about a settlement. Could the minister give me any advice on that?

Mr. Speaker: Order. It seems to me that the statement made at the beginning of the proceedings this afternoon answered the question of the hon. member.

Mr. Grills: As a supplementary question, I am informed by these garment manufacturers that employees will be laid off within a week or ten days.

Mr. Speaker: Order, please. This is not a supplementary question; it is a supplementary statement.

[*Translation*]

DOMINION-PROVINCIAL CONFERENCE

QUEBEC—INQUIRY AS TO AUTHORIZED REPRESENTATIVE

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, may I put a question to the Prime Minister?

Is the right hon. gentleman in a position to tell us which government will be authorized to represent the province of Quebec at the next federal-provincial conference which is to be held next week?

Mr. Speaker: Order. This question is the concern of the provincial authorities.

Mr. Grégoire: Mr. Speaker, I shall put my question so that it may be the concern of the federal authorities.

Can the Prime Minister give us the assurance that the federal government will not accept any provincial government which is not truly representative of a province at the forthcoming federal-provincial conference?

[*English*]

Mr. Heward Grafftey (Brome-Missisquoi): May I ask a supplementary question, Mr. Speaker. Can the Prime Minister now assure the house that the federal-provincial conference scheduled for Victoria will go on as scheduled?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, last evening I telephoned the premier of British Columbia about certain developments which had a bearing on the proposed conference which was to have opened in Victoria on June 16, developments which concerned three provinces. It was agreed by the host premier, Mr. Bennett, and myself that because of the developments I have just mentioned, a postponement of the conference was unavoidable. I then sent telegrams to the various heads of provincial governments and asked if they—

Some hon. Members: Which ones?

Mr. Pearson: —the heads of various provincial governments—and asked if they agreed with the suggestion made by Mr. Bennett and myself that the conference should be postponed, perhaps until a date in the autumn. They have all replied that they agree to the postponement. They have agreed also to the suggestion that the conference, when it is held, will be a normal, business conference and not part business and part ceremonial as the one would have been next week. It will be held in Ottawa. One or two of the premiers hoped that the postponement would not be long and that perhaps we could have a conference before the autumn.

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): In the case of the province of Quebec, will the Prime Minister indicate with whom he communicated?

Mr. Pearson: Yes, Mr. Speaker; I communicated with the Prime Minister of the province of Quebec.

Mr. Ricard: A further supplementary question. Will the Prime Minister indicate whether it was the elected Prime Minister of Quebec or the late one?

[*Translation*]

Mr. Grégoire: Mr. Speaker, may I put a supplementary question?

Will the Prime Minister tell us with whom he intends to communicate in Quebec concerning the forthcoming federal-provincial conference?

An hon. Member: He just said it.

[*English*]

Mr. T. C. Douglas (Burnaby-Coquitlam): May I direct a question to the Prime Minister. In view of the postponement of the federal-provincial meeting which was to be held on June 16, and in view of the fact many students, if they are to commence their academic year in September, will need to know about scholarships and bursaries, is there any likelihood of the Prime Minister communicating with the provincial premiers and arranging to have legislation introduced this summer?

Mr. Pearson: We will be giving consideration to this matter in the light of the postponement of the conference. I appreciate the factors mentioned by my hon. friend. I point out, however, that in so far as assistance to universities is concerned, which would have been the main subject of the conference, that has already been provided for 1966-67.

[*Translation*]

Mr. Grégoire: Mr. Speaker, I should like to put a supplementary question.

Is it the intention of the Prime Minister to include on the agenda of the forthcoming federal-provincial conference the request of the new premier of Quebec that 100 per cent of direct taxes be returned to the province?

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

[*English*]

[*Later:*]

Mr. T. S. Barnett (Comox-Alberni): I should like to address a question to the Prime Minister arising from information he gave to the house early today about the cancellation of the federal-provincial conference at Victoria, and his reference to certain ceremonial aspects of that conference. Has the federal government given consideration to any alternative means of recognizing the fact that Vancouver Island has had a constitutional link with the mainland of what is now Canada for 100 years?

Mr. Pearson: Mr. Speaker, it was Mr. Bennett's suggestion, in which I concurred, that if the meeting were to be put off for some time—some weeks, as seems inevitable—it should be a conference devoted not only to education but to other matters; that it would take somewhat longer than the one proposed for next week and therefore should be held in Ottawa and not considered in any way

[Mr. Grégoire.]

connected with the important ceremonial occasion to which my hon. friend has referred. We also considered the importance of recognizing that important occasion in some other way.

INQUIRY OF THE MINISTRY

On the orders of the day:

Hon. E. D. Fulton (Kamloops): Mr. Speaker, since we have just been dealing with provincial matters perhaps I could ask the Secretary of State whether her office is aware of a communiqué put out by the centennial committee which advises that 70 foreign and 41 Canadian students are involved in three tours which will end in mid June. If so, I should like to ask the hon. lady why it is apparently not considered that those students should visit the province of British Columbia, the most beautiful and certainly the most politically interesting of all the provinces of Canada.

Mr. Speaker: Order, please. The question should be placed on the order paper.

Mr. Fulton: It is a matter of urgency, Mr. Speaker, because this tour is concluding in mid June. If action is not taken now these students will be deprived of a great advantage. I would ask the hon. lady's seatmate if he would use his charm and influence in connection with this matter.

Mr. Speaker: The minister has noted the representations of the hon. gentleman, I assume.

TRANSPORT

NOVA SCOTIA—SECOND FERRY TO NEW ENGLAND

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): I should like to direct a question to the Minister of Transport. In view of the fact that the survey made by A. D. Margison and Associates has now been made public, is the Minister of Transport in a position to report when a second ferry may be put into service between western Nova Scotia and the United States?

Hon. J. W. Pickersgill (Minister of Transport): No, sir; but perhaps I might be permitted to say that I have some copies of the study to which the hon. gentleman adverted. Though the study was prepared primarily for the government of Nova Scotia, if any hon. member would be particularly interested in having a copy I would be very glad to make one available.

TRADE

COPPER—CALLING OF CONFERENCE BY UNITED NATIONS

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, may I direct a question to the Minister of Trade and Commerce. Has the government received an invitation to attend a conference on copper being held by the United Nations? If so, does the government intend to attend the conference?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, I have seen reference in the press to the fact that the United Nations might be calling a conference on copper. I know nothing more than that, and we have not received an invitation.

ATLANTIC DEVELOPMENT BOARD

AMENDMENT OF ACT TO PROVIDE ADDITIONAL FUNDS

On the orders of the day:

Mr. Robert C. Coates (Cumberland): Mr. Speaker, I should like to direct a question to the Minister of Transport. Is the minister in a position to indicate when we might expect legislation to be introduced which would propose amendments to the Atlantic Development Board Act to increase the amount of money available to that board?

Hon. J. W. Pickersgill (Minister of Transport): I hope, sir, very soon.

Mr. Coates: A supplementary question. Could the minister indicate whether he expects to bring this legislation forward before any proposals which are presently before the board have to be deferred because of the lack of funds of the board at the present time?

Mr. Pickersgill: Mr. Speaker, it largely depends on the co-operation of the hon. gentleman and his friends, and I am sure that will be forthcoming.

An hon. Member: It certainly was yesterday.

AIR TRANSPORT

HALIFAX—REPORTED DIVERSION OF FLIGHTS

On the orders of the day:

Mr. J. M. Forrestall (Halifax): Mr. Speaker, I have a question also for the Minister of Transport but not quite along the same lines. I wonder whether he might be able to clarify for the house, and particularly for the people of Nova Scotia, the reasoning behind the diversion of 150 international flights from the Halifax international airport to other airports owing to the alleged lack of adequate facilities.

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I would first have to clarify myself—

Mr. Speaker: Order, please.

FINANCE

REQUEST FOR REMOVAL OF SALES AND EXCISE TAXES ON COLOUR TELEVISION

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, I should like to direct my question to the Minister of Finance. In view of the unfair competition suffered by Canadian manufacturers of colour television, would the minister consider removing the 11 per cent sales tax and the 15 per cent excise tax?

Mr. Speaker: Order, please.

PUBLIC SERVICE

PROTESTS RESPECTING GROUP B SALARY ADJUSTMENTS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of National Revenue. In view of protests made by the Civil Service Federation of Canada, can the minister make a statement concerning the salary adjustments of group B civil servants, which were to be made retroactive to October 1 of last year?

Hon. E. J. Benson (Minister of National Revenue): Mr. Speaker, I have received a letter from the chairman of the national joint council of the civil service associations objecting to the holding up of some salary revisions in group B with respect to people who are being reclassified. Although I have just received this letter, which appeared on my desk this morning, the matter is under review and will be replied to in the very near future.

Mr. Knowles: A supplementary question, Mr. Speaker. Can the minister give the assurance that these people will not lose their salary adjustments because of the structural changes which are in prospect?

Mr. Benson: Mr. Speaker, I have learned better than to give assurances to my hon. friend from Winnipeg North Centre.

Inquiries of the Ministry

[*Later:*]

Mr. Knowles: Mr. Speaker, I wonder if I may put a delayed supplementary question to the Minister of National Revenue. I appreciate his timidity about giving me certain assurances, and I think I know why, but could he give assurances to the group B civil servants concerned that they will not lose out so far as their pay increases are concerned because of organizational changes that are in prospect?

Mr. Speaker: Order, please. The question is of a very general nature, and I do not think it should be asked at this time.

Mr. Knowles: Mr. Speaker, I suggest it is a specific question related to a protest that the minister received today.

Mr. Speaker: The hon. member for Peace River.

Mr. Barry Mather (New Westminster): Mr. Speaker, I would like to direct a question to the Minister of National Revenue. Would the minister say if he is in a position to answer the question I sent him earlier today with regard to civil service negotiations?

Mr. Benson: Mr. Speaker, I would like to indicate to the hon. member that the representations made by the national joint council will be given every possible consideration.

POST OFFICE DEPARTMENT

WINDSOR, ONT.—REPORTED STRIKE OF EMPLOYEES

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is to the Postmaster General. I wonder whether the minister could tell the house just what is the state of the strike in Windsor which was brought about yesterday by workers belonging to the Canadian Union of Postal Workers?

Hon. Jean-Pierre Côté (Postmaster General): Mr. Speaker, I am not aware of any strike in Windsor. I am sure if it had been anything very serious I would have been notified.

[*Later:*]

Mr. Speaker, in reply to the question by the hon. member for Red Deer (Mr. Thompson) about stoppage of work in the Windsor post office, I would just like to say I am advised that there was really no walkout or strike in Windsor.

[Mr. Benson.]

COAL

NOVA SCOTIA—INQUIRY AS TO ASSISTANCE PROGRAM

On the orders of the day:

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I have a question for the Minister of National Health and Welfare. Would the minister indicate when the government proposes to carry out the policy statement which he made with respect to the $25 million in aid?

Mr. Speaker: Order, please. The question the hon. member has posed is not too clear. Perhaps he might elucidate it somewhat.

Mr. MacInnis (Cape Breton South): Mr. Speaker, apparently it is not that the question is not clear, but that the minister is holding a book and is not paying any attention to the question. I wonder, sir, if you would call to the attention of the Minister of National Health and Welfare the fact that I am trying to address a question to him.

Mr. Speaker: Order, please. The hon. member for Northumberland.

Mr. MacInnis (Cape Breton South): Mr. Speaker, the Minister of National Health and Welfare apparently is not hearing too well.

Mr. Speaker: Order, please. The Chair has recognized the hon. member for Northumberland.

Some hon. Members: Oh, oh.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, the rules of the house oblige me to listen to the hon. member. Surely they do not oblige me to look at him.

Some hon. Members: Oh, oh.

Mr. MacInnis (Cape Breton South): On a point of order, Mr. Speaker—

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

Mr. MacInnis (Cape Breton South): Yes. On the point of order, Mr. Speaker, I realize that the minister is not compelled to answer any question put to him. I should like to ask, sir, in view of the fact that you ruled my question was not properly put, whether you would not now rule on the answer given by the Minister of National Health and Welfare.

Mr. Speaker: Order, please. The Chair recognizes the hon. member for Northumberland.

[*Later:*]

Mr. MacInnis (Cape Breton South): I have a question for the Prime Minister. I would ask him whether the government intends to act on the policy announced by the former minister of labour with respect to the $25 million grant to the Nova Scotia coal industry.

Right Hon. L. B. Pearson (Prime Minister): The position of the government on this matter has been made clear.

Mr. MacInnis (Cape Breton South): Mr. Speaker, I wish to direct a question to the Minister of Finance. Since the Prime Minister has indicated the government's position on the $25 million for the Nova Scotia coal industry; and since the Minister of Transport along with the Minister of National Health and Welfare have made it clear that there is no change of policy in that respect, when will the $25 million be available?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, in all these matters government policy is announced in due course when decisions are made.

Mr. MacInnis (Cape Breton South): Is not the minister aware that this policy announcement was made last October and they are still waiting?

Mr. Speaker: Order, please.

CANADIAN NATIONAL RAILWAYS

INQUIRY AS TO REPORTED IMMINENT STRIKE

On the orders of the day:

Hon. George Hees (Northumberland): I should like to direct a question, Mr. Speaker, to the Minister of Transport. In view of the report in this morning's press that a strike by the Canadian Brotherhood of Railway, Transport and General Workers against the Canadian National is inevitable later this month, can the minister make any comment?

Hon. J. W. Pickersgill (Minister of Transport): The only comment I care to make, sir, is that I hope the report is wrong.

[*Later:*]

Mr. Hees: My question is for the Minister of Transport. Has he or his department received notification from the C.B.R.T. that they intend to take strike action against the Canadian National Railways? If so, what course has the hon. gentleman decided to follow?

Inquiries of the Ministry

Mr. Pickersgill: To the best of my knowledge the answer to the first part of the question is no, and the answer to the second part would follow from the answer to the first. But I will make inquiries.

NATIONAL DEFENCE

NATO—INQUIRY AS TO MEETING OF DEFENCE MINISTERS

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): I should like to address a question to the Minister of National Defence, to save him from complete oblivion. Will the ministers of national defence of the NATO countries be meeting soon to co-ordinate the changes in military matters that are indicated by the present conference of foreign ministers?

Hon. Paul Hellyer (Minister of National Defence): Yes, Mr. Speaker. There is a meeting planned for late July.

Mr. Andrew Brewin (Greenwood): I have a related question, Mr. Speaker. It is close to a supplementary question, and it is addressed to the Minister of National Defence. I have not given him notice, but I am sure he has the information at his fingertips. Is it proposed to integrate the Canadian bases at Metz and Marville from which Canada is to withdraw shortly with the bases in Germany, as reported from Brussels today?

Mr. Hellyer: I indicated to the house earlier that no decision has yet been taken by the government as to what the forces' structure will be in the years ahead and, particularly, what the disposition will be of the headquarters at Metz and the squadrons at Marville.

SPORTS

HOCKEY—POSSIBLE CONTRAVENTION OF COMBINES LEGISLATION

On the orders of the day:

Mr. Ron Basford (Vancouver-Burrard): I should like to direct a question to the Minister of National Health and Welfare; he does not have to turn round in order to see me. It arises out of the wide ranging statement on hockey made the other night. Would the minister refer to the committee making this inquiry Bill No. C-132, which would bring the National Hockey League within the provisions of the Combines Investigations Act? Would he specifically refer this measure to the committee for a decision as to whether the hockey league—

Mr. Speaker: Order. This question is not urgent, and should be placed on the order paper.

[*Later:*]

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare and ask whether the study of hockey, announced by him several days ago, will take into consideration the position of youngsters who, if they wish to play hockey, at the age of 13 or 14 have to sign forms which in effect tie them down to one hockey team.

Mr. Speaker: Order. The question is argumentative, is not urgent, and should be placed on the order paper.

AGRICULTURE

MILK—INQUIRY AS TO DEFICIENCY PAYMENT

On the orders of the day:

Mr. W. M. Howe (Wellington-Huron): I have a question for the Minister of Agriculture. I should like to preface it by saying I hope those westerners haven't got him yet. Is it the intention of the government to pay a deficiency payment to dairy farmers based on 1965 production, as was done in 1965?

Hon. J. J. Greene (Minister of Agriculture): The westerners are still after me but they haven't caught me yet.

With respect to the deficiency payment, the hon. member may have seen the announcement to the effect that since the national weighted average for milk during the past year is more than $3.50 there will be no deficiency payment payable in the current year.

Mr. Howe (Wellington-Huron): In view of the fact that the returns to the cream producers fall far short of the $4 per hundredweight guaranteed by the government, is it the intention of the government to assist the family farms by amending the dairy policy so that cream producers will realize the $4 per hundredweight they were promised?

Mr. Greene: The policy was announced and explained in detail, and I think it speaks for itself. It will certainly provide for a $4 average for manufacturing milk, the highest, I believe, for manufacturing milk in Canadian history. I believe that when we came into office the national average price was $2.80.

[Mr. Basford.]

Some hon. Members: Hear, hear.

[*Later:*]

Mr. W H. A. Thomas (Middlesex West): Mr. Speaker, I should like to direct a question to the Minister of Agriculture supplementary to that posed by the hon. member for Wellington-Huron in connection with the plight of cream producers in Canada. Would the minister be willing to have the prices now being received by cream producers reviewed for the purpose of seeing whether these people are in fact receiving an equitable deal under the dairy support program?

Mr. Greene: Mr. Speaker, we have the prices and the situation under constant review, and if additional action is necessary it will, of course, be announced in the house in the proper fashion.

THE SENATE

INQUIRY AS TO APPOINTMENT FROM PRINCE EDWARD ISLAND

On the orders of the day:

Mr. Melvin McQuaid (Kings): My question is one of extreme urgency and considerable national importance. I ask the Prime Minister whether he can give us any idea when the representation of Prince Edward Island in the Senate will be brought up to full strength.

Mr. Speaker: Order. I doubt that the question is so urgent that it ought not to be placed on the order paper.

TRANSPORT

REQUEST FOR ANNOUNCEMENT OF NATIONAL POLICY

On the orders of the day:

Mr. Robert McCleave (Halifax): My question is for the Minister of Transport. In view of the minister's statement yesterday in Montreal, how soon can this house expect a national transportation policy?

Hon. J. W. Pickersgill (Minister of Transport): A national transportation policy is evolving from day to day.

Mr. Starr: From speech to speech.

Mr. Pickersgill: I hope the house will be able to deal with certain aspects of it in the autumn.

Mr. Fairweather: Is the evolution as complicated as the minister's speech in Newfoundland the other night?

Mr. Pickersgill: No, just as simple and just as clear.

Some hon. Members: Hear, hear.

Hon. Alvin Hamilton (Qu'Appelle): My question is related to the answer just given by the Minister of Transport. It is directed to the Prime Minister. Did the Prime Minister really clear the speech which the Minister of Transport delivered in Newfoundland on Saturday?

Mr. Speaker: Order, please. This question is out of order.

NORTHERN AFFAIRS

REPORTED INTENTION TO SCRAP ROADS TO RESOURCES PROGRAM

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): I have a question for the Minister of Northern Affairs and National Resources. Was the minister announcing government policy in Winnipeg last Saturday when he indicated that the roads to resources program would be scrapped in favour of a national roads policy, with Ottawa doing the planning?

Mr. Speaker: The question is not acceptable in that form. My understanding of the rules is that an hon. member may not ask whether a statement represents government policy.

Mr. Dinsdale: Then may I direct my question to the Prime Minister. Is the government contemplating replacing the roads to resources program by a national roads policy, with Ottawa doing the planning?

Right Hon. L. B. Pearson (Prime Minister): I would have to take that question as notice and consult with the minister concerned.

HOUSE OF COMMONS

SUGGESTED CHANGE IN STATUS OF PROTECTIVE STAFF

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to ask a question of definite national importance, which concerns every member of this house. In view of a press release issued today by a distinguished official of this house concerning security measures on the premises of parliament, and in view of the duties presently performed by the protective staff and the fact that they are practically under military discipline without much right of appeal, can the Solicitor General tell us whether consideration is being given to making members of the protective staff peace officers of the crown?

Hon. L. T. Pennell (Solicitor General): I believe this is a question which should be directed to the Chair, not to the Solicitor General.

Mr. Speaker: According to the rules the hon. member may wish to write to the Speaker about the matter.

[*Translation*]

PARLIAMENT HILL

REQUEST THAT MOUNTED POLICE OFFICERS BE BILINGUAL

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I should like to direct a question to the Solicitor General.

In view of the fact that a large number of French speaking citizens visit Parliament Hill during the tourist season, would the Solicitor General see to it that R.C.M.P. officers on duty on Parliament Hill can speak both languages?

Mr. Speaker: I am sure the Solicitor General has taken note of the hon. member's suggestion.

Mr. Grégoire: Are you sure of that, Mr. Speaker?

[*English*]

DEFENCE PRODUCTION

INQUIRY AS TO DESTROYER ESCORT PROGRAM

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): My question is directed to the Minister of National Defence. In view of the lay-off of 600 skilled men at the shipyard in Saint John and the possible loss of these men to the industry, can the minister give us any up to date information about when we shall finally see the beginning of the revised destroyer escort program?

Hon. Paul Hellyer (Minister of National Defence): I would be pleased to take this question as notice and refer it to the Minister of Industry.

Mr. Bell (Saint John-Albert): Will the minister make a report to the house on the present position of these recommendations in which he has been involved, bearing in mind the lay-offs which are presently taking place in the depressed shipyards of Canada.

Mr. Hellyer: I think this is really a subject for discussion when the estimates of the department are under consideration.

Mr. H. Russell MacEwan (Pictou): Can the minister say when he expects contracts to be awarded for two supply ships in respect of which tenders have already been called?

Mr. Hellyer: Fairly soon, I think; but the question is one which might be placed on the order paper.

Mr. Bell (Saint John-Albert): Ten o'clock for this, Mr. Speaker.

AGRICULTURE

CHAROLAIS CATTLE—REQUEST FOR PERMISSION TO EXPORT

On the orders of the day:

Mr. D. R. Gundlock (Lethbridge): I have a question for the Minister of Agriculture. Would the minister indicate when there may be a decision on the request of the Charolais Cattle Breeders' Association of Canada for permission to export these animals to countries abroad?

Mr. Speaker: Order. I gather that the same question was asked a few days ago, and is listed for consideration in the adjournment debate at an early date.

[*Later:*]

Mr. Gundlock: Mr. Speaker, I realize that probably I did not put my question properly, but with your forbearance I would again like to ask the minister, because time is very short, if there will soon be a decision on this matter of the Charolais cattle. Time is running out, and all I am asking is whether there will be a decision.

Mr. Speaker: Order. I would like to remind the hon. member that the same question was asked a few days ago and a decision was taken that the matter would be discussed in an adjournment debate, which might be tonight.

WAYS AND MEANS

The house in committee of ways and means, Mr. Batten in the chair.

CUSTOMS TARIFF

1. That schedule A to the Customs Tariff be amended by striking out tariff items 945-1, 7905-1, 20925-1, 21045-1, 23505-1, 23705-1, 24100-1, 26325-1, 41105-1, 42205-1, 44043-1, 44047-1, 44125-1, 70500-1, 70505-1 and 84805-1, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting therein the following items, enumerations of goods and rates of duty:

[Mr. Bell (Saint John-Albert).]

Mr. Lambert: Mr. Chairman, unless my memory tricks me this resolution was called on April 22 and there has been no subsequent discussion of it. At least *Votes and Proceedings* would indicate that was the last time it was called, and since the budget debate there has been no discussion on the amendments to the Customs Tariff. I would have thought the minister would have an explanatory statement to make, but due to the haste of his colleagues to carry the items I have to protect the interests of the house.

If the minister is prepared to make an explanatory statement which may obviate some of the questions that I and other members are prepared to put to him, then I am quite prepared to cede the floor to the minister and resume my comments after he has made that statement.

Mr. Sharp: Mr. Chairman, I should say that I propose first to call the resolutions on the Customs Tariff, then on the Excise Tax, and then on the Income Tax.

So far as the Customs Tariff changes are concerned, I would like to refer back to my budget speech when I mentioned that with the Kennedy round of tariff negotiations taking place in Geneva I was proposing few changes in the Customs Tariff this year.

• (3:20 p.m.)

It might help the members of the committee if I were to make some very general remarks about them.

There are four resolutions relating to the Customs Tariff. The first and second resolutions provide for amendments to schedules A and B of the Customs Tariff and contain 18 tariff items. Some of the items are new and for some the coverage is being broadened, while others are merely being continued without change for a further period. The third resolution provides for a technical amendment to an item in schedule C of the Customs Tariff, and schedule C lists the goods which are prohibited entry. The fourth resolution deals with the coming into force of the three previous resolutions.

That is all I have to say by way of general comment on the structure of the changes that are being proposed and perhaps at this point I should sit down and respond to questions.

Mr. Lambert: Mr. Chairman, when we are dealing with Customs Tariff resolutions of the type we have before us they seem to receive relatively little attention from the house and the communications media. I do not understand why it is that there is great attention

paid by commentators and writers of editorials to budgets. There is always a great build-up before the delivery of a budget and a great amount of coverage given immediately following its delivery, but when we come to studying the items contained in detail in the budget, members of the communications media all leave and we see very little if anything written about that study. If one wants to clear this house of people involved in the field of communications one need only speak about budget resolutions and the bills that follow those resolutions. Yet everyone is affected by them.

For many years I have worked on budgets on both sides of this house; yet when I spoke it seemed as though I were almost conducting a monologue, along with a few others including the Minister of Finance. This is an astounding fact when we consider that under the Customs Tariff Act the government receives 9 per cent of its revenue, which is not inconsiderable in relation to attempted raids by provincial governments on the general revenues of the government of Canada. During a recent political campaign certain people asserted that matters coming under the Customs Tariff should be the subject of a dialogue between the government of Canada and the governments of the provinces. In fact, some went so far as to say that trade, and I presume that included matters associated with trade such as customs tariffs, should be the prerogative of the provinces. Of course, I have never heard such utter nonsense in my life.

This country was founded on a constitution which set forth that there should be no obstruction to trade by the provinces. If provinces got their hands on customs tariffs or the deliberations as to customs tariffs or matters of trade we would see the greatest chauvinistic policies ever followed. If ever there was a move to balkanize Canada it would come as the result of moves toward changing jurisdiction in respect of acts such as the Customs Tariff Act.

Let us look at what the minister has proposed in respect of customs tariffs. This year the minister was wise enough to say that he did not propose to do very much in light of negotiations under the Kennedy round. I suggest that the minister proposes to do nothing because nothing happened under the Kennedy round. As a matter of fact, the progress made under that round of talks prior to the delivery of the minister's budget speech was almost nil. In fact, progress, if anything, was retrograde.

When we look at the items contained in the budget, other than those which deal with the automobile agreement which are tied in with sales tax on machinery for the purpose of auto parts manufacturing, we find there is precious little in the over-all that really affects Canada's customs tariff. Let us look at the items in relation to Canada's economy. What does "Feeds for use exclusively in the feeding of trout, on and after July 1, 1968" mean? There is also a reference to July 1, 1966, but what does this actually mean in terms of the economy?

Although the next item may be of interest to the individuals who are concerned, what will the change in "carnation cuttings in their first year of introduction" mean in terms of our economy? There is another item which I suppose will have some effect on small people. It relates to liquorice blocks, granules, paste or powder, not sweetened. What will that mean in terms of the economy?

Then we go from the sublime to the ridiculous in terms of these tariff items. Without casting any reflection on any business that may be connected with this item, move from liquorice blocks to captive balloons having a volume of 150,000 cubic feet or more which are to be used in the logging industry. The members of this house will require some education in this field because I am sure very few here know what this type of equipment is or how it is used. Are these balloons hung onto a mountainside from which a boom is suspended hauling logs out of inaccessible areas? In any event, I am sure that this change will not cost the crown a great deal of money because the use of captive balloons in this industry must be somewhat restricted.

The items also include a number of chemicals and minerals that are again of a kind which are used to a lesser degree than others. There is reference also to guns and rifles of a class or kind not made in Canada, parts thereof. Then there is an item for "oriental rugs or carpets with pile hooked or knotted by hand". This may have some appeal to those with aesthetic tastes, and the minister may want to point out the particular trade agreement under which the tariff reduction on this item was decided. There is a substantial reduction in the tariff here. Again, I think we would want an explanation from the minister as to how he is going to amend the regulations governing a settler's effects. Will this have to do with automobiles and an increase in the valuation of a settler's effects? Before

the resolution is passed we should have some indication from the minister in this regard.

• (3:30 p.m.)

Last year and the year before—when I was on the government side I spoke privately to the then minister of finance about this matter—I wondered why items 44043-1 and 44047-1, dealing with aircraft engines of a particular size, were not incorporated on a permanent basis. I believe we have gone through the performance, in the nine years I have been in this house, of giving an annual extension to these particular items. How long is this to go on? Is this a sort of exclusive pragmatic approach? Those are the only remarks I shall make in regard to the particular items that appear under Customs Tariff resolution No. 1.

Resolution No. 2 deals with the question of drawback. This is a somewhat more important matter and I am sure other members of the house will wish to speak on it because it affects the operations of Canada's automobile industry under the automobile parts agreement when we see that there is introduced a 99 per cent drawback on "machines; precision instruments and apparatus for heat treating, welding, sorting, testing, inspecting or correcting; control panels for use with the aforementioned machines and precision instruments and apparatus; all of the foregoing of a class or kind not made in Canada; accessories", etc. The amendment is:

When used in the plants of manufacturers of automobiles and motor vehicles or of automobile or motor vehicle parts for the manufacture of automobiles and motor vehicles or of automobile or motor vehicle parts; or when used for the manufacture of dies, jigs, fixtures or moulds which are used in the production of automobile or motor vehicle parts.

In actual fact this amendment goes one step back of the actual manufacture or assembling of automobiles or parts therefor in that the minister is including dies, jigs and machine tools that go to make up these automobiles and parts. The comments of the hon. member for Wellington South and others on behalf of the opposition clearly indicated that this would provide some very special relief. I think the minister must be commended for making this change and trying to help our auto parts manufacturers to achieve a position of relative equality with their counterparts and competitors in the United States, because the American manufacturers do not have to pay a comparable sales tax. That amendment is introduced under the Excise Tax Act. There is also the relief from any duty under the Customs Tariff when these machines are not made in Canada. That is all well and good in the event that we want to make the auto parts agreement function in the best possible way.

The third item has to do with certain very important matters, namely, used or second hand mattresses or materials therefrom. I think the minister should enlighten the house why this particular item was negotiated. Was it on behalf of a particular industry? I could talk to the minister about other industries which have made representations as to tariff changes. I know that his officials have had correspondence for instance, with the manufacturers of drilling bits in Canada who are trying to found a small, albeit important, secondary industry in the Canadian oil industry. They are in competition with a much larger industry in the United States. They are in competition with, shall we say, much more entrenched business habits which are in fact restrictive agreements on the part of American manufacturers who have distributing agencies and branches in Canada which lay down restrictive marketing practices. A supply house in Canada, whether it be a branch supply house or an independent Canadian supply house, that wants to handle a particular type of drill bit manufactured in the United States cannot do so unless it agrees that the item will be handled exclusively. This make it very difficult for any Canadian business to get started in this field.

I want to draw to the minister's attention that there are many industries in the oil business in Canada to which in the past certain customs tariff relief has been given. I remember that some five or so years ago a plant producing sucker rods was given protection. This meant the difference between a large plant continuing in business or closing down completely. Fortunately the government of the day saw the wisdom of imposing a reasonable tariff compared with the American tariff. I believe we imposed a tariff of 10 per cent. The Canadian manufacturer could supply the North Dakota field and service it but in the face of a 22½ per cent United States duty.

A great many of these goods come in under a one-way flow. It is all very well to allow commodities to be imported into Canada free of duty, but try to do the same thing into the United States and one runs into a very high tariff wall. One might say that one of the incongruities of the Kennedy round of talks

is the offer to slash tariffs by 50 per cent in respect of certain commodities that may be negotiated. It is very well to say you will slash tariffs from 10 per cent to 5 per cent but this is not really meaningful if the countervailing American duty is 50 per cent or 37½ per cent because cutting that one in half means that the tariff is still relatively very high. Therefore all of the proposals of the Kennedy round of talks have to be studied very carefully; they can be deceptive on the surface.

The next matter I wish to speak about is in the general nature of a discussion with regard to the Customs Tariff as it relates to surcharges and particularly British surcharges. We have read comments that the British government—this was disclosed by the Chancellor of the Exchequer in his most recent budget declarations—proposes that by next November the British surcharges will have largely disappeared. It has been suggested in many quarters, and I would say informed quarters, that the reason these surcharges will be removed is that because of the pattern of British trade they really have not meant too much.

• (3:40 p.m.)

In fact, looking at today's headlines in the financial press one sees "pound hits 18 months' low point". There must be a very serious problem of imbalance of payments. If the pound is now down to the 18 months' low point it means that the customs surcharges are not having the effect of correcting the serious imbalance in British trade. Perhaps the minister will advise us on his thinking in this regard, although I am not inviting him to put himself in the role of the Chancellor of the Exchequer of the British Government. I am simply asking him to indicate to us his thinking on the nature of these surcharges.

He might also tell us what might be the effect on Canadian trade and Canadian customs of the devaluation of the Indian rupee. All these factors are affecting our trade. I realize that all these matters are partly under the jurisdiction of the Minister of Trade and Commerce. However, I am sure that the minister will take into account events which have come to pass since the Budget debate and, after listening to this discussion, will give us his views, because I believe the house and the country are entitled to know precisely what his thinking is in this regard.

As I said at the outset, Mr. Chairman, the Customs Tariff resolution is a relatively short one. The items are relatively inconsequential, with the exception of one or two, and therefore I will limit my remarks at this time to what I have said. I am sure there will be other members of the house who will wish to raise other points on this resolution.

Mr. Scott (Danforth): Mr. Chairman, there is one matter on which I want to ask the minister whether at some stage in the future he will consider making a statement to the house. I suppose that technically speaking it comes partly under the Department of Trade and Commerce but it is of such importance that perhaps the minister will take it into consideration.

I wish to say a few words about the Kennedy round of trade negotiations. When the trade expansion act was passed in 1962 it was greeted with wide acclaim and most parties in this house indicated an interest in it and a desire for Canada to participate. Recently, at the joint interparliamentary meeting in Washington, we had the opportunity to have some very frank discussions with members of the Senate and the House of Representatives concerning the Kennedy round of trade negotiations. Those discussions left us with the distinct impression that there is a very grave danger of the Kennedy round of negotiations ending in failure or becoming completely bogged down. Hon. members are certainly aware that a good deal of Canada's future trade and tariff policy is tied to the success of the Kennedy round.

The trade expansion act expires, I believe, in June of next year, although I am not positive of the date. The information which we received in Washington, and which we could not get here in Canada, was to the effect that the United States has not as yet been told by the European economic community the price which that community intends to set for the entry of U.S. agricultural products into Europe. This is really what the United States is after; they are primarily concerned with gaining access to the European economic community for their agricultural products. According to the United States people with whom we talked, a huge squeeze play is in progress. The European community is dragging its feet and has not yet told the U.S. the price it will demand. All the indications at present point to the fact that the European community will continue to do this until they run out the string, so to speak, until the trade expansion act has almost expired. They will then indicate to the United States the price which they intend to put on the entry of these U.S. products into

Europe. This means that the U.S. Congress will then be faced with the very real problem of trying to arrange for an extension of the trade expansion act.

When that act was passed in 1962 nobody in the United States had any idea of the implications that the provision of the Kennedy round of negotiations might have on U.S. industry. In order to assuage the fears of many Americans the United States incorporated certain forms of adjustment and assistance in the trade expansion act. They were very vague but they were put in to allay fears in the United States regarding the imbalance which might result from actions taken under that act. Of course, in the interval there have been many test cases under this legislation and, as our U.S. friends told us, the legislation has not been successful and is not acceptable any more. Therefore once the renegotiation of the trade expansion act starts there will be a far greater amount of lobbying and pressuring in the U.S. than was the case in 1962. Fears were expressed to us that it will be very difficult to renew the trade expansion act in the same terms and that even if it is renewed, which is probable, the terms will be very different from those adopted in 1962.

I was very impressed with what the U.S. legislators told us. I felt that we got from them a greater degree of frankness and candour than we have been able to receive from successive ministers of trade and commerce here in Canada. We have received glib statements that the round is proceeding nicely and that everybody is happy, that Canada is sharing in frank discussions and that the outlook is bright. Yet when we spoke to the people responsible for the success of these talks we gathered from them that the outlook was one of pessimism and gloom for very obvious practical reasons.

That is why I hope that at some stage we will receive a frank statement from the government regarding its status in the negotiations. I realize that Canada is in a difficult position and that before the completion of negotiations between the United States and the European economic community it will be difficult for Canada to evaluate its position. However, I feel that to some extent we have been misled. There appears to be no second string to Canada's bow. We seem to have hitched our wagon to the success of this round of negotiations. This may not be the case and I would be very glad to have an indication to the contrary from the minister.

[Mr. Scott (Danforth).]

We have always been told since I first came to the house in 1962 that Canada's future trade patterns will embody a rationalization arising out of these negotiations. As I have indicated previously, the information we gathered from our talks in Washington was that the European economic community will keep the U.S. hanging in the air, will then tell them the price to be paid and then the squeeze play will begin in the United States to see whether or not the pressures at home are too great to permit renewal of the act. It seems to me this would pose great problems for Canada because of our dependence on U.S. trading patterns and our proximity to that country. I think that at some time in the future the business community in this country will be most interested in receiving a frank and realistic appraisal of the Kennedy round of negotiations.

Some of my colleagues will speak on other points in the Customs Tariff resolutions regarding such matters as carnations, trout and so on, which are not of great importance. However, there are some broader issues on which we hope to hear from the government at some time.

• (3:50 p.m.)

Mr. Orlikow: Mr. Chairman, at this time I should like to raise a question concerning not what is in the proposals made by the minister but rather what should be in them. I believe the minister ought to explain to the house and the country the reason for this omission. I refer to the refusal of the minister to deal in any way at all, except by ignoring them, with the concrete recommendations made on a number of occasions by the Restrictive Trade Practices Commission. After a careful study of alleged combines the commission recommended that one of the most effective ways of dealing with combines and of guaranteeing that public money will not be stolen by some of the biggest corporations in Canada through combining to raise the prices of the products they sell and to eliminate competition, is to remove the tariff protection these industries have which enables them to mulct the Canadian public of millions of dollars.

Combines legislation in this country is probably more than 50 years old. I suggest that tens of thousands of speeches must have been made by Liberal cabinet ministers and by Liberal prime ministers concerning the wonderful legislation passed by a Liberal government under Mackenzie King, which first proposed such legislation to protect the

rights of the Canadian people and protect them against business concerns getting together to raise prices and eliminate competition. This legislation, Mr. Chairman, has been almost completely ineffectual.

I bring to the attention of the Minister of Finance an editorial which appeared in the Toronto *Star*, a Liberal newspaper which I think needs no defence from me, on August 13, 1964, headed, "Who's Watching The Road"? I should like to read a couple of paragraphs from this editorial dealing with the question of combines:

> The anti-combines legislation is inadequate. The Liberal Party said so when in opposition—indeed they charged that changes made by the Diefenbaker government weakened the law. Yet 16 months after forming a government no amendments are before the House of Commons.
>
> The highest fine that has ever been levied in the history of prosecutions was $25,000 even though parliament removed the limit some years ago. Such fines are little more than a licence to rob when compared to the illegal gains that companies can accumulate during years of price fixing.

In a return made in answer to a question which I asked in 1963 concerning the names of companies which had been prosecuted, I received a list tabled by the then minister of justice running to six pages. The list contained the names of almost 200 companies. I suppose if it were brought up to date, and I believe I have a question on the order paper now asking that this be done, there would probably be at least 300 companies on that list. Some of them are influential and respected companies in Canadian business life such as Canada and Dominion Sugar Company, the KVP Company, Howard Smith Paper Mills, Anglo-Canadian Pulp and Paper Mill.

One could go down the list and find that some of the biggest companies engaged in every type of business and commerce have been found guilty of violating the anti-combines legislation. The largest fine ever assessed was $25,000, although the law permits more. Never in the history of Canada have we followed the example of the United States when several years ago, in a case having to do with electrical companies, a number of the officials of those companies were sent to jail for a month. I am sure that for highly influential and respected businessmen this must have been a rather traumatic experience. We have not followed that course. Our legislation has been to a large extent not only ineffective but really a hoax.

One of the few things we could do if we meant business would be to exercise our right to remove the tariff concession in the case of an industry guilty of violating our anti-combines legislation. In 1962, following an exhaustive study, the Restrictive Trade Practices Commission, after looking into the question of the acquisition by Bathurst Power and Paper Company of Wilson Boxes Limited, recommended that appropriate tariff changes ought to be made to restore competitive conditions in the supply of containerboard and shipping containers. This was one of the recommendations of that commission. Yet when I asked the minister whether the government was considering implementing that recommendation his answer was, as found in *Hansard* of June 1, page 5814:

> Yes, the restrictive trade practices commission did make a recommendation along these lines. This recommendation, together with other recommendations which have been made by the commission on tariff matters, is being studied in connection with international trade negotiations.

That means precisely nothing. It means that this is a bargaining point for Canadian negotiators. It means the government is not prepared to use the removal of tariffs as a means of getting companies which have been tried and convicted of violating our combines legislation to toe the line, to live up to the law. It is not surprising, therefore, that the Winnipeg *Free Press*, with which I do not often agree, contained an article on June 2, 1966, written by Maurice Western, with regard to the answer the minister gave to the effect that what the government was doing was studying this specific recommendation in connection with trade negotiations. Mr. Western said:

> It is precisely what all Canadian governments have done. They have treated the tariff provisions as so much window dressing. It may appear to the consumer simple justice that a firm which abuses the tariff privilege should lose it. But the official view has always been different. It is proper, evidently, that the organizers of combines should be punished by fines but improper that they should be deprived of the protective barrier which permitted them to combine in the first place.

This is not the only illustration. I do not pretend that I have made a definitive study but I made a quick check this morning of some reports made by the Restrictive Trade Practices Commission and I should like to refer to one in 1952 dealing with rubber products. I shall quote just a few lines from page 683:

• (4:00 p.m.)

> Another detrimental aspect of the arrangements is related to tariffs: There is substantial tariff protection on most of the products with which the arrangements are concerned. It was of particular

significance in respect of certain mechanical rubber goods and tires and tubes. Now when domestic manufacturers are competing behind a tariff barrier, the tariff is serving its intended purpose of protecting the domestic industry against prices from without the country which the domestic industry, in spite of reasonable efficiency, cannot meet or better—

They go on to suggest that when the tariff is used to hold the price up this is improper and the tariff ought to be removed or reduced. This report was published in 1952, 14 years ago, but there has been no action to date.

In the report on fine papers in 1953 the Restrictive Trade Practices Commission made the following recommendation at page 413 of the report:

It would appear likely that a modification of the tariff would have a substantial tendency toward the restoration of freedom of opportunity for entry into the wholesale fine paper trade, which has hitherto been so closely restricted, and would assist generally in the restoration of competition throughout the industry and trade.

I am sure the minister is concerned, as he should be, about the fact that the party he represents has only one seat in the three prairie provinces. This is not surprising because one of the factors of life in western Canada is that on the whole its people are purchasers of manufactured goods. We have to pay the price which industry in eastern Canada charges, industry operating behind the protection of tariffs.

We do not object to that, Mr. Chairman, because we realize it is necessary. But we do think, in fact we know, that Canadian industry like every other Canadian businessman, farmer, or worker should be required to observe the laws of Canada. The anti-combines legislation is just as much the law of Canada as laws having to do with picketing in labour disputes, laws having to do with goods and services or laws having to do with the provision of required standards for products.

As I said earlier, Mr. Chairman, the anti-combines legislation has been on our statute books now for 50 years. The people of Canada know from experience that this law is not very effective. The right of the government to impose and to remove tariffs is the only effective weapon the government has in this regard. Yet the Minister of Finance, like past ministers of finance, has refused entirely to use this weapon.

I believe that rather than the minor changes he is recommending today the minister should take another look at the question. I think he ought to look at the recommendations made by the Restrictive Trade Practices Commission over the years as a result of inquiries it has conducted into almost every aspect of Canadian business life. If the minister means to enforce the law and if the government means this legislation to be more than a law gathering dust in law libraries across Canada, the minister ought to use the power he has to adjust the Customs Tariff so as to make Canadian companies which have been guilty of violations of the anti-combines legislation live up to that law.

[Mr Orlikow.]

Mr. Nielsen: Mr. Chairman, I have one or two simple questions I should like to ask the minister which he could perhaps answer now.

The item listed in the resolution as 44043-1 contains these words:

Aircraft, not including engines, under such regulations as the minister may prescribe:—

Then it continues:

—44043-1—When of types or sizes not made in Canada.

The following item deals with the same subject matter. My understanding—and perhaps it is because of my lack of appreciation of the complexities of budget resolutions—is that the tariff is intended to protect the type or size of aircraft made in Canada. Yet we have two tariff items here which are purportedly placing a tariff upon types or sizes of aircraft not made in Canada, a tariff which apparently would be imposed upon every aircraft imported into Canada. Would the minister explain those two items before I make my representations on the imposition of the tariff to the minister.

Mr. Sharp: Mr. Chairman, perhaps I might deal with the specific question put by the hon. member for Yukon. These tariff items dealing with aircraft and aircraft engines relate to the renewal of free entry under the most favoured nation tariff for another year. They do not impose anything; they renew free entry for another year for items which would otherwise be subject to duty. Both of these items were established in 1952 and have been periodically renewed since then.

Mr. Nielsen: At the same rate?

Mr. Sharp: Free. The Air Transport Association on behalf of aircraft operators and the Air Industries Association representing the producers both support the extension of free entry for another 12 months. May I say in answer to the general question which the

hon. member put to me that the reason many items of a class or kind not made in Canada are in the tariff and subject to duty is that they might be made in Canada, and the duty provides some protection for industries which might want to establish.

Mr. Nielsen: Then the representations I have can be confined to the imposition of a tariff of 15 per cent, which I believe is the rate charged now, on aircraft of a class or kind made in Canada, 4,000 pounds or less gross weight. I refer to the tariff which I believe was increased either from zero to 15 per cent or from 10 to 15 per cent as soon as Found Brothers commenced manufacturing their aircraft. I believe their first aircraft was placed on the market last summer.

I presume that the increase was brought about by a regulation which the minister was empowered to make. But I would draw to his attention, and through him to the attention of the government, an aspect of the matter which was perhaps not fully considered when this tariff was imposed. While it is a laudable objective to protect Canadian industry, particularly in this field, in the manufacture of aircraft of this class or kind or any other class or kind, there is another industry in the country which is being harmed by the imposition of this tariff, the general aviation industry.

I speak as one who comes from an area where a good many aircraft, most of which are of a class or kind of less than 4,000 pounds gross, are required. The industry in that particular area of northern Canada and also in the northern portions of the provinces now finds itself in the position of being penalized if it wishes to purchase an aircraft for use in the charter business of a size or class of 4,000 pounds or less gross unless it is a Found Brothers machine.

• (4:10 p.m.)

I believe that a safety factor has been worked into the regulation in that Found Brothers must take 10 per cent of the market before the tariff is attracted. I am sure the minister will see immediately that all that is required in order to upset this formula is for one well-heeled distributor to purchase 10 per cent of the total number or dollar value of aircraft of that class or kind imported from the United States or anywhere else. This is not too difficult since the number of aircraft in this class that are imported is in the neighbourhood of 150 to 250 a year. It is not too difficult to concede that one dealer could purchase 15 to 25 aircraft.

My main point to the minister is that the general aviation industry in Canada, particularly in those areas where these types of aircraft must be used in operations, is being harmed. The objective here is laudable enough but so is the objective of providing vital communication for our northern areas. We cannot say generally to the aviation industry, to all departments of government involved and to commercial and industrial enterprises endeavouring to supply and open up the Canadian north: You must use a particular type of aircraft. This is the kind of result that this tariff is having on the aviation industry generally in these areas.

Mr. Sharp: Mr. Chairman, as the hon. member for Yukon has recognized in his remarks, the application of duty to this particular aircraft was an administrative ruling founded upon the law which has been on the statute books for many years.

I might say to him that when an application or a request for tariff protection of this kind based upon a classification of "made in Canada" is received from a Canadian manufacturer, extensive inquiry is made by the Department of National Revenue for the purpose of determining whether an item should be transferred from "not made in Canada" to "made in Canada". These rulings are usually based upon a minimum supply of 10 per cent of the known market. The department endeavours to satisfy itself about this. Before it made its ruling on January 12, 1966, with regard to this aircraft it made a very thorough investigation and satisfied itself that the aircraft in question is being produced in Canada in a quantity sufficient to justify its classification as of a type or size made in Canada.

By way of further explanation may I say that until that ruling the only aircraft ruled to be of a type or size made in Canada, and thus subject to the 15 per cent most-favoured-nation duty, were single engine, fixed wing aircraft having a gross weight of 4,500 to 8,000 pounds. Pursuant to this administrative ruling the "made in Canada" ruling was extended to cover high wing, fixed undercarriage, single engine aircraft having a gross weight of 2,701 pounds to 3,300 pounds, but all aircraft engines are ruled to be of a class or kind not made in Canada.

Mr. Nielsen: I have a couple of questions I should like to ask the minister or perhaps he

could comment on what I have to say. By placing a tariff on this class of aircraft there have been excluded from equality of market availability to industry in the north aircraft such as the Cessna 185 which is extensively used in the north, the Cessna 180, the Cessna 172, the Cessna 140, the Stinson Voyageur, the Stinson Station Wagon, the Super Cub, the Piper Cub and a host of other aircraft. This has been done in favour of one aircraft. What is happening is that the industry is being forced either to use one particular aircraft or pay a 15 per cent penalty if that aircraft is not used.

Mr. Sharp: I can assure the hon. gentleman that his representations will receive very serious consideration.

Mr. Dinsdale: Mr. Chairman, on the last point I heartily concur with what the hon. member for Yukon has said. I might also mention to the minister that the point raised is applicable to those flying in the south.

An hon. Member: And in the east.

Mr. Dinsdale: And in the east. We do not want to go to all points of the compass today. I was differentiating between the peculiarities of flying in the north and flying in other parts of Canada.

An hon. Member: Flying club activities.

Mr. Dinsdale: Yes. The flying clubs across Canada have made a very significant contribution over the years to the progress of aviation. I am not going to make a long speech about how important they have been in peace and in war in terms of transportation and the development of the general economy.

It is the flying clubs which in the past have largely been, and are at present, the source of supply of adequately trained pilots. We are well aware that there is a shortage of pilots at the moment in Canada. That has been dealt with in the house. Because there is a shortage of pilots, we are faced with a situation in relation to national defence which compels us to provide a financial incentive and inducement for military pilots to remain in the Canadian defence forces.

Any adverse financial penalty, such as the one in the administrative decision that has been referred to, works adversely with regard to the operations of flying clubs. I am sure that the minister will take this into consideration in his review, because we do have a chronic shortage of trained pilots at the moment.

[Mr Nielsen.]

May I draw one other aspect of flying to his attention. Flying is becoming to an increasing extent an important part of farming in western Canada. The flying farmer movement is growing by leaps and bounds. Aircraft are used in spraying and in other activities. Just two weeks ago I attended a flying farmer fly-in and was amazed to see the tremendously increased interest of our prairie farmers in the use of small, light aircraft in their farming operations. I am sure that the minister will also take this fact into consideration as he carries out his annual review with respect to this matter.

Mr. Nesbitt: I have a brief question, Mr. Chairman, and it concerns carnation cuttings. I see it is suggested that carnation cuttings be allowed in free of tariff whereas previously there has been a small tariff. Could the minister tell us why carnation cuttings have been considered as opposed to other flowers in commercial use such as roses and the like?

• (4:20 p.m.)

Mr. Sharp: As the hon. gentleman has, I think, noted, the only change in this item is the deletion of the word "rooted" which formerly appeared before the word "carnation". The effect is to provide free entry for unrooted as well as rooted carnation cuttings.

The reason we did this was that we had received representations on behalf of those who wished to obtain unrooted cuttings. This amendment was supported by the Canadian Horticultural Council. It is understood that no Canadian firm is engaged in the business of growing carnation cuttings. I would suggest to the hon. member that there might be firms which would have been prejudiced had we extended similar treatment to other forms of cuttings.

Mr. Prittie: The point I wish to raise has to do more with administrative arrangements than with the actual legislation concerning the Customs Tariff. I have in mind the difficulty which some Canadian firms experience in their efforts to obtain specialized production machinery, particularly when there is little demand for the type of machinery in question. As I understand it, if such firms wish to obtain a tariff advantage they are required to find out first whether there is a Canadian supplier of the machines they wish to purchase. One of the departments, either the Department of Defence Production

or the Department of National Revenue, provides some assistance by furnishing lists of Canadian manufacturers or suppliers.

As usual I have a particular case in mind. Hon. members usually do when they speak on a subject of this kind. The party concerned had followed this procedure, had obtained the list of possible suppliers and made contact with them. I might add that this takes a great deal of time. Eventually a possible supplier was found and, as sometimes happens—this is one of the problems of our geography—the possible supplier was located in Quebec while the party I have in mind was established on the west coast. Nevertheless contact was made. Only later was it discovered that the firm supplying this equipment was not geared to making the size specified.

The point is that a considerable time necessarily elapsed before it could be determined that there was no Canadian supplier of the type of machinery required. It is true the department made assistance available but I am wondering whether arrangements could be made to speed up this whole process.

When it has been determined that the article required is not made in Canada, the customer can go ahead and import it, usually from the United States, at the tariff advantage. However, as I have shown, a great deal of time is consumed and I wonder whether the process could not be shortened.

There is another question I should like to raise briefly with the minister. I notice in looking at this list that of the items which are not made in Canada some enter free and others are subject to various percentages of duty. If an item is not made in Canada I am somewhat at a loss to know why there should be a customs tariff at all, particularly on production machinery which, of course, is used to create more wealth in this country.

I suppose the question I am really asking is this: To what extent is the customs tariff a revenue resource for the country? Is this the purpose? It seems to me it must be the only purpose because if an item is not made in Canada and it is used for production there can be no other point in imposing a tariff at all. I am inclined to think that all goods of this type should be free to enter without any tariff being imposed.

Mr. Sharp: Perhaps I may reply to the two specific questions raised by the hon. member for Burnaby-Richmond and then go on to comment on earlier remarks made during the discussion.

I am assured by the official from the Department of National Revenue who is sitting in front of me today that the process of determining whether the goods are made in Canada has been speeded up considerably in recent years and that endeavours are being made to make the process even more rapid than it is today. So there is really no difference of view between the hon. member and the government on this point.

The hon. member asked why customs duty should be applied to articles not made in Canada. First of all, although this is becoming less and less important, there may be some useful revenue to be derived from this source even if the customs tariff is no longer regarded as a source of revenue—

Mr. Prittie: I specified production machinery.

Mr. Sharp: Even in the case of production machinery there might at one time have been a reason for imposing duty as a source of revenue in days before our tax laws became as sophisticated as they are today.

However, there is another reason for imposing a tax in some instances on goods not made in Canada. I would not say this argument necessarily applies to production machinery. It affords a small amount of protection to a manufacturer who wishes to get started in Canada in the period before he is able to obtain a "made in Canada" ruling. This is a device which has a good deal of historical validity. I have known instances where manufacturers might not have been prepared to take the initial risks of getting started had they not enjoyed some measure of protection during the early years of production.

This brings me to another point which has been raised by a number of speakers in this discussion, namely, why there is so little in the list of items included in the budget affecting the Customs Tariff. The reason is the one I gave at the beginning of my remarks today, namely, that we are engaged upon the most extensive tariff-cutting exercise in our history and we are using in our bargaining whatever bargaining levers we have to the maximum extent.

I am one who believes in freer trade and it has been my endeavour both before being in politics, at least as an elected member, and while I have been a minister, to press in favour of freer trade. I have had to recognize, as have many others in this field, that it is important to this endeavour to obtain as

many concessions as one can from the countries to which Canada is selling goods. So while it might be advantageous to Canada to reduce its tariff on a particular item it is more advantageous if Canada can both reduce its tariff and bring about the reduction of tariff in a country to which we can sell.

• (4:30 p.m.)

This in general is the reason why it is not desirable to make unilateral tariff cuts even in cases where we have recommendations from the Restrictive Trade Practices Commission. If we are going to make these cuts it is better that we use them to obtain concessions in foreign markets. If we make them unilaterally we will get no thanks or reciprocal concessions.

A number of comments have been made on the Kennedy round. The hon. member for Danforth spoke about the briefing that the Canadian members of the interparliamentary group received when they were in Washington recently. I wish I had been there; I am sure I would have profited as much as they did.

It was clear from the beginning that this was going to be a difficult exercise but I have always felt, and so has the government, that Canada should co-operate to the utmost in ensuring its success. I do not think I have ever been other than realistic in my assessment of the chances of success, but I do not think it would be in Canada's interests, nor in the interests of the success of the Kennedy round, if we were to talk in any way that would suggest that the Kennedy round may fail and that we should be looking about for alternatives.

That would only indicate we had lost confidence. I do not think that would be in the interests of the success of these negotiations and I for one would not want to be party to any statements of that kind. I do believe that Canada should continue to support the Kennedy round. I know that progress is being made. I believe that one can be somewhat more hopeful now than one could have been even a few weeks ago about the ultimate success of the negotiations.

Mr. Rynard: The minister has partially answered one of my questions which has to do with an automotive parts company that rebuilds motors. The man who owns it tells me he is finding it difficult to be competitive. The motors come in free under the auto pact agreement but the parts he imports for rebuilding them are taxed. He thinks this will put him out of business and I am wondering what consideration has been given to people in that plight.

I am sure the minister knows about Lake Simcoe Industries which manufactures small parts for sale to General Motors, Ford and other companies. They feel they are being pushed out of business because of transport costs, and a lot of their work is being sent to their parent company in the United States. This may be the pattern in Ontario, Quebec and other provinces and I ask whether something can be done to help. We give aid to depressed areas. Surely we could give some help to the manufacturers of small parts.

Mr. Sharp: Mr. Chairman, the whole question of the effects of the automobile agreement upon industry has been engaging the attention of various departments of government for many months. In the proposals that are before the committee, indeed not only those relating to customs tariffs but those relating to excise taxes, we have tried to do what seemed to be feasible and possible to relieve the situation and to improve the bargaining position of Canadian manufacturers. We had to recognize from the beginning that there might be some casualties. But we did know, and this has certainly been justified by events, that there would be a far greater expansion in output in Canada than the contraction that would take place as a result of the falling by the wayside of certain industries.

We are continuing to study this problem. The measures proposed in the budget and now under discussion will help a bit and we are continuing to explore other possibilities that do not necessarily require changes in the law.

Mr. Barnett: Mr. Chairman, I wish to speak about the importation of face respirators, a matter which may involve a minor amendment to the Customs Tariff but not one which would involve many people and certainly not one that would involve a substantial amount of revenue to the crown. Nevertheless the argument is one that can be justified on sound grounds.

A number of years ago the son of one of my constituents contracted a serious illness as a result of polio and had to spend an extensive period of time in the Pearson Hospital in Vancouver, a hospital which endeavours to provide rehabilitative treatment

for polio victims and the necessary care they require. The son has remained almost completely paralysed and has to wear a respirator at all times unless he is in a rocking bed.

His family desired to have him home from time to time and made arrangements to secure the necessary equipment for his treatment at home. Inasmuch as the hospital was not able to provide the rather expensive equipment, the family bought a rocking bed and a respirator and later, to ensure that there was no risk in having their son at home, acquired a second respirator. This equipment costs roughly $1,500 when purchased from the makers in Denver, Colorado.

This situation came to my attention when both of the respirators went out of order rather suddenly and the family had to make a request for a rush shipment by air of a temporary machine while the two they had were sent for repairs. The family discovered that even though the temporary machine was imported on a loan basis it was theoretically necessary for them to pay the full import duty on the machine. However, after some negotiation with the department they were able to have the matter adjusted and except for a deposit of $25 the duty was waived. Inasmuch as the repair of their own equipment had not been completed and the machines returned within 30 days they had to make an application for renewal.

• (4:40 p.m.)

As I understand the existing law, if equipment of this sort is imported into Canada by a public hospital it comes in duty free. However, when the same equipment is imported by a private individual apparently he is liable to the tax. If the machines are shipped to the manufacturer, the only people apparently who can effect the necessary repairs, tax has to be paid on the value of the repairs each time they are required. This appears to me to be unfair and unreasonable under circumstances where the family faces a terrific expense over a period of years. That family must pay the tax whereas a hospital requiring similar repairs for its machines does not.

I have in my hand a letter dated December 29, 1965 over the signature of E. E. Burridge of the port administration branch, written to one of my constituents in answer to an inquiry he made. I should like to quote a part of it to indicate that my suggestion that some amendment is required is borne out by an opinion of the national revenue department. The letter states in part:

> As indicated in our previous letter the best possible treatment that may be accorded when an article is returned to Canada after being repaired in the United States is assessment of sales tax on only the value of the repair work. There is no provision in the customs law under which this assessment or payment of tax on repair parts may be waived. Any further relief from payment of tax would require a change in the legislation.

It seems to me, in a matter of this kind which obviously involves only a very minor change in the existing legislation, that on a purely humanitarian basis, if on no other, this is something which the minister might readily accept.

I am no authority on the ins and outs of entry documents but on the entry document in respect of this case there is listed "one carton—face respirator", and the tariff item applied is noted as being No. 41024-1. This document relates to the importation of a loan machine. It indicates that the arrangement is similar to what I stated earlier in that the levy is only $25. It also has on it the words, "authority for one-sixtieth entry attached." The tax exemption is allowed because of special circumstances relating to this being only a temporary importation.

It is my submission that in cases where machines of this kind are brought in on a temporary or loan basis or for that matter for the permanent use of a patient in Canada, a family desirous of importing such equipment should be on all fours with public hospitals. I cannot envisage any likelihood of abuse of this privilege by individuals inasmuch as no one is going to want equipment of this kind unless he really requires it.

The importation of equipment for the purpose I have described could be authorized by hospital authorities who would indicate that the equipment was necessary. Would the minister indicate whether he is prepared to give some consideration to making this minor but very humane change in the customs law?

Mr. Sharp: Mr. Chairman, a number of representations similar to those made today by the hon. member who has just spoken have been received by my department not only recently but over a period of several months. As a result the question relating to appropriate tariff treatment to be applied to equipment of this kind has been referred to the Tariff Board for report. This matter is important and I assure the hon. member that as soon as the Tariff Board has reported we

will consider specifically the kind of case he has mentioned today.

Mr. Barnett: I should like to ask one further question in relation to the reply made by the minister. May I take it from what he has said that, subject to the Tariff Board report, this will be an item which he will be prepared to consider for inclusion in the next set of Customs Tariff resolutions accompanying the presentation of the next budget?

Mr. Sharp: I hope that the Tariff Board report will be brought down in time for the next budget. Perhaps I should add that not only is the question of rates being considered by the Tariff Board but also the scope of the exemption that should apply.

Mr. Nesbitt: Mr. Chairman, I should like to bring one matter to the attention of the minister which I am sure has been brought to his attention both inside and outside this house on previous occasions. Perhaps he can give us his ideas or thoughts in this regard.

Since the automobile pact came into force a situation has arisen which is causing genuine hardship to some automobile parts manufacturing companies which could be corrected in a relatively easy way. A number of independent Canadian owned automobile parts manufacturers could very well compete with their United States competitors except for one reason related to the present consideration. It is very difficult sometimes to obtain production machinery because of long delays on the part of Canadian manufacturers in filling present orders. Has the minister given any consideration to some sort of legislative change whereby if a manufacturer of automobile parts could show that it was not possible to obtain production machinery of a class or kind manufactured in Canada within a reasonable time relief could be provided in the payment of tariff on the importation of such machinery?

• (4:50 p.m.)

I am sure the minister is aware that very often a company may require a machine for a particular production process and be told that it is not possible to obtain the machine for 18 months or even two years. Such machine may be obtainable perhaps three or four months earlier from the United Kingdom or the United States but, of course, there is a considerable tariff on such machinery coming into this country provided similar machinery is made in Canada. In view of the present circumstances, wherein orders in Canada often fall far behind reasonable delivery dates because of excessive demands, people are being penalized in their attempts to compete with their competitors in the United States and elsewhere because of the extra tariff.

I realize that this situation may not always exist in the future and for this reason I would not suggest to the minister that there be a permanent change in the Customs Tariff regulations. But while this situation does exist, while production facilities in Canada are lagging behind with respect to delivery because of the failure to obtain a particular machine, the minister might suggest to his colleagues that when the Budget bills are introduced they include legislative provision to relieve the payment of customs duties in these circumstances.

Mr. Sharp: Mr. Chairman, the general answer to the question put by the hon. member is yes. The government has been giving consideration to this particular point, not with relation to motor vehicle manufacturers but parts producers. There are instances, as the hon. member has said, where machinery held to be of a class or kind made in Canada is not in fact available in a reasonable time from Canadian sources, and this very question is under the most careful examination.

[*Translation*]

Mr. Mongrain: Mr. Chairman, I have one suggestion to make; it is somewhat out of the ordinary and though it may not be of major importance, I think it is deserving of the minister's attention.

I gather from the contents of the file that the minister is already informed and that he intends to deal with it. If I bring it up, it is simply to call the attention of the house to certain cases, possibly marginal cases, and also to insist once again, so that it will not be forgotten when the next budget is being prepared.

It is a suggestion which, I thought, concerned the Department of National Revenue, but after discussion with the head of the department, it was decided that this came under the Department of Finance.

To state the case clearly, I am taking the liberty of reading a request that was made to me by a group of English speaking citizens in my constituency. I think it is the best way to explain what I have to say.

I quote:

[*English*]

I understand that a person can receive "an unsolicited gift" from a person outside the country up to the value of $10 duty free. This regulation

apparently has been in effect for many years. If this is so, a gift costing $10 ten years ago would cost much more today, and therefore a gift that would have come in free ten years ago can no longer enter the country free.

(*Translation*)

I now come to the most important part of the letter.

[*English*]

Second, I understand there is a ruling that an article 100 years old can be considered an antique, and in consequence can be brought into the country duty free. However, the wording of the law does not state 100 years old at date of entry into Canada, and must therefore be interpreted as 100 years old at date of making the regulation. Therefore if this regulation was passed say in 1954, the article would have to be 112 years old now instead of 100 years old.

This situation arose through the conversation of an employee of the customs department, who claimed it caused problems to try to establish the date of manufacture, rather than that it was approximately 100 years old.

[*Translation*]

Such is the core of the suggestion. Obviously a major amendment to the act is not involved, it is rather a question of detail, the effects of which are rather sentimental. I wonder if this is not the time, while the resolution is before us, to point out to the minister that there are undoubtedly grounds for an amendment.

I believe that such is the intention of the minister, as I said a moment ago. It is not for me to suggest that this is the proper time, or that it should be done next year when the budget is being prepared, but if those who are versed in procedural matters suggest that this could be embodied in an amendment, it might be just as well to do it now. I have a letter from the minister in which he says, once again, that he intends to deal with this.

That is the only suggestion I wanted to make, Mr. Chairman.

[*English*]

Mr. Orlikow: Mr. Chairman, I want to turn for a moment to the matter which I raised earlier because, frankly, after the minister's answer I am as confused as I was before. The minister is in theory at least, as a member of the Liberal party, a believer in free trade. I must say that I am in theory neither a free trader nor a protectionist. I believe in using the tariff to benefit people to the maximum degree. If the tariff helps, fine. If it does not help, we should not have it.

I can understand the minister's general argument that we should not unilaterally reduce all tariffs, that we should reduce our tariffs in respect of other countries as they reduce their tariffs in respect of Canada. That makes a good deal of sense. However, I was not dealing with the question of tariffs in general at all. I was dealing with the specific case of industries or businesses which have been found guilty by the restrictive Trade Practices Commission, and in some cases by the courts, of violating the law by combining to increase prices, to overcharge the public, to steal from the public.

I should like the minister to explain to me why, if he used the power he has to remove the tariff in a particular case, not every Monday and Thursday, not even every week but once every four or five years, he feels this would affect the ability of Canada to negotiate tariff reductions and concessions with other countries. It seems to me, as I said earlier, that the one provision of the anti-combines legislation which the government can use effectively, if it really means its protestations about wanting to keep prices down and seeing that industry does not combine to raise prices, the one club it has —perhaps the minister does not like that word but sometimes business has to be clubbed—in trying to achieve this objective is the threat to wipe out the tariff or reduce it unless industry lives up to the law. Also, unless the threat is followed occasionally by action it is useless. I should like the minister to explain to me how this would hurt the general negotiations which have to be carried on.

Mr. Sharp: Mr. Chairman, perhaps I could answer this question by pointing out that in engaging in the Kennedy round Canada is not following the practice of the United States, the United Kingdom or the main industrial countries of Europe. We are not proposing to offer an across-the-board cut in our tariffs in response to an across-the-board cut in tariffs of our principal markets. We negotiated at the beginning from the position that an across-the-board cut of 50 per cent in our tariffs would be far more beneficial to the countries with which we were negotiating than a 50 per cent cut in their tariffs would be to us.

• (5:00 p.m.)

We therefore obtained international agreement to the proposition that we should be authorized to offer concessions of equivalent value. This is a matter of judgment. In the offers that we are making we are proposing specific cuts in specific tariffs and therefore every item in our offer has a value. That is

why I said I was very reluctant to make unilateral cuts in our tariffs which I might be able to use as offers in the international negotiations in which we are now engaged. Indeed, I am sure it is no secret or a surprise to hon. members who are familiar with international negotiations that the first offer we made was not considered adequate and therefore we have had to increase our offers so as to gain an adequate response. Otherwise our customers will begin cutting back on concessions that are particularly valuable to us.

That is why I have no hesitation in saying that I think it would be inadvisable at this particular stage for us to make unilateral cuts on individual items, even for worthy purposes such as those which have been put forward by the hon. member for Winnipeg North, and that it was prudent on our part to include such items in the bargain that we are attempting to strike in Geneva.

Mr. Orlikow: What the minister is saying, not to me but to those companies which have in the past and are probably at the present time getting together in combines to increase prices to the consumers of Canada, is that one thing they do not have to worry about is the possibility that he will reduce the tariff and make them compete with producers and suppliers from other countries. The minister is saying to them that no amendments will be made to the anti-combines legislation and the worst they will have to worry about is a very small fine of $10,000, $15,000 or $20,000. Since 1939 about 300 business enterprises have been fined. They will be very interested in the remarks of the minister because he has given them a licence to continue to steal from the public.

Mr. Sharp: Mr. Chairman, of course I quite disagree with what has been said. What they face is the possibility of a cut in the tariff.

Mr. Orlikow: When?

Mr. Sharp: In the negotiations which I hope will soon be successfully concluded.

Mr. Orlikow: But in the illustration I gave the recommendation of the Restrictive Trade Practices Commission was made four years ago. I suppose this is something similar to the 60 days about which the Prime Minister spoke two elections ago. The word "soon" seems to mean forever so far as this government is concerned.

Mr. Sharp: If we can obtain the results that are promised by the Kennedy round I do not think that a negotiation lasting two or three years is very long.

Items 945-1, 7905-1, 20925-1, 21045-1, 23505-1, 23705-1, 24100-1, 26325-1, 41105-1, 42205-1, 44043-1, 44047-1, 44125-1, 44725-1, 57210-1, 70505-1, and 84805-1 agreed to.

Resolution agreed to.

Resolutions 2 to 4 inclusive agreed to.

EXCISE TAX ACT

That it is expedient to introduce a measure to amend the Excise Tax Act and to provide among other things:

1. That effective March 30, 1966,

(a) dies, jigs, fixtures and moulds,

(b) patterns for dies, jigs, fixtures and moulds, and

(c) tools for use in or attachment to production machinery that are for working materials by turning, milling, grinding, polishing, drilling, punching boring, shaping, shearing, pressing or planning,

when for use by manufacturers or producers directly in the manufacture or production of goods, be exempt from sales tax.

2. That the combined rate of tax under the said act and the Old Age Security Act on the following goods (other than goods described in paragraph 1) shall, effective April 1, 1967, be reduced to 6% and effective April 1, 1968, be reduced to zero, namely:

(a) machinery and apparatus sold to or imported by manufacturers or producers for use by them directly in the manufacture or production of goods,

(b) equipment sold to or imported by manufacturers or producers for use by them for exhausting dust and noxious fumes produced by their manufacturing or producing operations,

(c) safety devices and equipment sold to or imported by manufacturers or producers for use by them in the prevention of accidents in the manufacture or production of goods,

(d) equipment sold to or imported by manufacturers or producers for use by them in carrying refuse or waste from machinery and apparatus used by them directly in the manufacture or production of goods,

(e) gasoline-powered and diesel powered self-propelled trucks mounted on rubber-tired wheels for off-highway use exclusively at mines and quarries.

(f) internal combustion tractors, other than highway truck tractors, for use exclusively in the operation of logging, such operation to include the removal of the log from stump to skidway, log dump, or common or other carrier,

(g) logging wagons and logging sleds,

(h) machinery, logging cars, cranes, captive balloons having a volume of 150,000 cubic feet or more, blocks and tackle and wire rope; all the foregoing for use exclusively in the operation of logging, such operation to include the removal of the log from the stump to skidway, log dump, or common or other carrier,

(i) pipes or tubes commonly known as "oil-country goods", being casing or tubing and fittings,

couplings, thread protectors and nipples therefor; drill pipe; all of the foregoing for use in connection with natural gas or oil wells,

(j) machinery and apparatus, including drilling bits and seismic shot-hole casing, for use in exploration for or discovery or development of petroleum, natural gas or minerals,

(k) repair and maintenance equipment sold to or imported by manufacturers or producers for use by them in servicing goods described in sub-paragraphs (a) to (j) that are used by them,

(l) parts for goods described in sub-paragraphs (a) to (k),

(m) drilling mud and additives therefor,

(n) geophysical surveying precision instruments and equipment for use exclusively in prospecting for, or in the exploration and development of, petroleum, natural gas, water wells and minerals, or for geophysical studies for engineering projects, including the following: magnetometers; gravity meters and other instruments designed to measure the elements, variations and distortions of the natural gravitational force; field potentiometers, meggers, non-polarizing electrodes, and electrical equipment for making measurements in drill holes; instruments and equipment for seismic prospecting; geiger muller counters and other instruments for radioactive methods of geophysical prospecting; electrical and electronic amplifying devices and electrical thermostats designed to be used with any of the foregoing; repair parts, tripods and fitted carrying cases for any of the foregoing, and

(o) articles and materials for use in the manufacture of goods described in sub-paragraphs (a) to (n)

but not including:

(p) goods for use by persons exempt from payment of consumption or sales tax under subsection (2) of section 34 of the said act,

(q) office equipment or

(r) motor vehicles except those described in sub-paragraphs (e) and (h).

3. That effective March 30, 1966, the consumption or sales tax on goods described in paragraph 2 that are produced or manufactured in Canada shall be imposed, levied and collected at the rate of tax in effect at the time when the goods are delivered to the purchaser and shall be payable at the time or times provided in paragraph (a) of subsection (1) of section 30 of the said Act.

4. That effective March 30, 1966, stained glass windows of handmade or hand rolled glass technically called antique glass and materials for use exclusively in the manufacture thereof be exempt from sales tax.

5. That effective March 30, 1966, natural gas be exempt from sales tax.

6. That effective March 30, 1966, fuel oil for use in the generation of electricity be exempt from sales tax.

7. That effective March 30, 1966, a person engaged in the business of retreading tires be deemed to be a producer or manufacturer.

8. That effective March 30, 1966, prepared surgical skin closure devices, plastic surgical drapes for use during surgical operations, artificial teeth and articles and materials for use in the manufacture of the foregoing be exempt from sales tax.

9. That effective March 30, 1966, the present exemption from sales tax for lobster pots, lobster traps, and materials to be used in the manufacture thereof be extended to include crab or shrimp pots, crab or shrimp traps, and materials to be used in the manufacture thereof.

10. That effective March 30, 1966, the present exemption from sales tax for steel pens and complete parts thereof for farm animals be extended to include steel stalls and complete parts thereof for farm animals.

11. That effective March 30, 1966, tobacco dryers, not including buildings, for use on the farm for farm purposes only, parts therefor and articles and materials for use in the manufacture thereof be exempt from sales tax.

12. That effective March 30, 1966, vegetarian food products manufactured from vegetable and mineral ingredients to simulate meat products and materials for use in their manufacture be exempt from sales tax.

13. That effective July 1, 1966,

(a) dressers and dyers of furs shall be subject to sales tax on the aggregate of the current market value of raw furs dressed or dressed and dyed by them and the dressing or the dressing and dyeing charge, and

(b) dyers of furs who dye tax-paid dressed furs shall be subject to sales tax on the dyeing charge only,

and that for the purpose of the said Act, dressed or dressed and dyed furs shall be deemed not to be partly manufactured goods and shall be deemed to be sold at the time they are delivered out of the possession of the dresser or dyer.

14. That effective July 1, 1966, where tax-paid dressed or dressed and dyed furs are delivered to a producer or manufacturer to be incorporated by him into articles on which sales tax is payable, a deduction from tax payable shall be allowed to such producer or manufacturer equal to the tax paid on the dressed or dressed and dyed furs less the amount of any deduction previously allowed in respect of such tax.

15. That effective March 30, 1966, where by the said Act or An Act to amend the Excise Tax Act, Chapter 12 of the Statutes of Canada 1963, a deduction from or refund of tax is provided for or a payment by the Minister in an amount equal to tax paid is provided for, and circumstances exist which render it difficult to determine the exact amount of such deduction, refund or payment by the minister, the minister may, with the consent of the person entitled to such deduction, refund or payment, grant a deduction or refund or pay an amount determined, in such manner as the governor in council may by regulation prescribe, to be the correct deduction, refund or amount.

16. That effective March 30, 1966, the tax imposed under section 5 of Schedule I of the said act on electron tubes, not including cathode ray tubes, the duty-paid value or the sale price of which, as the case may be, does not exceed five dollars per tube, be changed from "fifteen per cent, but not less than ten cents per tube", to "ten cents per tube".

17. That effective March 30, 1966, the tax imposed under section 3 of Schedule I of the said act on devices commonly known as lighters be changed from "ten per cent but not less than ten cents per device" to "ten cents per device".

Excise Tax Act

18. That effective March 30, 1966, in calculating the sale price of goods manufactured in Canada for the purpose of determining the excise tax payable under Part IV of the said act, there shall not be included the amount charged as price for or in respect of any other goods contained in or attached to the wrapper, package, box, bottle or other container in which the goods are contained.

Mr. Nesbitt: Mr. Chairman, there are two or three items which I would like to bring to the minister's attention, and perhaps when the minister makes his statement he might be kind enough to comment on my observations.

I think the terms of the resolution on excise tax which the minister is presenting are more to be criticized for their non-feasance than for their misfeasance. The items I wish to bring to the minister's attention are as follows. First of all, I think that perhaps most hon. members have had representations made to them at one time or another by various branches of the jewelery trade concerning the existing 10 per cent which is still levied on jewelry. I believe most hon members will perhaps agree that the retention of this tax on luxury items of jewelry may well be justified because these are items which should be taxed. However, there are a number of items in the jewelry trade which I would suggest are not in fact luxuries at all. I am now referring to inexpensive watches and items such as wedding and engagement rings. I suggest that the minister might well give careful consideration to removing the 10 per cent tax on watches and also on wedding and engagement rings below a certain value.

May I point out to the minister that this tax was levied during the last war. Since then the tax on luxury items has been reduced from 25 per cent to 10 per cent. On a great many luxury items such as furs, candy, firearms, golf clubs, fishing rods, cameras and projectors and many other articles which are clearly more in the nature of luxury items than inexpensive watches or wedding rings, the tax has been removed. I think the minister might give careful consideration to the removal of the tax on inexpensive watches and wedding and engagement rings below a certain value. I believe it can be safely said this would be of some benefit to the jewelry trade but it would also be of benefit to the average person who has to buy these articles which in fact are not luxury items.

There is another matter which I should like to bring to the minister's attention, the tax on materials used for centennial projects. I think many hon. members can probably cite a number of apparently anomalous situations.

[Mr. Sharp.]

In my own constituency a public library was built as a centennial project and was exempted from tax. However, another project of a public nature was undertaken—I believe it was the building of a municipal hall—and in this case the tax was levied. Of course the reason for this is that public libraries are exempt from tax. However, I would think that when other buildings are being constructed as centennial projects they should also be exempted. This matter is very much in the people's minds these days because it is rather difficult to raise funds for these centennial projects. I therefore ask the minister to give consideration to removing the sales tax in the case of buildings which are constructed as centennial projects.

• (5:10 p.m.)

Another specific item of concern is a type of equipment being used for strictly agricultural purposes. This type of equipment, as most hon. members know, is the kind of equipment that has always caused trouble in individual cases because agricultural equipment is sometimes difficult to describe. In this instance I refer to a type of agricultural equipment which is imported and sold by a firm called Canadian Hydroponics Limited near the town of Tillsonburg, Ontario. The Department of National Revenue has had extensive correspondence with this company in this regard and it was held that the equipment would be taxable. This type of equipment can only be used for agricultural purposes since it produces, by means of hydroponics, certain fodder for cattle during the winter months. At one point this type of equipment was not subject to any sales tax because it was used in the production of other materials. After 1963, of course, this exemption was removed and it was again subject to sales tax.

Since this equipment is used particularly and exclusively for agricultural purposes and could not possibly be used for anything else, I request the minister to give consideration to exempting this specific item when the bill is presented. It is not the intention, as I understand it, of the legislation now in force that this kind of equipment should be subject to tax. As has happened many times in the past, equipment which is designed exclusively for and can only be used for agricultural purposes is being taxed simply because it does not come within the technical ambit of the legislation. I hope the minister will give consideration to this matter and include it in the appropriate budget bill.

Mr. Sharp: May I ask the hon. member for Oxford to which item he referred? I am sorry, I did not catch it.

Mr. Nesbitt: It is an item which is being imported. It is a type of agricultural equipment which produces, by means of hydroponics, fodder that is used to feed cattle during the wintertime. The firm in question, although no doubt there are others, is Canadian Hydroponics Limited at Tillsonburg, Ontario. The equipment was not subject to sales tax prior to 1963 because it was used in the production of other things. Since then it has been used strictly for agricultural purposes but has been subject to tax. I hope the minister will give consideration to including this item in the appropriate budget bill.

Mr. Lambert: There are a number of things about which I wish to speak in connection with the Excise Tax Act. This resolution has a far greater impact than the previous one. First of all, when we consider the resolution in its entirety we see that parts of it are a companion to the Customs Tariff Act amendments particularly in relation to dies, jigs, fixtures, moulds, etc., which go into the manufacture of automobile parts or production machinery and for materials in connection with the manufacture of automobiles. There is also the withdrawal by the minister, effective April 1, 1967, of 5 per cent of the sales tax in so far as it affects both the Excise Tax Act and the Old Age Security Act. I do not know just how the combination is going to be effected in legislation. In any event, we see that over a number of items the sales tax is being entirely removed in relation to both acts.

If we go down the list of these particular items, naturally we come to the general classification of production machinery. This is all to the good. It shows that the minister has seen the benefits to the economy of the removal of this retrograde tax which was introduced in 1963. I suggest that the fact he has decided to remove it gradually is caused by the same general approach to the budget —do not do anything directly, just do it gradually. I do not know, but if he were worried about an increase in prices, as he should have been, he should have gone directly to the root cause of the government induced stimulus to prices which came about from 1963 onward. He should have gone, in this Budget, lock, stock and barrel after the whole of the 11 per cent sales tax in regard to production machinery.

In so far as the effect on the automobile industry or the parts industry is concerned, I am going to leave some of my colleagues to deal with that. However, when I look over the items to which the reduction in sales tax is going to apply I am particularly struck by one item, and that is the type of commodity known as oil country goods. There is a restriction in the resolution saying, "all of the foregoing for use in connection with natural gas or oil wells", that is, "pipes or tubes commonly known as 'oil-country goods', being casing or tubing and fittings, couplings, thread protectors and nipples therefor", shall be subject to a tax reduction. However, I should like to ask, what about the production of oil from the bituminous tar sands? There is a $250 million refinery of a peculiar type being erected in Alberta which is due to come into production in 1967. It is true this company is not engaged in drilling for natural gas or oil but it certainly is using tubings, fittings, couplings, thread protectors and nipples therefor. They do not use drill pipes, at least not extensively to my knowledge.

Why, if this company is engaged in the production of crude oil, should it be placed at a disadvantage? I draw this to the minister's attention, and it may call for immediate study to see why this particular developing industry should be placed in a peculiar position. I am not going to ask for an immediate answer. I certainly ask the officials, both in the Department of Finance and the Department of National Revenue, to have a particular look at this segment of the oil industry and how it is to be affected by this provision.

There is one area in which I wish to commend the minister and the government because they have finally agreed there is nonsense in the distinction, which was imposed by the Department of National Revenue, continued I believe by the Tariff Board and, less understandably, the Exchequer Court, between natural gas which was used in internal combustion engines and that which was used in gas turbine engines, although destined for the same ultimate use, the production of energy. Those who were using gas turbines were denied the exemption from sales tax.

• (5:20 p.m.)

There were bodies such as the city of Edmonton which had extensive retroactive assessments following rulings by the Tariff Board. There were also chemical concerns and utilities which were faced with this problem and which operated primarily in the

Alberta area. They found themselves with these retroactive assessments on the natural gas that they had been using following the ruling made by the Department of National Revenue.

May I say, Mr. Chairman, looking back upon the evidence of officials from the National Research Council and others, that how this artificial distinction between natural gas in an internal combustion engine and in a gas turbine was conceived and maintained would be completely beyond the comprehension of the members of this house. I am glad that the distinction has now been wiped out.

There is no provision in this resolution for any changes in the excise tax on liquor. Ever since I have been a member of the house the distilling industry has been putting forward briefs in regard to the amount of the excise tax and also the excise itself on alcohol. Merely to indicate the level that taxation has reached on this particular item and to indicate where it reaches its point of diminishing return, people have often said that if the Minister of Finance wants some more money he can tax liquor. If a province wants to increase its revenue it taxes liquor. This the provinces do, whether through their budgets or otherwise. I ran across some interesting information the other day. I am not making any particular brief here; I just want to put certain facts on record.

I am informed that in so far as the distiller is concerned he has made but one price increase since November 2, 1956. The increase on an in-bond basis since 1935 on premium priced whisky has been as little as $1.69 per case. That covers a period of over three decades. In 1935 the federal duty was $5.65 per case. Today it is $17.02 per case. Some people may suggest that the duty should be $37.02 per case. Others may suggest that it should be less than $7.02 per case. I am not going to argue this point; I merely draw to the attention of the committee the difference between the $5.65 in 1935 and the $17.02 in 1966. Then the provincial government adds on its mark-up and steps in with various sales taxes. The people who buy whisky should know just what goes into the cost of any given quantity of whisky.

To further heighten the tax burden the federal sales tax has increased from 6 per cent to 11 per cent or from $1.13 to $3.50 per case. In Ontario in 1935 the mark-up on laid-down cost was 51 per cent. Today, notwithstanding the very largely increased turnover, the mark-up is apparently 77 per cent.

[Mr. Lambert.]

I am sure that the various liquor control boards across the country are not far behind the province of Ontario in this regard. When it comes down to taxation of liquor, we know very well that every liquor control board takes its orders directly from the cabinet. They have nothing really to say about the over-all retail pricing of the commodities they sell. All that happens is that the provincial treasury determines how much revenue the liquor control boards of the province shall bring in. They are each assessed a certain revenue and on that basis the control boards set their prices. It is taxation quite directly but never with the approval of the legislature involved.

That is all I should like to say on that particular item, Mr. Chairman, by way of observation. The Minister of Finance of the government of Canada is, of course, much more straightforward in this regard. He is bound by the levels of taxation set out in the Excise Act and in the Excise Tax Act; not so the provinces.

There are a number of other minor items in the resolution on which I think not much need be said. However, there is one point I should like to draw to the attention of the minister, and I have drawn it to the attention of his colleague the Minister of National Revenue. It concerns a complaint I have received from many distributors of certain auto parts. Agricultural farm machinery as so classified today has many automotive parts which are absolutely interchangeable with those used in automobiles and farm motor trucks. I need not point out what happens. A farmer buys a replacement part ostensibly for a combine, say a carburetor or any part for a motor. Such things as spark plugs and other parts fit self-propelled farm machinery, trucks and even private automobiles.

If these parts are purchased for the repair of farm machinery they are not subject to sales tax. If they are purchased for the repair of automobiles or trucks they are subject to sales tax. So a loophole has been created. In all fairness, I must say I agree with the farmer who buys his parts ostensibly for use in farm machinery. If we consider that farm machinery should be exempt from sales tax, then so should the replacement parts. But let us not have any person who is entitled to buy sales tax exempt equipment and parts turn them aside for a use for which he should pay sales tax. This does affect the position of automobile parts distributors.

I am sure there are other members of the committee who wish to speak about certain other aspects of this resolution, and I may make some further remarks depending on the answers I get from the minister.

• (5:30 p.m.)

Mr. Honey: Mr. Chairman, in considering the excise tax resolution I want to deal with a particular aspect of the agricultural industry. This is a matter which I have referred to the minister and his predecessor. I am disappointed that it has not been dealt with in the resolution and I want briefly to recap the presentations I have made so that the minister will have an opportunity to consider and deal with them in the legislation following this resolution.

The change I am urging on the government is the provision of sales tax exemption for plastic netting used for the bailing of farm products. I refer particularly to the materials used in the Christmas tree industry. Currently, from my understanding of the law, sales tax exemption is provided for binder twine, wire, and other tying materials used in the bailing of farm products. Such exemption is not extended to the plastic netting used for bailing purposes in the Christmas tree industry.

The 11 per cent sales tax adds significantly to the cost of production for those using this type of material. I might say that it is a modern and new type of packaging which the government should take cognizance of and encourage.

I think I can best and in the shortest time outline this new innovation in the packaging industry by reading a descriptive release dealing with this matter which illustrates how it relates to the Christmas tree industry:

Several Canadian Christmas tree growers, hard pressed for manpower, are experimenting with a new wrapping method using plastic netting.

The new system will be used most extensively in the Pontypool, Ontario region, one of Canada's main growing areas. Growers there will use a simple funnel-like device developed by grower Sam Manetta of Pontypool. Several other devices using plastic netting are being developed in other areas.

By using the Manetta device, growers estimate they will wrap as many trees per day with three men as they formerly did with five, thus compensating for a shortage of harvesting labor. The tree is fed into the mouth of the funel and pulled through the neck. As the compressed tree emerges from the neck it is enveloped in a sleeve of plastic netting. No tying is involved. All experimental devices will accommodate any size of tree; the diameter of the sleeve varies with the tree size.

In addition to increasing wrapping speed, the sleeve protects the tree from damage during loading and unloading by keeping all branches uniformly compressed. As a result, the frozen trees can be dragged or piled without danger of snapping off protruding branches. Trees packaged in plastic netting also present an attractive well-rounded package.

Growers in the Pontypool area concentrate on Scotch pine. Plantations cover thousands of acres—about 1,000 trees to the acre. Trees are shipped to all regions of Canada and the United States by tractor-trailer and railway.

I have mentioned the manpower shortage and the assistance that this type of packaging gives to the grower in the packaging of his trees. I want to mention briefly the considerable advantage to Canada accruing from the Christmas tree industry. In 1964 we exported over 9 million trees to the United States for about $6,200,000, thus providing a source of valuable foreign exchange. About 65 per cent of the trees grown in Canada go to the United States market.

May I also urge the government, in considering the amendment which I have requested in order to encourage this industry, to protect the industry against inroads being made by sales of artificial trees. In the United States artificial trees take over 35 per cent of the Christmas tree market.

That is all I can usefully say on this subject. I urge the minister to consider what I have said. Plastic netting ought to put the farmers and growers using it on the same basis as those using other materials to tie their produce. I hope that the minister will be able to include my suggestions in the legislation which will follow the adoption of this resolution.

Mr. Lewis: Mr. Chairman, I suppose my main difficulty in accepting the minister's proposals at this point derives from a basic difference in our approach to the economy: what purposes the economy ought to serve and what purposes any steps taken in the fiscal field ought to serve. I suggest that one of the major difficulties about the kind of indirect, blunt instrument which the minister is using here, as elsewhere, to attempt to slow up investment is that it does harm in socially desirable areas irrespective of whether or not it does good in other areas.

I look, for example, at the proposal with regard to the gradual removal of the sales tax on certain machinery. I ask the minister, if I may, what value is there from the point of view of the productivity of our economy in retaining the sales tax at all?

If I understood the minister's budget speech correctly, he said in effect that he had come to the conclusion that the sales tax on production machinery and equipment ought to be removed, but for the purpose of slowing down the tempo of the investment boom he felt that the removal ought to be gradual rather than immediate. I hope I have not misrepresented what he said.

I look at some of the machinery and equipment concerned and I ask the minister whether, in logic, encouraging employers, firms and businesses to purchase, instal and use such machinery and equipment now might not lead to a greater contribution to the economy and to a lowering of prices than the complicated business he has presented to us?

I look at paragraph 2 subparagraph (a) which read:

—machinery and apparatus sold to or imported by manufacturers or producers for use by them directly in the manufacture or production of goods.

Presumably we are dealing with the replacement of old, worn-out machinery by new machinery. Presumably no industrialist of any consequence will change machinery or buy new machinery or equipment or new apparatus unless the apparatus he has is inefficient.

• (5:40 p.m.)

I ask myself: By what investigation did the minister persuade himself that discouraging the purchase of machinery which could and would improve productivity would do good for the economy? I intend to read several of these items:

2(b) equipment sold to or imported by manufacturers or producers for use by them for exhausting dust and noxious fumes produced by their manufacturing or producing operations,

(c) safety devices and equipment sold to or imported by manufacturers or producers for use by them in the prevention of accidents in the manufacture or production of goods,

(d) equipment sold to or imported by manufacturers or producers for use by them in carrying refuse or waste from machinery and apparatus used by them directly in the manufacture or production of goods.

It is the same kind of thing all through. The machinery, equipment and apparatus listed and described in this resolution is machinery or apparatus which would improve the production process, in other words, it would result in improved productivity and a lower cost of production per unit. Surely this is the best way of improving the productivity of industry, to turn out goods which are needed on the one hand and to take steps toward reducing unit costs of production on the other. Surely this could make a more important contribution toward lowering price levels or preventing them from increasing further, than the mere postponement of sales tax reductions would ever do.

If the minister's assumption that it is necessary to slow down the investment boom is correct, and if he is right that fiddling with the sales tax can be an instrument for slowing down the boom, why is he doing it in steps? If he is right, if there is a threat of inflation and if it is desirable to remove the sales tax in such a way as to do something about this situation, why does he not remove the entire 11 per cent on April 1, 1967? Obviously it would be a much better inducement for the manufacturer to postpone the purchase of machinery until next year if he stood to gain 11 per cent rather than 6 per cent by so doing.

If the minister's answer is that he wants to postpone purchases for two years I should like to ask him by what crystal ball was he able to ascertain that it was necessary to postpone these things for two years until April 1, 1968? If the minister reached the conclusion that it was socially desirable to remove the sales tax on production equipment and machinery of the kind described in the resolution, the sensible thing would have been to have removed it now in order to give manufacturers and producers the greatest incentive to improve productivity and thereby reduce the cost of production per unit. This is by far the best way of improving the economy. If, on the other hand, the minister has decided that he wishes to postpone this move in order to arrest the investment boom, then again he is taking mincing steps where decisive steps should have been taken.

I would indicate the same difference of philosophy in respect of the minister's refusal to remove the sales tax on building supplies. He said in his budget speech that he was not impressed by the need for this to be done. Yet, one of the effects of government policy has been to reduce housing starts.

I have before me a clipping from the Ottawa *Journal* of May 31. It is a report from the Canadian Press to the effect that there was a 26 per cent decline in housing construction starts in April compared with April, 1965, and a decline of 5.3 per cent in March compared with the same month a year earlier. This represents a serious decline in

housing construction. The first part of the story reads:

> The housing boom continued to taper off in April with a 26 per cent decline in construction starts from a year earlier, Central Mortgage and Housing Corporation reports. March starts declined 5.3 per cent from a year earlier.
>
> The federal government's housing agency said that in the first four months of this year the number was down by almost seven per cent from the corresponding period last month.

Side by side there has been an increase in the cost of housing in all metropolitan centres of Canada. So we have a policy which the government claims is intended to reduce inflationary pressure but which in fact produces inflationary pressure as a result of the increased price of housing and the decline in housing production.

In case hon. members have not noticed it, may I draw the attention of the committee to the fact that in the consumer price index housing and household operations are given what the statisticians call a component weight of 32. In other words, they are given a 32 per cent weight in the total consumer price index structure. The government says it is taking these various measures in order to curb inflationary pressures and reduce prices. At the same time, the very programs it undertakes result in an increase in the cost of homes and of running homes. I earnestly suggest to the minister that in this field, as in the field of machinery and apparatus, he would serve the Canadian economy a great deal better if he would remove the sales tax and enable the construction of homes to increase as it should.

Finally, from my little knowledge of the effects of these economic forces, I have never yet known a plan designed to produce a certain result which did not at the same time have an opposite effect. The minister and his advisers must constantly figure out whether the advantages or the disadvantages would be greater. I maintain that the only way in which the government can achieve the results it wishes to achieve, presumably a slowing down of economic expansion, would be to slow it down in the right places by the encouragement of housing at the expense of costly shopfronts and stores, the encouragement of building homes for the aged and for the lower income groups at the expense of splendid but unnecessary bank buildings.

• (5:50 p.m.)

The only way they can achieve that kind of social weight in what they do is by seeing to it that socially desirable projects are continued and those less necessary are halted or slowed down. This should be done by direct measures, not by the indirect measures of reducing some taxes and spreading other reductions over two years and exerting moral persuation on people who do not listen to that kind of thing when the efficiency and profitability of their businesses are concerned. The government should take steps which will directly channel investment into the areas where we need investment and directly reduce investment in areas where such reduction or postponement does not produce undesirable social results.

Although I hope he will, I do not expect the minister to accept the general proposition I have made, but I do appeal to him, first, to reconsider the postponement of the elimination of the sales tax even on his own terms. He will get much better results if he does away with it altogether on April 1, 1967. At least there will then be some real inducement to postpone investment this year, and that may be enough. In fact, if he overdoes it he may induce things he does not want such as a contraction of some considerable proportion in our economic activity.

Second, I hope it is possible to persuade him to take another look at the removal of the sales tax on building supplies in order to stimulate the building of houses, in which field there is now a slowdown.

I was in my constituency last week end, Mr. Chairman. I have, as I am sure other hon. members do, a centre to which those of my constituents who think I may be able to assist them can come. Among the many people who came to see me was a young couple with two children. The man is not unemployed. He is employed at a plant in Toronto which is unionized by one of the strongest unions in the country. He is provided with quite a considerable wage compared with other wages. He has a wage rate of over $2 an hour which compared with others is a pretty good rate, but this young couple cannot afford to pay the necessary rent to get decent housing.

They told me they could not find any housing, whether an apartment or a house, for less than $130 a month. This represents nearly one and two-thirds weeks of the man's earnings, much beyond what rental ought to be as a proportion of wages. Twenty per cent is the optimum figure, whereas he was going to have to pay something like 40 per cent or more of his wages.

When they came to see me they had been living in a place where they were paying $60 a month rent but, because of difficulty with the landlord with whom they had been sharing the home, at that point on a Saturday morning, with his wife and two children he was living in a home in which both the water and electricity had been cut off. His children were aged five and two, and their mother could not provide them with hot food. Because of the pressure on housing and the cost of homes even a man with $4,000 a year has difficulty obtaining decent housing.

The circumstances I have outlined should move the minister to take steps to control investment in order that the production of homes, and particularly of low income homes, is not cut down. Because of this 11 per cent tax on building materials and other measures taken by the government, the majority of the working people cannot afford decent accommodation. These are the observations I wanted to make at this stage in the hope that the minister may again look at the reduction of the sales tax in the areas I have indicated.

Mr. Lind: Would the hon. member permit a question? The other day I was reading a report put out by Mr. MacDonald, the new economist hired by the Ontario government, in which he stated that housing construction is up 10 per cent in the first three months of 1966 compared with the same period last year. Can the hon. member comment on that?

Mr. Lewis: I have not seen that report, Mr. Chairman. I know Mr. MacDonald and I am sure he would not make an inaccurate statement, but if I am to guess at the explanation for the discrepancy between what the hon. member has referred to and what I have referred to, I suspect he may have limited his statement to certain kinds of housing such as non-apartment, duplex housing. In fact some housing starts have actually increased. I do not know whether Mr. MacDonald was referring to housing starts or to housing completions, but the information I alluded to refers to housing starts rather than completion of homes.

Mr. Lind: He said housing completions.

Mr. Lewis: Then of course the difference might well be that, because last year housing starts were relatively higher than in previous years and therefore the completions would be fairly high this year compared with other years.

[Mr. Lewis.]

Mrs. MacInnis (Vancouver-Kingsway): I would like to know why the 11 per cent sales tax was not taken off the price of drugs because it affects many people across the land who find the cost of drugs exceedingly onerous. A calculation has been made that one-fifth of the cost of drugs is due to the 11 per cent sales tax.

There should not be a tax on illness and this tax on drugs amounts to exactly that. Unfortunately illness is connected intimately with income in this country. The lower the income the higher is the incidence of disease and the costs to cure it. This is one area in which an exemption from the sales tax should definitely be made.

Members have received complaints not only from individuals but from organizations like the Canadian Pharmaceutical Association which is compelled to put up with this sales tax and whose members feel it is unjustifiable to charge this extra amount in the case of illness. I would ask the minister to give further consideration to taking the sales tax off drugs.

The Chairman: Order. It being six o'clock and in order that the house may proceed to the consideration of private members' business it is my duty to leave the chair.

• (6:00 p.m.)

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED UNDER ADJOURNMENT MOTION

Mr. Deputy Speaker: It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at ten o'clock this day are as follows: The hon. member for Trois-Rivières (Mr. Mongrain), Labour Relations—Quebec—stoppage of work by longshoremen; the hon. member for Winnipeg North Centre (Mr. Knowles), Old Age Security—use of fund surplus to increase pensions; the hon. member for Macleod (Mr. Kindt), Agriculture—Charolais cattle—sales to U.S.

It being six o'clock the house will now proceed to the consideration of private members' business as listed on today's order paper, namely private bills and public bills.

PRIVATE BILLS

INCOME DISABILITY AND REINSURANCE COMPANY OF CANADA

Mr. Joseph Macaluso (Hamilton West) moved the second reading of Bill No. S-12, to

incorporate Income Disability and Reinsurance Company of Canada.

He said: Mr. Speaker, on May 24 of this year second reading was given to a bill in relation to the incorporation of the Income Life Insurance Company of Canada and it was then referred to the committee on finance, trade and economic affairs. I ask hon. members to treat Bill S-12 in the same manner.

The Income Disability and Reinsurance Company of Canada was incorporated under the Corporations Act of Ontario by letters patent dated September 19, 1960, as a private company. At that time it was incorporated under the name "Income Insurance Company of Canada" as a private company, and by supplementary letters patent dated February 23, 1965 the name of the company was changed to Income Disability and Reinsurance Company of Canada and the company was converted to a public company.

This company was created for the purpose of selling accident and sickness insurance. Subsequently in December of 1963 a second company was incorporated by letters patent from the province of Ontario known as the Income Life Insurance Company of Canada and a bill in relation thereto was given second reading on May 24, 1966.

The original authorized capital was $1,500,000 divided into 15,000 shares of a par value of $100 each. The initial capital of approximately $300,000 was raised. The company was licensed by the province of Ontario in March, 1961, to transact the business of accident and sickness insurance. Subsequently the company was licensed to transact the same classes of insurance in the province of Manitoba in May, 1961, in Alberta and British Columbia in April of 1962 and in Saskatchewan in January, 1963.

In February of 1965 the company was converted into a public company and the authorized capital was increased from $1,500,000 to $5 million and there was a public underwriting of its shares whereby an additional $2,400,000 of capital was raised.

The head office of the company is located at 75 James Street South, Hamilton, Ontario. As stated, the company transacts business in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

The existing directors of the company are the petitioners listed in the petition for incorporation of the federal company. Administrative operations, including underwriting, claims, accounting and actuarial facilities, are provided from the head office in Hamilton. Management staff are employed on a full-time basis and each has many years' experience in the insurance field.

Perhaps I should state that a substantial amount of business is placed annually by insurance companies with professional reinsurers. The company has the staff and the contacts able to develop, assess and administer this portion of the business and the company anticipates substantial revenue from this source.

The company entered into an agreement on January 1, 1965 with Income Life Insurance Company of Canada whereby the latter company provides office space, telephone service, office supplies, equipment and furniture and the services of certain office personnel at the head office of the said company, Income Life Insurance Company of Canada, at the same address, 75 James Street South, Hamilton, for a monthly rental. Either party may terminate this agreement at any time on 30 days prior notice in writing to the other.

That is about all the information I can give at the present time to members of the house about this company. However, most of the material which I referred to on May 24, 1966 in respect of the Income Life Insurance Company of Canada pertains to this company. I ask hon. members to give second reading and refer this bill to the committee on finance, trade and economic affairs in order that it and Bill S-11 can be considered at the same time. If there are any questions I shall be pleased to answer them to the best of my ability.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I wish to say briefly that since this bill, should it be given second reading by the house, will be referred to the committee on finance, trade and economic affairs before which representatives of the incorporators will appear, we intend to reserve our questions and comments until that time. I think this is the treatment which should be accorded all bills for the incorporation of insurance and finance companies.

Mr. Frank Howard (Skeena): Mr. Speaker, the bill now before us is an intriguing companion to the bill we dealt with a couple of weeks ago. I reiterate what I said then. We are considering four separate companies rather than the one referred to in the bill before us. The two companies concerned are somewhat like husband and wife in that they are almost indistinguishable in some of their relationships but distinguishable as individual

entities in others. The main distinction is the difference in the names. However, their directors are almost identically the same, their activities take place in the same fields, they have the same offices and employ the same people. Presumably they deal with the same people in selling and underwriting insurance.

We are not now simply dealing with the company referred to in Bill S-12 but rather, because of interconnections, with four companies, one of which was dealt with by the house a couple of weeks ago and the other two of which were incorporated by letters patent under the laws of the province of Ontario.

• (6:10 p.m.)

It is interesting to note the scant attention that was given to these bills by the Senate. I should think that august body could engage itself in a little more intense consideration of a matter as important as this rather than just glossing over the surface and accepting the pronouncements of the sponsor of the bill in the other place that it was just a routine matter and really was not of much consequence.

We have in the bill some interesting individuals as the provisional directors: William Ewen Brunning who is an insurance executive from Burlington, Norman Graham James who is also an insurance executive from Burlington, Haliwell Soule, a trust executive, also of Burlington, Thomas Henry Baker, an investment executive from Toronto, William Richard Latimer, a solicitor from Toronto, Charles Alfred Read, a chartered accountant from Winnipeg, and Thomas Alexander Harriott, an insurance consultant from Winnipeg.

That is the extent of the provisional directors of a company which seeks the authority of this parliament to conduct its affairs throughout Canada, a company which already does business in the province of British Columbia but has not yet got around to finding a provisional director of the company from that particular province. I think this is a shortsighted policy because we have eminently qualified and capable people in British Columbia who would be a tremendous asset to Income Life Insurance Company of Canada and to Income Disability and Reinsurance Company of Canada. I wish the sponsor of the bill were in his place now so that I could direct some questions to him which he could answer in his closing remarks on second reading. My confrère from Timiskaming indicates that not only is the sponsor of the bill not here, but there is not a quorum in the chamber to consider the proper conduct of the business of the house and the bill that is before us. However, Mr. Speaker, I am sure you will not let that deter me from continuing my remarks.

As the sponsor of the bill announced, the company also does business in Alberta and—I am sure no one will disagree with this—in the province of Alberta there are likewise eminently qualified and capable persons who could become provisional or permanent directors of a company such as this. It seems rather a shame that this province, within which the company has undoubtedly done a tremendous amount of business, should have been left out in the selection of provisional directors.

We find therefore that the control of the company in so far as directors are concerned is contained within the provinces of Ontario and Manitoba and there is no one on the board of directors from any of the other provinces. Be that as it may, perhaps we should look further at the situation that the head office of the company will be in the city of Hamilton. It is not that there is anything that would detract from the operations of the company by having its head office in Hamilton or in the province of Ontario for that matter, but it is interesting that here again we have an addition to the control complex of the insurance world that exists in the southern Ontario area, out from which will extend the appendages of the company throughout Canada to extract insurance premiums and the like from whomsoever it is able to extract them.

It seems to me that in considering whether this company should be authorized to conduct its business in Canada we should look at the orientation of the company in terms of geographic location and effective control. As I have said, both are the insurance control complex that exists in southern Ontario surrounding and including the city of Toronto. It is proposed that the company's capital stock will be $5 million divided into shares of $5 each and the amount to be subscribed and fully paid before the general meeting for the election of directors is called shall be $1,750. This seems to me a rather small amount of money to be subscribed before the calling of the meeting to elect directors. It simply means that the provisional directors could very easily amongst themselves have already subscribed and paid the amount of $1,750 into

the company. They would thus be in a position to call the general meeting for the purpose of electing its permanent directors and in effect have themselves elected to the permanent directorship of the company. They would thus exclude, at least for the initial period, from the opportunity of becoming a director of this company anybody who may subscribe to the share capital of the company after the initial $1,750 has been subscribed and before the time the company actually gets into the business of selling insurance.

In order for the company to get to that stage it must have a subscription of at least $1,736,800 of its capital stock bona fide subscribed and at least $1,736,800 paid thereon. This means that all the stock subscribed for must be paid for before the company can get into business. This seems to me to be a kind of engineered arrangement whereby the sponsors or promoters of the company ensure that they become the permanent directors of the company, because they have incorporated in the bill a provision that the insignificant amount of $1,750, in terms of the $5 million capital structure of the company, is all that is required to be subscribed in order that the first meeting may be held.

It does not jibe with our concept of democracy for the promoters of a company of this sort to come to parliament and ask parliament to endorse a provision whereby they can establish a private law relating to their own election to the office of director of the company. What other reason can there be for keeping that figure at such a low level as $1,750?

I must apologize, Mr. Speaker. I have been making reference to the situation relating to a company and inadvertently I picked up Bill No. S-11 which we passed a couple of weeks ago. It is the companion bill to S-12 which is the one before us at the moment. I am surprised that the sponsor of the bill did not notice the error I was committing in referring to the capital stock of the company, its directors and the like. I must apologize for that oversight on my part and I will pick up the correct bill and look at it.

• (6:20 p.m.)

Mr. Deputy Speaker: I am quite sure the hon. member for Skeena will now proceed to discuss Bill S-12.

Mr. Howard: Yes, Mr. Speaker. As I was saying, I apologize for having made that error.

Mr. Walker: Mr. Speaker, I have a point of order to raise. Is the time which the hon. member has taken to be included in the time allowed him?

Mr. Howard: Mr. Speaker, I did not hear the point of order of the hon. member.

Mr. Walker: Is there a time limitation placed on the speech made by the hon. member?

Mr. Howard: Mr. Speaker, may I point out that the hon. member has voluntarily placed a time limitation on his own speeches because he is not making any in the house. This is an indication of how far he has removed himself, along with the Secretary of State for External Affairs (Mr. Martin), from politics and political happenings.

Mr. Scott (Danforth): Is this a filibuster?

Mr. Macdonald (Rosedale): The hon. member for Skeena should take note of who is speaking.

Mr. Howard: Mr. Speaker, I wonder if you would protect me from those interruptions.

Mr. Deputy Speaker: It might be wise if both sides of the house reverted to the discussion of Bill S-12.

Mr. Howard: I was seeking to do that, Mr. Speaker, after noticing that I was in error. In looking at Bill S-12 I see that the provisional directors of that company are almost the same people as the directors of the company under Bill S-11. I also notice that the Income Disability and Reinsurance Company of Canada is more generous in its token recognition of democracy because it requires that $2,500 be paid before electing its directors. That is a bit better than the $1,750 required by the Income Life Insurance Company of Canada. There are only six or eight provisional directors of this company and undoubtedly this group of people could find $2,500 amongst them with great ease. Having subscribed $2,500 they are in a position to call a general meeting for the electon of permanent directors.

As is the case with the Income Life Insurance Company of Canada, the Income Disability and Reinsurance Company of Canada would thus exclude from potential membership on the board of directors anybody who happens to become a shareholder of the company after those who have sponsored the bill have obtained control. I submit that this is not good enough and I hope that

when we get to the committee stage I will be in a position to move an amendment to the relevant clause substantially increasing the amount of money that must be subscribed before the election of directors can take place in order to ensure that the widest possible opportunity will be given to all shareholders to be elected to the board of directors of such a company.

There is one other item with which I should like to deal, and this also applies to Bill S-11. The company we are discussing under Bill S-12 has its headquarters likewise in the city of Hamilton. This is not surprising in view of the declaration made by the sponsor of the bill that both companies share the same offices and the same employees, underwrite each other's business, scratch each other's back and generally do whatever they can to help each other. What they should really be doing is helping the policyholders with whom they do business.

I am rather disturbed by one of the principal provisions in the bill which says that certain relationships which this company may enter into with another company cannot come into effect until the proposal concerning the merger or acquisition of one company by the other is approved by the Treasury Board. It seems to be a tall order to ask parliament to give Treasury Board, an all-powerful agency of the federal government which seeks to become even more powerful, the right to interfere in the operations of a private company to this extent. Treasury Board should not be the one to make decisions concerning the relationship between this company and some other company. This should be a decision of the Superintendent of Insurance whose duty it is to oversee the operations of insurance companies and to see that they meet the requirements of the public law.

I hope to be able to raise this matter again at the committee stage when I will move an amendment to the bill to limit the activities of Treasury Board with regard to the relationship between this company and another company.

While I am on the subject of the public law which should be enforced regarding the operation of insurance companies and particularly the Income Disability and Reinsurance Company of Canada, may I say that this company has a lot of temerity to ask parliament to adulterate the principles of democracy and permit the provisional directors to become permanent directors by means of the endorsation of this provision in regard to the insignificant amount of money that must be subscribed.

Mr. Deputy Speaker: Order, please. I must advise the hon. member that the time allotted to him has expired.

Mr. Howard: I had so much more to say.

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, in rising to speak on this bill I want to say at once, in spite of what I consider were rather frivolous interjections from the other side of the house, that the matter we have before us is in my view quite an important one. I think the gist of it is set forth in the opening part of the bill commonly referred to as the preamble in which certain private citizens of the country pray that their petition be enacted. It seems to me that the substance of the question we are debating is expressed in the phrase, "it is expedient to grant the prayer of the petition." The question we have to consider in relation to such bills as we now have before us is whether or not it is expedient that parliament should grant the particular petition set forth in Bill S-12. I think this perhaps sums up the principle of the bill we are considering.

In considering this bill my thoughts turn back to the subject matter of the discussion we were having in committee of the whole prior to our consideration private bills. We were discussing matters which seriously affect the economy and welfare of our country, namely, the taxation of production machinery, the sales tax and so on. We were discussing matters related to whether or not taxation should be imposed upon industry, upon production machinery and other things and whether or not this was an appropriate action to take in the light of our economic situation. I presume this was a serious matter which was considered important enough to be dealt with by the Minister of Finance (Mr. Sharp). On the other hand, this bill in my view asks us to do something which indirectly at least will authorize private individuals to impose upon citizens of Canada a form of taxation in many respects more onerous than the sales tax proposed by the Minister of Finance today, and when we think of the multiplicity of other bills seeking the authorization of private insurance companies we realize we are not considering proposals that will add to the production of the country. We are setting up machinery under which certain private individuals can garner an increasing measure of the surplus wealth of the country.

• (6:30 p.m.)

The more often we authorize new incorporations such as the one being requested in this bill, the greater the proportion of the savings of the people of Canada which will be drained off in useless, unproductive costs for overhead and operation. It is basically for this reason that I seriously question the advisability of granting the petition of the persons named in this bill. I think the time will come when there will be an increasing appreciation of the serious impact that this useless activity by an increasing number of citizens in our community is having on the total welfare of the nation. This is a matter which will require serious consideration by the members of this house.

When we were considering what was referred to as the companion bill, No. S-11, in view of the close relationship of the personnel involved and the similarity of the title I made reference to the fact that Bill No. S-11 might as well be one to incorporate the Tweedledum company and this one might be referred to appropriately as the Tweedledee company. This may have been a somewhat jocular reference to the setting up of a sort of dual organization. Apparently these two firms are to operate as Siamese twins and rather than seeking an operation which would allow them to lead an independent existence they seem desirous of maintaining and strengthening the relationship.

It might be suggested that a more appropriate name than the Income Disability and Reinsurance Company, would be simply the redundant insurance company. I mean no discredit to the individuals who are involved in this application. As matters stand they are quite within their legal rights to make this kind of application. I am not suggesting they are any better or worse than thousands of other citizens of Canada who are interested in carrying on this kind of activity. But this is the parliament of Canada, Mr. Speaker. When we are called upon to consider whether certain actions on our part are expedient or not, our primary concern should be not for the individuals involved in a particular company but whether or not the action we are asked to endorse will be in the general interests of the people of Canada. My submission is that basically it is not. In other words, when it becomes obvious that this proliferation of insurance companies is being carried to the extreme we must begin to question seriously allowing this process to continue.

These are some of the questions with which the sponsor of the bill should attempt to deal when he asks us to give our assent to the passage of the bill. So far all I have heard from the sponsor—his introduction was no better and no worse than that of other sponsors—has been a reference to where the head office of the company would be and the names of some of the provisional directors of the company. I think it is time that members of the house who are prepared to sponsor bills of this sort should, in addition to giving us that type of factual information, be prepared to justify the bill they are sponsoring on the grounds of whether it is for the welfare of Canada. This is something they have not been doing. This is one reason I am raising these questions. I am not the member sponsoring this bill. I suggest there should be an onus on the sponsor of the bill to prove that the measure will be in the interests of the Canadian people and not merely something designed to provide a special privilege for a few particularly favoured individuals. These are the questions of principle that are involved.

It is not good enough in my submission for the sponsor of any private bill to be content to justify it on traditional, narrow grounds. In my opinion these bills ought to have a broader purpose than is apparent in this and other similar bills. So far as I am concerned, Mr. Speaker, that is the challenge I put to the sponsors of these bills. I say that on my part at least there is an increasing dissatisfaction with the placid approach we have been prepared to take to the passage of bills of this type.

• (6:40 p.m.)

The hon. member for Skeena made reference to the fact that this bill had received rather casual treatment in the other place. I have not examined the records so I am not in a position personally to say whether or not his assessment of the situation is correct. What I am suggesting is that if we in this house are to be asked to consider whether it is expedient to allow this proliferation of insurance activity to continue with, as I have suggested, an increasing measure of basic economic inefficiency in providing insurance protection to individuals in various fields and with an increasing waste of the abilities and potential value to Canadian society of individuals absorbed in this sort of duplicating activity, then the sponsors of such bills in this house will have to provide more than

cursory justification for the proposals they sponsor.

This company, so the sponsor tells us, has been expanding its original operations in the province of Ontario to certain other provinces. When I was discussing Bill No. S-11, which was put forward basically by the same people from the same part of Canada, I suggested that there was another aspect to the matter of companies of this kind which have apparently been engaged in business within a province and then come to parliament for a federal charter. It is the question of the division of jurisdiction and whether or not what we are being asked to do in effect is to circumvent some of the rights and powers of the provinces in the field of property and civil rights.

In my remarks on that question I referred to what I thought were the relevant sections of the British North America Act. I know that on that occasion the sponsor of the bill really did not have the opportunity to deal with these issues in connection with Bill No. S-11, but perhaps before this bill carries he will give us his viewpoint on the question of our being asked to agree to federal incorporation which, if my understanding is correct, will swallow up the rights of the various provinces which have agreed to allow this company to conduct business therein.

As has been pointed out by the hon. member for Skeena, the bill has some very interesting clauses and arrangements. The hon. member dealt with the question of the basic lack of democracy in the operations of companies of this kind. I am not sure I agree that that is restricted entirely to insurance companies. In my view there is a basic lack of democracy in the operations of many business enterprises in Canada under our present company laws.

My own feeling on the matter of insurance is this. If this company is not going to be operated under public auspices, where I believe it would be operated much more efficiently and economically, then it could much more properly be conducted under true co-operative principles where real democracy on the part of the shareholders prevails and policyholders rather than to a small group of individuals. However, that involves another area of debate and is perhaps not relevant to the question whether it is expedient that this insurance company be given a federal charter.

I think, Mr. Speaker, that that pretty well covers the questions in my mind at this time in relation to this bill. As the hon. member for Skeena said, certain questions arise on some of the individual clauses which should have rather detailed discussion at the appropriate stage. But certainly in my view the hon. member who is sponsoring the bill should give us a much broader basis for his sponsorship than he has before the house is asked to assent its passage on second reading.

[Mr. Barnett.]

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I notice that the sponsor of the bill has been making some notes but I would suggest to him that it is rather late for him to justify his position now. He was given the opportunity to do so and took advantage of it. Therefore I do not expect that he will redeem himself in relation to many of the matters which have been raised.

I am one of those who agree that if a member of this house sponsors a bill he must act very responsibly. By this bill the sponsor is really doing something for which there appears to be considerable support, that is, allowing the Superintendent of Insurance to make a decision whether the company is justified and whether the capitalization is sufficiently democratically oriented toward the special privileges which will be granted to the shareholders who, when the amount of $2,500 is raised, will be appointed directors of the company.

Many of these questions were asked when the hon. member was discussing these matters a week ago in connection with another bill. While I realize that the situation we are now discussing is better than the situation created by the sister bill in that the directors will have to raise another $750, this does seem a very small amount of money in return for the advantages which will obviously accrue to the directors and shareholders of this particular company.

Another problem which has been raised and which affects sponsors of this sort of bill—if you check the order paper, Mr. Speaker, you will find bills relating to a number of similar companies—is the question of the public good and the responsibility relating thereto. We are given to understand that this company originally applied to the Ontario government for a licence to operate in that province. By an act passed by the legislature of Ontario it was authorized to conduct business in that province.

I presume that the company has met certain requirements in relation to the operation of the insurance act of Ontario over the period of years it has been in business, but

the fact remains that it is now coming to the federal parliament for a federal charter. Therefore it behooves the house to give consideration to whether or not the company can assure members of parliament and the country in general that its operations will be for the good of the citizens of Canada and that there is a need for its operations.

In my opinion there is no justification for the statement that has been made that this company is a free enterprise operation which will operate in a competitive society. In my opinion there are no insurance, assurance or reinsurance companies which operate in a competitive manner at all. These companies have identical rates for identical risks, though the risks may vary somewhat and the type of insurance may vary. But the rates are identical for the same type of insurance in a given area. Therefore the system is not competitive; there is no free enterprise system operating. What we are really giving the insurance companies of Canada is a monopoly in the issuance of insurance. We have to be sure that there is some purpose involved and that special concessions are not being given to five or six people who want to enlarge the scope of their operations from the provincial to the federal field.

• (6:50 p.m.)

We held a meeting with some officials of the house, including the house leader, with a view to arriving at some formula whereby such bills might be dealt with in another way. I know that in theory sponsors of these bills act without remuneration. In practice that often happens. Many times the sponsoring of these bills is a Joe-job handed out to various members and they therefore pay limited attention to it. I do not say that is true in this case because the company in question is in the riding of the hon. member sponsoring the bill. I presume he has an interest in it. The house is entitled to a better explanation about this company than the one he gave in committee where he indicated that he was aware of the good deeds performed by this insurance company and of its need to expand.

It would be surprising, Mr. Speaker, if we were to grant federal charters to insurance companies which have no interest in doing business in Canada. Doubts have been raised in my mind whether a federal charter might not be sought for reasons other than ostensibly reinsurance. It seems to me it should be the responsibility of the committee that is charged with the administration of our financial institutions to give direction to this bill and to look into the things I have suggested.

It is very interesting to note that clause 8 (2) of the bill reads:

> No agreement between the Company and the Provincial Company providing for such acquisition and assumption shall become effective until it has been submitted to and approved by the Treasury Board of Canada.

It is unfortunate that the sponsor of the bill did not explain this but so far as I can see that indicates that there are financial advantages to be gained under a federal charter which have no bearing to the issuing of insurance or reinsurance. Questions of tax may be involved. This company's business might be more advantageously conducted in the federal than in the provincial field. In this connection, some insurance companies are questioning the desirability of remaining in certain provincial fields. In at least two provinces there are indications that insurance companies there will have to serve the needs and interests of the people better or they will not remain under the control of their boards of directors and will be expropriated. I suggest that the expropriation of this company at $2,500 is not going to be an expensive proposition and should be undertaken.

I therefore reiterate that we are not giving serious enough consideration to the sponsoring of such bills because we lack knowledge about the companies and we lack explanations as to why many things are being sought. We are no longer willing to accept such things as a matter of course. Why should anyone come to parliament for a charter to issue insurance? It amounts to the same thing as asking for a charter to make money. Obviously the $2,500 needed with respect to this company will be found and also the $5 million in capital stock.

While we are reluctantly prepared to support this bill, as we did the other one, we should be prepared to rename this company when the bill returns, "Macaluso Income Disability and Reinsurance Company of Canada", because I think it would be more appropriate than caling it "Income Disability Company".

Mr. Macaluso: I hope that the hon. member will support this measure. I might add that I have no shares or interest in this company. I have not attempted to answer questions—

Mr. Speaker: Order, please. Does the hon. member understand that by speaking he is closing the debate?

Mr. Lambert: He has spoken.

Mr. Speaker: The hon. member for Edmonton West has said that the hon. member has spoken. Is it the pleasure of the house to adopt the said motion?

Mr. Howard: On division.

Motion agreed to, bill read the second time and referred to the standing committee on finance, trade and economic affairs.

Mr. Speaker: It being seven o'clock the hour set aside for the consideration of private members' business has expired and the house will now proceed to consideration of the business interrupted at six o'clock.

WAYS AND MEANS

The house in committee of ways and means, Mr. Rinfret in the chair.

EXCISE TAX ACT

That it is expedient to introduce a measure to amend the Excise Tax Act and to provide among other things:

1. That effective March 30, 1966,

(a) dies, jigs, fixtures and moulds,

(b) patterns for dies, jigs, fixtures and moulds, and

(c) tools for use in or attachment to production machinery that are for working materials by turning, milling, grinding, polishing, drilling, punching, boring, shaping, shearing, pressing or planing when for use by manufacturers or producers directly in the manufacture or production of goods, be exempt from sales tax.

2. That the combined rate of tax under the said act and the Old Age Security Act on the following goods (other than goods described in paragraph 1) shall, effective April 1, 1967, be reduced to 6% and effective April 1, 1968, be reduced to zero, namely:

(a) machinery and apparatus sold to or imported by manufacturers or producers for use by them directly in the manufacture or production of goods,

(b) equipment sold to or imported by manufacturers or producers for use by them for exhausting dust and noxious fumes produced by their manufacturing or producing operations,

(c) safety devices and equipment sold to or imported by manufacturers or producers for use by them in the prevention of accidents in the manufacture or production of goods,

(d) equipment sold to or imported by manufacturers or producers for use by them in carrying refuse or waste from machinery and apparatus used by them directly in the manufacture or production of goods,

[Mr. Macaluso.]

(e) gasoline-powered and diesel powered self-propelled trucks mounted on rubber-tired wheels for off-highway use exclusively at mines and quarries.

(f) internal combustion tractors, other than highway truck tractors, for use exclusively in the operation of logging, such operation to include the removal of the log from stump to skidway, log dump, or common or other carrier,

(g) logging wagons and logging sleds,

(h) machinery, logging cars, cranes, captive balloons having a volume of 150,000 cubic feet or more, blocks and tackle and wire rope; all the foregoing for use exclusively in the operation of logging, such operation to include the removal of the log from stump to skidway, log dump, or common or other carrier,

(i) pipes or tubes commonly known as "oil-country goods", being casing or tubing and fittings, couplings, thread protectors and nipples therefor; drill pipe; all of the foregoing for use in connection with natural gas or oil wells,

(j) machinery and apparatus, including drilling bits and seismic shothole casing, for use in exploration for or discovery or development of petroleum, natural gas or minerals,

(k) repair and maintenance equipment sold to or imported by manufacturers or producers for use by them in servicing goods described in sub-paragraphs (a) to (j) that are used by them,

(l) parts for goods described in sub-paragraphs (a) to (k),

(m) drilling mud and additives therefor,

(n) geophysical surveying precision instruments and equipment for use exclusively in prospecting for, or in the exploration and development of, petroleum, natural gas, water wells and minerals, or for geophysical studies for engineering projects, including the following: magnetometers; gravity meters and other instruments designed to measure the elements, variations and distortions of the natural gravitational force; field potentiometers, meggers, non-polarizing electrodes, and electrical equipment for making measurements in drill holes; instruments and equipment for seismic prospecting; geiger muller counters and other instruments for radioactive methods of geophysical prospecting; electrical and electronic amplifying devices and electrical thermostats designed to be used with any of the foregoing; repair parts, tripods and fitted carrying cases for any of the foregoing, and

(o) articles and materials for use in the manufacture of goods described in sub-paragraphs (a) to (n)

but not including:

(p) goods for use by persons exempt from payments of consumption or sales tax under subsection (2) of section 34 of the said Act,

(q) office equipment or

(r) motor vehicles except those described in sub-paragraphs (e) and (h).

3. That effective March 30, 1966, the consumption or sales tax on goods described in paragraph 2 that are produced or manufactured in Canada shall be imposed, levied and collected at the rate of tax in effect at the time when the goods are delivered to the purchaser and shall be payable at the time or times provided in paragraph (a) of subsection (1) of section 30 of the said Act.

4. That effective March 30, 1966, stained glass windows of handmade or hand rolled glass technically called antique glass and materials for use exclusively in the manufacture thereof be exempt from sales tax.

5. That effective March 30, 1966, natural gas be exempt from sales tax.

6. That effective March 30, 1966, fuel oil for use in the generation of electricity be exempt from sales tax.

7. That effective March 30, 1966, a person engaged in the business of retreading tires be deemed to be a producer or manufacturer.

8. That effective March 30, 1966, prepared surgical skin closure devices, plastic surgical drapes for use during surgical operations, artificial teeth and articles and materials for use in the manufacture of the foregoing be exempt from sales tax.

9. That effective March 30, 1966, the present exemption from sales tax for lobster pots, lobster traps, and materials to be used in the manufacture thereof be extended to include crab or shrimp pots, crab or shrimp traps, and materials to be used in the manufacture thereof.

10. That effective March 30, 1966, the present exemption from sales tax for steel pens and complete parts thereof for farm animals be extended to include steel stalls and complete parts thereof for farm animals.

11. That effective March 30, 1966, tobacco dryers, not including buildings, for use on the farm for farm purposes only, parts therefor and articles and materials for use in the manufacture thereof be exempt from sales tax.

12. That effective March 30, 1966, vegetarian food products manufactured from vegetable and mineral ingredients to simulate meat products and materials for use in their manufacture be exempt from sales tax.

13. That effective July 1, 1966,

(a) dressers and dyers of furs shall be subject to sales tax on the aggregate of the current market value of raw furs dressed or dressed and dyed by them and the dressing or the dressing and dyeing charge, and

(b) dyers of furs who dye tax-paid dressed furs shall be subject to sales tax on the dyeing charge only,

and that for the purpose of the said act, dressed or dressed and dyed furs shall be deemed not to be partly manufactured goods and shall be deemed to be sold at the time they are delivered out of the possession of the dresser or dyer.

14. That effective July 1, 1966, where tax-paid dressed or dressed and dyed furs are delivered to a producer or manufacturer to be incorporated by him into articles on which sales tax is payable, a deduction from tax payable shall be allowed to such producer or manufacturer equal to be tax paid on the dressed or dressed and dyed furs less the amount of any deduction previously allowed in respect of such tax.

15. That effective March 30, 1966, where by the said act or an act to amend the Excise Tax Act, chapter 12 of the statutes of Canada 1963, a deduction from or refund of tax is provided for or a payment by the minister in an amount equal to tax paid is provided for, and circumstances exist which render it difficult to determine the exact amount of such deduction, refund or payment by the minister, the minister may, with the consent of the person entitled to such deduction, refund or payment, grant a deduction or refund or pay an amount determined, in such manner as the governor in council may by regulation prescribe, to be the correct deduction, refund or amount.

16. That effective March 30, 1966, the tax imposed under section 5 of Schedule I of the said act on electron tubes, not including cathode ray tubes, the duty-paid value or the sale price of which, as the case may be, does not exceed five dollars per tube, be changed from "fifteen per cent, but not less than ten cents per tube", to "ten cents per tube".

17. That effective March 30, 1966, the tax imposed under section 3 of Schedule I of the said act on devices commonly known as lighters be changed from "ten per cent but not less than ten cents per device" to "ten cents per device".

18. That effective March 30, 1966, in calculating the sale price of goods manufactured in Canada for the purpose of determining the excise tax payable under part IV of the said act, there shall not be included the amount charged as price for or in respect of any other goods contained in or attached to the wrapper, package, box, bottle or other container in which the goods are contained.

• (7:00 p.m.)

[*Translation*]

Mr. Chrétien: Mr. Chairman, I believe clauses 13 and 14 of this resolution are to be amended. Unfortunately, I do not have the text of that amendment here with me.

[*English*]

Mr. Churchill: That is typical of this government.

Mr. Lambert: Mr. Chairman, while waiting for the minister I wish to raise a point that I failed to discuss in my opening remarks. I trust that the minister will give us a little more information in reply on this resolution than he did on the Customs Tariff resolution regarding the points that have been raised. Questions are being raised for the purpose of eliciting information. I want to know why on this particular occasion it has been decided that those who are engaged in the business of retreading tires shall be deemed to be producers or manufacturers. My question relates to the imposition of sales tax on tires which have been retreaded.

I would be glad to hear the minister tell us why it is being done. We notice some of the other exceptions. The lobster fishermen have been given something which was contained in the act before. Steel pens for farm animals is an expression now to include steel stalls. I suppose this change resulted from a disagreement about interpretation; it depended on how a farmer wanted to keep his animals; whether horses or cattle, he still had to decide

whether he wanted pens or stalls so as to avoid paying another 11 per cent.

I should like to come back to the point I made about the item dealing with oil country goods, the production of crude oil from bituminous tar sands and the application of sales tax. Are we now to be confronted with an artificial distinction, since this production will not be from oil wells?

Mr. Sharp: As the committee will notice there is one excise tax resolution and the resolution is divided into 18 paragraphs. I have been listening to the interesting remarks of members of the committee. Some of them were of a general character dealing with the principles which underlie these proposals. Others were more specific. I was waiting until I thought the committee had made their general observations before getting down to the text of the resolutions themselves.

It is difficult to know how best to deal with these matters. I myself have one amendment to propose and I will do this in due course; it arises out of representations which have been made since the budget was brought down. Perhaps I might deal now with one or two of the observations which have been made so far by members of the committee. First, as to the question raised by the hon. member for Edmonton West about the equipment used in the bituminous sands operation in Alberta. My understanding of the position is that this kind of equipment would probably all be of a character which would be defined as productive machinery while this specific item (i) deals with equipment used in natural gas or oil wells.

In other words, item (i) is an addition to a general description. I cannot vouch for this and it is difficult for me to give a legal opinion. My officials were puzzled by the representations from the hon. member because this point had never arisen before. But it is their belief, which I will confirm when the bills are before the house, that the kind of machinery which would be used in this bituminous sands operation would be covered in another part of the list.

Mr. Lambert: Yes, but the minister will understand from his experience of the administration of the act that unless something is specifically spelled out there is a great tendency to say it is not included. The words are "all of the foregoing for use in connection with natural gas or oil wells". I am thinking of tubing, fittings, couplings, thread protectors and nipples in connection with piping. It is not drill casing I am concerned with. I wish to avoid an overly restrictive interpretation. Of course, I am glad if the minister can give us an assurance that this is covered elsewhere. If it is, so much the better.

Mr. Sharp: As far as I know, the intention is not to be unduly restrictive. However, I will have the point examined in preparation for bringing the bill before the house.

A specific matter relating to drugs was raised by the hon. member for Vancouver-Kingsway. In my budget address I made it clear that the government is prepared to remove the sales tax from drugs, should this course be recommended by the committee of this house which is concerned with the question of drugs and drug prices. The reason is that the government would like to be assured that the benefits of a reduction in tax would be passed on to the consumers; this is the only reason for our reluctance to move ahead now before the report of the committee has been presented.

As to the general question raised by the hon. member for York South—he is not here at the moment, but he will no doubt read this in *Hansard* when he gets an opportunity—regarding the economic effects of removing the sales tax on production machinery in one or two stages, we considered this matter very carefuly when we were preparing the budget proposals. The proposal to remove the sales tax from productive machinery in two stages was a deliberate decision in order to produce a specific effect upon the economy.

As I said in my budget speech, and as was said by the hon. member for Edmonton West, this is not a desirable kind of tax. It was imposed only because of the urgent need for revenue when we took office in 1963. I know that my former colleague, the hon. member for Davenport, agreed with me that the time had come to remove the tax which he never defended as being more than a necessary evil. He did not regard it as being a desirable form of tax. We were then faced with the question of how to remove it. If we had removed it immediately an unwanted impetus would have been given to expansion. Speaking of this, the hon. member for York South used words which I would never use. He said I was trying to reduce expansion. That is not what I am trying to do. What I am trying to do is to ensure that the expansion is within our physical capabilities. If we were to proceed on the assumption that it does not matter how much is attempted—that it can all be achieved—we would be making a

false assumption. When demands are in excess of physical capacity the only result is an undesirable and unwanted further increase in prices. We had a choice. We could have removed the sales tax prospectively on April 1, 1967—the whole of it. However, our analysis of the economic outlook was that inflationary pressures would probably be severe for the next 18 months or so, and we had to think of the effect of removing this tax upon expenditures during this 18 months period.

• (7:10 p.m.)

We felt it desirable to go some distance, if we could in removing the tax because it is an undesirable tax in itself. We do not want to prolong its effect in increasing cost of production any longer than necessary.

As the hon. member for York South himself admitted, one has to balance considerations. Any tax that increases costs is in itself not particularly desirable. On the other hand, to the extent that the tax takes purchasing power out of the economy at times of excessive demands, it may have a useful effect. We decided that to remove the tax in two stages, coupled with the application of our refundable tax, and coupled with reduction in capital cost allowances, would produce the desired reduction in proposed capital expenditures.

You may recall, Mr. Chairman, that in my budget address I went so far as to indicate the order of magnitude of the reductions I was attempting to achieve, which were of the order of $300 million or $400 million out of a total capital expenditure of the order of $10 billion. The effects the budget was trying to achieve were moderate—

Mr. Lewis: The minister means minimal effects.

Mr. Sharp: I know the hon. member will agree that we did not want to reduce economic activity below what is physically attainable. We did not want to produce unemployment, and there are no signs of that. If, on the other hand, in 1967 we were to discover that the economy was beginning to recede from its physical capacity, and if there were signs of slack appearing, then of course we could very quickly take off the whole of the tax.

This is one of the elements of flexibility in the budget, like the 5 per cent refundable tax and the time it is repayable. Therefore I submit to my hon. friend that we were not fiddling with this tax. We did these things deliberately and for a purpose.

It would be very desirable if we could take all projects in the country, line them up, and decide which were desirable and which were not. Perhaps in a socialist state we could do that; I do not know. But I do not think my hon. friend would want to have the task of deciding what is desirable and undesirable in an economy with so many variables as the Canadian economy.

Mr. Lewis: May I ask the minister if he does not see a difference between deciding what is desirable and undesirable, and deciding between what is more desirable and less desirable which, in effect, is merely deciding on the priorities in a society? Surely that is not a task he would deny being able to perform.

Mr. Sharp: Well, I think we can make broad generalizations, but in order to achieve the moderate effects we were aiming at, it is better to allow some of the economic pressure to exert a moderate effect rather than to attempt to decide whether a particular project has priority over another project, particularly when many projects are very similar to one another.

As the hon. member himself has said, we are not dealing here with things that are obviously good or obviously bad. We are dealing here in the main with things we would like to do this year if we had the physical capacity to do all of them.

Mr. Lewis: May I ask another question, as I would like to understand this. The minister has said that a total reduction in proposed investment by the application of the three measures, the sales tax and the other two, would be $300 million out of a total of $10 billion. Could the minister tell us how much would be involved in immediately withdrawing the sales tax on this machinery and equipment? What kind of inducement to investment would that have meant, by doing it all next year instead of in two stages?

Mr. Sharp: I would find it very difficult to put a figure on this—upon any of these items. We had to make some estimates for our own purposes when we were preparing the budget, but perhaps I might put the argument this way: If we had taken off the sales tax immediately we should have had to put on other taxes or to take other repressive measures. To take the tax off immediately would have had effects counter to what we were trying to achieve. It would have given an

immediate stimulus to demand. The choice was whether to take it off in the future in one or two stages, and also at what time.

These were the main points. I thank the hon. member for Durham for bringing this question of plastic netting to our attention. This is a new product and I do not remember having looked at it specifically. I am glad the matter was raised.

The hon. member for Oxford raised the perennial problem of the jewelry trade. I received representations from the jewelry trade asking that the special excise tax be removed. The government looked at this proposal carefully and sympathetically. We would have liked to do it, but we came to the conclusion that this ought to be looked at in the context of the general revision of the tax structure now being studied by Mr. Carter and his colleagues.

With respect to the centennial projects, as the committee probably knows expenditures by the provincial governments are not subject to sales tax but all expenditures by municipalities are, and we did not think that municipal centennial projects in particular could be singled out for special treatment. After all, many projects are being undertaken now which would have been undertaken at some other time.

We shall look into the suggestion of the hon. member for Oxford about equipment for making hydroponic products.

• (7:20 p.m.)

Mr. More: Frankly I am a little confused by the minister's statement that the government is prepared to take the tax off drugs but wants to wait for the committee report to be assured that the change will pass on a saving to the consumer. For the life of me I just do not see how the committee can make a report that would guarantee this, any more than I can understand how the minister by contacting and negotiating with manufacturers could give an assurance that this action would follow with a resulting savings to the consumers of drugs. It seems to me that the minister and the government are in a stronger position than the committee in this regard, and because of the impact on the health and welfare of the people of this country it seems to me desirable that something should be done.

The government seems to be using the committee consideration solely as an alibi for not taking this desirable action. It has tried on the one hand to convince the people that it is ready to take action, but does not do so because the committee is considering the situation, with the suggestion that if a report is received from the committee in favour of saving consumers some money on the purchase of drugs it will take action. That is not the type of attitude that should be taken in dealing with a problem of this nature.

I listened with interest to the case put forward by the minister in respect of the removal of the sales tax in stages rather than all at once. I should not like to misquote him, but I think he said that removing sales tax all at once would create an undue impetus. The corollary of that is that the imposition of the tax all at once created an undue restraint at a time when expansion was desired. Had this tax not been imposed at that time we might now be free of some of the pressures on our economy that the minister has to counter in this way. The minister has given us enough evidence to prove that the argument we made against the action taken by his predecessor was warranted. Had his predecessor listened to our arguments the present minister's job at this time would be much easier.

In connection with the sales tax, I am sure the minister has had many representations from various organizations. The Canadian Chamber of Commerce made representations to him in a brief as early as January or February. A committee of that chamber of commerce has given a great deal of study to this matter. I have observed very little that would indicate the minister has taken any cognizance of the representations made.

Certainly the removal of this sales tax from services will relieve some of the problem, but there is still a problem which exists in regard to uncertainty in the operations of certain industries as to whether the tax will or will not be required. The decision is apparently up to the tax administrators to decide, with complete authority resting in the minister, and with no appeal procedure. Representations have been made to the effect that this is unacceptable and is not conducive to an efficient operation.

Over the years it has become virtually impossible for the average small manufacturer to know what kind of decision is to be made under given circumstances. These people assume that the tax will have to be paid and they go ahead and estimate the cost of jobs accordingly in the hope that they will be able to make rebates at a later date. The result is that the cost is higher than it would

be if there was some certainty about decisions. This in turn adds to the cost of living, a situation with which we are all concerned at this time.

One section of the Canadian Chamber of Commerce brief, at page 21, refers to the fact that prior to June 13, 1963 productive equipment to be used directly in the manufacture of goods was exempt from sales tax. This exemption was withdrawn effective June 14, 1963. As a result all new productive facilities are subjected to tax, and taxation also is levied on the articles produced by these productive facilities. Since this tax on the productive facilities forms a part of the cost included in the sale price of the manufactured article there is an element of compounding of sales tax, because the cost of productive facilities represents a significant part of the cost of production in many manufacturing industries. This same situation applies particularly to the manufacture of auto parts, where amortization of productive facilities may exceed 20 per cent of production costs.

In the recommendation of that chamber of commerce they ask the minister to consider the suggestion that there should be embodied in new legislative provisions adequate provision for complete appeal procedures. It seems that no attention has been paid to this recommendation. They also recommend that there should be written into the act those principles which underlie current departmental rulings, regulations and practices. They suggest that until these proposals are incorporated the department should codify and make generally available bulletins, regulations and rulings on the administration of the act. If this were done the people concerned would have some guidance.

The chamber of commerce is also concerned about some of the operations in respect of the recovery of sales tax, and they state at the bottom of page 21:

> Section 29 of the Excise Tax Act provides that included in the definition of sale price are amounts charged for such matters as advertising, financing, servicing, etc. It is the understanding of the executive council that even though the amounts charged are subsequently recoverable by the purchaser through means of a credit, nevertheless a recovery cannot be made of the sales tax paid on these charged items.

Their recommendation is that the sales tax and excise taxes should be recoverable on all amounts credited to the purchaser when such credits are, in effect, a reduction of the original sale price. They conclude by suggesting that the definition of sale price requires the sales tax to be paid on any amount that a purchaser is required to pay the vendor in respect of financing. They point out that if the purchaser pays financing charges to someone other than the vendor, they do not become part of the sale price. They state that this situation is anomalous, and they request that vendor financing be treated in the same manner as non-vendor financing.

Before we approve of this measure I should like the minister to indicate what consideration these representations have received, and explain in a little more depth why the government is so reluctant to take action to remove the sales tax on drugs.

Mr. Faulkner: Mr. Chairman, I do not wish unnecessarily to delay the proceedings of this committee because there seems to be a disposition on the part of members to pass this resolution. I should however like to reiterate a point I made during private representations to the minister concerning the application of excise taxes on clocks and watches.

As the minister and members of this committee are aware, the application of this excise tax seems to be plagued with anomalies. Over a period of years we have been able to eliminate this tax on items such as electrical appliances, firearms, motorcycles, golf clubs, golf balls, fishing rods and fishing reels, but we have been unable to eliminate this tax on clocks and watches.

In the budget speech the minister said he would not be considering a wholesale revision of these items until after the Carter commission had reported. That seemed to me to be a very sensible approach, yet he did find it possible to modify the excise tax on electronic tubes and cigarette lighters. I do not know the reason behind those exceptions, but it irritated the Westclock people, who are located in my area, in view of the fact they had presented what they felt were reasonable figures and representations to the minister and his predecessor in respect of the elimination of the tax on clocks and watches.

• (7:30 p.m.)

The urgency of this situation is fairly straightforward. The manufacturers of clocks and watches are in competition with manufacturers of many items in respect of which excise taxes have been removed. So what we have is a situation wherein the clock and watch manufacturing industry is operating under terms which can only be described as

unfair competition. I understand the difficulties the minister is faced with at this particular point in time, but I would urge him to reconsider the position in respect of the clock and watch manufacturing industry, bearing in mind that the revenue produced from the excise tax on these particular items is not considerable. It would appear to me, therefore, that there is a very strong and compelling case for the elimination of the excise tax on clocks and watches. My point is simple: I would urge the minister to consider this request.

Mrs. MacInnis (Vancouver-Kingsway): Mr. Chairman, I would like to ask the minister a question. I was very much interested in his remark that the government would be willing to take the 11 per cent sales tax off drugs provided they could be sure that the benefit would be passed on to the consumer. I would like to ask, what kind of machinery would the minister propose to ensure that this would be done? This is a matter of very great concern to the consumer and I would like to know what the minister would visualize as being a safeguard in this respect.

Mr. Sharp: Mr. Chairman, I have always understood that the reason for having this committee look into the prices of drugs was to find means of bringing them down. We thought as a government that the responsible thing for us to do was to accompany our action in removing the tax with whatever action is recommended by the committee in order to bring down the price of drugs generally. I understand that the committee was formed because it was felt that the price of drugs was excessive for reasons other than the sales tax.

Mrs. MacInnis (Vancouver-Kingsway): Therefore the minister does not believe in taking off the tax by degrees?

Mr. Sharp: As I said in my general remarks about this resolution, it is in 18 paragraphs, and I would suggest that in order to expedite the work of the committee so they will know what is in my mind by way of amendment, paragraphs 13 and 14 be considered together. Before they are considered by the committee I should like to propose that they be amended. I will ask my colleague the Postmaster General to move the following amendment:

That the Excise Tax Act resolution be amended by deleting paragraphs 13 and 14 thereof and substituting therefor the following:

"13. That effective July 1, 1966, a person who receives dressed or dressed and dyed furs from a dresser or dyer shall, whether or not he is a licensed wholesaler or manufacturer under part VI of the said act, be subject to sales tax payable at the time such furs are delivered to him, on

(a) the aggregate of

(i) the current market value in their raw state of the furs so received by him, and

(ii) the dressing or dressing and dyeing charge in respect of such furs, or

(b) the dyeing charge only where the furs so received were tax-paid dressed furs at the time they were delivered to the dyer,

and that for the purpose of the said act, dressed or dressed and dyed furs shall be deemed not to be partly manufactured goods and a licensed wholesaler shall not be entitled to import tax free dressed or dressed and dyed furs for resale.

14. That effective July 1, 1966, where a tax-paid dressed or dressed and dyed fur is delivered to a person to be incorporated by him or on his behalf, into an article on which sales tax is payable, a deduction from tax payable by him shall be allowed, at such time as the minister may by regulation determine but in any case at a time not later than the time when the tax in respect of an article in which the fur is incorporated is payable, in an amount equal to the tax paid on the dressed or dressed and dyed fur less the amount of any deduction previously allowed in respect of such tax."

Mr. Lewis: Mr. Chairman, perhaps the minister would help us understand the two paragraphs by telling us the differences the amendment introduces, if that is not an imposition on him.

Mr. Sharp: I shall be very happy to do so, Mr. Chairman, but I think the motion should be moved first. I would ask my colleague the Postmaster General to move the motion.

Mr. Côté (Longueuil): I so move, Mr. Chairman.

Mr. Sharp: In order to explain the rewording of paragraphs 13 and 14 now before the committee it is necessary to say something about the reason for the amendments proposed by those paragraphs as originally drafted and as now presented in a revised form.

These two paragraphs as originally drafted, and as now revised, propose a change in the method of collecting the sales tax on furs. It is not proposed that there be any over-all increase in the amount of tax nor is any change to be made in the existing requirement that manufacturers of articles made from fur must pay sales tax when they sell the goods they manufacture. The purpose of the proposed change in the wording of the act is to provide greater certainty and efficiency in the collection of the sales tax on articles made from fur. In this industry many retail outlets carry out some manufacturing of fur

garments. It has proven difficult to ensure that sales tax is paid in all cases on the products of these manufacturing operations and this situation has been unfair to other manufacturers and unsatisfactory from the point of view of the treasury. What is proposed is to introduce a new procedure under which sales tax is collected at the stage where furs are dressed and dyed as well as at the time when fur garments are sold. In calculating the tax at the time fur garments are sold credit will be given for the tax paid at the dressing and dyeing stage.

As originally drafted, paragraphs 13 and 14 of the resolution proposed that dressers and dyers of furs would be responsible for the payment of sales tax on furs processed by them. This tax would have been payable by the dresser or dyer when he delivered furs to a manufacturer of fur garments. The manufacturer of fur garments would have been required to pay sales tax on the selling price of the garments and other articles made of fur manufactured by him at the time he sold these goods but in computing this tax he would have been allowed to take a deduction for the amount of tax already paid by the dresser and dyer on the furs he used in his manufacturing operations. That was the first proposal that I made and it was included in the resolutions tabled at the time of the budget.

Representations were made to the government by the dressers and dyers of furs that this arrangement would place them in very serious financial difficulties. Dressers and dyers of furs are not normally the owners of the furs they process. They only perform a service. It is traditional that the dressers and dyers extend long-term credits to the owners of the furs for the payment of the charges made for dressing and dyeing. Because of this arrangement the dressers and dyers would have been required to wait for many months for reimbursement from the owners of the furs for the sales tax paid by the dressers and dyers at the time they delivered the furs to their owners.

The only change of substance to be made in paragraphs 13 and 14 by the amendments now placed before the committee is to shift the liability to pay tax at the dressing and dyeing stage from the dressers and dyers to the person who takes delivery of processed furs from a dresser or dyer. That is, I hope, a simple explanation of what we are about.

Mr. Lambert: What this amendment does is shift the assessment of sales tax from an intermediate stage to really the final manufacturing stage. However, it does raise a question in my mind as to the identification of the furs as they pass through these various stages. I suppose in paragraph 14, where the minister is allowing a credit for a portion of the sales tax which may have already been paid at the dyeing and processing stage, it becomes a question of identification, and I think there may be a little difficulty here. However, that is a matter of administration.

• (7:40 p.m.)

Mr. Sharp: Yes, Mr. Chairman, the hon. member has put the situation accurately. What we are concerned with here is collecting the tax. There would be no problem were it not for the fact that some manufacturers of furs are also retailers. The question of collecting the tax at the final stage is inefficient and in the past has not proved as reliable as we would have liked. The purpose of this amendment, in its original form and now in its amended form, is to impose tax at a somewhat earlier stage, and to impose it upon the manufacturer who, when he sells his goods, may be able to credit the tax that has already been paid.

The Deputy Chairman: It is moved by Mr. Côté (Longueuil) that the Excise Tax Resolution be amended by deleting paragraph 13 and 14 thereof and substituting therefor the amendment read by the Minister of Finance.

Mr. Lambert: In order to pass this Excise Tax Act resolution properly I think we could take it paragraph by paragraph. The minister has introduced an amendment which we will either accept or reject when we come to paragraphs 13 and 14.

Paragraphs 1 to 12 inclusive agreed to.

On paragraphs 13 and 14.

The Deputy Chairman: An amendment has been moved to these paragraphs.

Amendment agreed to.

Paragraphs 13 and 14 as amended agreed to.

Paragraphs 15 to 18 inclusive agreed to.

Resolution reported.

INCOME TAX ACT

That it is expedient to introduce a measure to amend the Income Tax Act and to provide among other things:

1. That for the 1967 and subsequent taxation years the deduction from individual income tax equal to

the lesser of 10 per cent of basic tax or $600, described in subsection (4) of section 33 of the said Act, be replaced by a deduction equal to the lesser of 20 per cent of basic tax or 20, and that for the 1966 taxation year the deduction be equal to the aggregate of

(a) 4 per cent of basic tax or $240, whichever is the lesser, and

(b) 12 per cent of basic tax or $12, whichever is the lesser.

2. That for the 1967 and subsequent taxation years,

(a) a gift made to a charitable organization in Canada exempt from tax by paragraph (e) of subsection (1) of section 62 or to a corporation or trust resident in Canada exempt from tax by paragraph (f) or (g) of that subsection may be deducted in computing taxable income for the year only if the donee is a registered Canadian charitable organization, and for this purpose a registered Canadian charitable organization shall mean

(i) a charitable organization in Canada exempt from tax by jaragraph (g) of subsection (1) of section 62 or a corporation or trust resident in Canada exempt from tax by paragraph (f) or (g) of that subsection, or

(ii) a branch, section, parish, congregation or other division of an organization described in (i) that receives donations on its own behalf, that has been registered in a prescribed manner with the Minister of National Revenue and has filed a return in prescribed form; and

(b) the aggregate of gifts that a taxpayer may deduct in computing his taxable income for a taxation year by virtue of paragraph (a) of subsection (1) of section 27 of the Act may include a gift made

(i) to the United Nations or any agency thereof,

(ii) to a university outside Canada prescribed to be a university the student body of which ordinarily includes students from Canada, or

(iii) to a charitable organization outside Canada to which Her Majesty in right of Canada has made a gift during the calendar year coinciding with or ending in the taxation year.

3. That with respect to bonds or other obligations issued after April 15, 1966, interest on such bonds or other obligations

(a) of or guaranteed by the Government of Canada,

(b) of the government of a province,

(c) of an agent of a province, an educational institution or a hospital, where repayment of the principal amount thereof and payment of the interest thereon is guaranteed by the government of the province, or

(d) of a municipal or local government established under provincial law,

be exempt from the 15% non-resident withholding tax.

4. That with respect to taxation years ending after March 29, 1966, a corporation whose principal business during the year after that date was trading or dealing in bonds, shares or debentures will not be eligible to pay tax at that special 15 per cent raate of tax provided by section 70 of the said Act.

5. That with respect to dividends received after March 29, 1966, a non-resident-owned investment corporation may not deduct from its income in computing its taxable income a dividend received by it from another non-resident-owned investment corporation other than a dividend paid by a non-resident-owned investment corporation that had previous to the payment of the dividend, and at a time when it was taxable as a non-resident-owned investment corporation, paid dividends (other than dividends on which no tax was payable under the said Act) the aggregate amount of which is not less than the corporation's surplus determined in the manner prescribed for purposes of subsection (1a) of section 106 of the said Act for taxation years for which it was not taxable as a non-resident-owned investment corporation.

6. That for the 1966 and subsequent taxation years an employee may not deduct in computing his income an amount in respect of tuition fees paid on his behalf by his employer in excess of the amount included in his income in respect of the said fees.

7. That with respect to a benefit received after March 29, 1966 by virtue of a plan under which a corporation agrees to sell or issue shares to its employees, the rules described in subsection (2) of section 85A of the said Act that an employee may elect to use to calculate the amount of tax on the said benefit be amended so that the 20 per cent of the amount of the benefit referred to in subparagraph (ii) of paragraph (b) of the said subsection will not exceed $200, but that this amendment shall not apply if the right to acquire shares was given to the employee before 1965 and the benefit is received before January 1, 1967.

8. That it be declared for greater certainty that the expression "in Canada" in the said Act includes and has always included the sea bed and sub-soil of the submarine areas adjacent to the coasts of Canada in respect of which grants are issued, by the government of Canada or of a province, of a right, license or privilege to explore for, drill for or take any materials or substances.

9. That with respect to operations that come into commercial production after March 29, 1966, the definition of a mine be amended so that all wells, the material that is extracted from sylvite deposits by means of which is sent to a single plant for processing, be deemed to be one mine, and that where an operation that would qualify as a mine by reason of an enactment based on this resolution came into commercial production within the 3 years preceding March 29, 1966, that part of the income of the operator thereof that is attributable to commercial production therefrom in the part of the first 36 months of such operation that falls after March 29, 1966, shall be deemed to be income from the operation of a mine.

10. That the date before which a new manufacturing or processing business must have commenced manufacturing or processing in reasonable commercial quantities in a designated area in order to qualify for an exemption from tax on its income from such operations for 36 months after the commencement of operations be changed from April 1, 1967 to April 1, 1968 in the case of a manufacturing or processing business where evidence satisfactory to the Minister of Industry is furnished to establish that

(a) the facilities to be used in the said business were in the process of being constructed, installed or assembled on the site of the proposed business premises on March 29, 1966, and

(b) the said business is unable to commence manufacturing or processing in reasonable commercial quantities before April 1, 1967, by reason of an event beyond the control of the said business

11. That the provisions of section 79C of the said Act dealing with deferred profit sharing plans be revised and in particular that the said provisions

(a) authorize the Governor in Council to make regulations to define the property in which funds of a trust governed by a plan may be invested,

(b) require that property of a trust governed by a plan be vested in the employees who are beneficiaries under the plan, and

(c) provide rules for taxing amounts reallocated when employees who are beneficiaries under a plan cease to be beneficiaries under the plan.

12. That paragraph (u) of subsection (1) of section 11 be amended to provide that the deduction from income provided thereunder shall not apply with respect to amounts paid after March 29, 1966, to a trustee under a deferred profit sharing plan.

13. That section 79A of the Act, dealing with supplementary unemployment benefit plans, be amended to provide for the registration of such plans for the purposes of the said Act and to authorize the making of regulations governing the qualifications required of such plans for registration.

14. That with respect to each taxation year included in whole or in part in the period commencing May 1, 1966, and ending October 31, 1967, a special refundable tax at the rate of 5% shall be payable by all corporations that are not exempt from tax under the said Act by virtue of section 62 thereof and by all trusts (other than trusts arising on death) calculated, in the case of a corporation, on a tax base (hereinafter called the corporate tax base) comprising the aggregate of

(a) its taxable income or loss,

(b) amounts deducted under paragraph (a) of subsection (1) of section 11 in computing its income,

(c) amounts deducted under paragraph (b) of subsection (1) of section 11 in computing its income,

(d) business losses sustained in other years that are deducted in computing its taxable income,

(e) the amount by which any amounts deducted under section 83A of the said Act in computing its income exceed any expenses described in that section actually incurred by it in the year,

(f) dividends received from corporations described in paragraphs (d) and (e) of subsection (1) of section 28 of the said Act that are deducted in computing its taxable income, and

(g) income from the operation of a mine not included in computing its income by virtue of subsection (5) of section 83 of the said Act,
minus the aggregate of

(h) $30,000, but where the corporation is associated with one or more other corporations in the year then 30/35ths of the amount allocated to it for the year under subsection (3) or (3a) of section 39 of the said Act,

(i) the aggregate of the payments made in the year by the corporation (not exceeding the aggregate of the amounts specified in sub-paragraphs (b) and (e)) each of which was a payment as or on account of principal made in retirement of a debt owed by the corporation or made into a sinking fund that under an agreement in writing entered into before March 30, 1966 was required to be established for the purpose of the retirement of a debt owed by the corporation, if

(i) the original term for full repayment of the debt was three years or longer,

(ii) the payment was required to be made in the year under an agreement in writing entered into before March 30, 1966, and

(iii) the payment was made to a person with whom the corporation was dealing at arm's length,

(j) payments made in the year by the corporation to redeem shares of its capital stock where such redemption was authorized by or on behalf of the corporation before March 30, 1966, or required by an agreement in writing entered into before that day, and

(k) the following taxes payable by the corporation in respect of the year, namely

(i) income tax payable to Her Majesty in right of Canada,

(ii) income tax and logging tax payable to Her Majesty in right of a province, and

(iii) income and profits taxes payable to the government of a country other than Canada,

and in the case of a trust, on a tax base (hereinafter called the trust tax base) comprising the aggregate of

(l) its income or loss from all businesses carried on by it,

(m) its rental income not included in computing the amount determined under subparagraph (l),

(n) amounts deducted under paragraph (a) of subsection (1) of section 11 in computing the amounts specified in subparagraphs (l) and (m), and

(o) amounts deducted under paragraph (b) of subsection (1) of section 11 in computing the amounts specified in subparagraphs (l) and (m), minus the aggregate of

(p) $30,000,

(q) the aggregate of the payments made in the year by the trust (not exceeding the amount specified in subparagraph (n)) each of which was a payment as or on account of principal made in retirement of a debt owed by the trust, if

(i) the original term for full repayment of the debt was three years or longer,

(ii) the payment was required to be made in the year under an agreement in writing entered into before March 30, 1966, and

(iii) the payment was made to a person with whom the trust was dealing at arm's length, and

(r) income and profits taxes payable in respect of the year to the government of a country other than Canada.

15. That for the purposes of the special refundable tax, the corporate tax base and trust tax base for any taxation year part of which is before May 1, 1966 or after October 31, 1967, shall be that proportion of the said tax base that the number of days in the taxation year that are after April 30, 1966 or before November 1, 1967, as the case may be, is of the total number of days in the taxation year.

16. That payment of the special refundable tax shall be made,

(a) in the case of a corporation, in monthly installments on the last day of each month commencing with May 31, 1966, and ending with

October 31, 1967, with each installment calculated by reference to the corporate tax base for the same taxation year of the corporation as is used in computing or estimating the corporation tax payment that is due on the same day, and

(b) in the case of a trust, in equal installments on June 30, September 30 and December 31, 1966, and in equal installments on March 31, June 30 and September 30, 1967, calculated by reference to the trust tax base for the preceding taxation year or the estimated trust tax base for the taxation year in which the installments are paid.

17. That each installment of special refundable tax shall be,

(a) in the case of a corporation, that proportion of the tax calculated or estimated to be payable for the taxation year, that one is of the number of installment payment dates in the taxation year that are after April 30, 1966 and before November 1, 1967 and

(b) in the case of a trust, one third of the tax calculated or estimated to be payable for the taxation year,
and that

(c) the final adjusting payment, if any, shall be due, in respect of each taxation year, three months after the end of the taxation year, and

(d) a return in prescribed form shall be filed by a corporation within six months from the end of each taxation year, and by a trust within ninety days from the end of each taxation year.

18. That the special refundable tax shall be refunded together with interest at 5% per annum to taxpayers at such time or times as may be prescribed but not less than 18 months nor more than 36 months after the later of

(a) the day on which the payment of tax to be refunded was due; or

(b) the day on which the payment of tax to be refunded was paid.

Mr. Sharp: Mr. Chairman, perhaps I should begin our consideration of the Income Tax Resolution by saying to the committee that I shall have two amendments to propose to these resolutions arising out of representations that have been made following the presentation of the budget. Those amendments will relate to paragraphs 7 and 14.

Mr. Lambert: Mr. Chairman, we will now consider the principal part of the Budget resolutions, the one that has the greatest impact. I suppose most people look to it for some measure of glad tidings or for tidings of woe. This year I think in two senses it brought woe. First there was an increase in personal income tax—rendering ineffective that loudly hailed tax cut of last year, which was a pure election bait—and the other woe was to the economy. But the spelling of the word is whoa.

The editorial commentator in the *Canadian Tax Journal* of March-April, 1966, commenting on this particular aspect of the budget said:

[The Deputy Chairman.]

Logically, since the measure was designed to dampen spending, last year's cut—which was designed to increase demand—might have been fully reversed—

One would think so—

—instead of increasing the tax cut for 40 per cent of the taxpayers.

Undoubtedly the increase in tax this year will hit some people harder. This will take a lot of computing. I suppose that if it is the intention of the government to restrain the economy, some sort of a tax should be imposed, but I am wondering whether the imposition of personal income tax is the right way to go about it. It certainly hits those people who have money to spend and it might deter them from spending money, depending upon how much the tax is increased. On the other hand, the person who pays no tax is not affected. All he is subject to is the burden of the increasing cost of living. This is fully understandable.

The minister, in his budget speech and certainly in his white papers, indicated he did not think the increase in the cost of living in 1966 should be smaller than it was in 1965. Therefore we are in for another rise in prices.

I was disappointed in certain aspects of the budget speech. First of all I had hoped that the minister would have realized the impropriety of the ministerial discretionary provisions which were introduced in 1963 with regard to associated companies. A great deal of objection was voiced both in and out of the house—as a matter of fact there was a great deal of objection from certain members supporting the present minister—when his predecessor introduced these discretionary powers. I find them completely repugnant and I sincerely regret that the minister did not remove them from the act.

There is one thing however in which we can perhaps rejoice and that is in the fact that the minister has not introduced the capital gains tax. If he has given a look to the initial drafts of the Carter Commission report he may or may not have seen that some indication was given there to the necessity of introducing a capital gains tax into Canada's tax structure. Personally, I do not think we should do so since we are trying to encourage development capital in this country. This is what the minister and his predecessors have been endeavouring to do at all times, to encourage equity investment. The

introduction of a capital gains tax would be an absolute deterrent to equity investment.

I find it rather odd that my friends to the left of us in the house on the one hand advocate a capital gains tax and on the other hand want Canadians to invest more in the development of our own resources. The two propositions are quite incompatible. Some countries have considered a capital gains tax only after they have achieved a mature investment state, and even in those cases I am sure that in essence a capital gains tax, under today's economic structure is improper. If there is a capital gains tax, surely there must be an allowance for capital losses. We never hear about them. They are always to be taken as part of the price of living. Rather, they go after the gains. This is something that must be taken to be quite improper, something that will stultify all initiative and activity. In my opinion, unless you are prepared to make a concession on the losses, then do not talk about taxing gains.

• (7:50 p.m.)

One other matter that I do find regrettable in this income tax resolution is the element of retroactivity. One need not belabour the undersirability of having retroactive features in any taxing statutes. However, there is that feature in this Budget. It deals with the restriction now placed on certain stock options. I must say that there have been many representations made, both by the financial press and elsewhere, and I should like to read some excerpts from a document written by a business concern in this country where the employees do have stock options. This article is written from the point of view of equity and what happens as a result of the provisions which are contained in subparagraph (7) of the resolution.

The amendment to section 85A of the Income Tax Act proposed in the Budget speech of March 29 has the following effect: As the act stands at present, an employee may elect to pay a tax on benefits received from the employee stock option plan at his average tax rate for the previous three years, less 20 per cent of the benefits. The 20 per cent reduction, which at present is not limited, would now be limited to $200. I would say that in most cases this limitation results in a very substantial extra tax burden on the employee.

Now, this provision has no bearing on the restraining of the expansion or the limiting of the inflation which seems to be the main theme of the Budget. If it is related to the closing of a loophole, then it is difficult to imagine what abuses have taken place or could take place under an employee stock option plan. After all, the granting of stock options in so far as public companies are concerned is rigidly policed by the stock exchanges in order to guard against any abuses. Now, why has this provision been made retroactive?

As I said, the 20 per cent deduction of benefit has been limited to $200, making the stock option a relatively costly form of remuneration. The changes, apparently, will not apply to options granted before the beginning of 1965 and exercised before the end of 1966, and the result is to trap a number of situations which cannot meet this exemption requirement. I am sure there are many employees, of one category or another, who undertook certain employment or who committed themselves on the basis of the tax law as it was. Now, along in the middle of the game, a change is made. So far, the minister has not been able to explain or has not explained why the change was made. What was the nature of the abuse, if there was one? I feel we clearly have to have an explanation. As will be seen the minister, in order to justify this income tax amendment, must overcome the objection to retroactivity, which is always a repugnant feature in any taxation statute.

I should like to say that I am pleased to see important efforts have been made to regularize charitable organizations, so that one can readily establish the continuing charitable nature of any organization which is prepared to apply initially to the Minister of National Revenue for status, and be able to grant a receipt which is good for income tax deduction purposes. However, I do believe there will be some administrative difficulty. This has not been disclosed in the resolution, but with regard to religious bodies is it the intention to have every parish, every church, which would normally be entitled, under section 62 I believe of the act, to grant a charitable donation receipt, register and file its report? Will this be done, for instance, through the presbytery, through the diocese or the archdiocese, so that there will be one regional authority in regard to the church? Will the various religious bodies certify to the Minister of National Revenue that such and such a parish is in good standing and has the authorized person to issue charitable donations receipts? Otherwise, there is going to be

a tremendous staff required by the Department of National Revenue to examine and file these annual statements called for by this amendment.

One feature with regard to charitable donations which I find neglected in this year's budget and which I feel would have merited a great deal of support in the house and in the country, concerns donations in excess of the statutory limit, provided those donations are made to a recognized educational institution. This would encourage endowments to university foundations. I feel we could do a great deal more than we have done. I spoke about this during the Budget debate. There are some things that have been done at the University of British Columbia during the past year or two, where tremendous gifts have been made to the university by people who have been able to amass a jolly good share of this world's goods, and who are putting it to good public use. I think we should be in a position to encourage this type of thing.

• (8:00 p.m.)

The last matter about which I want to speak, because there will be a number of others who will want to do so, concerns the refundable levy. This has really been called in some quarters a corporation tax loan. Because that is all it is. The minister says that corporations and certain types of trusts shall, if their income exceeds $30,000 a year, pay a 5 per cent levy on the excess over that income, which may be refundable with interest up to some period not exceeding 18 months. It is a forced loan, and I know that many concerns will be caught. Some concerns because of their cash position, will have to borrow the money in order to pay this tax. It will be interesting to know whether they will be able to claim as a business expense the interest on the money which they have to borrow in order to pay the so-called corporate tax loan.

On the other hand, the 5 per cent interest which the crown will pay on the refund I am sure will be charged as taxable income. So I trust the interest on the money borrowed to pay this tax should be charged as an expense. I seem to recall that in the past there were some monarchs who incurred a great deal of censure when they forced their subjects to make loans to the crown. History today finds their conduct rather reprehensible.

[Mr. Lambert.]

Here the government is doing the same sort of thing; they are forcing some of our subjects to make loans. I do not know what is the government's justification for telling these people that it is going to force them to pay this money; that they will be paid less than the going rate of interest on the money; and that they will have to pay tax on this interest. To me this is not justifiable.

I do not know how this is going to help the economy. As the Canadian Tax Journal forecasts, is something of the nature of $145 million to be removed from the economy? I would have thought that if the minister had been able to exercise the degree of influence with his provincial counterparts he would have done far more good by having them reduce the totality of the provincial budgets by $145 million. The economy would have benefited far more than by this roundabout method of going after corporate business. I am not too sure that corporate business in this country should be loaded down with more and more burdens. There is such a thing as killing the goose that lays the golden egg; or perhaps I can use another simile—knocking the milk cow on the head.

The economy of Canada must continue to retain a viable form. It must produce economic activity. It must produce income or revenue if the government is anticipating that the economy will be able to pay its share of the expense of administering the country, provide for the many government programs, as well as provide for an expansion of the economy. It always seems that whenever the economy is expanding, public authority wants a bigger and bigger slice of the expansion. I think that is evident. When I say "public authority" I refer to the municipalities, the provinces and the federal government. That is the public authority which is going after a bigger and bigger portion of the economic expansion, a manoeuvre which, of course, is self-defeating.

Somehow or other we have to bend our energies toward finding some other solution. In this regard I trust we will derive some help from the report of the Carter Commission. I know that all the Minister of National Revenue wants is a nice straightforward and simple system whereby he can collect his taxes. We know that he is not the one who sets the budget: The Minister of Finance does that, though from the way the Minister of National Revenue is looking at the present time he might have had a few suggestions to make with regard to the present budget.

I know many other members of the committee wish to make some remarks at this stage. The exact detail of this resolution and of the legislation will be better studied in committee of the whole when the bill is before us.

Mr. Lewis: Mr. Chairman, may I very briefly and in a rather elementary way indicate the framework of the remarks I wish to make. First of all I want to ask, what are the purposes which a fiscal system ought to serve? Unless one has those purposes in mind it seems to me he goes in a routine way from one problem to another, whether it be a budgetary or any other type of problem. What purposes should a fiscal system serve in addition to raising revenues to meet the necessary expenditures?

I suggest there are two major purposes which are equally important for the economy, for the people who make the economy function and for whom the economy exists. Some spokesmen I listen to are economists and some are politicians. Sometimes they are both, or from other groups. But many of them talk about the economy as if there were something useful in the economy itself aside from the people the economy has to serve. It is as if you are making something function just because there is some virtue in making it function per se. I see no virtue in making the economy function, other than that it be made to function for the welfare of the people not only in this country but in other countries as well.

Therefore, Mr. Chairman, from that point of view I suggest that the tax system ought to have two purposes in mind; and I am not saying that either one is more important than the other. The first is to use the fiscal system as a means of income redistribution. If there is anything true about our present society it is that inequality of income persists, and indeed grows greater rather than smaller, as our wealth increases. That is the first purpose that a fiscal system should serve. Second, it ought to serve the purpose of being one of the tools by which the economy is kept functioning at full or as near full capacity as possible.

It seems to me that what has happened is that the minister and those around him have gone about as far as John Maynard Keynes —perhaps not quite as far—and have stopped there. I suggest that it is not enough today to deal with rates of investment in the total, global sense, but that in modern societies you must be much more selective about your channels and direction of investment, as well as your global rate of investment. When therefore the Minister of Finance sets out in a time of expansion, because he fears inflation, to reduce the total purchasing power in society he takes a step that is bound to discriminate against those who can suffer discrimination least. That is what this budget does.

• (8:10 p.m.)

I start therefore with a question so simple that the economists, certainly under the guidance of the Minister of Finance, seem to have overlooked it. The simple question is: How much does it cost for a family consisting of a mother, father and two children to live, not luxuriously, but relatively decently? We find that the Social Planning Council of Metropolitan Toronto produced a guide to family budgeting some time ago for such a family. Their budget was designed to provide for a level of living sufficiently above the subsistance survival level as to be consistent with the maintenance of good health and a sense of self respect, and yet considerably below any level of living that might be called luxurious. In another part of the introduction to this budget the Social Planning Council of Metropolitan Toronto states that in the budget some commonplace wants are included that are so important to the social and emotional well-being of families that they rank with necessities.

This is the kind of budget I have in mind, providing for decent yet not luxurious living for a mother, father and two children, one 13 and one nine. The budget provides only $112 a month for food, $38 a month for clothing for all four; 75 cents a month for school needs; $4.55 a month for life insurance; and $115 a month for rent, heat, water, electricity and gas, all inclusive.

This budget provides for no more than any family in Canada ought to have as a minimum. It shows the absolute floor to income of a family of this size, in order for that family to live decently. Bringing that budget up to date, what would it cost a family to live decently in April, 1966? You have a requirement, according to the budget for that family, of $389.49 per month, or $4,673.88 per year. That, according to an authority that is as impartial as may be is the minimum required for a family of four to live in relative self-respect.

What does that mean? It means, I suggest, that the Minister of Finance in looking at this

budget should, as I urge, come to the conclusion that any family of four persons that makes no more than $4,000 a year ought not to have to pay income tax at all.

Instead, what does the Minister of Finance do? He plays around with bits and pieces of window dressing. He restores the income tax that was cut last year. He ostensibly changes the percentage of the cut from 10 per cent to 20 per cent, and then imposes a ceiling of $20 on it. The result, as will be found on page 3384 of *Hansard* for March 29, 1966, is that the married taxpayer with two dependant children eligible for family allowances has to pay on the $4,000 income, if he makes it, $97 in 1966 instead of the $100 which he paid in 1965, and presumably that would be $95 in a total year, with respect to, say, 1967, instead of the $100 he paid in 1965.

This family which already, according to the budget of the Social Planning Council for Metropolitan Toronto has an income which is $700 below that necessary for a relatively reasonable standard of life, still has to pay $95 in income tax. That is not all. That is why we of the New Democratic Party believe that the minister's budget this year—and I am putting this strongly and deliberately—takes no cognizance of the needs of the lower income groups of this country. Not only does the family I have referred to have to pay $97 in taxes this year and $95 in income tax next year but, in addition, as a result of the Canada Pension Plan the head of a family has to contribute to that plan, if my calculations are correct, some $61 a year, or 1.8 per cent of $3,400. The head of the family therefore this year has to pay $61 that he did not have to pay last year. In addition, the head of the family must pay an additional $52 old age security tax. On top of that, in most provinces he will have to pay an additional $30 in provincial taxes. This means that the family which already is $700 below the minimum income level required for living with reasonable self respect has to pay $210 roughly in federal taxes of one kind or another, plus $30 in provincial income taxes, plus sales tax for various things such as drugs, which the minister has refused to exempt.

We say consciously and deliberately knowing precisely what we say; the minister says consciously and deliberately knowing exactly what he is doing, that the family of four, already in receipt of a gross income below what it ought to have, will have its purchasing power still further reduced in order to make sure that the economy keeps going.

[Mr. Lewis.]

That, in my submission, ignores the basic purpose of a fiscal system, which has to do with the redistribution of income, in order to help those at the lower levels of income to make some kind of half decent living.

I therefore urge the minister even at this late date to consider rearranging the tax structure so that below a certain level of income—and $4,000 for a family of four is the level I have based my submissions on—income should not be taxable at all. I want to make clear that I am not proposing that the exemptions be raised. If you raise the exemptions that would make a difference to those in the higher income brackets to a much greater extent than to those in the lower income brackets.

I am proposing a reconstruction of the total income tax rate structure so that families consisting of a father, mother and two children of, say, six and seven and earning only $4,000 a year do not have to pay any income tax. That family will still be paying toward the Old Age Security Act, and toward the Canada Pension Plan. It will be making many other contributions, as a result of which its income will not be a net income, but will be gross, before deductions.

• (8:20 p.m.)

Parliament should say to this family: We will take no more money from you. This would mean that the minister would have to find his revenue elsewhere; he would have to increase the taxes which those of us who make the salaries we make as members of this parliament, perhaps plus added income as well, would have to pay, and that is precisely what, morally and socially, the income tax system ought to accomplish. It should give those at the bottom of the ladder an opportunity to live in decency. If this means that those of us who are at the middle or top of the ladder must pay more, then we should pay more.

I was not particularly moved by the plea of the hon. member for Edmonton West, that there should not be a capital gains tax because it would lead to a drying up of investment. People said this about the corporations tax when it was first introduced. They said it would kill initiative, destroy business sense, murder private enterprise and ensure that the economy would come to a halt. But since the corporations tax was introduced our economy has grown by leaps and bounds.

The fact that the corporations have had to pay income tax on their profits has not prevented them from showing phenomenal

increases in the rate of profit every year for the last few years. The same thing would happen, I am sure, if there were a capital gains tax.

If the minister, being moved as he ought to be by humane considerations, and as he is capable of being by virtue of his character, were to remove the tax from people receiving small incomes and ask where he was to find the money to replace this revenue, my answer would be: You will find it in the capital gains tax and in the incomes of those who make gains, sometimes large and sometimes small, without doing anything except take the risk of investment. I am not saying that this risk should not be recompensed. It certainly should be. But there is no reason why earnings of this kind should be free of tax, whereas every other type of earning is taxable.

My learned friend, the hon. member for Edmonton West, asks: What about compensation for losses? If he would put the question differently I would have no quarrel with him. He is saying that in some areas one makes gains, and in other areas losses, and that therefore the losses should be taken into consideration.

I would have no objection to a capital gains tax scheme which provided for the averaging of returns over a period greater than one year. Whether the period should be two, three or five years, I would not say; that is an administrative detail with which we are not concerned at this point. But it is certainly possible to devise a capital gains tax system which would make allowances for the year in which there were losses.

I cannot refrain from drawing attention to the distinction between the way the minister addresses himself to the lower income groups in our society and the way he addresses himself to those companies for which the hon. member for Edmonton West, if he will excuse me for putting it this way, wept so charmingly some minutes ago.

An hon. Member: Copiously.

Mr. Lewis: No, not copiously. It was like the minister's attempt to control the economy: It was moderate weeping. The hon. member said it was a terrible thing to impose a refundable income tax on these people, even though it was to be repaid with interest at 5 per cent. It amounts to a forced loan, says he. I do not care what he calls it. Since there is, I believe, a floor of $30,000 under profits before the refundable income tax provision applies, I do not think we should weep copiously or even moderately for these corporations.

But look at the way we treat another group in our community. We say to the $4,000 a year man, who has a family of two children, that in addition to the contribution he must make to the old age pension plan amounting to $61 a year, and in addition to the $52 he has to pay in old age security tax, he will still have to pay a further $97, or about $2 a week—and he will not get it back, with or without interest. "Too bad", says the Minister of Finance. "But because I realize the difficulty of your situation I will be generous: Last year you had to pay $100 in tax, this year you'll have to pay only $97. And I ask you to be grateful to me for this indication of my generosity." Three bucks a year.

What a difference of approach when it comes to the corporations. Even when he takes the slight step of imposing a refundable tax of only 5 per cent, as a faint-hearted measure to control the rate of expansion in the economy the minister promises to return it to them after 18 months, to do with as they will, plus 5 per cent interest on top. I submit this is characteristic of the kind of society we have built and the kind of social attitudes which motivate us in this nation. This is the protest I am bound to make.

It is to be noted that neither the former minister of finance in 1965 nor the present Minister of Finance has made any change in the income tax structure. I summarize what I have said by making an appeal to the minister to reconstruct the income tax system altogether, not necessarily in terms in which the Carter Commission might propose, but in the simple terms whereby those earning less than a certain amount will not be taxed at all.

I repeat: Do not increase the exemptions, but reconstruct the tables so that a family with two children does not need to pay any taxes out of an income of $4,000. Should the income be less than $4,000 a year, the family should certainly pay no taxes. Even under the new scheme a man with $3,500 a year would have to pay $53 a year in taxes. I submit that such a family with two dependant children, already $1,200 below the minimum for self-respecting living, cannot afford the dollar a week we propose to take from it in income tax. I urge the minister to give this whole question his consideration.

• (8:30 p.m.)

I turn now to the refundable tax. My hon. friend from Nanaimo-Cowichan-The Islands and I made reference to this in our speeches on the budget, and I wish to do so again. It is a great pity that the minister did not have the courage to introduce this very useful planning lever in a meaningful way once he started. He has taken a weak step in the direction of some form of investment planning. It is an inadequate step. It will not do anything because the amount he is going to take out of the investment total is so very low that it will have no effect at all.

The fact is that there is a great deal in the investment reserve idea. I do not have to tell the minister about the Swedish plan. Under it a carrot rather than a stick is used. A corporation may put into the investment reserve some 40 per cent of its total undistributed profits, and this amount remains in the reserve with the corporation not having to pay taxes on it. This is the carrot, and a very large carrot.

The reserve is held in government hands, and the corporation is given two alternatives. Either it can withdraw the money when it desires to do so, in which case it pays the income tax at that time, or it can leave the money in the reserve until the government decides that the investment needs of the country require it, in which case the corporation is given certain remissions, the details of which frankly I cannot remember. In this way the government can undertake real planning.

But the major part of the Swedish plan which I commend to the minister is that when the government releases the funds, it says where they are to be invested, where a factory or whatever it is is to be built. In that way you have a useful area development plan, as well as a plan that helps keep the economy as a whole going.

I cannot sufficiently emphasize, and I hope I am not too far from right in economic terms, that we are past the stage when we should consider the economy globally every time we take some step. It is necessary for us to consider the various areas of the economy and how they are each affected. The great value of the Swedish plan is that you have a relatively large reserve available to the government for investment. I think it is the Bank of Sweden and the Swedish Labour Market Board which indicate not only when but where the money is to go, in what kind of industry and in what area of the country.

[Mr. Lewis.]

This is the kind of plan which in the view of the New Democratic Party is absolutely minimal under the present circumstances of the complex society in which we live, and it is essential for us to take steps for such planning. The minister looked at that, but instead of adopting the Swedish plan, or some version of it that would give him a real planning lever, he took this miniscule, mincing step of the 5 per cent refundable tax which will accomplish nothing, and which will help those who need help least in the business world.

I suggest that the large corporations, many of which are subsidiaries of American parent companies, will easily replace the amount of the 5 per cent refundable tax from the treasuries of their parent companies. Others will be able to borrow from the money market, even if the interest rate is a little higher. Further, if they take that 5 per cent from their American parent companies, that will be a further injection of U.S. funds which may be something that the minister wants.

Those who will be hurt by this 5 per cent refundable tax are the smaller companies with profits of more than $30,000, with no parent companies to replenish what the minister has taken from them, nor can they afford to go to the money market where interest rates are relatively high.

This is constantly the way in which we do our fiscal work in this country. We take a step which in effect means no harm at all to those who can best afford to be hurt, and which does most harm to those who can least afford to be hurt.

I could deal with a good many other points which are in this income tax resolution but I have spoken long enough and have tried to touch upon the two points that most concern us in the New Democratic Party. I conclude by saying that we will not have a fiscal system that meets the needs of a modern society unless we have the courage to use it effectively and conscientiously for the redistribution of income. We should have the courage to use it to enable the lower income groups to have the highest standards they can in the circumstances of their income, by not taking any income tax from them, and we should have the courage to use it as part of a plan to make sure not only that the economy as a whole expands but, more importantly, that every area in the economy benefits from that expansion.

• (8:40 p.m.)

[*Translation*]

Mr. Grégoire: Mr. Chairman, I should like to take advantage of the consideration of those items to say a few words about the Income Tax Act. In the first place, I think it would be advisable to mention to the Minister of Finance (Mr. Sharp) that this is probably one of the last years he will be managing or controlling direct taxes collected in the province of Quebec.

Indeed, we all know that not only before—and this can indicate the seriousness of the statement—but especially since his coming to power, the new Quebec premier has deemed advisable to state that from now on Quebec will ask and demand 100 per cent of direct taxes collected in the province, including personal and corporation income taxes.

Mr. Chairman, I believe that the new Quebec premier was right in making that request and we admire him for it because he is trying to obtain what belongs to Quebec, under the British North America Act and our constitution, that is all direct taxes collected within the province.

The Minister of Finance can start preparing a budget resolution for next year or earlier, so that 100 per cent of corporation income tax and personal income tax will go to Quebec and not a cent to Ottawa.

I hope that, as requested by the new premier since the elections, the Minister of Finance will start as soon as possible discussions to give back to Quebec 100 per cent of direct taxes.

Mr. Chairman, the second point I want to discuss tonight deals with the 10 per cent reduction of personal income tax granted by the minister's predecessor. The Minister of Finance told us that it was to enable the small wage-earners to keep a little more money, but if you analyse the figures given by the minister in his budget speech, you will notice that the small wage-earner barely gets more than before and that the one who has the most to gain in this transaction is still the Minister of Finance, the government. And the government practically cancels the income tax reduction granted last year.

I believe that the time has now come for the government to agree to an income tax cut even bigger than the one granted last year; it should not bring it to the high level where it stood before, because we have always asked the government to exempt from the income tax any unmarried taxpayer earning less than $2,000 and any married taxpayer earning less than $4,000.

We believe that such an exemption for the head of a family would be appreciated and even necessary. The Minister of Finance must know that the head of a family cannot go very far with that and if he needs some evidence, he should try to live on $4,000 next year. He will find out personally that $4,000 is not enough. If he wants to try it, I think that within three months he will understand what I mean, namely that he cannot live with $4,000 a year.

Therefore, I ask him to reduce the income tax in the case of those who earn less than $4,000, that is to exempt completely from income tax married men earning less than $4,000 and unmarried taxpayers earning less than $2,000.

Another item mentioned in the Income Tax Act deals with the income tax exemption for people who make charitable donations. Paragraph (a) of subsection (2) reads as follows:

> —a gift made to a charitable organization in Canada exempt from tax by paragraph (e) of subsection (1) of section 62 or to a corporation or trust resident in Canada exempt from tax by paragraph (f) or (g) of that subsection may be deducted—

So, Mr. Chairman, with an act so written, one wonders again how income tax inspectors, auditors can think. I would like to speak out in particular of the Quebec district, since that is the one I know today.

I should like to mention a letter written by one of my electors to the Minister of National Revenue, Income Tax Division, 950, Boulevard Charest East, Quebec 2, Attention, Mr. A. Renaud. This Mr. Renaud is a public servant and the letter is dated June 2, 1966. Therefore it is not too old. Here is the letter:

> Dear Sir, I acknowledge your letter of May 11 last, advising me that the charitable donation receipts of the Jesuit Fathers at Val Racine, of the Arvida Richelieu Club and the Saguenay General Hospital cannot be accepted.

The three organizations mentioned, the retreat house of the Jesuit Fathers at Val Racine, near Chicoutimi, whose sole source of revenue is charitable donations, the Arvida Richelieu Club—in other districts Richelieu Club receipts are accepted and people who make donations to the Richelieu organization are helping needy children. That organization has always been recognized as one whose charitable receipts were accepted. If there are members of the Richelieu Club here I believe they know that, in districts other than that of Quebec, charitable receipts are accepted.

And the letter continues:

If you look through your files, you will find a letter from the Department of National Revenue, Income Tax Division, advising the Arvida Richelieu Club that it was authorized to give out charitable receipts which the department would accept for income tax purposes. That letter was sent to the Richelieu Club toward the end of 1962 or early in 1963. Anway, what entitles you to refuse the same receipt in one case and accept it in another?

I feel the argument is more than reasonable and I would ask the Minister of Finance to look into the matter. Why would the Richelieu Club receive, in 1962 or in 1963, a letter from the Minister of Finance advising that the charitable receipts given out by the Arvida Richelieu Club would be acepted, when in 1966 a new, perhaps zealous civil servant of the Income Tax Department decides to refuse them? It might be well also to know why, when you refuse the charitable receipts of the Arvida Richelieu Club, you accept those of other Richelieu clubs.

You also refused a receipt from the Jesuit Fathers. There again, how can you establish, miles away and without checking with the bursar of the Jesuit House, whether or not that amount was paid?

I think the request of this elector is perfectly reasonable, because if he makes a charitable donation to the retreat house of the Jesuit Fathers at Val Racine, near Chicoutimi, how can an overzealous civil servant of the income tax division in Quebec city cancel this receipt, without even inquiring of the bursar at the house of the Jesuit Fathers, who live on public donations, and those who are kind enough to make donations to these charitable institutions should be allowed those deductions.

As for the receipt from the General Hospital of Saguenay, please consult your files once again and you will find a letter of the Department of National Revenue authorizing the issuance of charitable receipts for the same reason as the Canadian Cancer Society, the Red Cross or the Anti-Tuberculosis League for an annual subscription in favour of this hospital.

Those receipts have always been accepted up to this year.

• (8:50 p.m.)

There again, I am asking the minister to investigate and find out what has happened and to try to enlighten those civil servants who seem most confused this year in Quebec.

I go on quoting from the letter:

The act states that receipts should not exceed 10 per cent of taxable income. If you add it up, you will find that, in my case, it amounts to 6.9 per cent, which leaves 3.1 leeway and the 6.9 per cent has effectively been paid to the institutions involved.

[Mr. Grégoire.]

And the letter goes on:

I understand and admit that laws are made to be observed, but I cannot admit that they can be interpreted by minor public servants paid by Canadian taxpayers.

Either the law allows 10 per cent of taxable income, provided the taxpayer supplies receipts. Now, these receipts are in your hands, so I am within the law. Or the law is inoperative, in which case just change it.

Such, Mr. Chairman, is a letter written to an official of the Department of National Revenue by one of my electors living in Arvida in the constituency of Lapointe.

I think there are grounds for an investigation by the Minister of Finance. At the same time, he should hold a general inquiry into what is going on in the income tax office. We have long been asking for an investigation in that office. It was never made. There are civil servants there who are following their own whims.

I have another letter here, dated May 1, 1966, in which one of my constituents writes:

I have never taken the trouble to write you before, but the amount of my income tax receipts has been reduced by at least $125. This is the second time they have done that to me, the dirty dogs.

Remarks of this kind are made by the public about federal civil servants.

The amount is always the same. Charitable receipts are reduced to a fixed amount of $225 for everybody. Those who write to me never fail to say: 'My charitable receipts have been cut down to $225." No investigation either.

I am asking the Minister of Finance to set up a board of inquiry. If there is anything wrong with the act, he is the one responsible, for the estimates we are considering this year are introduced by him.

He should amend the act along the lines suggested by the voter I quoted a moment ago. If the act is inoperative, just amend it. There is no other way if it cannot be applied or respected.

Mr. Chairman, I have here a whole file of letters I have received over the past 15 days which I could quote.

This is what civil servants are doing. I will quote a letter sent out by the income tax division; they are all the same:

The amount of your claim for charitable donations is reduced to $225, the amount of your parish receipts being reduced to a more realistic amount as far as anonymous donations are concerned. Any representation must be supported by vouchers.

Taxpayers then write us: "We have some vouchers, receipts signed by our parish priests." But the inspectors will not take them into account.

It seems that cause for dissatisfaction must be given to the province of Quebec, as if the situation were not serious enough at the present time.

I ask the Minister of Finance to revise his legislation as soon as possible, so that Canadian taxpayers will not always be in conflict with the Department of National Revenue.

Until then—and I hope it will be next year—I ask that an investigation be made at the Quebec office of the Department of National Revenue.

Mr. Chairman, there is another item of the budget resolutions which confused me at first and prompts me to put a question to the minister.

I refer to clause 8 which reads as follows:

That it be declared for greater certainty that the expression "in Canada" in the said act includes and has always included the sea bed and sub-soil of the submarine areas adjacent to the coasts of Canada in respect of which grants are issued, by the government of Canada or of a province, of a right, license or privilege to explore for, drill for or take any materials or substances.

I wonder if, under that clause, the minister intends to legislate on a matter which the present federal government has referred to the Supreme Court of Canada. Is the minister trying to bring in by the back door a problem on which the federal government in now at issue with the provinces? It is a fact that there is a dispute about the matter that the provinces are demanding jurisdiction over natural resources on the sea bed and in the sub-soil of submarine areas inland or adjacent to the Canadian coast. Now, the minister is trying to have a rather equivocal clause passed.

I ask the minister to let us know the reason for that clause, and if he has only that reason, I ask him to withdraw it, since the matter is already before the Supreme Court of Canada for consideration and it does not belong to the Minister of Finance to reach decisions before the Supreme Conrt of Canada or in its place.

There is another point which I would like to discuss during the consideration of budget resolutions.

For some time we have been making a request that, we think, can be granted by the minister. It deals with those who buy tools to earn a living, such as garage employees for instance; for some time, we have been asking the government to allow for deduction from taxable income of the amounts spent on the purchase of tools used by workers in the ordinary course of their work.

It seems to me that this is a suggestion that the minister should take into consideration, before those budget resolutions are carried.

The minister could surely tell us what would be the true cost of that proposal to the federal government. I do not believe it would represent a large amount for the federal government, but it is an important one for the worker who paid for his tools out of his salary. Therefore, I ask the minister to give us figures in that connection. His officials are with him and could give them to us. Thus we would know what amount would be involved. Such exemptions would be only fair, for even though those workers are paid, they have to take some of their money to buy tools, and this is an inherent expenditure in their job. It would therefore be absolutely normal that they be allowed to deduct those amounts from their taxable income.

Mr. Chairman, those are the few remarks I wanted to make tonight. They are not very elaborate because I keep on thinking that the Minister of Finance will grant the request which was announced to us publicly and which will be made by the government of Quebec, that is a request for the return to Quebec of 100 per cent of direct taxes, including personal and corporate income taxes.

I always anticipate, and I for one, will support any such request from the government of my province.

[*English*]

Mr. Pugh: Mr. Chairman, I should like to say a few words on the budget resolutions with reference only to paragraph 15 which applies to corporations. I refer to the special refundable tax which will be imposed upon corporations with an annual income of $40,000 and over between now and, supposedly, the next 18 months. I start out by saying that I am against this tax, on principle, because I think it is just one more nuisance for business to contend with and should not have been imposed. I would hope the minister will take into consideration the various representations that have been made to him in this regard, will see fit to reconsider this tax, and will take it off before it does any harm.

I have only to point out that the predecessor of the Minister of Finance in his first and succeeding budgets made numerous proposals and many of those proposals, because of the

cry that was raised in the house and by business generally throughout Canada were taken off or modified. To point up my argument I have only to remind the minister of the 11 per cent sales tax on building materials and production equipment. Such a howl was raised at the time this tax was imposed that I believe the then minister would have liked to withdraw it. The howl in connection with this tax came from business in this country and the arguments used were good ones. The argument was that it would hamper business in Canada, increase the costs, would not bring in any revenues and would hamper Canada in her trade throughout the world. I believe it would have been withdrawn right away had the previous minister of finance not made so many withdrawals that one more would have probably pulled the plug out from the bottom of the boat and let him sink. What he did instead was to impose it in three stages.

• (9:00 p.m.)

The one thing that we have inherited from the last budget is the statement made by the minister that he will gradually withdraw the tax on building materials. The reason I pointed this out is that I believe the refundable tax, this levy against corporations, will have a very harmful effect indeed. The minister said in his budget speech:

> The other temporary measure is designed to divert and immobilize temporarily a modest portion of the flow of funds that is the chief source of finance for the increasing capital expenditure of businesses.

Mr. Chairman, I will ask the minister a question. Who decides whether a particular business should make or should not make further capital expenditures? If it is necessary for a business to make capital expenditures, then surely it is up to the business itself to decide. The government should not put its foot down on normal capital expansion.

The minister said there is a purpose behind this, and that he is doing it so as to divert capital from the market. He may be right in certain things, but I think that in this case no benefit whatsoever is derived from this withholding tax. If money for capital expenditures is withheld from a business for a period of one and a half to three years, then it will have to get its money elsewhere. In his Budget speech the minister said that this will be done at no expense to business, and that he is even going to pay them 5 per cent. I would like to see any corporation in Canada trying to borrow money on the open market at anywhere near 5 per cent. I say that if capital expenditure must be made by a corporation, then there is no question at all that it will cost it more than 5 per cent.

One of the avowed intentions of this government, and I believe of previous governments as well, has been to let Canadians use their own capital to develop their country. In fact, only a few days ago the Minister of Trade and Commerce stated to the Canadian Manufacturers Association that Canadians should use their own capital to develop their country, that they should be masters in their own house. He also said that we welcome foreign capital because we cannot do without it. That is all the more reason why every effort should be made to use all the money that we can.

Where will the funds come from? There is only one answer. If this government will put this money in the fund, withhold it and then pay it back after one and a half to three years, then that money will have to come from outside Canada. This is just one more factor in the imbalance of payments which the minister says we always have in boom times, because capital has to flow in from foreign sources. He also stressed this in his budget speech. Why then withhold this Canadian capital and not use it for capital expenditures, while at the same time allowing corporations to borrow it from foreign sources? This will certainly increase our trade imbalance which has already reached the danger point. For the life of me I cannot see why the minister should take away this money from the corporations. Mind you, he does not steal it—it is called a tax—but he takes it away and says it will be deferred for a period of possibly 18 months. However, it has been my experience that once a tax is imposed, it remains, and will probably be kept forever. According to the budget resolution, the corporations will be paying a modest tax for three years. In fact I do not think it is modest. I wonder how much it will grow.

This money will be taken off the market for three years, and if the tax continues it will never be repaid because of the nature of this revolving fund. No corporation will see any of the moneys which they have paid in. They will only receive 5 per cent on it, and if they need capital they will have to borrow it at more than 5 per cent.

We have heard a lot about the Canada development fund. This is a great fund which is to be established to help Canadian industry

to develop. Why not let our Canadian industrialists and manufacturers do their own developing? Why take away the money with one hand, and hold it out with the other? I do not believe anything much will come from the Canada development fund. However, even if something comes of it, I say to you beware, because the money that is taken away from you at 5 per cent interest will be loaned to you under another name, and you will be charged considerably in excess of 5 per cent. cent.

I believe I have demonstrated that this special refundable tax put forward under section 15 of the budget resolution will inevitably create a chain reaction which can only harm Canada. The government in loco parentis says to business "We are doing it in your best interest", on a take-it-or-leave-it basis.

I believe this tax is wrong and I believe it is harmful to the economy of Canada. I believe it makes this large pool of money sterile for business and development purposes. It is all very well for the minister to say we will have a nice reserve fund to which we can look forward. I say that if this tax is imposed it will remain, because such is the history of taxes. The money will be kept off the market for good and all; and as the corporations grow, as we know they grow in Canada, moneys paid in will never be repaid.

• (9:10 p.m.)

Well, sir, I once again ask, when we are trying to cut down expenditures within Canada, who should decide whether a company makes a capital expenditure? Should it be the government or business? Obviously, it should be business. I should like to ask one more question at this time. Who should be saving money on capital expenditures, government or business? Why is it that when you tell business that we do not want it to make a capital expenditure now, because we believe that is part of the inflationary trend, we say it is all right for government to do it? How can government justify that attitude at the present time? How can the government justify the national defence complex which is to be built at a cost of $100 million? We are told that is what it is going to cost.

Mr. Hellyer: I rise on a question of privilege, Mr. Chairman. I think this figure should be corrected without further delay. It was rather unfortunate that no estimate was given at the time the release was made. The newspapers made their own estimate. The actual estimate is something approximating $30 million, and allowing for the normal escalation of costs, it may go to $40 or $50 million. The estimate was nothing like $100 million and I appreciate this opportunity to set the record straight.

Mr. Pugh: I believe the minister has tried to set the record straight, Mr. Chairman. It is a very important point. Even if the expenditure were only $2 million, I do not believe it should be made at the present time. I pointed out to the minister that in so far as the escalation of costs is concerned, everything seems to change in the department which he heads. The same situation applies in the Department of Transport. I point to the Dorval airport. What was it going to cost at the beginning, and what was the final cost? I believe it was four or five times the original estimate. I point to the basement of this large structure which is to be erected near our national war memorial. I do not know what it cost or what the original estimate was, but I should like to know. There is no question about it, when the minister talks about the escalation of costs, he is talking my language. I have never yet seen any proposal made by the government concerning which, after the original plans were laid, some bright-eyed person did not say, "We have to have"—this or that or "We have to change this", and the costs went up. I do not believe $100 million is going to be out of the way for this complex.

Regardless of that fact, even if the building were only going to cost a few million dollars, it is just one of a number of things which I believe the government should cut down. What is our position in the world? What is our position in world trading? What harm was done by the 11 per cent tax on building materials and production equipment? What were the objections raised by business at that time? Everybody on the government side gives lip service to the idea that Canada must maintain her competitive position. This has become a hackneyed phrase. I say to the minister now, cut out this tax and give more than lip service to the idea that Canada must maintain her competitive position. I say that this tax is an added cost and will mean that we are less competitive not only in the world markets but in our domestic markets. We will be subject to sniping from abroad and we will lack the ability to be competitive at home.

I am not going to say any more on the subject, except to reiterate that I am against this budget resolution, this change in the Income Tax Act. I refer specifically to the

section which applies to corporations a special refundable tax. I believe that this is one thing this government will live to regret, along with the many other things they have had to withdraw.

Mr. Benson: I should like to make a brief statement about paragraph 2 of the income tax resolution, particularly to explain what is planned as regards the registration of charitable organizations. My department has been concerned for some time about the abuses which have developed in the matter of exaggerated receipts for which charitable donation deductions were claimed, a situation with which all hon. members are well acquainted.

I should like to point out to hon. members that where a charitable donation is claimed that should not be claimed, in the case of an individual a deduction of 13.5 per cent and up to 80 per cent is being made, and in the case of a corporation a deduction of 21 per cent or 50 per cent is being made.

Another source of concern is the possibility that organizations which once had been given formal approval could subsequently change the nature of their activities so that they no longer qualify. There is also the question of those organizations whose names could lead to the ready acceptance of their receipts, when in fact those bodies might not qualify as proper charitable organizations. The officials of my department have done excellent work to cope with the many problems engendered by the situation. They have, however, been handicapped in their efforts by the lack of provisions for regulatory control in the income tax law.

The Auditor General recognized this and, in his report for the fiscal year ended March 31, 1965, recommended that consideration should be given to the setting up of adequate controls over the many charitable organizations now recognized. It is therefore being proposed that the necessary amendments to the Income Tax Act be introduced to provide for the required controls. Paragraph (a) of the resolution is intended to bring in more clear cut and specific provisions in respect of gifts to charitable organizations in Canada. Paragraph (b) is to permit the deduction of donations to certain specified classes of charitable organizations outside of Canada. It should be noted that neither of these provisions will affect the existing provision whereby a taxpayer may deduct up to $100 for charitable contributions and medical expenses without submitting receipts.

[Mr. Pugh.]

In accordance with paragraph (a) of the resolution, it is proposed that all charitable organizations in Canada will be required to register and to file annual returns of information if donations to them are to be permitted as deductions from income. Each individual organization, whether it is a branch, section, or other division of a greater organization, will have to register and file an annual return of information if it receives donations on its own behalf and wishes to have its receipts qualify for deduction. Receipts will still have to be filed as evidence of payment of the amount given, but the proposal is that they be in a form which meets certain requirements. Regulations will be published for the guidance of those concerned.

• (9:20 p.m.)

The prescribed form of application for registration will be designed to obtain the particulars required to permit an intelligent assessment of the validity of the request for approval. There is already a form known as T511, which has been used in the past by organizations voluntarily seeking approval for income tax purposes. While a new form will be designed for the purposes of the new proposal, it will probably be very similar to the existing one. It is the intention to make these new forms available as soon as the proposed legislation is passed so that the work of registration can commence immediately. It would be my hope that the great bulk of registrations could be completed before the beginning of next year, at which time the proposals, if passed, will become effective. That is, they will become effective on January 1, 1967.

It is felt that every well-managed charity, congregation, parish, or like body can readily produce some kind of financial statement each year. Indeed most, if not all of them, now prepare such statements either for their own good management, for distribution to their members, or even for publication. The annual return of information to be prescribed will include the production of a statement which will give the revenue from different sources and some details of the operating and functional disbursements to show how the money was spent, and determine the nature and the extent of the activities carried on by the organization.

It is thought that a copy of the financial statements now prepared by the organizations concerned will, in the majority of cases, meet the requirements. The intention is to design

the annual return of information form in such a way as to include some questions that can readily be answered yes or no, questions that will, as well as provide some indication of the continued compliance with the requirements, serve as guide lines to the organizations themselves.

As to receipts, it is proposed that they should preferably be prenumbered and that, definitely, duplicate copies should be retained. In addition, they should, with the name of the organization, bear the statement that the organization has been registered as a Canadian charitable organization, and quote the registration number. The intention is that, commencing with the 1967 taxation year, any claims for charitable donations which are not supported by such a receipt will be disallowed.

Effective control is not possible without judicious examination of the affairs of the organizations recognized and some examination of the records. It is not proposed that all charitable organizations will be examined or audited each year. But a reasonable number should be looked at each year to test the efficacy of the system and, certainly, those which give indication that their operations should be examined further will be investigated.

In brief, Mr. Chairman, I am indicating that what we are trying to do is to find some system of tying in the number of receipts issued by a charitable organization with the total annual receipts which they report in their financial statement to the people contributing to the organization.

To carry out the implementation of the new provisions, my department proposes to organize a new unit to be known as the charitable organizations section, in the assessments branch of the taxation division. The official in charge of this section would be called the registrar-examiner of charitable organizations. The functions of the section would be to receive and review all applications for registration, keep adequate records of the registrations, receive and examine the prescribed information returns filed yearly, direct the program of audit and investigation to be carried out by the assessing staff at the district offices, develop the forms required and the regulations necessary, recommend such changes or amendments as might become advisable, and generally carry out the new provisions of the law.

I should like to indicate to all hon. members that in moving toward a little more control over the use of receipts for charitable donations in Canada it is not the intention of the government or of my department to disallow any legitimate charitable donations to organizations who are approved as charities and who carry out charitable purposes in this country. Rather this is a move toward a system of control whereby people may not abuse the right of being a charitable organization to the detriment of all other taxpayers in Canada, and thus force those taxpayers to pay more tax to make up for the advantage taken of this system by people who should not do so.

Mr. Hales: Would the minister permit a question. Would he explain to the committee why he or his department did not give some consideration to removing the existing regulations whereby an individual is allowed to deduct $100 without producing receipts for charitable donations? Does the minister not feel that such charitable organizations as the United Appeal would be able to collect more money if people were made to produce receipts for all donations which they made? I think the minister realizes that a lot of people fail to give because they get a $100 exemption, whether they give or whether they do not give. I am just wondering whether the minister has given some thought to making this change.

Mr. Benson: Indeed, Mr. Chairman, this matter has been considered carefully by my department, and of course by the Department of Finance in the past. One must recall that the $100 exemption is for both medical receipts and for charitable donations.

The reason the $100 exemption was enacted—and if my memory serves me right it was enacted by the previous government, though I may be wrong—was that taxpayers were required to produce receipts for medical expenses in excess of 3 per cent of net income, and in addition charitable receipts to build up to the figure of, say, $100. The work involved in examining these receipts and determining the amount in question was far greater in terms of cost than simply allowing everyone to take a flat $100 deduction. If people make charitable donations and incur medical expense beyond the $100, they can still claim them. In these cases one can examine the receipts, and the cost of examination is probably not greater than the amount of error found in examining the receipts. But by putting in a $100 exemption it eliminated the

examination of millions of receipts for charitable donations and medical expenses filed by individuals.

Mr. Baldwin: I have one simple question. I do not have section 62 before me, but it is my recollection that there is no precise definition in the act of what constitutes a charitable organization. If that is correct, I would ask the minister whether it is the intention of the amendment, as it will be brought down in bill form, to provide a clear-cut and precise definition of a charitable organization. Will this be done in the the act or in regulations? It may be that section 62 does cover the matter, but my recollection of past discussions is that it does not.

Mr. Benson: Mr. Chairman, the provision which arises from paragraph 2 of the income tax regulations does not change the general situation regarding the definition of a charity. I think that under the law we have not run into too many difficulties in the department with regard to the matter, though there are always some marginal cases with respect to determining what is a charitable or educational organization under the meaning of the act.

I think that over the years things have worked out fairly well, and that under the existing law the problem is not that of definition but rather of control after registration. That is the problem we are trying to solve in the income tax resolution.

Mr. Hees: Mr. Chairman, I should like to say a few words on behalf of the mayors, reeves and municipal councillors in all parts of the country, who do such a tremendous job for people in the municipal field in Canada. I think we would all agree that the people who do this work all across Canada are really the backbone of our whole political system. They do a tremendous amount of very hard work, and get very little monetary reward for it. During the course of their service during the year, they incur considerable expenses. The tasks which bring about these expenses are carried out with the greatest of good will, and I think this should be taken into consideration when we determine the amount which people in this category should pay by way of income tax.

• (9:30 p.m.)

I would urge the minister to consider very carefully the possibility of considering the first $1,000 of salary which the people in the municipal field receive, as expenses, and therefore tax free, and to consider one third of any salary above that amount as expenses, and therefore tax free.

The members of this house set an example in this regard a year or so ago when they voted themselves an increase in salary, and made one-third of that increase tax free, because the members of this house have a good many expenses to meet in the course of the year. I think it was perfectly correct for one third of the $18,000 which the members of this house receive, to be considered as expenses, and therefore tax free. I think we should extend the right that we have voted to ourselves to those who do such a tremendous job for Canada in the municipal field.

I believe that the suggestion I have made should be considered, particularly when one considers the expenses incurred by those people in the municipal field who are doing the very important work they do for our country.

Mr. Herridge: They do not charge $400 a day, either, in expenses.

Mr. Hees: That is quite correct, Mr. Chairman, and that is something we should bear in mind.

Mr. Herridge: Parasites do that.

Mr. Hees: I should also like to speak for a moment about the 5 per cent refundable tax by which this government is attempting to discourage industry from increasing its facilities to increase production. When the Minister of Trade and Commerce, in the examination of his estimates in committee the other day, was asked by myself why it was that the rate of increase in export sales has fallen off very considerably in the last year as compared with the year before, he said that it was largely because Canadian industry could not produce enough to make available the required volume of goods for export. He said that our demands in Canada have increased very considerably, and that the productive capacity of industry in this country was taxed almost to the full, and there was very little left over for the export market.

What we must obviously do, therefore, is to increase our productive capacity in this country so that we can fill the orders which are waiting to be filled by Canadian goods in the export market. If those orders are not filled by Canada, they will be filled by someone else, as they obviously are being filled today, and will be filled in the future. If we do not fill them, our customers will become satisfied with the goods they are receiving from other

countries, and the sales we ought to be making will be lost in the future, with a very real loss to Canadian production and to the Canadian standard of living.

It is obvious, Mr. Chairman, that this country must produce more. But if we are to increase production we must first of all increase the means of increasing production. That needs two things, Mr. Chairman. First of all it needs more capital, and second, it needs more skilled workers, which are in such short supply today. It is obvious that the Minister of Finance can make a very real contribution in this regard. He and the government can ease the tight money policy that has been reducing the amount of money available to industry to expand production. Also, the Department of Citizenship and Immigration can attract more skilled workers to this country by making it so attractive for them to come here from other industrial countries that they literally cannot afford not to come. That is the program followed by industry, as we all know. When industry is expanding and needs certain key personnel, it goes out and literally lures them away from its competitors.

If we want more skilled workers, we must either greatly increase our means of training those skilled workers in Canada, which this government has failed sadly to do, or we must attract skilled workers from other countries. Alternatively we can engage in a combination of these activities. We know that the situation respecting skilled workers cannot be allowed to remain as it is, because such a shortage is making it impossible for Canadian industry to increase production, and so increase the volume of goods called for by world and market demand.

I say, Mr. Chairman, that if the Minister of Finance will ease the tight money policy, and thus make it possible for those who want to increase production to obtain the funds they need to do so; and if the Minister of Labour will increase the training facilities in order to produce the additional trained personnel that this country so urgently needs; and if the Department of Citizenship and Immigration attracts the skilled workers that are so necessary, then we shall continue with the prosperity which was started and made possible by the previous government in early 1961, and which has been carried on over the past five years.

If we do not do these things, it will not be many months before this country suffers from a business downturn in exactly the same way as in late 1956 and early 1957, when the policies now followed were then followed, and persisted in by the Liberal government of that day.

I urge the Minister of Finance and the rest of the members of the government to get their heads out of the sands, and to read the warning signals which are appearing almost daily in the financial pages of our newspapers, before it is too late.

Mrs. MacInnis (Vancouver-Kingsway): Mr. Chairman, I wish to talk about some definite points in connection with the income tax resolution. Before doing so I should like to associate myself with the remarks made earlier by my colleague the hon. member for York South, and to suggest that it is not the amount of tax that one pays that is important, but the amount one has over after one has paid taxes. I, for one, am not complaining about the tax imposed on people in our income bracket, or on those in higher brackets. I think it is important that those who have lower incomes, and who therefore cannot afford high taxes, or those who do not even have enough income to pay taxes, should be considered before those in the higher income brackets.

Having said that, I want to go on with some definite points in connection with income tax. First of all, may I say that the income tax structure in this country has been reviewed by a number of speakers tonight, and changes have been proposed. I should like to suggest several things which have not been mentioned, but which are also necessary.

The income tax structure was organized at a time when the man of the family was the sole breadwinner and when it was taken for granted that the woman would be staying home in the role of a dependant. Conditions in this country have changed very greatly, as they have in other parts of the world. We have a situation where professional women frequently, and in increasing numbers, are continuing to work after their marriage, which is advantageous from the point of view of bringing in extra income to the family.

• (9:40 p.m.)

There is, in addition, a situation in which women in the lower income brackets, many of whom have not been trained for other work, are taking jobs in industry because they need extra income in the family to make possible the purchase of the equipment and other conveniences which spell a modern

standard of living in the home. When we consider that today about 30 per cent of the Canadian labour force consists of women and that almost half of the women who work in industry are married, we are bound to realize that this is a situation which the minister should be considering in relation to the tax structure.

There are a number of changes which need to be made in the tax structure. First, the amount which a married woman is allowed to earn before deductions are made from her husband's taxable income is far too low, bearing in mind the present cost of living. The amount a married women is allowed to earn is now $250. Various organizations across Canada have requested that it be raised. I shall mention some of these organizations; they cover a wide spectrum. The most recent was the Ontario Women's Liberal Association, meeting in Toronto on May 6.

An hon. Member: They are not listening.

Mrs. MacInnis (Vancouver-Kingsway): I know they are not listening, but they will one of these days when the women of this country begin to make their demands heard. The Ontario Women's Liberal Association passed a resolution requesting that the amount be raised. Then the Canadian Horticultural Association, meeting back in February, passed a resolution on the same subject requesting that the amount a married women should be allowed to earn without interfering with her husband's exemption should be raised to $500. The Canadian Federation of University Women, who were of course thinking largely in terms of professional work, said the amount should be $950.

I wish the Minister of Finance would listen to these things. He is not hearing only one voice here tonight. These are resolutions by women's organizations, and these examples can be multiplied across the country. I have mentioned only two or three. Incidentally, I am not doing this in any feminist way. I am no feminist and I never have been in my life. I am suggesting that a large section of people has been added to the labour force both in industry and in the professions and that we shall have to reckon with this in terms of taxation policy.

The second change I would propose—and this is even more urgently demanded than the first—is that the wages of housekeepers should be deductible from the taxable incomes of mothers working outside the home. A request for this has come from individuals and from organizations all across the country. Indeed these requests have become a regular flow.

I am glad to see there is a resolution on the order paper, No. 58, requesting that the cost of baby sitters and housekeepers be deductible as an expense for the purposes of personal income tax in the case of married working mothers engaged in certain occupations. I believe that regardless of their occupation, these people, if they are working outside the home, should be eligable for deductions in respect of home help.

Unless we make these expenses deductible it matters little how much we spend in other directions trying to keep homes intact. The homes suffer. We cannot afford situations where women, often with small children or children of school age, are not in a position to provide the help they need at home. The consequences of neglect to make such a provision are increased delinquency, irregular living habits and the lowering of moral standards.

This would be by no means the whole solution to the problem of women working outside the home. But it is one step which should be taken. People working in business are allowed to make certain costs deductible for income tax purposes. Similarly women working outside the home should have the right to deduct the expense of a housekeeper or household help. It is no use telling us that it is all very well for lawyers and businessmen to deduct such necessary expenses but that it is quite another matter for a woman working outside the home to ask for the right to make the same sort of deductions. The expenditure is just as necessary. In fact, it is more necessary because it has been established over and over again that the vast majority of women who go to work in industry do so from economic necessity, and there is no question of their being able to meet the costs of a housekeeper from outside earnings.

I wish to suggest in the third place that the salary paid to a wife employed by her husband should be treated as a separate income in the wife's hands. This would also apply to a partnership in which the wife is a member with her husband. I ask that this be allowed when the service is actually performed and the compensation is no greater than would be paid to another person for the same services. Again, this is a request which seems to be fair and reasonable. The woman is definitely contributing to building up income and should have her salary treated as if it were in her own hands.

There is a further group of people who I think should be recognized. Members of this committee have no doubt received a letter from the association known as the Single Parents Association. The members of this association represent a considerable segment of Canada's population who through unfortunate circumstances are either divorced, separated or widowed. One in every 12 families, they tell us, is a family in which a divorce has occurred. These are all men and women who are having to bear the burdens of parenthood alone. This is an unfortunate aspect of modern society which brings misery to thousands of parents and their children.

As single parents these people say that their living costs are considerably higher because it is necessary for them to hire housekeepers. Whether they be men or women, there is only one parent in the home and that parent must go out to work to earn an income. These people feel they should have broader tax exemptions to help them raise their children as educated and responsible citizens, and not as school dropouts or delinquents who in turn will create a burden on social agencies and on the taxpayers. These are problems which should be faced.

• (9:50 p.m.)

There is another problem which is ignored in the budget and its accompanying resolutions, and that is the problem of a home in which one parent suffers a lengthy illness and the other has to go out to work. No account is taken of the expense involved in looking after the disabled parent, which necessitates the hiring of a housekeeper or of a nursing service. There are many people in these categories.

Some members of the government may have been inclined to dismiss the theory which my colleague was outlining as doctrinaire or theoretical socialism, but the government has got to the point where it knows it has to wipe out poverty, if it can do so. The only way that can be done, on the scale that it must be done, is by a wide redistribution of income in this country. People are poor, not because of cussedness or inferiority but because they have not got enough income to stay out of poverty, and they have no way of getting that income under present conditions.

I should like to summarize the points I have made. First there should be an increase in the amount which a married woman is allowed to earn before her husband's income tax exemptions are affected.

In the second place, in the case of mothers working outside the home there should be a deductible income tax allowance for the wages of a housekeeper, a baby sitter or whatever other household help is needed.

In the third place, the salary paid to a wife who is employed by her husband, or who is in a partnership, should be treated as separate income in her own hands.

In the fourth place, the case of a single parent, whether he or she be divorced, widowed, separated, income tax deductions should be permitted for the services of a housekeeper or other household help.

In the last place, but by no means the least, in the case where one parent is disabled exemptions should be permitted for housekeeping services for the care of that parent who has to remain at home.

These are problems which affect a great many Canadians and if they are solved it will stop a great many people from having to go on welfare. It is the inability to afford a housekeeper or baby sitter which prevents many married women from being able to go out and stand on their own feet and earn a living.

I have received many letters from women across the country who cannot understand why the government does not take into account the changed status of women. It is not as if this were a temporary thing and that this 30 per cent of the labour force would be going back into the home. Large numbers of married women came out of the home during the second world war to work in war plants, and have never returned on a permanent basis to the home. At least on a part-time basis they are permanently working in industry and the professions, and this factor should be recognized in our tax structure and by many departments of government. I hope the minister will take this into account, or that he has at least got to the stage of thinking about it, even though no result is apparent in these budget resolutions.

Mr. Brewin: Mr. Chairman, I am not quite sure whether the house proposes to sit after the usual hour of adjournment at ten o'clock, and since it is very close to that hour I would ask you to see the time as ten o'clock.

Mr. Starr: Mr. Chairman, I think there are only about two members in this party who wish to make a few remarks, and if the committee were in agreement we could sit until we complete these resolutions.

Mr. Herridge: No, Mr. Chairman.

Mr. Douglas: Mr. Chairman, there are quite a few members who still wish to speak. Also, we want to hear from the minister, and that in turn may require more discussion after we have heard him. We cannot possibly finish in a reasonable time.

Mr. Starr: Then if we cannot complete the resolutions this evening there is no point in going on beyond ten o'clock.

Progress reported.

Resolutions (Customs Tariff) reported and concurred in.

Resolution (Excise Tax Act) reported and concurred in.

• (10:00 p.m.)

BUSINESS OF THE HOUSE

Mr. Starr: Mr. Speaker, I wonder whether we could have some indication as to the government's intention in respect of the business for tomorrow?

Mr. Stewart: Mr. Speaker, I understand that the proposal for tomorrow is that we continue consideration of the resolution concerning amendments to the Income Tax Act, this to be followed by the estimates of various departments and agencies, specifically, Citizenship and Immigration, Veterans Affairs, Legislation, Privy Council, the Unemployment Insurance Commission, Labour and Public Works, generally in that order.

Mr. Starr: May I ask the parliamentary secretary whether that order will be followed on Thursday, or will there be some change?

Mr. Stewart: Mr. Speaker, I do not think this list should be regarded as a commitment for Thursday, because it is quite possible we will turn to legislation on that day.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

[*Translation*]

LABOUR RELATIONS—QUEBEC—STOPPAGE OF WORK BY LONGSHOREMEN

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, last Tuesday, I directed to the Prime Minister (Mr. Pearson) the following question:

> In view of the disastrous circumstances of the present longshoremen's strike, should the minister not take drastic and extraordinary steps so that the activity will be resumed while negotiations are under way?

It will be understood, Mr. Speaker, that this strike considerably affects my constituency and that, in short, my comments also concern the harbours of Montreal and Quebec City.

To state that it is a disastrous and catastrophic strike, Mr. Speaker, would be redundant and I will spare the house some examples which I could give in that connection.

Mr. Speaker, I think the situation has become untenable and I spent part of the day yesterday on the docks at Trois-Rivières, talking with the longshoremen and the employers, and I repeat that the situation has become untenable.

It is not my intention to lay the blame on anyone and I should like to avoid statements likely to cast oil on the flames at a time when a settlement is being hopefully sought. But, Mr. Speaker, I should simply like, with many other members of the house, to insist by every possible means upon extraordinary measures to be resorted to, in order to settle the situation.

On this question, Mr. Speaker, I should like to note that there seems to be some differences of opinion among certain labour leaders, since Mr. Jodoin stated a few days ago—Mr. Jodoin, chairman of the C.L.C.—that he objected to compulsory arbitration and I note that a few weeks ago, the president of the United Auto Workers, an affiliate of the American Federation of Labor, and the C.I.O. was saying that this must be stopped—and I quote—it was quoted in *Time*, I believe.

> These strikes endanger survival of society and must be stopped . . . We can no longer tolerate a situation where a group of employees, even demanding things they are entitled to, can paralyse the economy of the whole community.

It will be understood, Mr. Speaker, that Mr. Reuther was not asking for compulsory arbitration unconditionally. He suggested:

> A three-party commission should be set up without delay representing workers, employer and the government to evolve new systems and policies to arbitrate without delay strikes in the public service.

I think this is a case where such extraordinary measures should be taken to achieve a settlement before the economy is further affected.

Such an experiment should be made now or never.

Longshoremen are anxious to return to work, but it is understandable, of course, that they should defend their livelihood. What seems to concern them most is that the gangs are to be reduced and the workload increased. They want some protection in this connection, since they are seasonal workers.

This might also provide the house with the opportunity to look into the measures required to cope with the disadvantages of automation which will surely put a great many people out of work.

There is some talk that the Shipping Federation of Canada, allegedly connected with the British merchant marine, would not be over-anxious to settle its problem in Canada as long as the present tension exists in British ports. It seems that the federation would consider this as a fine opportunity to starve the Canadian longshoremen by extending the deadlines.

I refuse to believe in such cynicism, unless given proof to the contrary, but I say again that the minister should ask the house, if necessary, for the authority required to take exceptional measures for compulsory arbitration, so that the operations may be resumed before what I call a disaster is allowed to go on unduly.

We received today a release of the Shipping Federation in which it boasts of having fully co-operated with Judge Lippé. We have proof that it did not fully co-operate, since on two occasions at least, perhaps three, it declined judge Lippé's invitation to attend a conciliation meeting.

I notice in the same release that the Shipping Federation adds a thing that I consider unfair and dishonest. It says this:

> During recent years, the Montreal harbour especially has gone through a period of labour unrest and has suffered increasing losses due to thefts.

Why introduce this idea of theft when an agreement is being negotiated in that dispute? Why insinuate that longshoremen are responsible for thefts and connect them with those thefts, so as to discredit them before public opinion?

I think, Mr. Speaker, that is unfair and indicates an attitude on the part of the Shipping Federation of Canada which explains probably why it is impossible to reach an agreement in that dispute.

Mr. Speaker, I do not submit my request on behalf of the people of Trois-Rivières only, because I know that the problem is the same in Montreal and Quebec city; however, I think it is high time for the minister to forget even those traditions calling for normal conciliation, quietly and peacefully, between workers and employers. The employers have delayed too long. A drastic measure must be taken and I can see nothing else but immediate compulsory arbitration.

[*English*]

Mr. B. S. Mackasey (Paliamentary Secretary to Minister of Labour): Mr. Speaker, I noted with a great deal of interest the very intelligent remarks of the hon. member for Three Rivers (Mr. Mongrain) who was denied, unfortunately, the opportunity—

[*Translation*]

Mr. Mongrain: Mr. Speaker, on a point of order.

May I point out to my hon. colleague that the city of "Three Rivers" does not exist.

[*English*]

Mr. Mackasey: I apologize to the hon. member.

[*Translation*]

I said "Three Rivers" due to a habit I acquired in my youth.

[*English*]

This is carried over, I am afraid, from my earlier days.

Mr. Speaker, last Wednesday we had an opportunity on the estimates of the Department of Labour to discuss this matter briefly. There is a good deal of noise from the far corner. When the socialists have done talking then a good capitalist will speak up.

Some hon. Members: Oh, oh.

Mr. Mackasey: I will not change my remarks.

Mr. Lewis: On a point of order, Mr. Speaker, I think the hon. member for York-Humber (Mr. Cowan) will object to being classified as a socialist. I hope he does.

Mr. Cowan: I never have yet.

Mr. Mackasey: Mr. Speaker, I noted with a great deal of interest the remarks of the hon. member for Trois-Rivières and I appreciate his concern, because we do have a tendency in discussing the longshoremen's strike to

refer only to the port of Montreal. We forget the disruption to the economy of the city of Trois-Rivières and, of course, to the city of Quebec.

I noted with interest, of course, the hon. member's reference to the possibility of introducing compulsory arbitration and also his reference to one of the leading labour leaders of the United States as an advocate of compulsory arbitration under certain circumstances. I think you will agree, Mr. Speaker, that the principle of compulsory arbitration in general is one that is rather reprehensible to us, who have witnessed the struggle of the labour movement in Canada for free collective bargaining.

• (10:10 p.m.)

At the same time I realize, as do I am sure most members of the house, that some extraordinary measures will eventually have to be taken if this longshoremen's strike is to be brought to a satisfactory conclusion. I should like to repeat what the Minister of Labour mentioned earlier in the day. He said that the negotiations which are taking place under the guidance of Judge Lippé have been much more encouraging this afternoon and this evening than they had been at this time yesterday. We can only hope that the need for extraordinary measures, as suggested by the member for Trois-Rivières (Mr. Mongrain), will not be necessary.

OLD AGE SECURITY—USE OF FUND SURPLUS TO INCREASE PENSIONS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on the orders of the day last Tuesday, May 31, I put a question to the Prime Minister, which is to be found in *Hansard* at page 5745. It reads as follows:

> Pending action on a permanent basis, will the government consider taking the necessary steps in order to use the surplus in the old age security fund to increase old age security pensions by the amount that surplus would make possible?

Mr. Speaker seemed to be of the opinion that it would be more appropriate to put this question at ten o'clock than on the orders of the day, and I agreed to do so.

It is my firm view that the day will come when the old age security pension will be increased to not less than $100 a month. I believe it should be done at this session and I hope the government will see it that way.

However, if it is going to take a bit of time to convince the government of the necessity of taking this action on a permanent basis, I suggest that temporary action be taken along the lines implied in my question, namely that the huge sum of money that is lying in the old age security fund be used for the purpose of increasing the old age security pension during this fiscal year.

According to table No. 53 to be found on page 163 of the budget papers that were appended to *Hansard* of March 29, a round figure of $215 million was to be found in the old age security fund on March 31, 1966. The surplus of receipts over expenditures during the fiscal year ending March 31, 1966, was $240 million but a $25 million transfer had been made to the consolidated revenue fund leaving in the old age security fund a surplus of $215 million. In the last fiscal year it took $923 million to pay a pension of $75 a month. If one does a bit of simple arithmetic he will find it is therefore possible to pay to the same number of people for one year an additional $17.40 a month out of the $215 million. That would be using only the surplus that is in the fund left over from last year. I suspect that the surplus in that fund is still mounting and that, all told, there is now probably enough in the fund to pay the extra $25 to bring the pension up to $100 a month.

My question is what Mr. Speaker thought it was, a suggestion that the government should follow this course. I know there are answers that the Minister of National Health and Welfare may give. If he has the time, he will no doubt quote from the speeches he is making around the country about the Canada Assistance Plan and about so-called better ways of assisting our old age pensioners; but this is something about which he and I will have to continue to disagree. I believe the only solution that is appropriate is an across-the-board increase to not less than $100 a month.

The minister may also say something about the fact that in some years the old age security fund has run a deficit and that this should be remembered in a year when there is a surplus. I remind him that I was here when we built the Old Age Security Act. We recognized at the time that we were building a plan that was on a pay-as-you-go basis. During the years when we had a deficit in the fund, that deficit was taken care of by a loan out of the general revenues of those years. In this period, the last fiscal year and this year, we are collecting from our people in the three old age security taxes more than we are paying out in pensions to our retired citizens. I suggest that in keeping with the

pay-as-you-go principle, which was the principle of the Old Age Security Act, we should use that money to increase pensions at least by the amount that surplus would make possible.

I know that the minister may use as another argument the fact there is no authority in the Old Age Security Act to use this money that is in the fund for the purpose I am suggesting. He knows, as well as I do, that there is nothing he could get through this house quicker than the necessary legislation to make it possible to use this money that is lying there to improve the position of our senior citizens.

It is not necessary, Mr. Speaker, for me to make a case in broad general terms concerning the need of our older people. It is not necessary for me to remind the house of the sympathy there is for our older people in this House of Commons. What we need is action. I know of nothing that would raise the prestige of this parliament more effectively than doing something for our senior citizens. I urge that long range action be taken as soon as possible, but in the meantime I ask the minister if he will consider seriously using the $215 million that there is in the fund by way of additional money we have collected over and above what we are paying out, to increase the pensions of our senior citizens. I say again that it could be done, on the basis of what was there last year, to the amount of $17.40 per month, and I suspect that if we used what we are now collecting by way of excess taxes, we could easily pay $25 to bring the pension to $100 a month which our senior citizens so well deserve.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I appreciate the continuing interest of the hon. member for Winnipeg North Centre (Mr. Knowles) in the retired citizens of Canada, an interest which is shared by all members of the house and certainly by the members of the government.

Mr. Knowles: By their votes you shall know them.

Mr. MacEachen: I appreciate the dedication with which the hon. member probes my social conscience periodically with respect to the whole range of social welfare activities within the ambit of this department. I assure him that his probings always touch a very responsive chord, but not all the arguments in respect of his sentiments are as sound as his sentiments. This morning my hon. friend attended the opening session of the committee on health and welfare, at which it was possible for hon. members to gain a general view of the very great activities of this department in the field of health and welfare.

Certainly it is an impressive statistic to note that 28 per cent of the federal government's expenditures are directed toward the health and welfare of the Canadian people in the amount of $2.3 billion. The largest single component of that is support for the older citizens of Canada in the amount, for the current year, of $1,035 million. As my hon. friend knows, the Canada Pension Plan is intended to be a long-term solution to retirement support for the wage earners of Canada, the great bulk of the Canadian people.

The hon. member is also aware that steps have been taken to decrease annually the age at which old age security will become payable, thus bringing in on the average an additional 100,000 recipients under the umbrella of old age security.

• (10:20 p.m.)

The joint committee which studied the Canada Pension Plan recommended that further steps be taken by the government of Canada to assist a particular category of the Canadian population, namely those who are currently retired and unable to benefit from the provisions of the Canada Pension Plan, and those who will not be able to contribute for a sufficient length of time to qualify for the undoubted benefits of the Canada Pension Plan.

I want to tell my hon. friend that this in a sense is the key problem in rounding out or adding to the support for the senior citizens who comprise this particular group and represent a transitional section of our older citizens. Since I have taken over this job I have certainly been grappling with the most effective plan that can meet the problems and the needs of this particular body of people, and this plan will be appropriately integrated with the Canada Pension Plan and the Canada Assistance Plan. While I appreciate that—

Mr. Deputy Speaker: Order. I must advise the minister that his time has expired.

Mr. Knowles: But he has not answered the question.

Mr. MacEachen: I was just getting there.

AGRICULTURE—CHAROLAIS CATTLE—SALES TO U.S.

Mr. Lawrence E. Kindt (Macleod): Mr. Speaker, I welcome this opportunity to speak

on behalf of the Charolais Association of Western Canada, from which I received word today. I am also glad to see the Minister of Agriculture in his seat.

The Charolais cattle in Canada and the United States are all descendants from 37 head which were imported into Mexico a number of years ago. Progeny from Mexico were sold to Canada and the United States. The Charolais Association have been in touch with me as a member representing the foothills area of Alberta, where many of the big ranches are located, in order to assist them in getting new blood into Canada for the Charolais cattle. We have not been allowed to import any because of foot and mouth disease, and restrictions which are in effect in Canada and the United States. This foot and mouth disease is not only carried by the animals but is in the semen as well. Therefore we have been unable to import these cattle up until a year and half ago, when the former minister of agriculture permitted the importation from France of 113 head.

Officials went over to France and were given permits to buy three. These were brought to Grosse Isle, near Quebec, and there kept in quarantine from October 21 of last year until quite recently. They were then moved from Grosse Isle to various parts of Canada, there to remain another 30 days in quarantine. The purpose of bringing the cattle to Canada was to cross-breed them with range cattle. The cross-bred calf, of which I have seen many, is up to 50 lbs. heavier than the ordinary heifer. Consequently that means more money in the pockets of people if they can cross breed cattle. So, the range people have wanted Charolais cattle to improve herds which have been going downhill because of inbreeding, and that sort of thing. Therefore such cattle were obtained. And for what purpose? In order to make cattle available to the breeders of Canada, and to improve Canadian herds, but not to be shipped to the United States at this time, because there is foot and mouth disease. United States buyers who are coming here and buying cattle are simply using Canada as a back door, and this government is permitting the cattle to be sent down, contrary to the spirit of the good neighbour policy.

Moreover, should foot and mouth disease break out, it would close the entire border for Canadian cattle. The United States provides the traditional market for the range men of the west.

[Mr. Kindt.]

Now there is talk of freedom of enterprise. Our buyers were permitted to buy three animals. They now say: "We want freedom of enterprise". But I will tell you this: In a matter of this kind a mistake was made by the former minister of agriculture, and the present Minister of Agriculture is perpetuating it. I have asked him, as has the association, to restrict the export of these cattle until such time as the price increases, so that the breeders in Canada can be taken care of. Let us increase the numbers of these animals in Canada, and if someone from the United States wants to buy them, let them come to Canada. If profits are to be made, let the people in Canada make them. We do not want somebody to bring them in under government supervision, quarantine and so on, and turn around the next day to make a fast buck. The man who bought the $10,000 bull in British Columbia sold a half interest for $84,000, after he left Grosse Isle to the western United States Charolais Association. Now there is talk about the traditional open door for cattle.

Certainly some people want the door kept open to our cattle. But we do not want to take the chance of foot and mouth disease going down there. Furthermore the United States has kept on its embargo on the shipment of cattle from France. We are taking a chance by bringing such cattle in here, when we may get foot and mouth disease. It may be all right to do that in Canada, but there is no reason why we should use the open door policy with respect to the United States, and get into trouble. The livestock men of the west are saying that those who want to make a fast buck out of cattle which have been brought in are doing so by using Canada as the back door to get into the United States.

A certain amount of government money was spent by the minister's going across to France. Veterinarians' expenses and things of that sort were involved. I have not totalled them up.

May I say that a resolution was unanimously passed at the directors meeting of the Charolais Cattlemen's Association in Calgary on May 31 to this effect:

> The directors of the Charolais Cattle Association request a course of action to stop export of all French imported females and their female progeny until December 31, 1968 and to be reviewed at that date.

• (10:30 p.m.)

The second resolution was to the effect that the permits for the 66 importations be allotted to those members who were Canadian

Charolais breeders and hence in the Charolais cattle business prior to the announcement of the importation beginning December 31, 1964.

The president of the association, Mr. Ohler, took it upon himself to make a trip to Saskatoon to talk with the minister. The minister gave him the brush-off. That is my word—a straight brush-off. He passed him over to Bennett, who was his secretary. He told him he could do nothing. In other words, the former minister made a mistake. If he had said that these cattle ought to remain in Canada until such time as they could breed, there would be nothing much which could be done.

Telegrams are being sent out and I hope some helpful replies are being received. The association in the west is extremely exercised about this situation. I wish I had time to put its views on record. But I see my time is up.

Hon. J. J. Greene (Minister of Agriculture): I would first commend the hon. member for his keen interest in this question. I would point out that my predecessor in this office embarked on a very sound policy, one which was pursued for the first time by reason of his dynamic leadership in this area. The first group of Charolais were brought in as a result of his incentive and keen desire to see this matter brought to a head. Along with many other good things he did, this commendable action of the minister who preceded me received all too little credit.

I would also point out to the hon. member that in my opinion some of his concern in this regard has arisen because he has not been too well informed. I know he is sincere in his protestations. Certainly from the presentation he has made here he has acquired a fine and comprehensive knowledge of the history of this breed. But as far as more recent events are concerned I do not think he is well informed. First, I would say that my department has no evidence whatsoever of any exportation of these cattle. Granted, there is nothing in the rules to prevent it. But in view of the great excitement displayed by the hon. member in the house the other day I became somewhat concerned, since he seemed to feel keenly on this matter.

Accordingly I sent out the telegrams to which the hon. member has referred to see whether in fact any of these cattle are being exported. The bull to which the hon. member referred has not been exported at all. It is my understanding it is still in Canada. Americans have bought an interest in this animal, but surely this does not do any of the harm the hon. member has envisaged.

Mr. Kindt: What about bull 698 and heifer 662?

Mr. Greene: I do not have the bulls by number.

Mr. Kindt: They are in quarantine even if they have not been exported yet.

Mr. Greene: Let me say this to the hon. member: We sent wires to all the persons who had imported these cattle and we have received returns from about one third of them; and not a single one of them has any intention of exporting these animals.

These are the only returns we have. There is no law to prevent their being exported. My hon. friend is quite right. I do not follow his argument with respect to foot and mouth disease. These cattle have gone through a very comprehensive quarantine, as do any cattle which are imported here.

With respect to the danger of closing the border, it is certainly my view and that of the party I represent that the border should be kept as open as possible with respect to the free flow of cattle and beef both ways, just as it is now. I can think of no action more likely to close the border than for us to close it unilaterally one way for one particular breed of cattle. I think that would be very dangerous.

Motion agreed to and the house adjourned at 10.38 p.m.

HOUSE OF COMMONS

Wednesday, June 8, 1966

The house met at 2.30 p.m.

CRIMINAL CODE

AMENDMENT TO PROHIBIT SALE OF UNSAFE TIRES

Mr. Barry Mather (New Westminster) moved for leave to introduce Bill No. C-195, to amend the Criminal Code (tire safety).

Some hon. Members: Explain.

Mr. Mather: The purpose of this bill is to protect the public against unreasonable risk of highway accidents occurring as the result of motor vehicle tire failures. It would do this by an amendment to the Criminal Code which would prohibit any persons from manufacturing, selling or otherwise disposing of tires which might endanger the life or property of others. The governor in council will, by this proposal, establish and define safety standards for tires. I might say that this bill is similar to one adopted by the United States Senate.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

VICTOR SPENCER

Question No. 355—**Mr. Smallwood:**

1. Were any public funds expended to move Mr. Victor Spencer's personal luggage and possessions from one point to another in B.C. and, if so, how much?

2. Were any public funds expended to pay Mr. Spencer's board or to maintain him in various private hospitals in B.C. and, if so, how much?

3. Is Mr. Spencer in receipt of unemployment insurance because of his inability to get a job and is he in receipt of any public funds?

4. Are R.C.M.P. officers assigned to keep watch on Mr. Spencer, and in fact instructed to protect him?

5. Have any arrangements been made by anyone in the employ of the government of Canada with Mr. Spencer, under which Mr. Spencer has agreed to be silent on the matters and circumstances leading up to his dismissal from the public service of Canada?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Royal Canadian Mounted Police, the Departments of Labour and Veterans Affairs as follows:

1. No. However, on one occasion during the investigation the R.C.M.P. conveyed his luggage a short distance by police car.

2. No information available.

3. Mr. Spencer is not in receipt of unemployment insurance benefit.

4. The R.C.M. Police are taking such steps as are deemed necessary in the interest of national security.

5. No.

CENTENNIAL RECORDING BY R.C.M.P. BAND

Question No. 1,065—**Mr. Bell (Carleton):**

1. Was any plan formulated for the recording of music by the R.C.M.P. band for use in the centennial celebrations?

2. If so, what is its present status?

3. If such a plan was formulated and is not being proceeded with, what are the reasons therefor in detail?

4. Have representations been made in this matter by the Solicitor General or the commissioner of the Royal Canadian Mounted Police and, if so (a) to whom (b) to what effect and (c) with what result?

Hon. L. T. Pennell (Solicitor General): 1. Yes, by a Canadian recording company.

2 and 3. It is understood that the Canadian recording company was not granted permission by the American Federation of Musicians to make a recording by the R.C.M.P. band because members of that band are not members of the musicians' union.

4. No. The Minister of Labour used his offices in this connection with negative results.

UNION REFUSAL OF PERMISSION TO RECORD R.C.M.P. BAND

Question No. 1,069—**Mr. Faulkner:**

Did the American Federation of Musicians recently forbid a Canadian record producer to make a recording by the band of the R.C.M.P. and, if so, on what grounds was the Canadian record producer denied the right to make the recording?

Hon. L. T. Pennell (Solicitor General): Yes. It is understood that the Canadian record producer was not granted permission by the

American Federation of Musicians to make a recording by the R.C.M.P. band because members of that band are not members of the musicians' union.

SHORTAGE OF GRAIN CARS, MONTREAL

Question No. 1,351—**Mr. Allard:**

1. Is there at present a lack of freight cars at the grain elevators at Montreal and, if so, does the government intend to make immediate recommendations in order that steps may be taken to alleviate this shortage?

2. Has the Board of Transport Commissioners of Canada issued directives to the railways asking them to send almost all their empty freight cars to the elevators in western Canada, in order to ensure the delivery of grain sold to countries abroad?

3. Has the government received protests and complaints from organizations, agricultural co-operatives or other groups in the province of Quebec who need supplies of feed grain for animals?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Departments of Agriculture, Finance, Forestry, Transport and the Prime Minister's office as follows:

1. No information available.

2. No.

3. Yes.

CONSTRUCTION OF NATIONAL MUSEUM

Question No. 1,364—**Mr. Reid:**

1. Has the government cancelled or postponed the building of the new National Museum and, if so, for what reason?

2. Where does the project now stand in the government's order of priority?

Hon. G. J. McIlraith (Minister of Public Works): 1 and 2. The government has postponed the start of the construction on the new National Museum until after the 1966-67 fiscal year in accordance with announced policy.

ROAD CONSTRUCTION NORTH OF NAKINA, ONT.

Question No. 1,421—**Mr. Reid:**

Under the roads to resources program, is a road being constructed going north of Nakina, sometimes called "Nakina northerly" and, if so (a) has the federal government contributed to the cost of this road (b) what was the total cost of this road (c) what was the federal government's share of this cost (d) how much of this road has been constructed so far (e) what is the intended destination (terminus) of this road (f) is this road open to tourists and to local residents for pleasure purposes and, if not, for what reason (g) is the road open for all its constructed length and, if not, for what reason?

[Mr. Pennell.]

Mr. Jack Davis (Parliamentary Secretary to Minister of Mines and Technical Surveys): Yes—(a) yes; (b) $1,768,027; (c) $797,516; (d) 50.89 miles; (e) Durer lake; (f) yes; (g) The last 4.84 miles (south side Terrier lake to Durer lake) was constructed with Anaconda Iron Ore Company paying 100 per cent of the cost of construction. This section of the road is closed to the public.

VICTORIA MEMORIAL MUSEUM, OTTAWA

Question No. 1,436—**Mr. Reid:**

1. What is the cost of the normal maintenance of the Victoria Memorial Museum building in Ottawa?

2. Is the condition of this building deteriorating?

Hon. G. J. McIlraith (Minister of Public Works): 1. Approximately $130,000 annually.

2. The condition of the building has deteriorated slowly over the years. Since 1960 when regular close observation was begun, the change has not been significant.

BINDER AND BALER TWINE

Question 1,448—**Mr. Schreyer:**

1. Have any complaints been received alleging quality and standards deterioration in the binder and baler twine manufacturing industry?

2. Have any complaints been received alleging price fixing or collusion in price setting in the binder and baler twine manufacturing and distribution industry?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Departments of Agriculture, Defence Production, Trade and Commerce, the Prime Minister's office and Privy Council office as follows:

1. No.

2. No such complaints have been received by the director of investigation and research under the Combines Investigation Act.

ATLANTIC DEVELOPMENT BOARD FUNDS COMMITTED

Question No. 1,461—**Mr. Coates:**

1. What is the total amount of the $100,000,000 fund of the Atlantic Development Board that has been committed to date?

2. What is the breakdown per province?

3. What is the estimated dollar value of requests before the board at the present time on which decisions have not been rendered?

Hon. J. W. Pickersgill (Minister of Transport): I am informed by the Atlantic Development Board as follows:

1. $95,155,264 including $5,380,914 balance of $20 million earmarked for aid to industrial development in Nova Scotia.

2. Nova Scotia $25,603,324 including $5,380,-914 balance of $20 million earmarked for aid to industrial development. New Brunswick $27,323,546; Prince Edward Island $7,033,327; Newfoundland $33,180,067; projects of a regional nature $2,015,000.

3. A number of requests are before the board and are in various stages of investigation but, at this time, it is not possible to estimate the dollar value of these requests.

NAVAL PROMOTIONS

Question No. 1,462—**Mr. McCleave:**

How many promotions have there been in the Royal Canadian Navy, by year from 1960, including a forecast for 1966, from (a) Lieutenant Commander to Commander (b) Commander to Captain (c) Captain to Commodore (d) Commodore up?

Hon. Léo Cadieux (Associate Minister of National Defence):

R.C.N. Promotions

	(a)	(b)	(c)	(d)	
		Promotion to:			
Year	CDR	Capt	Cmdre	RADM	VADM
1960	17	8	3	2	1
1961	24	8	8	2	—
1962	18	8	6	4	—
1963	26	7	1	—	—
1964	30	13	2	1	1
1965	36	15	5	1	—
1966 (1 Jan. to 31 Mar.)	6	1	—	—	—

Career planning indicates that a number of officers of the rank of lieutenant commander and above will be promoted to higher rank this year. It is not possible, however, to give a precise forecast of the total number of promotions in each rank in any year due to changes in establishments, vacancies created by releases due to illness, and unexpected commitments.

WARTIME TEMPORARY BUILDINGS, OTTAWA

Question No. 1,481—**Mr. Bell (Carleton):**

1. What so-called wartime temporary buildings are still in use by the government in the national capital?

2. When was each of these buildings erected?

3. What departments of government are accommodated in each of these buildings?

4. What specifically are the plans for the cessation of use of each of these buildings and for their demolition?

Hon. G. J. McIlraith (Minister of Public Works): 1. Temporary buildings No. 2, 3, 4, 5, 6, 8, 9, A, B, C, Daly annex and Justice annex.

2. No. 2 Temporary constructed in 1940
No. 3 Temporary constructed in 1941
No. 4 Temporary constructed in 1942
No. 5 Temporary constructed in 1942
No. 6 Temporary constructed in 1942
No. 8 Temporary constructed in 1943
No. 9 Temporary constructed in 1943
A, B and C constructed in 1938
Daly Annex constructed in 1942
Justice Annex constructed in 1943.

3.

No. 2 Temporary	—	Department of Defence Production
	—	Department of Industry
	—	Canadian Arsenals Limited.
No. 3 "	—	Department of Transport
	—	Department of Finance
	—	Department of National Health and Welfare.
No. 4 "	—	Department of Defence Production
	—	Department of Industry
	—	Department of Transport.
No. 5 "		Unemployment Insurance Commission
	—	National Revenue Taxation.
No. 6 "	—	National Revenue.

Questions

No. 8 Temporary	—	Dominion Bureau of Statistics
	—	National Health and Welfare
	—	Department of National Defence
	—	Department of Veterans Affairs.
No. 9 "	—	National Revenue.
A, B and C Temporary	—	Department of National Defence
	—	Defence Research Board.
Justice Annex		Department of Agriculture.
Daly Annex		Defence Research Board.
4. No. 2 Temporary	—	Planned for demolition in 1973-74 to coincide with proposed move of Defence Production and Department of Industry to new building.
No. 3 "	—	Planned for demolition in 1971-72 when new building for Department of Transport completed.
No. 4 "	—	Same as No. 2 Temporary.
No. 5 "	—	No demolition date has been established.
No. 6 "	—	Planned for demolition in 1971-72 when National Revenue-Taxation move to new building.
No. 8 "	—	No demolition date has been established.
No. 9 "	—	Same as No. 6 Temporary.
A, B and C	—	For demolition when new construction completed for Department of National Defence sometime in 1972-73.
Justice Annex	—	For demolition in 1967 when new building for Agriculture completed.
Daly Annex	—	Same as for No. 6 temporary.

Note: Times indicated for demolition of these buildings are estimates of the present time table and are subject to variations.

U.S. INVESTIGATION INTO ORGANIZED CRIME

Question No. 1,486—**Mr. Caouette:**

1. Did the government of Canada, the R.C.M.P., or other federal bodies have either an observer or an exchange of correspondence with the United States justice department, in relation to and at the time of the latest inquiry into organized crime in the United States?

2. Has the government of Canada asked for a transcript of testimony by a key witness named Joseph Valachie?

[Mr. McIlraith.]

3. Has the government of Canada had an exchange of correspondence with the United States justice department in relation to the visit of the Quebec minister of justice, Mr. Claude Wagner, to Mr. Katzenbach?

4. Has the government of Canada consulted the United States F.B.I. following the aforesaid inquiry?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Royal Canadian Mounted Police as follows:

1. It is assumed that by the words, "latest inquiry", the hon. member is referring to the hearings before the permanent subcommittee on investigation of the committee on government operations, United States Senate, concerning organized crime and illicit traffic in

narcotics which commenced in September, 1963 and terminated in 1965.

No representative of the R.C.M. Police attended these hearings as an observer, nor was there any direct exchange of correspondence between the R.C.M. Police and the United States department of justice concerning these hearings.

There is constant and almost daily exchange of correspondence between the R.C.M. Police and the federal bureau of investigation, as well as with other United States federal enforcement agencies and local enforcement agencies, concerning all aspects of organized crime of mutual interest. This correspondence, on numerous occasions, touches upon the evidence, testimony and activities of many of the same people as were mentioned in the hearings.

2. No. The testimony of the witness, Joseph Valachie, was included in the published reports of the subcommittee which are on file with the Department of Justice and the R.C.M. Police and which are available to the general public by purchase from the United States government printing office in Washington.

3. No.

4. Answered by No. 1.

TRANSPORTATION ASSISTANCE TO QUEBEC FARMERS

Question No. 1,489—**Mr. Caouette:**

1. Is the government helping Quebec farmers in the matter of the transportation of certain products and, if so (a) how (b) what products are covered by this aid (c) what percentage of the transportation is defrayed by the government?

2. Are transportation subsidies the same everywhere in Quebec?

3. Does the government intend giving higher subsidies to farmers who live far from the main centres?

Hon. Judy V. LaMarsh (Secretary of State): In so far as the Department of Agriculture is concerned:

1. Yes. (a) by reimbursing the province of Quebec for a proportion of expenditures under joint programs administered by the Quebec department of agriculture and colonization. (b) lime, breeding ewes and ewe lambs from western Canada, and livestock entries to the Royal Agricultural Winter Fair, Toronto. (c) in the case of lime, 60 per cent of Quebec expenditures, including transportation costs, to a maximum of $1,205,000 per annum; in the case of breeding ewes and ewe lambs, half of the Quebec expenditure up to 50 per cent of the transportation charges; and in the case of livestock entries for the Royal Agricultural Winter Fair, Toronto, 75 per cent of the amount paid by Quebec for transportation charges.

2. No.

3. Transportation assistance under these programs now increases as distance from source to destination increases.

In so far as the Department of Forestry is concerned:

1. Yes. (a) Transportation assistance on western feed grains and grain products of prairie origin from Fort William to various consumption zones in Quebec. This assistance is paid through wholesalers or semi-wholesalers who in turn credit their clients with the amount of aid applying in each case. (b) Wheat, oats, barley, rye, No. 1 feed screenings, sample feed grain; wheat bran, wheat shorts and wheat middlings produced in western Canada and shipped to a destination in eastern Canada or produced in eastern Canada from wheat grown in western Canada. (c) Approximately 95 per cent of the strict cost of transportation from Fort William to the centre of each zone in Quebec. There are 14 such assistance zones in the province of Quebec.

2. No. See (c) above.

3. This is already applied. See (c) above.

CANADIAN RESIDENTS NOT CANADIAN CITIZENS

Question No. 1,521—**Mr. Stanbury:**

How many (a) British subjects (b) citizens of the Republic of Ireland (c) citizens of the Republic of South Africa (d) others, have resided in Canada for at least five years but have not acquired Canadian citizenship?

Hon. Robert Winters (Minister of Trade and Commerce): The information requested is not available but the following information extracted from the 1961 census of Canada may be of some assistance.

As of June 1, 1961 the number of immigrants to Canada who still hold citizenship in the countries from which they came but have been resident in Canada for more than five years was as follows: Commonwealth countries—146,459; United States—51,357, European countries which include the Republice of Ireland—233,567; Asiatic countries—8,003; and other countries which include the Republic of South Africa—14,055.

Questions

COMMEMORATIVE STAMP FOR NEWFOUNDLAND "COME HOME YEAR"

Question No. 1,531—**Mr. Tucker:**

Has the Post Office Department given consideration to the printing of a stamp to commemorate Newfoundland's "come home year"?

Hon. Jean-Pierre Côté (Postmaster General): The Post Office Department has not included in its 1966 philatelic program a postage stamp specifically designed to commemorate Newfoundland's "Come Home Year". It is not the policy of the department to issue commemorative stamps, the theme of which could be construed as promotional in nature and designed to further regional activities.

BRIDGE CONSTRUCTION, EAST FLORENCEVILLE, N.B.

Question No. 1,537—**Mr. Flemming:**

With reference to question No. 1,419, dated May 4, by Mr. Flemming (Victoria-Carleton) and answered by the Minister of Public Works, is it the intention of the Department of Public Works to build a highway bridge across the Saint John river at East Florenceville on the Trans-Canada highway this year?

Hon. G. J. McIlraith (Minister of Public Works): I am advised that tenders were called by the province of New Brunswick on May 24 and will close June 15. I presume construction will follow.

STRENGTH OF CANADA'S INFANTRY BATTALIONS

Question No. 1,547—**Mr. MacRae:**

What is the effective strength as of April 30, 1966 of Canada's nine infantry battalions?

Hon. Paul Hellyer (Minister of National Defence): 1. Canada has 12 infantry battalions and one anti-tank infantry battalion. On 30 April, 1966, eight infantry battalions and the anti-tank battalion (less one detached company with the Canadian brigade group in Germany) were serving in Canada; three infantry battalions were serving overseas with the Canadian brigade group; and one infantry battalion was serving in Cyprus.

The total strength of the 13 battalions on 30 April, 1966, was 8,718. The eight infantry battalions in Canada had a total strength on that date of 4,925.

[Mr. Winters.]

*REQUEST FROM QUEBEC MINISTER FOR CRIME INQUIRY

Question No. 1,549—**Mr. Diefenbaker:**

Did the Minister of Justice receive a letter or letters from the Quebec Minister of Justice demanding a royal commission on crime at any time since the first day of July, 1965 and, if so, on what date or dates?

Hon. Lucien Cardin (Minister of Justice): The answer to the question is no. The Minister of Justice of the province of Quebec did not write to the Minister of Justice of Canada demanding a royal commission on crime. However, on March 11, 1966 the Solicitor General wrote to all the provincial attorneys general and the Minister of Justice of the province of Quebec inviting them to give their views as to the desirability of reassembling the federal-provincial conference in order to discuss the problem of organized crime and the suggestion of a royal commission on crime attributed to the Minister of Justice of the province of Quebec in newspaper reports. The Minister of Justice of the province of Quebec, under date of March 15, replied to the Solicitor General. The reply of the Minister of Justice of the province of Quebec to the Solicitor General is marked "Personal".

CONDITION OF NATIONAL MUSEUM

Question No. 1,558—**Mr. Orlikow:**

1. Has the government been advised that the physical condition of the National Museum is such that it represents a safety hazard?

2. Have any precautions been taken to provide for the safety of children being taken on conducted tours of the National Museum and, if so, what are they?

Hon. G. J. McIlraith (Minister of Public Works): 1. No.

2. See reply to question No. 1,616.

CENSUS OFFICIALS, ASSINIBOIA CONSTITUENCY

Question No. 1,569—**Mr. Watson (Assiniboia):**

1. What are the names and addresses of the census commissioners who have been appointed for Assiniboia constituency?

2. What are the names and addresses of the area supervisors for Assiniboia constituency?

3. What remuneration will each commissioner and area supervisor receive?

4. On whose recommendations were the census commissioners appointed?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): 1. The census commissioners appointed for the constituency of Assiniboia are: Mrs. Margaret Ayotte, P.O. Box 76, Minton, Sask.; Mr. Murray W. McCormick, P.O. Box 999, Weyburn, Sask.; Mrs. Lucy McHarg, P.O. Box 39, Radville, Sask.; Mr. Joseph N. Jelinski, Claybank, Sask.; Mrs. Helen Foley, Coronach, Sask.; Mrs. Nan Klein, P.O. Box 131, Assiniboia, Sask.; Mr. Harold F. Brodin, Mossbank, Sask.

2. There were no assistant commissioners or area supervisors appointed for the 1966 census of Canada.

3. Census commissioners are paid the sum of $1,100 when the field work is completed to the satisfaction of the dominion statistician. In addition, travel expenses are allowable in accordance with government travel regulations in rural areas, and an allowance of $20 and $40 in lieu of travel expenses in the urban and semi-urban areas.

4. The appointments were made by the Minister of Trade and Commerce following recommendations and interviews by the regional office representatives of the Dominion Bureau of Statistics.

TRADE WITH SOUTH AFRICA

Question No. 1,572—**Mr. Allmand:**

1. What was the value of Canada's export trade with South Africa for 1964 and 1965?

2. What were the principal products of this trade?

3. What was the value of Canada's import trade with South Africa for 1964 and 1965?

4. What were the principal products of this trade?

[*Translation*]

Hon. Robert Winters (Minister of Trade and Commerce): 1. and 3. The value of Canada's export trade to the Republic of South Africa and the value of Canada's import trade from the Republic of South Africa for 1964 and 1965 is as follows:—

	1964	1965
	$'000	$'000
Domestic exports	69,166	76,226
Foreign exports	875	2,027
Total exports	70,041	78,253
Imports	28,777	27,113

2. The principal commodity Divisions or Groups included in Canadian exports to the Republic of South Africa for 1964 and 1965 were as follows:—

Description	$'000 1964	$'000 1965
Cereals unmilled	9,029	
Crude non-metallic minerals		2,173
Lumber	4,553	7,359
Wood pulp and similar pulp		1,242
Paper for printing	8,216	7,977
Fine paper		1,370
Animal oils and fats		1,184
Synthetic and reclaimed rubber and plastic materials, not shaped	2,434	1,443
Plate, sheet and strip, steel	1,112	
Aluminum, including alloys	8,825	11,351
Road motor vehicles	19,710	26,260

4. The principal commodity Divisions or Groups included in Canadian imports from the Republic of South Africa for 1964 and 1965 were as follows:—

Description	1964 $'000	1965 $'000
Fruits and berries, fresh or chilled	3,689	3,691
Fruits and products, canned (except infant foods)	1,488	1,921
Sugar, molasses and syrups	12,130	8,017
Fermented alcoholic beverages	506	551
Distilled alcoholic beverages	578	624
Oil seeds, oil nuts and oil kernels	677	495
Wool and fine animal hair	762	553
Metals in ores, concentrates, and scrap		663
Crude non-metallic minerals	1,293	1,114
Wood pulp and similar pulp	1,308	1,648
Ferro-alloys	2,850	4,778

[*English*]

OFF BASE LIVING, ARMED FORCES IN EUROPE

Question No. 1,574—**Mr. Allmand:**

1. Do members of the armed forces stationed in Europe receive a special allowance when they live off base?

2. Are they free to live off base if they so desire?

3. Do single persons have the same right in this respect as married persons?

Hon. Léo Cadieux (Associate Minister of National Defence): 1. Members of the Canadian armed forces stationed in Europe as part 4 Canadian Infantry Brigade Group and 1 Air Division are entitled to payment of an overseas allowance which varies by location,

rank and whether the member is: (a) married and accompanied by dependants living in public married quarters; (b) married and accompanied by dependants living out of public married quarters; (c) married but unaccompanied by dependants and living in public single quarters; (d) married but unaccompanied by dependants and living out of public quarters; (e) single and living in public quarters; (f) single and living out of public quarters.

2. Only if suitable public quarters are not available.

3. Yes.

CENSUS OFFICIALS, WETASKIWIN CONSTITUENCY

Question No. 1,575—**Mr. Moore:**

1. What is the name and address of each census commissioner for the 1966 census in the electoral district of Wetaskiwin?

2. What is the name and address of each assistant commissioner for the 1966 census in the electoral district of Wetaskiwin?

3. What is the name and address of each enumerator for the 1966 census in the electoral district of Wetaskiwin?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): 1. The census commissioners appointed for the constituency of Wetaskiwin are: Mrs. Marguerite E. Martin 5349-49th Ave., P. O. Box 852, Lacombe, Alta.; Mr. R. D. Broughton, 5408-59th St., P. O. Box 1150, Ponoka, Alta.; Mr. Wilton Lindberg, Lindy's Trailer Court, Rimbey, Alta.; Mrs. Myrtle Aboussofy, 4305-55th St., Wetaskiwin, Alta.; Mr. Lawrence P. Wilson, P. O. Box 351, Wetaskiwin, Alta.; Mr. Robert G. Mullen, P. O. Box 210, Calmar, Alta.; Mr. Cedric F. Dolling, Telfordville, Alta.

2. There were no assistant commissioners appointed for the 1966 census of Canada.

3. Names of census enumerators are not yet available as they are appointed by the census commissioner in their area on behalf of the Minister of Trade and Commerce.

CENSUS OFFICIALS, VEGREVILLE CONSTITUENCY

Question No. 1,578—**Mr. Fane:**

1. What is the name and address of each commissioner for the 1966 census in the electoral district of Vègreville, Alberta?

2. What is the name and address of each assistant commissioner for the 1966 census in the electoral district of Vègreville, Alberta?

[Mr. Cadieux (Terrebonne).]

3. What is the name and address of each enumerator for the 1966 census in the electoral district of Vègreville, Alberta?

Hon. Robert Winters (Minister of Trade and Commerce): 1. The census commissioners appointed for the constituency of Vegreville are: Mrs. Kathleen McKenzie, 5119-55th Ave., Vegreville, Alberta; Mr. Mike Kondro, Myrnam, Alberta; Mr. Nick A. Shandro, P.O. Box 239, Willingdon, Alberta; Mr. Lloyd Sereda, Mundare, Alberta; Mr. R. Christie, Bruderhein, Alberta; Mr. Steve W. Romanchuk, Smoky Lake, Alberta; Mr. Mike Kapach, Redwater, Alberta.

2. There were no assistant commissioners appointed for the 1966 census of Canada.

3. Names of census enumerators are not yet available as they are appointed by the census commissioner in their area on behalf of the Minister of Trade and Commerce.

BORDER CROSSINGS BY JOE BONANNO

Question No. 1,585—**Mr. Nielsen:**

1. Has the Department of Citizenship and Immigration any knowledge to indicate that Joe Bonanno of New York and other places, generally regarded as number four in the international Mafia, has been back and forth across the border visiting Canada during the past eighteen months?

2. If so, has the department any record showing his comings and goings over the international boundary, and the dates thereof?

Mr. J. C. Munro (Parliamentary Secretary to Minister of Citizenship and Immigration): 1. The Department of Citizenship and Immigration has no knowledge to this effect.

2. Not applicable.

CENSUS OFFICIALS, HASTINGS-FRONTENAC CONSTITUENCY

Question No. 1,587—**Mr. Webb:**

1. What is the name and address of each commissioner for the 1966 census in the electoral district of Hastings-Frontenac?

2. What is the name and address of each assistant commissioner for the 1966 census in the electoral district of Hastings-Frontenac?

3. What is the name and address of each enumerator for the 1966 census in the electoral district of Hastings-Frontenac?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): 1. The census commissioners appointed for the constituency of Hastings-Frontenac are: Mr. Frank M. Pepper, R.R. #2, Verona, Ontario; Mr. Thomas M. Neal, Harlowe, Ontario; Mr. J. Elmer Wood, Crookston, Ontario; Mrs.

Mary E. Edmunds, Norwood, Ontario; Mrs. H. Elizabeth Hattin, P. O. Box 2, Bancroft, Ontario; Mr. Patrick G. Fitzgerald, Greenview, Ontario.

2. There were no assistant commissioners appointed for the 1966 census of Canada.

3. Names of census enumerators are not yet available as they are appointed by the census commissioner in their area on behalf of the Minister of Trade and Commerce.

DETERIORATION OF MUSEUM BUILDING

Question No. 1,616—**Mr. Orlikow:**

1. Has any settlement been detected in the National Museum building and, if so (a) when was this first detected (b) what is the cause (c) has there been any increase in the settlement during the last year?

2. What, if any, precautions have been taken to protect those who work in the museum and the visitors against injury caused by an abrupt or serious collapse of the building?

3. Is the building, with any precautions now in effect, regarded as safe?

Hon. G. J. McIlraith (Minister of Public Works): 1. Yes, (a) Even between 1906 and 1910, when this building was under construction, settlement was observed. By 1915 settlement was such that a portion of a high tower over the entrance was removed.

This is a massive structure. The exterior walls are heavily buttressed masonry bearing walls. The floors above the first floor level are carried on steel plate girders, simply supported and spanning from wall to wall. There is a complete basement and a partial sub-basement. The basement floor and the first floor are supported on a system of steelwork, simply supported and spanning from the exterior walls to interior cast iron columns, which in turn rest on the foundation walls of the sub-basement. The footings supporting the exterior walls and the interior columns for the first floor are generally at two levels, approximately 12 feet and 22 feet below grade. (b) The site on which this building stands is not rigid. There is a stratum of man-made fill, about 8 to 10 feet in thickness, which is separated from bedrock by approximately 100 feet of soft sub-soil. This soil is subject to shrinking and swelling as the amount of water present in it varies. Moreover, the type of floor framing that was in practice at the time of the construction of the building is especially sensitive to differential settlements such as are observed in this building. (c) Where there has been slight total settlement in the past year there has been no differential settlement which is the destructive force.

2. Because of the problems caused by differential settlement during construction, the building has been under observation from time to time throughout its entire existence. These observations were intensified in 1958 when the Department of Public Works undertook a comprehensive engineering study of the structure. It was established that the basic structure was such that it was impractical to undertake changes to eliminate all the superficial damage caused by the differential settlement. It was decided the building should be checked regularly and this has been done. This inspection has been increased in the last year with the installation of special instrumentation for continuous observation of elevations and ground water levels. These are reviewed monthly and special examinations will be made should any construction activity take place on adjacent sites which could effect water levels.

The number of persons permitted in some areas has been limited. The number of persons in the auditorium, for example, has been limited to the number of permanent seats, i.e. 600. In addition, limits have been placed on the stack loads permitted in the library area. It is important to note that 95 per cent of the load on the footings is due to the weight of the structure and not to the weight of persons or materials occupying the building.

3. Yes, the constant observation of the site conditions and of the structure, together with the care taken to limit use of certain areas, make the building safe.

QUESTION PASSED AS ORDER FOR RETURN

TRADE PROMOTION EFFORTS

Question No. 1,540—**Mr. Hees:**

1. In each of the years 1964 and 1965, how many Canadian companies were advised by the Department of Trade and Commerce of opportunities to sell their products in specific export markets?

2. How many trade missions were sent overseas by the Department of Trade and Commerce in each of the years 1961, 1962, 1963, 1964 and 1965?

3. What was the dollar value of commodity exports to and imports from the United States in the years 1961, 1962, 1963, 1964 and 1965?

4. Have any new trade commissioner offices been opened in the United States since May 1, 1963 and, if so, in what cities?

5. Has the Department of Trade and Commerce brought any groups of buyers of consumer goods from the United States to Canada to inspect Canadian products since May 1, 1963 and, if so (a) from

what centres (b) on what dates (c) to what Canadian centres were they taken?

6. How many trade commissions were sent to the United States by the Department of Trade and Commerce in each of the years 1961, 1962, 1963, 1964 and 1965?

Return tabled.

[*Translation*]

MOTIONS FOR PAPERS

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Notice of motion for papers No. 134 is acceptable to the government.

Would Your Honour call notice of motion No. 135?

[*English*]

HIGHWAY CONSTRUCTION, GOOSE BAY TO GULF OF ST. LAWRENCE

Motion No. 134—**Mr. Brand:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house copies of all letters and other communications that have been received by the Prime Minister or other members of the government of Canada since the first day of June, 1965, from the premier or other members of the government of Newfoundland, and/or John Doyle and Canadian Javelin Limited regarding the sharing of costs in the building of a highway between Goose Bay, Lake Melville and the gulf of St. Lawrence.

Motion agreed to.

ENTRY OF MRS. MUNSINGER

Motion No. 135—**Mr. Skoreyko:**

That an order of the house do issue for a copy of all correspondence and other communications in the Department of Citizenship and Immigration regarding the application by Mrs. Munsinger to enter Canada as an immigrant in 1951 and any subsequent correspondence up to and including December 31, 1955.

Hon. Jean Marchand (Minister of Citizenship and Immigration): Mr. Speaker, Mrs. Munsinger's file is held by the Spence commission. As soon as it is sent back to the department I am ready to table the correspondence with persons outside the department and the government.

Mr. Speaker: Subject to the reservation or condition expressed by the Minister of Citizenship and Immigration, is it the pleasure of the house that notice of motion No. 135 be deemed to have been adopted?

Some hon. Members: Agreed.

Motion agreed to.

[Mr. Hees.]

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, on a point of order I should like to ask the Minister of Justice when my question No. 1,170 currently on the order paper will be answered.

Hon. Lucien Cardin (Minister of Justice): Mr. Speaker, I will look into the matter and see that an answer is brought in as soon as possible.

LABOUR RELATIONS

QUEBEC LONGSHOREMEN'S STRIKE—REQUEST FOR REPORT ON NEGOTIATIONS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, today, if I might refer to it, is a most unusual centenary of parliament, being the one hundredth anniversary of the first convening of parliament in Ottawa. It is the anniversary of an occasion that has meant much to freedom within our country.

Having prefaced my question by that statement, I now ask the Minister of Labour whether, on this anniversary day—and on this day 100 years ago some most important things were done—the minister would say what expectations there are that the strike in Montreal, which has begun to assume proportions which raise the concept of eternity, is about to be settled.

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I can only say that I have had a report from the mediator within the last 20 minutes. He met this morning with one of the groups. There was an extended session. A caucus followed, and that caucus may still be proceeding. Further meetings are being arranged for this afternoon and this evening. I am following the situation very carefully. My deputy minister is standing by, as I am, watching the proceedings closely. I cannot say anything more at this time, and I do not think it would be wise for me to do so.

Mr. Diefenbaker: Arising out of that question and in view of the prospect of further strikes, would the Prime Minister say what he has in mind by way of action on the part of parliament to meet this strike situation; and what plans there are to meet the projected strike of transport and general workers on the seaway which, if carried out, would completely freeze shipping on the great lakes?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, on the particular matter of the

threatened strike on the seaway, the Minister of Labour and I had a discussion this morning. He is in touch with the situation, and we hope a mediator will be appointed without delay. We have ourselves been considering a name, and we hope to secure the services of this particular gentleman very shortly.

Hon. Michael Starr (Ontario): Mr. Speaker, I have a supplementary question for the Prime Minister. Will the Prime Minister as head of the government now consider calling both parties to the longshoremen's dispute to Ottawa to have it mediated by someone of the calibre of the minister of manpower and immigration? I am speaking seriously, Mr. Speaker, because I think this will be the solution to the bringing about of a settlement to this very grave dispute.

Mr. Pearson: Mr. Speaker, I am sure that my hon. friend, with his experience in the Department of Labour, would not wish the government to interfere with meetings which are going on this afternoon and this evening, and which we hope will be successful.

Mr. Starr: Then I put a further supplementary question to the Prime Minister. I am not trying to put a hypothetical question, but let me ask him this. Will the Prime Minister take action along the lines I suggested if these meetings today are not successful?

Mr. Speaker: Order, please. We will leave it at that. I take it that the hon. member did not intend the question to be hypothetical, but I am afraid it is.

Mr. T. C. Douglas (Burnaby-Coquitlam): I have a supplementary question for the Minister of Labour regarding the longshoremen's strike in the St. Lawrence river ports. May I ask the minister whether he has considered asking the two parties their views regarding possible legislation which would appoint an administrator on a temporary basis, under which the men would return to work on the basis of the wage increments which I believe appear to be acceptable to both parties concerned, leaving the other matters in dispute to negotiation following the report of an industrial inquiry commission under the Industrial Relations and Disputes Investigation Act.

Mr. Nicholson: Mr. Speaker, consideration has been given to a number of proposals and they have been discussed with both sides. I cannot say that all the conditions my hon. friend has suggested have been brought into the discussions, but certainly some of them have been pursued and are being actively pursued today.

Mr. R. N. Thompson (Red Deer): I have a supplementary question for the Prime Minister, Mr. Speaker. In view of the prospective series of strikes which threaten the entire transportation system, I wonder whether the government has given consideration to the reconstitution of the emergency measures act, which I think was dropped in 1955.

Mr. Pearson: Mr. Speaker, my hon. friend will no doubt recall the debate we had in this house some years ago which led to the abolition of the existing emergency measures act at that time.

Mr. Eldon M. Woolliams (Bow River): I wish to direct a supplementary question to the Prime Minister. Did the Prime Minister state yesterday or today, to the press or to anyone else, that there will be a special cabinet meeting and that the government is anxious to bring in legislation to end the strike in question in view of Mr. McNamara's recent statement for the wheat board that we have already lost 30 million bushels of wheat?

Mr. Pearson: No, Mr. Speaker.

Mr. Diefenbaker: Mr. Speaker, can the Prime Minister say whether the Ottawa *Citizen*, which usually has such a close relationship with the government—

Some hon. Members: Oh, oh.

Mr. Diefenbaker: —is well founded in its statement that unless a settlement is effected today the government will bring in or impose compulsory arbitration by a bill which will be presented on Thursday?

Mr. Speaker: Order, please. It is not in order to ask whether a press statement is correct or incorrect.

Mr. Diefenbaker: Mr. Speaker, then I will not refer to the Ottawa *Citizen*. I did so in order to give my question the respectability that the Ottawa *Citizen* always enjoys.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: Does the government intend, if unsuccessful today in these general discussions, to bring in a bill tomorrow or later this week to do that which the St. Laurent government did during its period of office?

Inquiries of the Ministry

Mr. Speaker: Order, please. The question is couched in hypothetical terms, and is not in order.

Mr. Diefenbaker: Mr. Speaker, I do not want to make it hypothetical, because 30 million bushels of wheat sales have been lost through the failure of this government to act. Is the government going to act?

Mr. Speaker: Order, please.

[*Later:*]

Mr. E. F. Whelan (Essex South): A supplementary question for the Prime Minister. Has he consulted the Prime Minister of Great Britain, who heads the Labour party, with a view to obtaining advice on settling the dock strike in Canada?

Mr. Starr: He should consult somebody.

Mr. Speaker: Order.

Mr. Donald MacInnis (Cape Breton South): My question is addressed to the Minister of Public Works in his capacity as leader of the house. Is it the intention of the government to rearrange the business of the house and introduce tomorrow a bill dealing with compulsory arbitration?

Hon. G. J. McIlraith (Minister of Public Works): No, Mr. Speaker.

[*Later:*]

Mr. W. H. Jorgenson (Provencher): Mr. Speaker, I would like to ask the Minister of Finance if he could advise me who will be picking up the tab for the demurrage charges that will be incurred at the ports which are strike bound.

Mr. Speaker: Order, please. I suggest to the hon. member that is not a question that is extremely urgent. The matter of who will be incurring charges is something which might be considered by the minister, but certainly this is not the type of question which should be asked now.

[*Translation*]

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I should like to direct a question to the Minister of Citizenship and Immigration.

While he was in Quebec city yesterday, did the minister meet with representatives of the Longshoremen's Union and did they ask and beg him to talk to his colleagues about ending the present strike in Quebec harbour?

[Mr. Diefenbaker.]

Hon. Jean Marchand (Minister of Citizenship and Immigration): I did not stop in Quebec city yesterday, Mr. Speaker.

Mr. Asselin (Charlevoix): Mr. Speaker, may I put a supplementary question to the minister? Was he not in Quebec city the day before yesterday?

DOMINION-PROVINCIAL CONFERENCE

QUEBEC INQUIRY AS TO AUTHORIZED REPRESENTATIVE

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I wish to put a question to the right hon. Prime Minister.

Can he tell us if he has received any written communications from Hon. Jean Lesage, since June 5 last, and if these indicated that he wished to go on being recognized as premier of Quebec at the coming federal-provincial conferences?

[*English*]

Mr. Pearson: Mr. Speaker—

Mr. Speaker: Order.

[*Translation*]

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

It seems to me the right hon. Prime Minister was prepared to answer. It took a few seconds longer because of the interpretation but, in my opinion, we should not be at a disadvantage because of that.

[*English*]

Right Hon. L. B. Pearson (Prime Minister): To my knowledge I have received no communication from the prime minister of Quebec in the last few days.

[*Translation*]

Mr. Grégoire: Mr. Speaker, I have a supplementary question to the one I put a while ago.

The right hon. Prime Minister did not exactly answer my question when he said that he had received no communication from the premier of Quebec. Was he referring to the new premier or to the former? For my part, I was referring to the Hon. Jean Lesage.

[*English*]

Mr. Pearson: Mr. Speaker, I was not referring to the premier supported by my hon. friend.

[*Translation*]

Mr. Grégoire: On a question of privilege, Mr. Speaker. In my opinion, the right hon. Prime Minister must withdraw his words, for that is a gratuitous, unfounded statement, and he should know better, unless he is not aware—

[*English*]

DOMINION-PROVINCIAL RELATIONS

QUEBEC—PETITION RESPECTING CHANGE IN PROVINCIAL CONSTITUTION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. What is now the status of the communication which was sent to Westminster concerning the powers of the upper house in Quebec?

Right Hon. L. B. Pearson (Prime Minister): I do not know whether that is a hypothetical question or not, but I will answer it by saying that in my view its status is a little uncertain.

Some hon. Members: Oh, oh.

OLD AGE SECURITY

CONSIDERATION OF INCREASE IN AMOUNT OF PENSION

On the orders of the day:

Mr. J. E. Brown (Brantford): I wish to direct a question to the Minister of National Health and Welfare. Is the government still giving consideration to increasing the old age pension?

Mr. Speaker: Order, please. This question is of a general nature and concerns general policy.

[*Translation*]

PUBLIC SERVICE

PAYMENT OF BONUS TO BILINGUAL EMPLOYEES

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I should like to put a question to the Prime Minister.

Is he in a position to advise the house whether the government intends very shortly to grant a bonus for bilingualism to certain federal civil service employees? If so, when may we be informed of the amount of the bonus and of the terms under which it will be granted?

Mr. Speaker: Order. I suggest that the hon. member should place his question on the order paper.

Mr. Allard: Mr. Speaker, I should like this question to be discussed at ten o'clock.

[*English*]

INDIAN AFFAIRS

ALBERTA—PETITION OF TEACHERS RESPECTING SCHOOL CONDITIONS

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): My question is directed to the Minister of Northern Affairs and National Resources who is now, I believe, responsible for Indian affairs. Did the minister receive a petition from the Alberta Indian Teachers Association setting out certain grievances with regard to Indian Schools, mentioning particularly the lack of proper medical attention and sanitation facilities? Is he aware that eight teachers have resigned because of the situation, and has he any comment to make?

Mr. Speaker: Order. The question should be placed on the order paper.

Mr. Woolliams: With the greatest respect, this is an urgent matter because these students are in the middle of their term work. Could I put the question in another way

Mr. Speaker: As the hon. member knows, if he thinks the matter is extremely urgent and should be considered at an early date he has a recourse, and can bring the matter up for discussion on the adjournment motion at ten o'clock.

Mr. Woolliams: Well, I should like to give notice accordingly.

ADMINISTRATION OF JUSTICE

SPENCE ROYAL COMMISSION—INQUIRY AS TO REPORT

On the orders of the day:

Mr. R. N. Thompson (Red Deer): I wish to address a question to the Prime Minister. In view of reports which are circulating concerning the publication of the final report of Mr. Justice Spence on the Munsinger affair, could the Prime Minister tell us whether the Chief Justice has informed him when the report will be submitted?

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

Inquiries of the Ministry

HOUSE OF COMMONS

INQUIRY AS TO DESIGNATION OF JULY 1 HOLIDAY

On the orders of the day:

Mr. Raymond Langlois (Mégantic): I should like to direct my question to the Prime Minister. In a few days we shall be enjoying the traditional holiday on July 1. Has the Prime Minister decided what we are going to call this holiday in future bearing in mind that in 1967 we are celebrating our 100th anniversary?

Mr. Speaker: Order. The hon. member may wish to place this question on the order paper. He will probably receive an answer before July 1.

[*Translation*]

EXPO '67

COUNTRIES REPORTED NOT PARTICIPATING BECAUSE OF STRIKE

On the orders of the day:

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, my question is addressed to the Prime Minister.

Would the Prime Minister deny or confirm reports that five or six countries have decided not to take part in Expo '67 because of the delay due to the longshoremen's strike?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, I know nothing which would confirm that rumour. I do know there will be more foreign governments participating in Expo next year than ever participated in any international fair at any time.

NATIONAL DEFENCE

STEPS TO MAINTAIN EFFICIENCY OF ARMED FORCES

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I wish to direct a question to the Minister of National Defence. Due to increasing public uneasiness because of repeated and alarming reports of a serious decline in the strength of the armed services, what steps are being taken by the minister to ensure that the fighting efficiency of our services is maintained?

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, the Canadian Press story upon which I presume my hon. friend's question is based was both inaccurate and misleading. Whether intentional or unintentional, stories such as this can do nothing but create confusion and consternation both inside and outside the armed forces.

Mr. Diefenbaker: The government needs no help.

Mr. Hellyer: With respect to the inaccuracies, first, the armed forces are not enlisting youths with normally unacceptable educational standards; quite the contrary. The army, for example, has raised its standards.

Second, the army has a program of putting youths into extended and technical training courses. The minimum educational standard for these young men is at least equivalent to the minimum educational level required by the older private—

Mr. Speaker: Order, please. I am sure the information the minister is conveying to the house is both interesting and timely, but it seems to me it is going beyond the scope of the question asked by the hon. member for Winnipeg South Centre.

Mr. Hellyer: Mr. Speaker, may I finish very quickly?

Mr. Speaker: Order, please.

Mr. Churchill: Mr. Speaker, I have a supplementary question, my original question was not based on press reports, but the minister is referring to them. Does he not think he should place greater emphasis on the fighting efficiency of our armed services rather than on the building of a monument in stone to himself?

Mr. Hellyer: Mr. Speaker, fighting efficiency is precisely the emphasis that I want.

Mr. Speaker: Order, please. The question is argumentative.

Mr. Hellyer: Mr. Speaker, may I ask the hon. member for Winnipeg South Centre a question?

Some hon. Members: Oh, oh.

Mr. Speaker: The hon. member for Winnipeg North Centre.

PUBLIC BUILDINGS

OTTAWA—HEIGHT OF PROPOSED DEFENCE HEADQUARTERS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, is the Prime Minister

yet in a position to answer my question of Monday concerning the proposal to erect a building just west of parliament hill that would be higher than the peace tower?

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker. I am examining the comparative measurements of the two buildings.

Mr. Knowles: Ten o'clock.

BUSINESS OF THE HOUSE

REQUEST FOR TIME FOR DISCUSSION OF PRIVATE MEMBERS' MOTION

On the orders of the day:

Mr. Ralph Cowan (York-Humber): Mr. Speaker, I have a question for the right hon. Prime Minister. At five o'clock this afternoon in private members' hour a motion is coming up in my name asking that the government consider establishing a compensation fund for the victims of murderers. I would like to ask the Prime Minister, if by any chance this motion should be talked out in the one hour available to private members, will the government make time available to give the subject complete and full consideration in the way that retentionists granted unanimous consent for the hanging debate?

Mr. Speaker: Order, please. The question is hypothetical.

[*Translation*]

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, since the house is in good spirits today, I should like to ask the right hon. Prime Minister whether he proposes to take part in the softball game between the members of parliament and the members of the protective staff, to be held tonight?

[*English*]

BANK ACT

INQUIRY AS TO INTRODUCTION OF AMENDING LEGISLATION

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, may I direct a question to the Minister of Finance and ask him whether he has yet been able to manoeuvre the Bank Act bill through its various internal obstacles and when he will present it to the house.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I can assure the hon. gentleman that the government will carry out its intentions by presenting the Bank Act to the house for consideration very shortly.

HOUSE OF COMMONS

REQUEST FOR REPORT OF COMMITTEE ON ELECTION EXPENSES

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, may I ask the Prime Minister whether he is in a position to state when he expects to receive the report of the committee on election expenses.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I understand it is almost ready for printing, and is being translated. As you know, Mr. Speaker, I have already expressed the hope that it would be before the house in June. I still hope that may be possible by the end of this month.

Mr. Frank Howard (Skeena): As a supplementary question may I ask the right hon. gentleman if he would approach the royal commission on pilotage and ask what progress it is making with respect to its report?

Mr. Pearson: I shall be glad to do that, Mr. Speaker.

WAYS AND MEANS

The house in committee of ways and means, Mr. Batten in the chair.

INCOME TAX ACT

That it is expedient to introduce a measure to amend the Income Tax Act and to provide among other things:

1. That for the 1967 and subsequent taxation years the deduction from individual income tax equal to the lesser of 10 per cent of basic tax or $600, described in subsection (4) of section 33 of the said act, be replaced by a deduction equal to the lesser of 20 per cent of basic tax or $20, and that for the 1966 taxation year the deduction be equal to the aggregate of

(a) 4 per cent of basic tax or $240, whichever is the lesser, and

(b) 12 per cent of basic tax or $12, whichever is the lesser.

2. That for the 1967 and subsequent taxation years,

(a) a gift made to a charitable organization in Canada exempt from tax by paragraph (e) of subsection (1) of section 62 or to a corporation or trust resident in Canada exempt from tax by paragraph (f) or (g) of that subsection may be deducted in computing taxable income for the year only if the donee is a registered Canadian charitable organization, and for this purpose a registered Canadian charitable organization shall mean

(i) a charitable organization in Canada exempt from tax by paragraph (e) of subsection (1) of section 62 or a corporation or trust resident in Canada exempt from tax by paragraph (f) or (g) of that subsection, or

(ii) a branch, section, parish, congregation or other division of an organization described in (i) that receives donations on its own behalf,

that has been registered in a prescribed manner with the Minister of National Revenue and has filed a return in prescribed form; and

(b) the aggregate of gifts that a taxpayer may deduct in computing his taxable income for a taxation year by virtue of paragraph (a) of subsection (1) of section 27 of the Act may include a gift made

(i) to the United Nations or any agency thereof,

(ii) to a university outside Canada prescribed to be a university the student body of which ordinarily includes students from Canada, or

(iii) to a charitable organization outside Canada to which Her Majesty in right of Canada has made a gift during the calendar year coinciding with or ending in the taxation year.

3. That with respect to bonds or other obligations issued after April 15, 1966, interest on such bonds or other obligations

(a) of or guaranteed by the government of Canada,

(b) of the government of a province,

(c) of an agent of a province, an educational institution or a hospital, where repayment of the principal amount thereof and payment of the interest thereon is guaranteed by the government of the province, or

(d) of a municipal or local government established under provincial law,

be exempt from the 15% non-resident withholding tax.

4. That with respect to taxation years ending after March 29, 1966, a corporation whose principal business during the year after that date was trading or dealing in bonds, shares or debentures will not be eligible to pay tax at the special 15 per cent rate of tax provided by section 70 of the said act.

5. That with respect to dividends received after March 29, 1966, a non-resident-owned investment corporation may not deduct from its income in computing its taxable income a dividend received by it from another non-resident-owned investment corporation other than a dividend paid by a non-resident-owned investment corporation that had previous to the payment of the dividend, and at a time when it was taxable as a non-resident-owned investment corporation, paid dividends (other than dividends on which no tax was payable under the said act) the aggregate amount of which is not less than the corporation's surplus determined in the manner prescribed for purposes of subsection (1a) of section 196 of the said act for taxation years for which it was not taxable as a non-resident-owned investment corporation.

6. That for the 1966 and subsequent taxation years an employee may not deduct in computing his income an amount in respect of tuition fees paid on his behalf by his employer in excess of the amount included in his income in respect of the said fees.

7. That with respect to a benefit received after March 29, 1966 by virtue of a plan under which a corporation agrees to sell or issue shares to its employees, the rules described in subsection (2) of section 85A of the said act that an employee may elect to use to calculate the amount of tax on the said benefit be amended so that the 20 per cent of the amount of the benefit referred to in subparagraph (ii) of paragraph (b) of the said subsection will not exceed $200, but that this amendment shall not apply if the right to acquire shares was given to the employee before March 30, 1966 and the benefit is received before January 1, 1968.

8. That it be declared for greater certainty that the expression "in Canada" in the said act includes and has always included the sea bed and sub-soil of the submarine areas adjacent to the coasts of Canada in respect of which grants are issued, by the government of Canada or of a province, of a right, license or privilege to explore for, drill for or take any materials or substances.

9. That with respect to operations that come into commercial production after March 29, 1966, the definition of a mine be amended so that all wells, the material that is extracted from sylvite deposits by means of which is sent to a single plant for processing, be deemed to be one mine, and that where an operation that would qualify as a mine by reason of an enactment based on this resolution came into commercial production within the 3 years preceding March 29, 1966, that part of the income of the operator, thereof that is attributable to commercial production therefrom in the part of the first 36 months of such operation that falls after March 29, 1966, shall be deemed to be income from the operation of a mine.

10. That the date before which a new manufacturing or processing business must have commenced manufacturing or processing in reasonable commercial quantities in a designated area in order to qualify for an exemption from tax on its income from such operations for 36 months after the commencement of operations be changed from April 1, 1967 to April 1, 1968 in the case of a manufacturing or processing business where evidence satisfactory to the Minister of Industry is furnished to establish that

(a) the facilities to be used in the said business were in the process of being constructed, installed or assembled on the site of the proposed business premises on March 29, 1966, and

(b) the said business is unable to commence manufacturing or processing in reasonable commercial quantities before April 1, 1967, by reason of an event beyond the control of the said business.

11. That the provisions of section 79C of the said act dealing with deferred profit sharing plans be revised and in particular that the said provisions

(a) authorize the governor in council to make regulations to define the property in which funds of a trust governed by a plan may be invested.

(b) require that property of a trust governed by a plan be vested in the employees who are beneficiaries under the plan, and

(c) provide rules for taxing amounts reallocated when employees who are beneficiaries under a plan cease to be beneficiaries under the plan.

12. That paragraph (u) of subsection (1) of section 11 be amended to provide that the deduction from income provided thereunder shall not apply with respect to amounts paid after March 29, 1966, to a trustee under a deferred profit sharing plan.

[Mr. Pearson.]

13. That section 79A of the act, dealing with supplementary unemployment benefit plans, be amended to provide for the registration of such plans for the purposes of the said act and to authorize the making of regulations governing the qualifications required of such plans for registration.

14. That with respect to each taxation year included in whole or in part in the period commencing May 1, 1966, and ending October 31, 1967, a special refundable tax at the rate of 5% shall be payable by all corporations that are not exempt from tax under the said act by virtue of section 62 thereof and by all trusts (other than trusts arising on death) calculated, in the case of a corporation, on a tax base (hereinafter called the corporate tax base) comprising the aggregate of

(a) its taxable income or loss,

(b) amounts deducted under paragraph (a) of subsection (1) of section 11 in computing its income,

(c) amounts deducted under paragraph (b) of subsection (1) of section 11 in computing its income,

(d) business losses sustained in other years that are deducted in computing its taxable income,

(e) the amount by which any amounts deducted under section 83A of the said act in computing its income exceed any expenses described in that section actually incurred by it in the year,

(f) dividends received from corporations described in paragraphs (d) and (e) of subsection (1) of section 28 of the said act that are deducted in computing its taxable income, and

(g) income from the operation of a mine not included in computing its income by virtue of subsection (5) of section 83 of the said act, minus the aggregate of

(h) $30,000, but where the corporation is associated with one or more other corporations in the year then 30/35ths of the amount allocated to it for the year under subsection (3) or (3a) of section 39 of the said act,

(i) the aggregate of the payments made in the year by the corporation (not exceeding the aggregate of the amounts specified in sub-paragraphs (b) and (e)) each of which was a payment as or on account of principal made in retirement of a debt owed by the corporation or made into a sinking fund that under an agreement in writing entered into before March 30, 1966 was required to be established for the purpose of the retirement of a debt owed by the corporation, if

(i) the original term for all repayment of the debt was three years or longer,

(ii) the payment was required to be made in the year under an agreement in writing entered into before March 30, 1966, and

(iii) the payment was made to a person with whom the corporation was dealing at arm's length,

(j) payments made in the year by the corporation to redeem shares of its capital stock where such redemption was authorized by or on behalf of the corporation before March 30, 1966, or required by an agreement in writing entered into before that day, and

(k) the following taxes payable by the corporation in respect of the year, namely

(i) income tax payable to Her Majesty in right of Canada,

(ii) income tax and logging tax payable to Her Majesty in right of a province, and

(iii) income and profits taxes payable to the government of a country other than Canada,

and in the case of a trust, on a tax base (hereinafter called the trust tax base) comprising the aggregate of

(l) its income or loss from all businesses carried on by it,

(m) its rental income not included in computing the amount determined under subparagraph (l),

(n) amounts deducted under paragraph (a) of subsection (1) of section 11 in computing the amounts specified in subparagraphs (l) and (m), and

(o) amounts deducted under paragraph (b) of subsection (1) of section 11 in computing the amounts specified in subparagraphs (l) and (m), minus the aggregate of

(p) $30,000,

(q) the aggregate of the payments made in the year by the trust (not exceeding the amount specified in subparagraph (n)) each of which was a payment as or on account of principal made in retirement of a debt owed by the trust, if

(i) the original term for full repayment of the debt was three years or longer,

(ii) the payment was required to be made in the year under an agreement in writing entered into before March 30, 1966, and

(iii) the payment was made to a person with whom the trust was dealing at arm's length, and

(r) income and profits taxes payable in respect of the year to the government of a country other than Canada.

15. That for the purposes of the special refundable tax, the corporate tax base and trust tax base for any taxation year part of which is before May 1, 1966 or after October 31, 1967, shall be that proportion of the said tax base that the number of days in the taxation year that are after April 30, 1966 or before November 1, 1967, as the case may be, is of the total number of days in the taxation year.

16. That payment of the special refundable tax shall be made,

(a) in the case of a corporation, in monthly installments on the last day of each month commencing with May 31, 1966, and ending with October 31, 1967, with each installment calculated by reference to the corporate tax base for the same taxation year of the corporation as is used in computing or estimating the corporation tax payment that is due on the same day, and

(b) in the case of a trust, in equal installments on June 30, September 30 and December 31, 1966, and in equal installments on March 31, June 30 and September 30, 1967, calculated by reference to the trust tax base for the preceding taxation year or the estimated trust tax base for the taxation year in which the installments are paid.

17. That each installment of special refundable tax shall be,

(a) in the case of a corporation, that proportion of the tax calculated or estimated to be payable for the taxation year, that one is of the number of installment payment dates in the taxation year that are after April 30, 1966 and before November 1, 1967, and

(b) in the case of a trust, one third of the tax calculated or estimated to be payable for the taxation year,

and that

(c) the final adjusting payment, if any, shall be due, in respect of each taxation year, three months after the end of the taxation year, and

(d) a return in prescribed form shall be filed by a corporation within six months from the end of each taxation year and by a trust within ninety days from the end of each taxation year.

18. That the special refundable tax shall be refunded together with interest at 5% per annum to taxpayers at such time or times as may be prescribed but not less than 18 months nor more than 36 months after the later of

(a) the day on which the payment of tax to be refunded was due; or

(b) the day on which the payment of tax to be refunded was paid.

• (3:10 p.m.)

Mr. Brewin: Mr. Chairman, yesterday my colleague, the hon. member for York South, dealt critically with the budget resolutions from the point of view of their impact upon any inequalities of income as between individuals within society, and also with the need to use fiscal policy as a tool for keeping the economy functioning. I wish to direct my remarks to a slightly different aspect of the problem. I want to refer to the impact of the resolutions on inequalities as between different regions of Canada.

My criticism of these resolutions will be that they and the policy they represent fail to take account of the need to level out regional inequalities. I need not remind members of the committee that one of the accepted economic purposes for government today is to iron out and eventually eliminate regional discrepancies or inequalities or inequities.

A balanced economic development of all areas of Canada was a goal which the Economic Council of Canada was directed to study. I am sure it is quite unnecessary to recall that that council in its second annual report, chapter 5, reviewed the question of regional growth and regional disparities. This chapter documents the persistent long-term disparities in economic growth, in income, in employment, in social services, and reveals that there is a substantial and long continued gap between the conditions in respect of these matters and the standards in these matters in some parts of Canada and other parts; and I refer particularly to the Atlantic provinces. I am aware that there have been set up a number of instruments of economic planning designed to deal with this very problem. The Atlantic Development Board, of course, is an illustration, and there are various provincial boards established and various acts passed. Nevertheless, unless all the policies of government both federal and provincial are co-ordinated in a strategy of economic development, we will not achieve the goal of eliminating or ironing out these regional inequalities.

I should like to analyse the budget resolutions for a moment in order to show where I think they fall down. First of all, as I understand the policy which lies behind these budget resolutions it is that certain measures should be taken to cut back capital investment both private and public at the present time. As I understand it, and as explained by the minister, the reason for this is that in certain sections of our economy there is danger of overheating; that is, we have reached a stage in our expansion where there is virtual full employment and where there is a danger of inflation threatening the possibility of rising prices. Therefore certain steps were taken in these resolutions to damp down, as it were, the possible fires of inflation.

I should like to point out that this sort of a policy very well may make sense in parts of Canada but makes absolutely no sense in such areas as the Atlantic provinces where there is a 10 per cent rate of unemployment and where the urgent need is for more capital investment both public and private. I wonder whether the persons who advise the Minister of Finance are not able to devise some method to deal with this sort of problem without applying their policy to a section of the country in which there is certainly no need to dampen down the expansion but where there is every need to encourage investment. They should make sure that these measures do not apply in this area.

Paragraph 10 of the resolutions we are discussing deals with another matter which illustrates again the application of policies to Canada as a whole that make absolutely no sense in certain regions of the country. Although I do not wish to discuss paragraph 10 in detail now as I believe that will come up later, I do want to refer to the fact that paragraph 10 is designed to extend the incentives in the form of certain income tax exemptions for a further period. This applies to manufacturing or processing in designated areas. As we all know, this was discussed in the house the other day under the estimates of the Department of Industry and I shall not expand on it at any length because our views are known. The designated areas are defined by certain criteria which make perfectly good

sense, I suggest, generally speaking in respect of certain areas of the country, but they make absolutely no sense whatsoever in their application to the Atlantic provinces. I wish to refer to the eighth publication of the Atlantic provinces Economic Council. On several occasions that council has urged that the whole of the Atlantic region should be designated as an area for special assistance; yet, in the resolutions before us we have continued a designation based on a series of criteria which absolutely stand in the way of effective growth within the Atlantic provinces. It is true that this is under the Department of Industry Act, but it is made applicable by these resolutions.

I know of no economist who has studied this matter who does not agree that the whole of the Atlantic provinces, for example, should be a designated area. It makes absolutely no sense that areas of growth such as Halifax, Sydney, Saint John and Moncton—I name only the four which come to my mind at the moment—where there is a natural ability to develop economic growth should be excluded from the special incentives when we have been declaring it to be a matter of national policy to aid those areas of the country in which there is not adequate development and these are the very places in that area where the prospects of growth are most hopeful.

I pass on to another feature of our fiscal system which I suggest has exactly the same unfortunate effect. I refer to the way in which we obtain our tax for old age security. As hon. members know, this is at the rate of 4 per cent on the first $3,000 of taxable income up to a maximum of $120 a year. This tax is regressive. For all people whose income is above this amount the ceiling still is $120. When we consider the distribution of income as between regions in Canada we certainly should consider removing the regressive feature of this type of tax. In my view this tax is a relic of the age when it was considered as a source of revenue rather than as a means to regulate our economy and institute social policies.

When you have an area like the Atlantic provinces where incomes, as documented by the Atlantic Provinces Economic Council report, are away below the average level this means that when you have this regressive type of taxation we are asking the people in the poorer regions of Canada to pay a larger portion of their incomes to finance old age security. If we are serious about ironing out these inequities I suggest we should do something about this. I should like to say the same thing with regard to the Canada Pension Plan. This is all a part of the fiscal policy and tax structure. As I understand it, contributions to the Canada Pension Plan can be deducted for personal income tax purposes. The net result of this is that those with high incomes recover a great proportion of their contributions to this scheme. Because of the level of the tax they pay they get a higher percentage of benefit from the exemption that is granted while people at the lower income tax levels, on the other hand, get a lesser benefit.

This is another illustration of the fact that our tax structure and our fiscal system are not designed having in mind all the areas of Canada. I know we are going to have a report of the royal commission on taxation, but I suggest this is a matter which could be and should be dealt with now. I should like to refer to the special refundable tax, if that is the correct way to refer to it. The hon. member for York South dealt with it in detail. I do not wish to repeat what he said but I should like to apply what was said by him to the whole question of regional inequality. As he pointed out, no doubt the purpose of the 5 per cent refundable tax was to cut down on the moneys available for over-construction and over-investment and thereby slow down capital investment at the present time. It is proposed to release these funds 18 months, I believe, from the date the resolution becomes effective.

• (3:20 p.m.)

My friend the hon. member for York South pointed out that this scheme, excellent as we believe it to be and a welcome innovation in the fiscal tools used by the government, is not as flexible or as adequate as the similar scheme carried out in Sweden. Under the system prevailing there the money is saved, I think on a voluntary basis, but then is released by the government according to government plans and not just at some rigid date 18 months away to be spent in any way that is seen fit. Certainly the corporations who contributed the tax may ask for the money back, get it back and spend it any way they wish, because after all it is their money. But they are given a substantial incentive in the form of exemption from taxation where they are ready to apply the savings so secured to investments aproved by the government.

By doing this it is possible to carry out long-term objectives of the government and

particularly—this is the point I want to emphasize—to use the funds so saved to carry out a policy of regional development. I know very well that the Atlantic Development Board and those scholars who are working for it are preparing detailed plans for the expansion and growth of the Atlantic provinces. But unless there are adequate capital funds, both public and private, available for investment, and I think private funds will follow public funds, then all these beautiful schemes that appear on paper will fall by the wayside and just be pigeonholed like so many other reports and schemes that are brought forward in this house.

I suggest to the minister that in looking again at this refundable tax he should consider whether it is not possible to provide inducements and flexibility such as exist in the Swedish scheme and apply them on a regional scale so we will have the means with which to carry out the policies we profess to have. A few of the members listening to me—I notice that a few of them are listening—may well ask the question why it is that I, representing a constituency in the Toronto area and a rapidly expanding part of our economy, should be speaking to the committee in regard to the problems of the Atlantic region. I know there are many people in the house able to discuss the problems of the Atlantic region with a great deal more knowledge and fervour than I, for the simple reason that they know the area they represent a lot better than I possibly could. But apart from the fact that the economic policies of the past caused a great many people from the Atlantic provinces to migrate into my own constituency and many of my constituents come from Cape Breton, Newfoundland and others of the Atlantic provinces—and I do not regret it at all; this has perhaps given me a special interest in the problems that caused their migration to the city I happen to represent—it seems to me that all of us who are members of this house from whatever part of Canada we come should seriously accept the fact that regional policies should be considered as part of a national policy aimed at a faster rate of national growth.

In our view a co-ordinated strategy to iron out and eliminate regional inequalities will be beneficial to Canada as a whole, and those of us who like myself come from the central provinces have a very real and distinct interest that government policy including fiscal policy, including Budget policy, should take this objective into account. It is my view with regard to the resolutions we have been discussing that as we look at them we cannot help seeing again and again that this aspect of national policy appears to have been overlooked. I hope that if it is overlooked now it will not continue to be overlooked in the future.

Mr. McIntosh: Mr. Chairman, I would ask the minister to clarify what is meant by the term "Canadian charitable organization" in paragraph 2. It seems to me that this is a little different from the description given to these organizations in the past because of the addition of the word "Canadian". I ask the question for two reasons. First, are there other, non-Canadian charitable organizations operating in Canada which will not be or are not entitled to exemptions? Second, can a Canadian charitable organization be set up in Canada by a group which does not and will not claim Canadian citizenship?

This matter is of concern to me and of particular concern to my area and the prairie provinces because it has to do with the Hutterites. The reason for my participation in the discussion on this particular item is to bring to the attention of the minister a group which I believe has special privileges under our income tax legislation. Much has been said on this subject over the years, although no particular action has been taken to remedy the situation that exists in western Canada. I am not blaming the minister for the situation that exists there because on previous occasions, in fact when our party formed the government, this question has been drawn to the attention of the government.

However, because there was not enough time no action was taken in this regard, or the reason for the problem not being solved was that action was not taken by the Department of National Revenue to bring this matter before the courts and obtain a settlement. I would ask the minister to pay particular attention to this problem which will be a very serious one in Canada in the near future.

The Hutterite problem in western Canada is becoming more serious and it is growing at a very alarming rate. It will become really difficult to solve in the not too distant future. Without taking up too much of the time of the committee at the moment to go into the detail of the problem, I would refer the minister to a speech made by the hon. member for Acadia on March 22, 1960, reported at page 2335 of *Hansard*. If the minister wants

more detail in this repect I suggest that he read that speech. On March 23, 1960, I also made a speech which is reported in *Hansard.* at page 2362. In that speech I went into the origin of this group in Canada, in fact to their origin in 1526 in Switzerland. They claim that they are not citizens of Canada nor of any other country in the world. I suppose that in a country such as Canada, wherein we enjoy the freedom that is ours, they are entitled to this belief.

However, Mr. Chairman, my contention is that although they are entitled to that freedom they should be subject to taxation the same as all other Canadians, and under our present system they are not. Possibly because there is a loophole in the act they are not treated in the same way as other Canadians. I believe that in the last week or ten days the Minister of National Revenue has indicated that the department is going to prosecute certain groups in the courts under the income tax legislation, and if this prosecution is successful perhaps the problem will be solved. However, if it is not successful I would ask the Minister of Finance to give consideration to this problem and investigate it before it becomes more serious than it is at the present time.

I want to refer to the speech made by the hon. member for Acadia in 1960. I will not read it all but I would ask the minister to read the whole of the speech when he is studying this matter. The intention of the hon. member at that time was expressed in these words:

• (3:30 p.m.)

I feel that they are in a sense receiving a subsidy from all the rest of the taxpayers in Canada and that is my only grievance.

He then stated:

I should point out, Mr. Speaker, that the Hutterites as individuals are subject to income tax.

He referred to section 62, subsection 1, of the Income Tax Act. I will not go into that. He also pointed out that possibly there are loopholes in the act. He said:

An interesting point concerning income taxes is made in the Alberta report on page 11 where it is stated that at one time they were assessed and the elders journeyed to Ottawa and presented their case. Subsequently, unlike any other partnership, the profits are theoretically divided equally amongst the members for the purpose of taxation. I say to you, Mr. Speaker, that nowhere else is a farmer with half a dozen sons allowed to theoretically divide his profits so that he may not pay income tax.

He went on to illustrate his point with examples of several cases. In one case a farmer had a great number of sons and was not allowed the same privileges which the Hutterites enjoyed. He had to present a net worth statement and pay taxes. The Hutterites are not subject to this obligation.

There is another question which I should like to put to the minister. How does this group of people evade the section in the Income Tax Act which refers to gift taxes in the case of the establishment of another colony? I do not know what procedure they adopt but I do know that within the last few days offers have been made in my constituency to one or two farmers. In one case a farmer was offered $2 million in cash for his holding if he would sell it to the Hutterites. In another case a farmer was offered $350,000 in cash. Most of these farmers are reluctant to sell to the Hutterites because they know what the consequences of such a sale might mean to the community.

This is a serious problem, Mr. Chairman. I understand the Hutterites hide behind the guise of a charitable or religious organization, which they are not. The definition of the term "charitable organization" entails assistance to the poor in the region, assistance to education and so on. The religion of the Hutterites, however, does not require them to help anyone except themselves. I believe they do not send their children to school beyond grade 8. They do not help the community and in fact they are a detriment to the community. Furthermore I feel it is unfair that the people who compete with them are subject to taxation, because such is the situation in these particular areas. The people who live in these areas have to pay for the subsidies from which organizations such as the Hutterites profit and to which I say they are not entitled. The Hutterites stay in one community only until their number reaches 100 and then they swarm like bees in search of another location. When they find an area in which they wish to locate they are willing to pay any price which the farmer asks for his piece of land, and they can always pay in cash. They are in direct competition with the neighbouring farmer who may not be able to pay this money because his surplus cash has been paid to the government in taxation.

Why are these people allowed to accumulate this amount of money and use it in direct competition with the small business man or farmer in this community? As I said before, I

am not blaming the minister for it but I wish to ask him to look into this situation.

I understand that one method by which they evade income tax at the present time is be setting themselves up as a corporation. I ask the minister whether it is fair for them to have it both ways. I understand that under the Corporations Act any group which establishes itself as a corporation is not entitled to receive subsidies in the form of family allowances, acreage payments and so forth. However, on many occasions these people claim such privileges as family allowances and subsidies on their produce and they evade paying income tax because of a loophole in the act. I say to the minister that this is not fair and that they should not be able to have it both ways.

I wish to ask the minister once again to define the term "Canadian charitable organization". What is the reason for the word "Canadian"? This is a Canadian charitable organization set up by non-Canadians, by people who have openly expressed the fact that they do not wish to be Canadians which means they do not want to accept the responsibilities of our country. However, they accept all the benefits which are given to them by this country. I therefore ask the minister to investigate this problem.

Mr. Sharp: Mr. Chairman, may I deal briefly with one point raised by the hon. member for Swift Current-Maple Creek. There is no special significance to the words "registered Canadian charitable organization" which appear in paragraph 2 because the definition follows immediately. As the lawyers would say, it is just a term of art in order to save words.

Mr. McIntosh: I wonder whether the minister would say a few words in answer to the two brief questions I asked him. My first question is whether non-Canadian groups can set up a Canadian charitable organization. My second question is whether there are any non-Canadian charitable organizations operating in Canada which are exempted from income tax.

Mr. Sharp: I find it very difficult to understand what a non-Canadian charitable organization might be. resumably there are charitable organizations operating in Canada to which non-Canadians who are performing very useful and highly commendable activities belong. I do not know of any specific organization of this kind, but since I am not in a position to answer legal questions on this occasion I can only refer this matter to my colleague, the Minister of National Revenue.

The hon. member will see that the definition of a registered Canadian charitable organization is set out in the resolution in these words:

> 2(a) (ii) A branch, section, parish, congregation or other division of an organization described in (i) that receives donations on its own behalf, that has been registered in a prescribed manner—

The rest of the section deals with administrative arrangements. So far as I know there is no specific prohibition preventing a non-Canadian from forming a Canadian charitable organization.

Mr. Rynard: Mr. Chairman, I wish to make a few remarks regarding, first, personal income tax and, second, the 5 per cent corporate tax. I wish to say to the minister first of all that according to that portion of the Income Tax Act dealing with personal taxation a family of two would require, according to urban estimates, a minimum subsistence rate of around $350 a month. This family of two will pay $90 or more income tax. They will also pay approximately $60 on the Canada Pension Plan. They will pay another $50 or more on old age security. In addition to all this in most provinces, certainly in Ontario, they will pay a 5 per cent provincial sales tax. I do not believe the minister has given this aspect of the matter serious consideration.

• (3:40 p.m.)

This same family will pay the 11 per cent tax on building materials and supplies as well as the 11 per cent tax on their drug purchases. This makes it extremely difficult for the small wage earner who owns his own home or is buying it to make ends meet. At the municipal level he finds himself taxed heavily for education. Approximately 50 per cent of his taxes at the municipal level goes for education, and he is allowed no income tax deduction in this regard. He does not get any income tax deduction for the interest on his mortgage payments. If something is not done for these people, there will be no incentive to own property. As a matter of fact, there will not be much incentive to work. When you add to all this the 10 per cent hike in food costs last year you get a rather dreary and dismal picture for these people.

I should like to ask the minister if he does not think this is one of the causes of the labour unrest across Canada. People are being pinched because they have not got

enough to make ends meet, so in self-defence they go out on strike. I should like to ask the minister if he has given any consideration to that problem. I think it is a No. 1 priority.

I should like to say a few words now about the regional discrepancies in pay and costs of living across Canada. These remarks apply not only to people who earn their incomes in these areas and pay their taxes but they also apply very pointedly to the old age pensioners. I wonder just how these people are living on $75 per month. I should like to remind the minister that about 70 per cent of the ladies of this country who are 70 and over and about 60 per cent of the men have no other income but the pension. I say to the minister that, with taxes and inflation, this is tragic.

I should like to say a few words about the 5 per cent corporate tax on businesses earning over $30,000. In my opinion this tax will increase the cost of production and the prices of the products these corporations are selling. I believe this is a vital matter because our productivity now is only about two-thirds of that of the country to the south of us. We have to meet world competition. I wonder about the paradox of this situation and I should like the minister to think about it.

I am not critical of the designation of incentive areas across Canada because it does create employment. But how in the world does the minister square the fact that on the one hand he offers an incentive of up to 20 per cent of capital costs and accelerated write-offs to business going into these areas while on the other hand he puts a 5 per cent tax on the corporate income of those business firms that are already producing and meeting competition in world markets? The only thing I can say to the minister is that in my opinion this is a complete paradox. He imposes a tax to hold some corporations back and slow down inflation while on the other hand he goes around offering incentives to other corporations which creates inflation. What sort of paradox is this?

I want to go a little further and comment on the idea of giving back the money from the 5 per cent tax to these corporations in 18 to 24 months. I think the minister is a real sharp financier because at the present rate of erosion of the dollar—it was 4 per cent last year—he is going to clip the amount down to the point where they will not be getting their 5 per cent. I ask the minister to take another look at the $145 million he hopes to raise by this method.

In conclusion I should like to make a suggestion to the minister. In formulating the rules and directions for preparing income tax returns the department should make them simple enough that the ordinary man can interpret them. We have rules and instructions now which the ordinary taxpayer cannot interpret. He has to get a specialist to interpret them. Surely this wrong should be corrected. The people we work for should be able to interpret the rules that we lay down.

Mr. Barnett: I believe it should be apparent to the Minister of Finance by now, Mr. Chairman, that the members of the New Democratic Party have been examining the proposals he has put forward in the income tax resolution from two points of view. On the one hand, we have been concerned about the extent to which the income tax proposals are being utilized as a tool for economic planning. On the other hand, we have been concerned about whether and to what extent the income tax proprosals move in the direction of achieving social justice through an appropriate restructuring and amendment of the Income Tax Act. I have some comments I should like to make about the income tax resolution from both those points of view.

I listened to my colleague, the hon. member for Greenwood, a short time ago suggesting that the proposals of the minister are inadequate in relation to furthering the appropriate regional expansion in Canada, particularly from the point of view of those areas where the rate of economic growth is by all counts completely inadequate.

I happen to come from a part of Canada which has been expanding at a very rapid rate, particularly in the primary industries which lie in the area of my constituency. In recent years I have sometimes had the feeling that one could expect an announcement of a new, multi-million dollar pulp mill expansion or building project almost every other week. Certainly some of the corporations that have been engaged in this form of activity have been showing a very handsome profit picture and will be among those corporations in Canada that will be affected by the minister's so-called refundable tax proposal. I share the views of my colleagues that the minister's gesture is a very feeble and halting one. It is not designed to overcome in any way what I consider to be the very serious disparity of growth within my own area. I am referring to the disparity of growth between industrial plant and the necessary community facilities

that should go with the growth of industry so that the people who are going to provide the work force can enjoy the normal amenities of modern life.

• (3:50 p.m.)

In my view, if the sort of move the minister is proposing in this tax, which has been discussed in some detail by the hon. member for Greenwood and earlier by the hon. member for York South, is to have any real effect for the benefit and welfare of the people of Canada, one of its purposes should be to assist in ensuring that along with industrial growth goes the necessary and proper expansion of the normal community facilities which enable people to live and raise and educate their children.

It seems to me that far from taking into account this aspect of growth in our country the government has in another proposal moved completely in the opposite direction. The only announced public policy in this field is the cut-back of 10 per cent in government spending in its own construction program. This, particularly in areas where there is rapid economic growth and expansion, can and does result in very real hardship to the people who are asked to go and live and work in these areas. In an area along the seacoast such as mine the necessary public wharves, seaplane landing floats and all those facilities which come under the responsibility of the federal government must be provided to keep pace with the needs of the people and industry of the area.

In the field of housing—if the Minister of Labour were here he could verify that I have had some rather extensive discussions with him with respect to the proper expansion of housing facilities—the policies which have been followed under the direction of the Minister of Labour and the government as a whole have resulted in the basic disparity between economic industrial expansion and the provision of housing and related facilities becoming worse and worse.

If the Minister of Finance, in his use of income tax as an economic tool, had made some provision in his proposals to redress the balance between the kind of expenditures that large corporations are able to make apparently at will in order to build new pulp mills and other plants of that kind, or to develop overnight very large mining operations to ship iron ore to Japan, by redirecting the funds that the minister suggests should be withdrawn from these corporations to the provision of a balanced growth in areas like those to be found in many parts of British Columbia, I for one would have been a much happier member in rising to discuss the minister's income tax proposals.

Having said that, Mr. Chairman, I should like to turn my attention to the other aspect of the proposals which, as I have suggested, is a major one so far as the members of the New Democratic Party are concerned. I am going to bring to the attention of the minister an example of what I consider to be a complete ignoring of a basic injustice in the present income tax structure. It is a basic injustice which divides the people of Canada according to the particular form in which they receive their income.

As the Income Tax Act now stands there is built into it a dividing line which discriminates against the vast majority of Canadians whose source of income is from salary or wages. I have quoted in the past many examples of this situation. As a matter of fact, I believe I have raised this question in every budget discussion while I have been a member of the house. I cannot recall whether I raised it when Hon. Douglas Abbott was minister of finance but I certainly did on several occasions when Hon. Walter Harris was the minister. At least two ministers of finance of the Conservative administration also heard from me about the matter. Last year I raised it in the house when the hon. member for Davenport was minister of finance and he went as far as saying that he would have a look at the matter.

So far as public statements in the house are concerned the matter is not as far advanced as it was when Mr. Harris presented his last Budget. It had been completely ignored for a number of years but Mr. Harris publicly admitted on the floor of the house that discrimination did exist in this area and that he and his department were prepared to take a look at it.

I could cite a number of examples of such discrimination but I will cite only one. Most members of the Canadian medical profession are in private practice. They are not on salaries or wages, though many men in that profession, of course, do draw their income in that way. If I understand correctly the application of the present Income Tax Act, a medical man in private practice who wishes to purchase certain medical textbooks to assist him in the carrying on of his work is quite properly able to deduct the expense from his taxable income. On the other hand,

if a medical man is in a salaried job and needs the same textbooks he is not able to deduct the cost of the books from his gross income for income tax purposes.

In my submission this is a problem which applies much more broadly to people who are engaged in the teaching profession, almost all of whom are working and receiving their income in the form of salaries or wages. For that matter, the textbooks required by students at universities and other schools are not considered to be expense items deductible for income tax purposes.

One could cite other examples, Mr. Chairman. I have raised many times one aspect of this matter which affect a great many people in my constituency. I refer to workers who are engaged in the type of employment which requires them to travel in the course of their work from their regular place of residence to camps where they live and pay board and also incur travel expenses in going to and from their homes from time to time. Various occupational groups are particularly concerned, such as miners and loggers. Fishermen are not too much affected because for income tax purposes most fishermen are classified as self-employed and do indeed enjoy benefits under the Income Tax Act which are denied other workers.

• (4:00 p.m.)

In this connection I should like to remind the house that this longstanding discrimination was aggravated in 1957 when the former member for Eglinton presented his first budget. Because of a particular situation that had developed in the preceding parliament he saw fit to introduce an amendment to section 5 of the Income Tax Act providing for specific exemptions for certain classes of workers who have to travel. I refer, of course, to the amendment providing exemptions for those who are engaged in the construction field.

I suggest that in section 11, subsection 5, of the Income Tax Act there is an example—and I am not quarreling that this exemption is allowed—is to be found of another particular group or class of employees whose incomes derive from wages or salaries and whose expenses incurred in a certain way may be deducted from such incomes. This is the provision that refers to people who are employed by railway companies. It allows them to deduct expenses for meals and lodging while they are from their normal places of residence.

It seems to me, if we are to move toward achieving social justice in the application of income tax, that it is not good enough to pick out a particular group now and then and provide the kind of exemption to which I have referred. It does not matter whether you pick out railway workers, construction workers or others.

In 1956 the Liberal minister of finance stood up in the house, admitted that discrimination existed under the act and said that he was prepared to look at it. The present Minister of Finance has not been in office too long. I do not know what opportunity he has had to examine this question. Perhaps he has been preoccupied with his famous 5 per cent refundable corporation tax.

Mr. Knowles: The minister will tell you that they are waiting for the Carter commission to report.

Mr. Barnett: I hope the minister will tell us not only when he expects to receive the Carter commission report but what he will do with it after he gets it.

Mr. Sharp: I shall have to read it first.

Mr. Barnett: I am not quarreling with the need for particular examinations of the tax structure to determine in a general way where we ought to go. But in view of the examples of glaring discrimination which exists under the tax law I submit that we do not need to wait for any royal commission to report in order for it to be appropriate for the Minister of Finance to introduce the kind of amendments I suggest.

May I draw to the attention of the Minister of Finance Bill No. C-51 which stands on the order paper in the name of my colleague, the hon. member for Skeena. It sets out a possibly suitable amendment to section 5 of the Income Tax Act as it now stands. I have put forward the substance of this bill in committee as an amendment to the Income Tax Act on one or two occasions. I have suggested such an amendment to both Liberal and Conservative ministers of finance. The chairman of the committee suggested that it was not within my prerogative as a private member to move such an amendment, so I offer it on a silver platter to the minister for him to deal with on his own initiative.

The Minister of Finance is the fifth or sixth minister to whom I have addressed this plea. I know this matter is not covered in the resolution, but will the minister indicate to the house that he will be prepared to incorporate the proposals, set out in Bill C-51 in the bill that he hopes to introduce before very long? Were he to do this I should be

saved considerable trouble and expenditure of energy in the future. I do not know how long I shall be spared to be a member of this house, but I want to assure the minister that while he is Minister of Finance and so long as action along the lines I suggest is not taken he will hear from me about it. Perhaps in parenthesis—

Mr. Knowles: That is for a long time.

Mr. Barnett: —it might be noted that since 1953 I have been elected five times and defeated once. I do not expect to be defeated again unless the Minister of Finance is prepared to suggest that the party now in the official opposition may make a sweep similar to the one it made in 1958. I am sure he will not advocate the likelihood of that happening.

An hon. Member: Don't bet on it.

Mr. Barnett: I do not suggest that this amendment will correct all the things that in our party's view are imperfect in the existing Income Tax Act or in the minister's proposals. The hon. member for Vancouver-Kingsway referred last night to some important, discriminatory features in the existing Income Tax Act. Her proposals were not quite as definite as mine. They did not take the form of an actually proposed amending clause. But having known the hon. member for Vancouver-Kingsway for a number of years I ought to remind the minister that he should look seriously at the inequities she brought to the attention of the house last evening, because if he does not the hon. member for Vancouver-Kingsway, who is very persistent and energetic and has the support of her colleagues in the house, will keep reminding him of them. The hon. member for Vancouver-Kingsway has the support of her colleagues even though she may be the only member of her party who can claim the graces she has.

I await with interest the reply that I have been hoping to hear from the lips of the Minister of Finance for some considerable time.

[*Translation*]

The Deputy Chairman: Has the hon. Minister of Finance (Mr. Sharp) any observations to make at this time?

Mr. Sharp: Yes, I do.

[*English*]

The Deputy Chairman: The hon. member for Bow River.

[Mr. Barnett.]

Mr. Sharp: May I interrupt the discussion and assure my hon. friend that I do not want to prevent him from speaking.

Mr. Ricard: It cannot be done.

Mr. Sharp: I wish to ask whether, in order to facilitate the consideration of the paragraphs of this resolution, we might not distribute now to the members of the committee copies of two amendments that I should like to have moved so that they could be considered in the event that we conclude the discussion this afternoon.

• (4:10 p.m.)

Mr. Woolliams: Mr. Chairman, I wish to deal for a few moments with the changes in the first paragraph of the resolution. In doing so I must agree with the hon. member for Simcoe East that these changes, the increase in relation to certain tax brackets and the decrease in respect of others, have not eased the pressure. We must ask what is really the purpose behind these changes. Was it to produce more revenue? For an answer we may have to refer to the minister's own words at the time he made his Budget statement.

Consider the labour situation. We have problems today with the longshoremen, with employees of the Canadian National Railways and with employees of Trans-Canada Air Lines. In fact there is trouble right down the road. Surely this is all due basically to the high cost of living which the budget did nothing to cure. In my opinion inflation is still rampant. The wage earners find that they are taking home less pay because of increases in taxation. In addition, of course, the purchasing power of their wages has declined. I notice that today the dollar is worth only 37½ cents compared with its value at the end of the war. This is the main reason we have all these troubles.

The minister said he made these tax changes so as to curb inflation. The *Globe and Mail* had this to say:

> Finance Minister Mitchell Sharp was at pains to explain that his budget was designed to slow down but not to halt the boom, to reduce the inflation factor in the increase in the gross national product, to steady the headlong Canadian course by cutting the amount of money individuals and business would have to send chasing after a short supply of labour and materials.

The *Globe and Mail* goes on to say that the whole trend of the minister's remarks was to indicate the need for restraint. That was the keynote of his message. But restraint by whom?

The hon. gentleman is seeking to ensure by these changes that the consumers spend less money. So far as labour and materials are concerned I do not believe there is any shortage in this country. The big shortage in Canada today is money. What did the government intend to do? The minister said that the budget was designed to curb inflation and hold the cost of living steady. But it has done nothing in this regard. The purpose which the minister was trying to achieve through taxing individuals has been upset by the government itself, because the government intends this year to spend 9.6 per cent more money than in 1965-66. In that year the budget totalled $7,707 million. For 1966-67 it was increased to $8.5 billion, an increase of almost 10 per cent. In other words, the government is saying to individuals that though it intends to spend more they shall have less to spend on consumer goods as part of an attempt to control the boom.

In my opinion, Mr. Chairman, the boom is a fiction because if one goes into the average home owned by an average wage earner or small farmer or businessman one finds that he is suffering today as he suffered in the recession of the thirties because of less money to spend on consumer goods and the necessities of life. The budget has done nothing to help in this regard.

The minister talks about tax cuts. What did these cuts amount to? For the bulk of the people, for the 60 per cent of our taxpayers who pay 88 per cent of all the income tax, the tax bill will be higher. This section includes those who are on strike today or who are about to go on strike with an adverse affect on the whole picture of gross national production. I say this because the Canadian Wheat Board admits we have lost contracts for 30 million bushels of grain. The board takes a much more serious view of this matter than the minister under whose responsibility it comes. Indeed, the officials say now that the loss may amount to 75 million bushels. Meanwhile the government is accepting no responsibility to assist the nation in getting this grain market.

It is not only the farmers of western Canada who are affected. The longshoremen's strike is damaging the whole economy of the nation. In my opinion this budget was a straight bluff. It did noting to curb inflation. The blame for what has happened lies on the shoulders of the present government. No explanation is ever given us of what these resolutions mean. What do they mean? I have pointed out that more than half our taxpayers will have to pay more. What about the others? To a man with a wife and two children earning $4,000 a year, which is above the average as the minister knows, this so-called tax cut means $3 a year, which amounts to nothing when one considers the cost of living today. This is why we have strikes on the Great Lakes and on the St. Lawrence. This is why we will have a strike at Air Canada and in various other places —trouble everywhere, in fact. If this government could be labelled and given a new name it might well be called the government of trouble and crisis. Hon. gentlemen opposite are not measuring up to their responsibilities.

We on this side of the house continually put questions to the Prime Minister and the Minister of Finance. We get no answers. What did the minister say with reference to the wheat situation? He said it was very serious. Yesterday I asked him a simple question. I asked him whether the strike would affect the contracts we have with Russia and other nations. In reply he said: Well, it is going to be serious. But when the officials of the Canadian Wheat Board appeared before the committee they told us what the facts really were.

The minister has removed a tax cut given by his predecessor before the government went to the people. He would have us believe he is reducing the tax for those in the lower income brackets. But this so-called reduction amounts to only $3 a year and will have no effect whatever on the cost of living. Yet the cost of living is the biggest problem facing parliament today. I say the Minister of Finance has failed in his responsibility to curb inflation and that his budget has done nothing in this regard.

The leading newspapers of this nation, the *Globe and Mail*, the Winnipeg *Free Press*, the Calgary *Herald* and other papers in western Canada, all agree that the budget did nothing to curb inflation or prevent the cost of living from rising further. I see hon. members on the other side looking at me while I am speaking. They know, as I do, that the biggest volume of mail crossing our desks today as members of parliament is mail complaining about the high cost of living. In my opinion this is the reason the former minister of finance was fired. He was not fired because he recommended the calling of an election which did not work out very well. He was fired because his policies were aggravating the situation.

• (4:20 p.m.)

The minister has done nothing to undo the harm caused by the former minister of finance, and that is the point which must be driven home when considering the income tax resolution. The first part of this resolution reads:

That for the 1967 and subsequent taxation years the deduction from individual income tax equal to the lesser of 10 per cent of basic tax or $600—

This provision, of course, is going to wipe out that reduction for a certain group of people.

—described in subsection (4) of section 33 of the said act, be replaced by a deduction equal to the lesser of 20 per cent of basic tax or $20—

Putting it in plain ordinary language, the tax changes for those people are peanuts. As I said at the beginning, the purpose of this Budget was to slow down the boom. While there may be a boom for certain classes of people there certainly is no boom for the average Canadian who is trying to get by on take-home pay.

If the minister reads *Hansard* he will see what I and other opposition members said about the introduction of the Canada Pension Plan. We pointed out that the plan and the manner in which it was brought in would only aggravate inflation. Today every small business firm has to employ one person for every other five people just for the purpose of keeping government records. That in itself has increased overhead costs.

On top of that employers are paying more tax. They pay Canada Pension Plan contributions for their employees. Professional men have been forced to increase their fees and small businessmen have raised their prices. Thus the spiralling rise in the cost of living continues.

Despite all this the government refuses to produce any concrete policy. It would rather have the country believe that the opposition obstructs. My answer to that is that the government has never brought in those pieces of legislation that would have helped cure our economic problems. The government is scared to bring in the amendments to the Bank Act because of political sensitivity.

Cabinet ministers wanted to govern and wanted responsibility. They said so during the election. Why don't they accept that responsibility? We cannot be charged with obstruction when we have never had any serious legislation to obstruct. The government is sitting on all legislation that would help the situation and which parliament could examine. It is hoping that something may happen between now and an adjournment so that the political sensitivity will die down.

[Mr. Woolliams.]

From what I read in the newspapers about leakages from the Liberal caucus I know that the Minister of Finance is concerned. In the caucus there is a group led by the former minister of finance and the present minister has his own group. The two groups cannot come together on amendments to the Bank Act and changes in the Income Tax Act.

There is trouble in the government and in the Liberal ranks. Government supporters know it. I see two of them smiling. They are probably wondering where I get my information but what I am telling them is absolutely correct. One does not even have to read the papers. Sometimes when you go up and down in the elevators you get a free bit of information from the Liberals themselves.

Liberal members are sitting around in their offices wondering which minister of finance they should support, and the Prime Minister is the biggest juggler. When he makes a speech you do not know whether he is supporting the former minister or the present minister, both of whom are politically ambitious and are looking to the throne of the Prime Minister with envious eyes.

The main problem today besides the cost of living is the shortage of money. The little man who wants to buy a home cannot get a dollar on a mortgage. In the city of Calgary, and I am sure the same is true in many other cities, people are paying interest rates as high as 12 and 15 per cent because the government will not introduce amendments to the Bank Act. The government has tightened the money supply just as the Liberals did in 1956. There is no money for small people to carry on business. Contractors are going broke. Housing is a problem, and it is all because the government will not face up to its responsibility. In particular it is the responsibility of the Minister of Finance.

I say kindly to the minister that if his cabinet colleagues are so timid and will not do the things that are necessary it is up to him to tell them: I am a man who likes to show that I accept my responsibilities and will take action. If his colleagues will not go along with him then, the minister knows the decision he must take, and it may be the same decision as the former minister. Because of tight money some contractors cannot complete apartment block buildings.

I wish the minister of northern affairs were in the chamber. I was told by an official whom I cannot and must not name that in our national parks on some nights last year there were more than a thousand people who could not get accommodation. Yet motel operators in our parks cannot borrow money to expand. One reason for that is the tight money policy of the government and another is that it has taken away from these people security of tenure in the land on which they operate with the result that they cannot borrow what they need.

There is trouble everywhere on the labour and management scenes. Some of that trouble could be solved if the minister would stand up to his own colleagues. These income tax changes mean nothing. They merely undo what was done last year when the Liberals tried to get a majority and failed. As I pointed out, the reduction in taxes means an additional $3 a year to throw around.

The minister should go to Safeway and find out the price of beef today. It is $1 a pound.

An hon. Member: You cannot get it for that.

Mr. Woolliams: Then I must go to a cheaper store. To the average wage earner with $350 a month and two or three children this income tax cut means $3 or only three pounds of beef, not enough for a Sunday dinner. That puts the budget in proper perspective in plain, ordinary, simple terms.

I am tired of sitting in my place and hearing people talk in circles. Let us deal in dollars and cents. On that basis I say the government is a failure. I believe that what happened in the province of Quebec recently could very well happen throughout the nation. We have had five elections in eight years. I would point out that the responsibility for some of those elections rests on the government's shoulders because when we were dealing with income tax resolutions in 1963 the Prime Minister, who was then the leader of the opposition, said he would do everything and obstruct, everything to defeat our government, which he did.

Mr. Grafftey: Power at any price.

Mr. Woolliams: Yes, power at any price, but now they do not accept their responsibility to come to grips with Canada's problems. The *Globe and Mail* had this to say on March 31 last:

Mr. Sharp's budget may, in other words, take some of the steam out of an overheated economy; but that was not its basic purpose. Had it been, the finance minister might have been tempted to apply the credit restrictions of the 1950's; they checked inflation in a hurry. But Mr. Sharp was not entirely frank with the electorate.

This is the leading newspaper in the minister's own riding.

The biggest shortage in Canada today is not labour and it is not materials—though both are certainly short in particular areas. The biggest shortage in Canada today is money.

Mr. Sharp's budget was only partly designed to dampen inflation—

I think that is being very kind to the minister. The budget did nothing.

Mr. Sharp: That is not what it says. Read the whole thing.

Mr. Woolliams: I imagine you have read it so often that you know it by heart. You probably have it right by your bedside.

Mr. Sharp: Read the whole of it.

Mr. Woolliams: I am going to read it.

Mr. Sharp's budget was only partly designed to dampen inflation; its chief purpose was to give governments a head start over individuals and business in the chase after money.

Despite the government being given a head start over individuals, it is spending another billion dollars this year and telling the people of Canada to tighten their belts.

• (4:30 p.m.)

Mr. Stewart: Read more.

Mr. Woolliams: The hon. member wants me to read more. He will be disappointed because it gets worse paragraph by paragraph. In fact I did not want to be too hard on the Liberals this afternoon.

Mr. Sharp's budget was only partly designed to dampen inflation; its chief purpose was to give governments a head start over individuals and business in the chase after money.

He could have presented a case for this head start. Governments, in many cases, are spending more money because the electorate has demanded more services. In some cases, as with education, the money is actually an essential investment in future prosperity. Mr. Sharp could have told us that none of these things come free, that governments pay for nothing, that the taxpayers—however disguised the bite may be—pay for all. That would have been the truth.

It continues, and here is the biting sentence you want to hear:

It is a pity the government does not believe Canadians are to be trusted with the facts.

Never has the Liberal party trusted Canadians with the facts, because they lied the last government out of office on the devaluation of the dollar and on the nuclear

question. The *Globe and Mail* came to grips with the subject so far as the budget is concerned, and I have made my point in this regard. The Budget did nothing to cure the cost of living. We are right back at tight money. You should stand on the platform and say, "I support the government, I stand and vote for them, and I believe in tight money, inflation and a high cost of living." That is the platform you stand on but that is not a platform that will get you elected.

Mr. Sharp: Mr. Chairman, may I proceed to deal with these two amendments which I should like to have made to paragraphs 7 and 14 of the resolution. First, on paragraph 7, which deals with stock options, the proposal that was made in the budget to withdraw part of the extremely generous features of the existing formula has given rise to some protest from interested employees. Broadly speaking these protest have concentrated on three points. First, it is urged that some tax concession should be granted to provide incentives to key employees; second, it is urged that Canada should not tax special benefits more severely than similar benefits are taxed in the United States; third, it is claimed that the proposed change is retroactive in effect.

On the first of these points, there has been a fairly prevalent view that the holding of stock by employees, particularly key employees, is an incentive to their putting in their best efforts on behalf of the company. However, the proposition that special low rates of tax should be provided for certain forms of remuneration of employees in order to provide incentives for greater effort has not to my knowledge been advanced in a serious way before.

The tax system has been used to provide incentives for business and perhaps it could be used to provide rewards and incentives for employees but any tax provision for this purpose would have to be both fair and effective and I question whether it should be left entirely to employers to select the beneficiaries of such a scheme as it is under the present arrangement for stock option plans.

On the point that stock options should not be taxed more heavily in Canada than in the United States, the present Canadian formula taxes these benefits in some cases at a rate much less than in the United States even though in that country such benefits are taxed at the long-term capital gains rate of 25 per cent if they conform with the rules governing qualified stock option plans or employee stock purchase plans. A qualified stock option cannot be issued at less than the market value of the stock when the option was issued. The option must be exercised within five years and the stock acquired on exercise of the option must be held for three years. Whether or not stock option benefits are taxed less heavily in the U.S.A. the granting of stock options is not the only way to compete with United States employers for key employees. It may also be of interest that the recent budget speech in the United Kingdom proposed that full income tax and surtax be applied to benefits received under stock option plans.

On the third point, it has been alleged that the proposed change is retroactive in that some employees who were granted options to purchase shares in past years will now find that the benefit they receive when they exercise the option will be more heavily taxed than it would have been under the law that existed at the time the option was granted. These assertions raise the whole question of what is retroactive legislation. I believe that to change the rate of tax on income already received would be retroactive but surely no taxpayer has justification for expecting that the rate of personal income tax on his income will not be changed. An individual who enters into a contract of employment, or a business that enters into a business undertaking expecting a certain rate of return, cannot be assured that rates of income tax will remain unchanged during the term of that contract or business undertaking.

This point, and I should like to stress this, may have significance in the months ahead. It is to be expected that the report of the royal commission soon to be received will recommend changes in our tax laws. If the govment accepts its recommendations it cannot defer implementing changes until all existing contracts, arrangements, undertakings and options have run their course.

Mr. Lambert: That is a capital gains forecast.

Mr. Sharp: It is no such thing. I just wish to lay this down as a general proposition. This principle is put forward here so there will be no misunderstanding of the government's atitude, and I am sure the attitude of this house, toward this question.

I think that two of the suggestions made to me concerning this proposal should be acted

upon and I would like to propose a modification in the resolution now before the committee. As the resolution presently reads the existing formula for taxing benefits from stock options will remain unchanged with respect to benefits received under options granted before the beginning of 1965 and exercised before the end of 1966. It has been represented that it will be difficult in some cases to change plans or otherwise arrange for employees to exercise existing options before the end of this year. From the information that has been presented I think this is a valid point and I will propose an extension of this time limit. It has also been urged that if employees who were given options before 1965 are to be allowed a period of time in which to exercise these options, this privilege should also apply with respect to options granted in 1965 and in 1966 up to the date of the budget. I think this is also a reasonable suggestion. I shall therefore ask that the paragraph be amended by deleting the concluding three of four lines and substituting wording to provide that the new formula shall not apply if the right to acquire shares was given to the employee before March 30, 1966 and the benefit is received before January 1, 1968.

Where an employer modifies a plan to permit an option to be exercised some time before 1968, this change will not be regarded as a further benefit for tax purposes. Where an employee has subscribed for shares under a stock purchase plan before March 30, 1966, he shall be deemed to have been given the right to acquire shares before that date.

If the committee accepts this proposed modification the result will be that there will be no change in the method of taxing benefits received under stock options that were granted on or before budget date provided these are exercised during the next year and a half. This should provide reasonable time for those who wish to exercise outstanding options under the existing taxing formula. It will leave the present formula unchanged with respect to existing options for a period that should be adequate to study any recommendations that may be made in connection with benefits of this kind by the royal commission.

For any benefits received under options granted after March 29, 1966 the new formula proposed in the resolution will apply. I should emphasize, however, that no guarantee is being given that the new formula proposed for options granted after March 29, 1966 will remain in effect indefinitely or until all these options have been exercised. This provision of the law, like any other, will always be subject to change by parliament as conditions warrant.

• (4:40 p.m.)

I should like to ask my colleague the Postmaster General if he would move the following amendment:

That paragraph 7 of the Income Tax Act resolution be amended by deleting therefrom the words

"but that this amendment shall not apply if the right to acquire shares was given to the employee before 1965 and the benefit is received before January 1, 1967."

and substituting therefor the words

"but that this amendment shall not apply if the right to acquire shares was given to the employee before March 30, 1966, and the benefit is received before January 1, 1968."

May I also go on and deal with the second of these proposed amendments.

The Chairman: Order. I think it might be well if we were to deal with this amendment first.

Mr. Knowles: Mr. Chairman, I was just wondering what we were doing procedurally. I certainly have no objection to this amendment being put at this point provided it is understood that for the purposes of discussion we are still on paragraph 1.

The Chairman: Order. Has there been any consent in the committee to deal with this resolution paragraph by paragraph?

Mr. Lambert: Yes, Mr. Chairman. Yesterday there was first of all a wide-ranging, general discussion on the whole resolution. Subsequently we dealt with the resolution paragraph by paragraph and if any hon. member had any observations to make on a particular paragraph they were to be made before the question was put on that paragraph. With regard to the Excise Tax Act resolution the minister introduced a couple of amendments at a similar stage. They happened to be of a technical nature so discussion was deferred until we reached the particular paragraphs. Amendments are being made in this instance but they are certainly not being carried. I think the procedure is quite clear.

Mr. Sharp: Mr. Chairman, I thank the hon. member for Edmonton West. I think this is perhaps the more convenient way of dealing with it. When we come to paragraph 7 the motion will be made to amend. May I go on

now to paragraph 14. This deals with the 5 per cent—

The Chairman: Order, please. I apologize for interrupting the minister but the Chair is in some difficulty here. There is only one resolution before the committee. The committee can deal with the resolution in one of two ways. It can deal with it as a single resolution or paragraph by paragraph. My problem now is to know what is the wish of the committee.

Mr. Diefenbaker: There is still further discussion on paragraph 1, Mr. Chairman. We have not concluded that discussion. I am not trying to impede the progress of this resolution, but the minister has placed before us the amendment he intends to move with regard to paragraph 7. It might be well to allow time for study of it, because it is a rather involved amendment, and permit a continuance of the general discussion if in so doing there will be no unfair interference with the minister's presentation.

Mr. Lambert: I think we are getting a little behind ourselves and becoming involved in a procedural difficulty in that if the minister is allowed to introduce the amendment there can still be comment on it in the general discussion. If the introduction is deferred until we come to the paragraph, then we are limited at that particular time. The sooner we see these amendments, the better.

Mr. Diefenbaker: We have seen them.

Mr. Lambert: The sooner we see them formally, the better. It has not created any confusion.

The Chairman: The hon. member for Edmonton West is quite correct. My only desire is to be sure that the Chair knows the wishes of the committee.

Mr. Sharp: Mr. Chairman, my understanding is that we are dealing with the whole of this resolution, and I thought it might help in the consideration of the resolution if there were formally before the committee at this stage the proposed amendments that I would like to have moved at an appropriate time. These are quite important to the discussion of the whole matter. I have no objection, of course, to what the Leader of the Opposition said, namely, to a general discussion upon any part of the resolution. I believe that is quite appropriate.

May I then deal with what I will propose as amendments to paragraph 14. This is the paragraph dealing with the 5 per cent refundable tax on corporations. In the Budget speech I referred to the fact that this was a novel measure and I said I would welcome constructive suggestions concerning the application of the tax. I am pleased to report that I have received a number of comments and suggestions. These have been very helpful and they have all been examined with great care. Although I have not found it possible to accept all of these suggestions there are several modifications which I would like to recommend to the committee. I should add that these modifications are of a kind that would not normally be discussed at the resolution stage but would be left to be incorporated in the bill. However, since the resolution described this tax in conciderable detail and since there is widespread interest in these details, I think it would be preferable to make these changes known now. The simplest way to do this seems to be by amending the resolution. The changes proposed are all to paragraph 14. I have now distributed to hon. members the text of what I will have moved at an appropriate time.

It will be noted that the amendment is in three parts or paragraphs. Paragraph (a) proposes that three types of investment company, and also charitable trusts, be made exemp from the tax. The first kind of investment company referred to is an investment company described in section 69 of the Income Tax Act. The companies described in section 69 are often called investment funds or mutual funds. These companies or funds are widely used by individuals who seek to diversify their investments. These companies must operate in a certain way in order to qualify for the special provisions of section 69. For example, at least 95 per cent of their income must be from investments, 85 per cent of gross revenue must be from sources in Canada, and 85 per cent of income after taxes must be distributed each year. It is considered that this kind of company, which is merely a conduit for receiving investment income, should not be made subject to the special 5 per cent tax.

I might add that mutual investment funds operated through a trust instead of through a corporation will not have any amount subject to the tax unless they receive rents or conduct a business. Interest and dividends received by such a trust would not be considered business income.

The second kind of investment company referred to is a non-resident owned invest-

ment company, usually called by my officials, to my great confusion, an NRO. These companies are established by non-residents to hold investments in Canada. If they conform with the rules found in section 70 of the act they pay a special rate of tax of 15 per cent which is, in effect, a prepayment of the non-resident withholding tax. These companies are also merely conduits for receiving investment income. Moreover, they will receive dividends from other Canadian companies which have borne the special 5 per cent tax. It seems reasonable that this kind of company should not be subject to the 5 per cent tax.

The third kind of investment company referred to is also wholly owned by non-residents. These are companies which have little or no property in Canada and which do not invest in Canada. They are companies which collect dividends and interest from various parts of the world and forward this investment income to their non-resident shareholders. It would not be in keeping with the purposes of the 5 per cent tax to include these companies.

The charitable trusts which this part of the amendment would exempt are described in section 62 (1) (g) of the Income Tax Act. These trusts must meet certain requirements, including one which prohibits them from carrying on a business. Since charitable corporations described in this section of the act are to be exempt it is considered reasonable that charitable trusts, which are very similar, should also be exempt.

• (4:50 p.m.)

Paragraph (b) of the amendment which has been placed before the committee would make two changes. First, it provides that amounts that must be included in the computation of the base for tax by corporations shall not include capital cost allowances deducted in respect of property described in class 12 of schedule B to the income tax regulations. The property referred to is a range of comparatively short-life items such as tableware, a die, jig or pattern, medical or dental instruments costing under $100, uniforms, linen and the cutting or shaping parts of machines. These items are depreciable at a rate of 100 per cent and the amounts deducted under the heading of capital cost allowances are more in the nature of current operating expenses.

Second, this paragraph places a ceiling upon the amount that must be added to the base for tax on account of capital cost allowances deducted by the taxpayer. This ceiling is 50 per cent of the taxpayer's gross revenue. This ceiling will be of interest to those companies for which deductions on account of capital cost allowances are a very high proportion of their gross revenue, for example, certain car rental companies, many of which made representations to me and may have done to some hon. members of the committee.

Paragraph (c) of the amendment would provide for trusts the same two changes concerning capital cost allowances that I have just described for corporations. In this case the ceiling on the amount of capital cost allowances added to the base for tax is 50 per cent of that part of the gross revenue of a trust that is included in computing its business or rental income.

Mr. Chairman, I think that these changes will remove some unintended features and improve the operation of the 5 per cent tax and I should therefore like to read into the record the amendment which I would like to have moved at an appropriate time by one of my colleagues.

The amendment reads as follows:

That paragraph 14 of the Income Tax Act resolution be amended as follows:

(a) by deleting therefrom all the words that precede subparagraph (a) thereof and by substituting therefor the following words:

"That with respect to each taxation year included in whole or in part in the period commencing May 1, 1966, and ending October 31, 1967, a special refundable tax at the rate of 5% shall be payable by all corporations that are not exempt from tax under the said act by virtue of section 62 thereof, other than

1. investment companies described in section 69 thereof,

2. non-resident-owned investment corporations described in section 70 thereof, and

3. corporations more than 95% of the property of each of which throughout the taxation year was situated outside Canada or consisted of shares in or obligations of corporations or other persons not resident in Canada, the aggregate value of any shares in or obligations of corporations or other persons resident in Canada or carrying on business in Canada acquired by each of which in the taxation year did not exceed 5% of its income for the year, and all of the shares of each of which were throughout the taxation year owned by non-residents of Canada, and by all trusts (other than trusts arising on death and trusts described in paragraph (g) of subsection (1) of section 62 of the said act) calculated, in the case of a corporation, on a tax base (hereinafter called the corporate tax base) comprising the aggregate of"

(b) by adding to subparagraph (b) thereof the following words:

"(other than amounts deducted in respect of property described in class 12 of Schedule B to

the income tax regulations) not in excess of an amount equal to 50 per cent of its gross revenue for the taxation year,"

(c) by deleting the word "and" at the end of paragraph (n) thereof and by adding thereto the following words:

"(other than amounts deducted in respect of property described in class 12 of Schedule B to the income tax regulations) not in excess of an amount equal to 50% of that part of its gross revenue included in computing the amounts specified in subparagraphs (l) and (m), and".

Mr. Chairman, I regret the complexity of these provisions but their intent is somewhat simpler than their expression in the law.

Mr. Diefenbaker: Mr. Chairman, I will not speak at length at this late hour. I have listened to the speeches made by the hon. member for Simcoe East and the hon. member for Bow River. They placed before the house the thinking of the average Canadian. The fabulous increases in expenditure by this government after its promises of economy are becoming more and more apparent in the degree to which this government has gone on a spending spree.

I will not go into other details this afternoon except to refer to one example which is a perfect commentary on the wastefulness of this government. I am referring to the undertaking, which is now apparently in the embryonic stage, of building in the city of Ottawa a $100 million pentagon building which, by the time it is completed, having regard to the way costs are going up, will cost the Canadian people $125 million to $150 million. There can be no excuse for this expenditure. Certainly improvements can be made in the housing for those engaged in defence and in the defence department but this is an example of the degree to which this government has lost all sense of proportion. Tax, tax, and spend, spend.

The whole concept consists of a tremendous venture. Someone suggested today it will be built of white stone. If it is, it may well earn the appellation of "Canada's white elephant".

I cannot conceive, with taxes being raised as they are now being raised by this government to being the highest level in peacetime history and at a time of the greatest cost of living in peace or war, that a government should engage in this type of self-glorification. Originally it was intended that the building should cost $35 million.

Mr. Sharp: Mr. Chairman, may I rise on a question of privilege? Yesterday when the same statement was made about the cost of the national defence building my colleague, the Minister of National Defence, arose on a question of privilege, denied the figures and suggested that the actual estimate was approximately $30 million. I think this should be put on the record.

Mr. Diefenbaker: I appreciate that. I read *Hansard* and I find that the denial yesterday in no way meets the situation. I will point out what the undertaking is. It is to be a 36-storey, 450-foot edifice with twin side towers and will dominate the Ottawa skyline.

An hon. Member: Shame.

Mr. Diefenbaker: What we want is somebody to dominate the thinking of this government and convince it that this type of expenditure, whether it is $30 million or $50 million, is not justified. Across this nation there are people who find it difficult to carry on in the face of the increasing cost of living in respect of which no action has been taken. Yet the image created by this government is that no matter how ridiculous the plan may be the Canadian people shall continue to be taxed in order to meet its grandiose conceptions. An example of this attitude of mind was shown by the Secretary of State when she flew a kite to ascertain whether or not Canadians were sufficiently artistically-minded to accept paying $6 million for a painting to be placed in the national gallery. Whether it is $35 million or $50 million or whatever the amount of expenditure for the building in question may be, this is no time for the glorification of the minister of defence by such an expenditure. It is now five o'clock. I will have more to say about this subject tomorrow.

The Chairman: It being five o'clock the house will proceed to the consideration of private members' business.

• (5:00 p.m.)

CRIMINAL INJURIES COMPENSATION BOARD

PROPOSED COMPENSATION FOR DEPENDANTS

Mr. Ralph Cowan (York-Humber) moved:

That, in the opinion of this house, the government should consider the expediency of introducing legislation for the creation of a criminal injuries compensation board to hear the pleas of persons who have suffered permanent injury or disability as the victims of crime and award compensation to such persons or their dependants as would seem fair in the circumstances, and wherever possible to do so, to impose payment of compensation by criminals to those they have injured.

He said: Mr. Speaker, this is private members' hour and as the word "hour" indicates that is the length of time that will be devoted

to this question. I do not intend to speak at length because I should like to see this motion come to a vote today so that the cabinet can be advised of the feeling of the House of Commons on the matter enunciated in the notice of motion. As a private member it is impossible for me to introduce a bill involving the expenditure of public moneys.

The only way to draw the cabinet's attention to the fact that we are desirous of seeing a compensation fund established so that the victims of criminals can be compensated for injuries that they or their dependants suffer is to introduce a notice of motion advising the cabinet that they should consider the expediency of introducing legislation for the creation of a criminal injuries compensation board. This notice of motion was entered on the order paper on January 20, two days after the house met in January of this year. Five days of the time of this house were devoted to a discussion of the abolition of capital punishment, three in March and two in April. Those five days can be described as days devoted to seeking an improvement in the lot of the criminal element in the nation. Only a minimum of time was spent in discussing the fate of the victims of murderers.

This motion has been brought forward by the retentionists, as they are called, in order to show that there are people in this nation who are sympathetic to the victims of murders, homicides and manslaughters and are sympathetic to the dependants and relatives of those victims. The way the state rushes to provide psychiatrists to examine everyone accused of murder and rushes to see that they are given most comfortable surroundings while awaiting trial, it does seem that the state is willing to spend money on behalf of the criminal but has not given any thought to the victim. I am sorry to state that I have some personal knowledge of a number of murders in the city of Toronto where I was not only connected with a large newspaper but was a member of a large congregation. The fact that the victim of murder is not given any consideration by the state is very upsetting to millions of people in the Dominion of Canada.

I am thinking of a little seven year old girl in our Sunday school who was murdered one Tuesday evening by a man in his early twenties. He has been ajudged insane. He is going to spend the rest of his life in an asylum at the expense of the Canadian taxpayers, having three meals a day, comfortable quarters and a comfortable bed. No doubt within eight or ten years the parole board will find that his sanity has been restored and he will be released into society after many thousands of dollars have been spent in his behalf. What has the state done for the little seven year old girl? I happen to know that the public school which the little doll attended started a fund to aid the family at the time of their distress and collected a total of $191. This included $75 from Victoria Presbyterian Church where the little girl attended Sunday school. Other people went to work and collected a fund on behalf of the family. I am happy to state that many people sent in contributions, having heard on the radio or read in the newspapers about the dastardly crime. A few thousand dollars were contributed to the relief of the family.

This was a voluntary effort. Nothing was contributed by the state in any manner, shape or form. The state was far too busy providing a defence in the way of psychiatric examination and all that for the accused; they had no time for the little girl. Hon. members may recall the two policemen who were shot in Montreal. Of course, their relatives would be eligible for compensation from the policemen's compensation fund. We had a case of a policeman in Toronto, McQuillan, who was shot and killed by a man about 20 years ago. He also was a member of Victoria Presbyterian Church. In this case the policeman's family was able to draw compensation from the policemen's injury and death fund.

What about those people who are not policemen and who are killed? What about their families? I do not need to give a long recitation about the families where murders have been committed and the breadwinner has been lost. In many cases the widow has to go to work to support the children because no compensation is given for the loss of the breadwinner. In some provinces she immediately becomes eligible for mother's allowance, but no particular compensation is given because the breadwinner has been shot down in cold blood.

It is ridiculous to think of the time and energy that the state spends looking after the best interests of the criminal and seeing that he gets a fair trial. If he cannot pay for a lawyer himself, then the state provides a lawyer. In all cases the expenses are paid by the state, by you and by me, by all of us including the family of the victim of the murder because they are taxpayers too.

We have the case of Trans-Canada Air Lines

—if my French speaking friends do not like that name then I will say Air Canada so they will understand what I am talking about—which is an arm of the government We have to pay the deficits of that air line. When they have a crash, as they did at Ste. Thérèse de Blainville or as they did at Armstrong about 20 years ago or when a plane disappeared west of Vancouver and has never been seen since, compensation is paid to the families of the victims of these air crashes. The airplane can be considered an arm of the government. However, there is no compensation for the victims of murderers.

Let us consider the case of the Canadian National Railways, which is an arm of the government or a crown corporation, if you wish. If there are deficits the Canadian taxpayer has to pay them. If people are killed as the result of negligence on the part of C.N.R. employees, by being run down at railroad crossings or as passengers on trains who are killed as a result of the negligent operation of the train, they can collect from the Canadian National Railways.

• (5:10 p.m.)

I am glad to say that in most provinces today there are workmen's compensation funds. If a workman is killed in the course of his duties compensation is paid to his family out of provincial funds so that the family will not immediately be placed on welfare and have to live on handouts from people filled with compassion. The state looks after families whose breadwinner is killed in the course of his work through the medium of the workmen's compensation fund.

As another example, if a person is run down by a motor car on the highways of the nation his family can sue the person who caused his death or injury. If they cannot collect from the person who caused his death or injury because that person has no insurance or no means, then resort may be had to the unsatisfied judgment fund which is maintained by the provincial governments for such cases. If a person is killed by a car his family has a means of redress; if the same person is killed by a murderer no compensation from the state is provided his family.

In discussing this matter only yesterday with the hon. member for Parry Sound-Muskoka (Mr. Aiken) we were smiling over the fact that, under the dog tax and sheep protection act of the province of Ontario, if a farmer loses sheep because dogs get into his pen and destroy them that farmer can collect compensation for the loss of his sheep. But if the hired hand murders the farmer's daughter, as happened recently at Dublin, Ontario, which is between Stratford and Goderich, then the farmer has no claim unless he wants to sue the murderer's family. But who wants the families of victims such as this to have to go to court and prolong the agony associated with a murder in their family?

By the way, Mr. Speaker, the Dublin case is interesting in view of all the hullabaloo and uproar raised by the Truscott matter. The Truscott affair occurred at Clinton. The murder of the farmer's daughter by the former hired hand occurred at Dublin, Ontario, which is only 10 or 15 miles from Clinton. There is hardly anybody who is seeking to abolish capital punishment who cares about Lynne Harper, the girl murdered at Clinton, or about the farmers' daughter shot dead at Dublin.

If a car leaves the highway and crashes through a fence and kills a cow or a pig, the farmer can collect compensation from the driver if he goes to court about the matter. But whoever heard of a father, mother, wife, brother or sister collecting compensation through the courts because someone near and dear to them had been killed by a murderer?

I do not wish to talk at length on this matter. I believe the subject matter in itself carries conviction. I should like to see the House of Commons support this motion so that the cabinet will know that the people of Canada wish them to establish such a compensation fund to relieve the families of murdered victims, or victims of other crimes in the future. I sincerely trust that this matter will come to a vote today.

Mr. Enns: Would the hon. member permit a question? In opening his remarks he mentioned that this was a separate motion from that presented by the abolitionists. In other words, it was promoted by the retentionists. Does he expect the abolitionists to endorse the meaning and purport of his motion?

Mr. Deputy Speaker: Order. This question has reference to a proceeding which has already been before the house.

Mr. Cowan: Yes.

Mr. F. J. Bigg (Athabasca): Mr. Speaker, I think this is a most challenging motion which has been brought before the house by the hon. member. It has always seemed strange to me, both while I served in the Royal

Canadian Mounted Police and as an ex-member of that force, that in the division between civil law and criminal law a man who is responsible for negligence involving monetary assessment is not responsible in cases of murder, deliberate assault or, as was often the case, grievous bodily harm. In the case of murder, of course, his act ended in the death of the breadwinner of a family.

I think that this oversight, which is historical and of long standing, is probably due to the fact that at one time felons who were guilty of such crimes as murder, grievous assault, robbery and certain other crimes against the state forfeited all of their property automatically to the crown. In those days the poor, were not looked after except through the largesse of the king. Naturally there was no point in fining the criminal because he had no property anyway. So the crown undertook responsibility for looking after victims, if indeed they were looked after at all.

I think there is a great deal of merit in the idea that compensation should be paid to people who have suffered personal injury or have lost money due to felonies committed against them. I am not sure that the hon. member has the right answer when he says that we should set up another board. It seems to me that with a fairly simple section inserted in our criminal law we could give a judge the power to assess against a criminal's estate the full amount necessary to compensate the victim or victims of the offence to the extent that the estate was able to pay. Some action of that kind I feel is necessary.

There is another way to bring about the objective of the motion which the house might like to consider. I think that if criminals are not hanged—apparently they are not; most of them are kept in jail for a certain length of time—they should be paid for work they do in the penitentiary and should be assessed the full amount of the monetary consequences of their crime by way of compensation. Some people do not mind going to jail. Jails today are fairly comfortable compared with the medieval institutions which used to exist. There is television, the men are given a ration of cigarettes, some of them work in the library and others in the flower garden. Their feelings are always taken into consideration and they can have a pretty decent time in jail today. I think that we should strike a happy medium between the punitive side of imprisonment and the justice aspect. Certainly I do not think that all of the consideration should be given to the criminal.

I agree with the hon. member that the person who is the object of the crime should be considered first. The person who has been hurt should at least be considered equally with the person who has committed the wrong. I think it would be more than just to reduce penalties to the lowest common denominator, good old money, something for which every human being I have met has considerable respect.

You would reach a criminal's conscience psychologically provided he knew that if he committed a crime and was caught and brought to justice he would not only spend a few months in a comfortable jail watching television and planning his next crime but would also go to work, labour productively, even if only on the good old rock pile, and be paid $1.25 an hour, the minimum federal wage. He would not get rich because I would have him pay back to society every cent he owed, including the amount which the judge considered he owed the people he had wronged.

There would be nothing unfair about this method. We would not have to say that we thought he had done a day's work. We are living in the age of electronic computers, and he would be able to push a loaded wheelbarrow over an electronic scale and the value of the number of tons of dirt he had shovelled or the number of tons of rock he had crushed would be credited to his account. Before he left the penal institution he would be forced to pay in full the exact amount involved in his crime. Going back to the good old Gilbert and Sullivan solution to the problem I say, let the punishment fit the crime.

• (5:20 p.m.)

Most crimes boil down to dollars and cents. Robberies in which violence is involved stem from greed. I do not think there could be anything better psychologically—psychology is as old as the jungle—than making criminals understand that when they break into an old widow's home and steal the savings she has put away in her tea pot they will have to pay. If you run over a widow with a motor car on the highway the civil law of the land will make you pay damages. If you have a flat tire and your car skids into her the civil court will still hold you responsible for her damages. Surely if the damages to such a woman are intentional those damages ought to be made good. The court ought to allow her a good holiday in Bermuda.

Criminal Injuries Compensation Board

In Alberta there was a case where a couple of men sawed off an old man's legs with a hacksaw. They picked up $20. If the law were amended as I should like to see it amended, that would be the most expensive fifteen minutes fun such men would ever have. The old victim ought to be given two years in Bermuda or any other island of his choice. I expect he would like to get away from Alberta in the winter. The criminals would pay for the plane fare and the holiday. There would be no tiger in the tank handout because the holiday would be awarded as a matter of right.

The criminal would not decide how many tons of dirt he would have to move because this would be decided for him by the electronic wheelbarrow. Some of these young fellows today play it hard because we play it soft. They might say they were not going to work, but I have some news for them. Everything would be voluntary. They would have to pay for their board and go to a commissariat as we had to do in the army. If you wanted a beer for 2d you got a beer for 2d. If you wanted a better beer you had to pay more. If these young men wanted a T-bone steak they would have to pay $2.75 for it. To earn that much they would have to wheel so many tons of sand or dirt over the electronic scale. But if they do not want to work there is no need for them to starve. They can always go to the cookhouse and get a bowl of lukewarm mush flavoured with iodine and all sorts of vitamins to keep a man alive, which would be very distasteful. The bones of such a man who has eaten the mush would meet the full approval of the medical profession because all the necessary vitamins would be present. If the man works he gets $1.25 an hour. If he does not work he gets nothing. Should the man decide to work, he should be given a decent bed with white sheets and pushbutton television at two bits an hour. On the other hand, if he decides not to work he sleeps on a straw tick. We had those in the army and they were fine. We did not see anything wrong with them. They were called straw palliasses. They are nice and soft. You do not get lumbago from them because they keep your back straight. If a man slept on one he would wait until the temperature got to 49 degrees Fahrenheit, when he would be shivering just a little bit, before getting a blanket. If he wanted to return to work he would get the $1.25 an hour and the nice, comfortable bed.

[Mr. Bigg.]

I have only had 23 years experience with these people and I know that they appreciate justice. They do not like unpleasant people who do not treat them nicely. They appreciate justice and they could not argue with the computer. Their wages would be paid in direct proportion to the amount of dirt they moved. I believe that if we set up such a camp the criminal population, especially the repeaters in our penal institutions, would be reduced to zero. These people cannot stand justice.

I think it is high time we took a new look at criminology, penology and the rest of the "ologies", and came back to good old-fashioned common sense. It is no use condemning people to slavery in jail where they do not get paid for their work. It would be much better if criminals had to work to pay for their crimes.

I should like this matter to come to a vote. I say to the members of the house that we should give it careful consideration. Now is the time to act if anything is to be done. Were this resolution adopted it would not be necessary to build the $8 million, $20 million or $50 million penitentiaries because criminals—there would be no repeaters—would take care to stay out of jail. Criminals must learn that they must pay for their crimes, and I do not mean in any spiritual sense. They ought to pay in dollars and cents earned by working hard with their hands. The callouses will be there and the electronic machines will see that they do enough work. The computer will see that the mayor's son and the poor boy from the other side of the tracks are treated exactly alike. Criminals cannot stand such treatment. You see, they want justice. There will not be any repeaters.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I think this resolution should be commended to the house for approval. In saying this I certainly do not want to associate myself with some of the remarks made by the hon. member who introduced it.

The proposal, however, to set up a criminal compensation fund for the victims of crime or to set up a criminal injuries compensation board is a sensible, progressive-minded and intelligent one and it should be given full consideration. I should be remiss in my duty if I did not say to the house that to arrive at this conclusion one certainly does not have to support the philosophy pronounced by the hon. member for York-Humber (Mr. Cowan). Indeed, I hasten to say that I repudiate his

philosophy. So far as I understand it, I find it totally repugnant. You do not have to be a retentionist to support this resolution. I know the hon. member's views on this matter, and he is entitled to his views which he expresses with vigour. I respect him for that.

I and many people who believe that the proposal in this resolution is excellent totally disagree with the punitive philosophy which seems to be behind some of the remarks made by the hon. member and which I thought crept into the remarks made by the hon. member for Athabasca (Mr. Bigg). So far as I am concerned, and I think I speak for some others in this house and certainly for those in this party, I am concerned about the criminal, although some people may call it mollycoddling. We know that the so-called criminal is often a victim of circumstances. He is a human being whose problems have to be studied. We do not in the slightest apologize for supporting those aspects of criminal law which in a modern and enlightened age are remedial rather than punitive. We do not dispute the necessity for punishment in the interests of society. The reaction of a barbarous era which fortunately has passed to the modern concept of criminal treatment is to term such treatment "mollycoddling". We want to strike at the roots of crime.

The house may well support this resolution. Our reason for supporting it is that it proposes a social measure of some importance. The modern outlook is that if any member of society is the victim of circumstance, all society should be prepared to bear the burden. The victims of crime are, in effect, victims of society, not only of the individual criminal. This being so, it is a reasonable, sound and forward-looking proposal which the hon. member has made that there should be a fund of the sort suggested.

• (5:30 p.m.)

The hon. member for Broadview (Mr. Gilbert), speaking on March 24 in the debate on capital punishment as reported in *Hansard* at pages 3148 and following, made reference to this very matter and put forward the type of proposal which the hon. member for York Humber has placed before the house. The first part of the hon. member's speech was a vigorous and to my mind moving argument for the abolition of capital punishment based on the hon. member's understanding of the implications of the Christian faith. I would be the first to admit that different implications could be drawn by different people. But that was the basis of his contribution.

Mr. Deputy Speaker: Order. Is the hon. member not now referring to a debate which has taken place in this house during the present session?

Mr. Brewin: I was about to call the attention of the house to the fact that this particular matter was dealt with by my hon. friend as reported at page 3150 of *Hansard* where it is made clear that precisely the same proposal was brought up. I adopt the language used at that time. It was pointed out that in England a white paper on compensation for victims of crimes of violence was approved by way of motion on May 5, 1964, by the House of Commons and on May 7 by the House of Lords. A criminal inquiries compensation board was directed to be set up to compensate victims of criminal violence including the spouse or dependants of a person fatally injured. This board operates in much the same manner as does our workmen's compensation board and in the case of a fatal injury any compensation awarded to the spouse or dependants is assessed on the same principles as a claim under the Fatal Accidents Act, except for a restriction in the calculation of the loss of income of the deceased. I believe that New Zealand and California have introduced similar legislation. I agree that Canadians are entitled to ask for precisely similar legislation to be approved here.

There is one aspect of the resolution on which I should like to comment. The last part says that wherever it is possible to do so payment of compensation to those they have injured should be imposed on criminals. I would point out that this is probably a matter for civil law and that at the present time the law provides that if a person injures another by a violent criminal act—and I have no doubt murder would fall into this category under the Fatal Accidents Act—there is a right of civil action for damages against the criminal. The trouble is that most criminals, particularly when they have been executed by due process of law, which happens to a few of them, are not in a good position to pay damages. This is precisely the reason we should set up a criminal injuries compensation board as is proposed in the excellent suggestion before us.

This last part of the proposal is, I believe, unnecessary; it might even be unconstitutional. Nor do I think it would be particularly effective. Certainly if it was designed as extra punishment for those who commit crimes it would in my view be inadequate.

However, the resolution deals mainly with the victims of criminals and is a commendable means of assisting them. If it comes to a vote I will certainly support it. It seems to me the suggestion is an excellent one and that it ought to be referred to the committee of the house which has been set up to look into matters involving criminal justice. I do not want to see this resolution die without action being taken.

I had hoped that legislation of this sort would emerge from the Department of Justice itself. But legislation emanating from the Department of Justice to amend and improve the law seems to be non-existent as far as I can make out. I believe the minister has talked about setting up within the department a branch which would look into the reform of the law, but nothing has happened yet. Private members who as an alternative introduce motions of this sort ought to be commended. However, there is a measure of futility involved unless we carry through. For this reason I urge that this resolution be referred to the committee on justice and legal affairs to enable further study to be made and action taken.

Mr. Forest: Would the hon. member permit a question? Would he not agree, as someone who is a lawyer and constitutional expert, that the setting up of such a commission would be a provincial responsibility?

Mr. Brewin: I have thought about that question. The offhand views of lawyers are not as valuable as they would be if they were paid adequate fees to investigate these complicated issues. But I would answer the hon. member by saying that I believe the setting up of such a board would fall within the powers of the federal parliament to legislate in respect of criminal law. This is something which would have to be submitted for legal opinion before proceeding with legislation. But I believe the subject falls within the competence of this parliament.

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, first I want to assure the hon. member for York-Humber (Mr. Cowan) that I do not intend to speak long enough to talk out his motion. So far as I am concerned there will be an opportunity for the sense of the house to be taken on the notice of motion he has brought forward for discussion.

I agree with the intent of the motion now under consideration, partly for the reasons which the hon. member who introduced it has already advanced. I cannot, however, subscribe to his analogy between the justice of providing compensation for the victims of crime and providing facilities for seeing that justice is done to an accused person. I do not see the validity of this analogy. I am not suggesting that the hon. member put this forward as the basis of his whole argument though in fact a large part of his time was spent in making this comparison.

• (5:40 p.m.)

I have no objection to the state providing facilities to ensure that all reasonable action is taken to see that justice is done to the accused, because until a conviction is handed down we cannot be so presumptuous as to say that the accused is guilty. We may reach such a decision in our minds based on evidence we may have seen, but it is up to the courts to decide whether an accused is guilty and until that decision is handed down we cannot withdraw any of the facilities or money necessary to see that all reasonable action is taken in order that justice may be done to an accused.

Having said that it is also well to say that I do not see any reason why support of this motion should be equated with people who may or may not have supported another measure which was dealt with by the house previously. I believe that is also a false argument so far as support for the motion is concerned. The motion itself is far more adequate to meet the need than the argument advanced by the hon. member who moved it. He based his whole argument on the need for compensation to victims of murder and I do not believe it should be confined to that one kind of crime.

The motion itself refers to victims of crime and I suggest that embraces crimes other than murder. There is need for such a criminal injuries compensation board to look into the matter of compensation for victims of rape, assault and all other crimes of violence.

There may be a right of action under civil law, as suggested by the hon. member for Greenwood (Mr. Brewin), so that victims can take an action against a criminal but this is not satisfactory. In most cases the criminals have no funds and it would be an exercise in futility unless there were an unsatisfied judgment fund.

In my province there is such a fund to cover the victims of automobile accidents and most of the money is provided through an extra charge when a licence is purchased.

There would be no similar way to set up such a fund to compensate victims of crime and so it would be necessary for the state to provide the funds.

Then there is the question of administration. I do not know if the hon. member intends that this fund should be operated with the same legal processes as unsatisfied judgment funds. In Alberta there is no way for a victim to get compensation out of the fund unless he first secures an unsatisfied judgment. All the defendant's assets and insurance must first be realized and then the balance is paid from the unsatisfied judgment fund.

References have been made to people being able to collect substantial amounts for slipping on a sidewalk, being caught in a door or injured in an automobile accident in which there was no deliberate criminal intent. The law provides for the collection of such damages but makes no such provision when there is both deliberate and criminal intent.

I have before me some newspaper clippings dealing with people who have been the victims of crime but I shall not take the time to read them into the record. I shall just indicate that there are many cases in which there have been severe miscarriages of justice because the law does not contain any means of providing adequate compensation.

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, I am rising to support the motion and I do not intend to talk it out. During the debate on capital punishment, when I both spoke and voted in favour of abolition, I and others were accused of being more sympathetic to the criminal than to the victim. This was never so. Many of us thought that the abolition of capital punishment would be a step forward in building a more humane and civilized society and would promote an atmosphere in which there would be less violence and crime.

I do not believe that those hon. members who supported abolition were more concerned about the criminal. We were equally concerned about the victim, and right now I give my full support to this motion. As has been mentioned by other hon. members, it seeks to provide compensation for the victims of all crimes, not just murder, but I note that it refers to people who have suffered permanent injury. I would support giving compensation to people who have suffered any type of injury, whether permanent or not, as the result of criminal activity.

I would like to examine the reasons for supporting such a motion. First, I believe the state should compensate the victims of crime because the state did not adequately protect the citizen from the crime. When citizens gave up their right to carry guns to protect themselves they placed their trust in the state to protect them. It is the state's duty to provide adequate police forces and to have control of arms and other dangerous objects, including automobiles. If the state does not do this and the citizen is injured, then the state must bear the consequences.

Second, if the state does not take sufficient measures to prevent criminal behaviour it should also bear the consequences. The state should take measures to see that certain conditions which breed crime are eliminated, conditions such as slums, inadequate housing, inadequate recreation, inadequate education, inadequate opportunities for employment and inadequate family assistance. If the state does not take measures to eliminate these things then the state should compensate the victims of crime to which these things give rise.

Third, and most important, all our Canadian provinces have civil laws which allow the person injured to sue for injuries. He can sue the tort feasor or person who causes the injury, but this is an illusory right of action for the person who is injured in a crime, first, because the criminal is not always caught, second, if he is caught he is often insolvent or has hidden his assets before being caught and, third, if he is caught and convicted he is sent to prison and cannot go to work to pay off the compensation due to the victim.

• (5:50 p.m.)

Compensation boards of this nature are not entirely new to Canada and its provinces. We already have boards and funds, such as the unsatisfied judgment fund, to provide compensation to victims of auto accidents. We have compensation for the families of victims of war and victims of industrial accidents. Other countries already have accepted this idea and have passed legislation to set up such boards. In 1964 New Zealand passed an act to provide compensation for victims of crimes of violence. They established a crimes compensation tribunal to grant expenses incurred as a result of the crime and compensation for any pecuniary loss and for pain and suffering.

In Great Britain they have followed the example of New Zealand. There are several

interesting studies which have been proposed. These studies have been referred to by hon. members. One of them is a study published in 1962 by the Conservative party's advisory committee on policy entitled "Victims of Violence". The second was published by the British section of the International Commission of Jurists in their magazine "Justice". It is entitled "Compensation for Victims of Crimes of Violence". Both of these recommended a board to provide such compensation.

Finally, a very interesting book was published in 1960 by Dr. Stephen Schafer at the University of Maryland entitled "Restitution to Victims of Violence". In this book Dr. Schafer makes a comparative study of the laws on this subject in 29 countries. At the time his book was written only Cuba and Switzerland had such funds and boards. He did point out that several countries had a system whereby the criminal could not be granted a suspended sentence or probation unless he guaranteed that the victim of his crime would be compensated. With regard to financing the compensation fund the suggestion found in this book is that the fund should be financed primarily from fines that the state collects in respect of crimes of all types; in other words, the moneys from these fines should go into the fund to pay compensation to the victims injured in crimes. It also is suggested that the board in fact should try to collect from the criminal money or property he may have to help pay the compensation.

I should like to urge the passage of this motion. Such action has been taken in many other countries and I think it would fit into our criminal justice here in Canada.

[*Translation*]

Mr. Yves Forest (Stanstead): Mr. Speaker, I regret that in view of the lateness of the hour, it should be impossible to discuss this motion at length. Knowing the determination of the mover, I am sure it will come back later and that I shall have the opportunity to discuss it at greater length. My congratulations to the mover of this motion. It calls public attention to the often difficult position in which are placed the victims of certain crimes, not necessarily of murder.

The hon. member spoke mostly of murder victims, but in considering his motion, I believe that it could equally apply to all damages that may result from all types of crimes. Clearly, this is a most desirable social measure which can quite properly be added to our social legislation which is improving daily, and that is a very good thing. However, Mr. Speaker, it was pointed out that the victims have certain legal claims against those responsible, but such claims are often most difficult to pursue, because the responsible parties are not always known and most of the time obviously, criminals are not very solvent people and the claims or judgments which could be secured against them would not be worth very much.

Mr. Speaker, my main remark, which I shall not have the time to develop, is that, to my mind, a provincial jurisdiction is involved here, it is a question of property, of civil law. Claims arising out of physical wounds are clearly under provincial jurisdiction, it seems to me. It would be up to the provinces to establish commissions to compensate the victims of accidents and crimes who could not obtain compensation. This would surely be a most beneficial piece of social legislation, meeting a definite need, because as noted, victims of labour accidents are being compensated, in most provinces, victims of automobile accidents who could not collect on judgments, because those responsible for the accidents were insolvent, can recover a significant amount of damages, and it should be quite proper and equitable for innocent victims of crimes also to obtain compensation from the state for their losses. Mr. Speaker, it is an excellent suggestion and I hope the authorities concerned will implement it.

Mr. Speaker, may I call it six o'clock?

[*English*]

Mr. J. B. Stewart (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, this resolution undoubtedly is an interesting one; it certainly has excited the attention of hon. members of the house. But what I think is most distressing is the fact that almost everyone who has spoken on this resolution has interpreted it in a different way. Consequently, I am doubtful about what the resolution means. One view was put forward by the hon. member for Athabasca (Mr. Bigg) and another interpretation was put forward by the hon. member for Greenwood (Mr. Brewin). I do not see how it can be proposed that the house should adopt a resolution when those who support it cannot agree on the meaning of the resolution. Mr. Speaker, may I call it six o'clock?

Mr. Deputy Speaker: The hour for the consideration of private members' business has expired.

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, tomorrow we propose to submit for consideration the income tax resolution, then the training allowances bill, the bill relating to the setting up of the performing arts corporation, the resolution having to do with film development, and then the estimates. Perhaps I should indicate the order in which the estimates would be called. We would propose to call first the estimates of the Department of Citizenship and Immigration, then the Department of Veterans Affairs, then Legislation, then the Privy Council, the Unemployment Insurance Commission, then the Department of Labour and the Department of Public Works. In the event that the estimates of the Department of Fisheries should be returned from the committee tomorrow I would reserve the right to call them.

Mr. Churchill: Between nine thirty and ten o'clock?

Mr. McIlraith: Yes, or perhaps ahead of the Department of Labour and the Department of Public Works. I might indicate some business for Friday. Our present intention is to submit as the first item of business the legislation setting up the Company of Young Canadians. We would then go on with the student loans legislation and the Bank of Canada resolution, followed by the estimates. On Monday we expect to start with the resolution on the Canada Assistance Plan followed by the resolution on the health resources fund.

• (6:00 p.m.)

Mr. Monteith: Will we go on with these items no matter what the stage of discussions is on Friday?

Mr. McIlraith: I reserve the right to change the order of business for Friday or Monday but I hope we can follow the plan of starting with the Canada Assistance Plan on Monday. Similarly we will start with the discussion of the Company of Young Canadians on Friday.

Mr. Rapp: Mr. Speaker, will we be also considering the Central Mortgage and Housing Corporation which comes under the Department of Labour?

Mr. McIlraith: I do not know about that point at the moment. I believe there was some discussion on it when those estimates were up previously.

Mr. Knowles: There was an understanding when we were in committee, and I am sure it appears in *Hansard,* that we would revert to item No. 1 of the Department of Labour for the purpose of dealing with housing when we had finished discussion of that department.

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

HOUSE OF COMMONS

Thursday, June 9, 1966

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

First report of special joint committee on divorce—Mr. Cameron (High Park).

Third report of standing committee on national defence—Mr. Groos.

First report of standing committee on Indian affairs, human rights and citizenship and immigration—Mr. Klein.

TRANSPORT AND COMMUNICATIONS—CONCURRENCE IN SIXTH REPORT OF STANDING COMMITTEE

Mr. Joseph Macaluso (Hamilton West) presented the sixth report of the standing committee on transport and communications, and moved that the report be concurred in.

Motion agreed to.

[*Note: Text of the foregoing reports appears in today's Votes and Proceedings.*]

• (2:40 p.m.)

PRIVILEGE

MR. CHURCHILL—CHANGE IN "HANSARD" BY DEFENCE MINISTER

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I should like to raise a point of order—I think this is the proper time to do it—with regard to an alteration which has been made in *Hansard* without the authority of the House of Commons. I refer to page 6140, the second column. Yesterday I asked the Minister of National Defence (Mr. Hellyer) a supplementary question which reads:

> Does he not think he should place greater emphasis on the fighting efficiency of our armed services rather than on the building of a monument in stone to himself?

The Minister of National Defence replied in these words, which I heard and which were recorded by the *Hansard* reporter and reproduced on the blues: "Mr. Speaker, that is precisely the emphasis that I want". The minister has now, without the authority of the House of Commons, struck out the word "that" and put in a phrase which he does not understand and which he never used—"fighting efficiency".

My point of order is this. I would ask Your Honour to rule that revised *Hansard* should carry the original version of this statement, because we are not entitled to make changes in substance. I am quite aware that ministers of the crown in answer to questions may give no reply at all or may make stupid answers, but they are not entitled to make up for their intellectual deficiencies by changing the substance of *Hansard*.

Mr. Speaker: The Chair will take the matter under advisement, although I assume that the hon. member would want to allow the Minister of National Defence an opportunity to express his views about the matter.

Mr. Churchill: Mr. Speaker, on the point of order, as I understand it, an alteration in *Hansard* rests within the prerogative of Mr. Speaker, who protects our rights and privileges here.

Mr. Speaker: Order. I am sure the hon. member wants to allow the Minister of National Defence to say whether this change, if there was a change, was made with his authority and in what circumstances, after which the Chair will be in a better position to make a ruling.

BUSINESS OF THE HOUSE

REQUEST FOR EARLY INTRODUCTION OF PRIVATE MEMBER'S BILL

Mr. Frank Howard (Skeena): Mr. Speaker, yesterday, as reported in *Votes and Proceedings*, I gave notice of a bill relating to the resumption of the work of loading and unloading vessels at the ports of Montreal, Trois-Rivières and Quebec. In view of the extremely urgent situation that exists and the necessity of taking action on this matter at the earliest possible moment, I wonder whether I could request the kindness of the house to grant unanimous consent in order that I might introduce the bill now, rather than tomorrow.

Some hon. Members: Agreed.

Mr. Speaker: Order, please. The house can do just about anything by unanimous consent. Is there unanimous agreement to the proposal of the hon. member?

Inquiries of the Ministry

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, no one is more anxious to see this dispute settled than I—

Mr. Speaker: Order, please. I doubt if it would be in order for the minister to make a statement at this time. I think debate at this particular point in our deliberations this afternoon would be out of order. The hon. member has requested unanimous consent. If there is not unanimous consent we shall go on with the next item of business.

Mr. Howard: I thought I heard unanimous consent.

Some hon. Members: No.

Mr. Speaker: There are negative voices.

Mr. Howard: From the government side.

CANADIAN BILL OF RIGHTS

AMENDMENT TO REMOVE DISCRIMINATION IN ENJOYMENT OF FREEDOMS

Mr. R. N. Thompson (Red Deer) moved for leave to introduce Bill No. C-196, to amend the Canadian Bill of Rights.

Some hon. Members: Explain.

Mr. Thompson: Mr. Speaker, this bill is necessitated at this time by reason of the government's slowness in instituting the position of ombudsman, also by its slowness in rewriting the expropriation laws. The purpose of this bill is to provide an amendment to the bill of rights which will specify that there shall be no discrimination by reason of belonging to a particular profession or trade, or by reason of education, in respect to the enjoyment of the basic rights and freedoms recognized in the Canadian Bill of Rights.

Motion agreed to and bill read the first time.

BROADCASTING

INQUIRY AS TO CABINET CONSIDERATION OF WHITE PAPER

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I would ask the Prime Minister whether the white paper on broadcasting is now before the government.

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker. A draft of the white paper which was produced by a committee of the cabinet is now being considered by the cabinet.

[Mr. Speaker.]

Mr. Diefenbaker: As a supplementary question I would ask the Prime Minister, in view of the publication of a number of the terms of the white paper in today's press, which is a most unusual situation, whether the white paper, as stated in the press reports, contemplates bringing about a complete overhaul of the C.B.C., ousting President Ouimet, advocating the appointment of the president by the board of directors, and repudiating the concept of a central czar of broadcasting?

I ask this because it is most unusual that the press should speak about the meeting of the cabinet last night at which these matters were dealt with.

Mr. Pearson: As I see it there is nothing unusual in press speculation, and this is pure —or impure—speculation.

Mr. Diefenbaker: Which is it, pure or impure?

[*Later:*]

Mr. Barry Mather (New Westminster): Mr. Speaker, I should like to ask the Secretary of State a question having in mind the fact that the white paper on broadcasting policy now is before the cabinet in draft form. Could she indicate at what time, possibly this month, we may expect to have it tabled in the house?

Hon. Judy V. LaMarsh (Secretary of State): As I have said repeatedly, I hope it will be before the house by the end of this month. There are a number of things including the election expenses report which may create a log jam in the operations of the Queen's Printer, which is also my responsibility. It is still the hope of the government, however, that before Canada day the paper will be disclosed to the house.

LABOUR RELATIONS

QUEBEC LONGSHOREMEN'S STRIKE—REQUEST FOR REPORT ON NEGOTIATIONS

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): My question is for the Prime Minister, and it concerns the longshoremen's strike. Since all hon. members would like to see this strike settled on the basis of free collective bargaining, and since five weeks have elapsed with no immediate prospects of a solution, may I ask the Prime Minister, first, if he has now any substantial hope of an early settlement;

second, if he has not, will he give consideration either to advancing the bill of which the hon. member for Skeena has given notice or introducing a bill which would contain provision for a settlement without imposing compulsory arbitration?

Right Hon. L. B. Pearson (Prime Minister): Contrary to what the hon. member has suggested, and to what was suggested in the press release I have received from the New Democratic Party to the effect that there is no hope of an early breakthrough, there is hope of success in the negotiations.

We have not given up that hope. Judge Lippe is negotiating at this moment; we have been in touch with him during the last hour and we have not by any means given up hope that this serious issue will be settled very shortly by the processes of free collective bargaining and not by parliamentary direction.

Some hon. Members: Hear, hear.

Mr. R. N. Thompson (Red Deer): In view of statements made last night in a national telecast regarding compulsory arbitration in this critical strike situation, what is the point at which the right hon. gentleman considers the national interest will take priority over the desire, now expressed in government policy, to refrain from interference with free collective bargaining?

Mr. Pearson: That is a matter for the government of the day and the parliament of the day to decide. It is a very important and very difficult matter to decide. It will have to be left to the responsibility of government and of parliament in respect of any particular situation. Meanwhile, I can say our decision on this matter is not made easier by the kind of press release the New Democratic Party issued this morning.

Some hon. Members: Hear, hear.

[*Translation*]

FINANCE

QUEBEC—REPORTED DESIRE TO RETAIN TAXES

On the orders of the day:

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

Is he in a position to tell us whether the statement made on television last night by his parliamentary secretary (Mr. Trudeau) according to which the federal government will not agree to the request of the new premier of Quebec to return all direct taxes to Quebec constitutes the new policy of the federal government?

[*English*]

NATIONAL PARKS

REQUEST FOR CONFERENCE ON NATIONAL POLICY

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): My question is directed to the Minister of Northern Affairs and National Resources. Has the minister received a request from the Minister of Industry of the province of Alberta, Hon. A. R. Patrick, calling for a federal-provincial conference in respect to national parks policy? If so, what is his own view and that of the government with regard to this question?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): We have had some contact with Mr. Patrick on park affairs. I think I would prefer to take the question as notice and make a statement in full, probably tomorrow.

HEALTH AND WELFARE

MEDICARE—WARNING OF SHORTAGE OF MEDICAL PERSONNEL

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): My question is directed to the Minister of National Health and Welfare. Did members of the Canadian Medical Association indicate to the hon. gentleman when discussing problems of medicare yesterday that Canada was facing an acute shortage of medical personnel, especially doctors. If so, what immediate plans does the government have to meet this situation?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, this subject was raised in our discussions yesterday, and the immediate plan of the government in this field is on the order paper.

Mr. Grafftey: As a supplementary question, I won't debate with the minister but it is my view that these long term plans will not meet the situation.

Mr. Speaker: Order, please.

Mr. Grafftey: May I pose my supplementary?

Inquiries of the Ministry

Mr. Speaker: The hon. member is not asking a supplementary question; he is now making a statement. If he wishes to ask a supplementary he will be allowed to do so.

Mr. Grafftey: Apart from long term plans on the order paper will the government consider an immediate increase in grants for medical research in order to keep doctors and medical personnel in Canada?

Mr. Speaker: Order, please. The second question seems to be of a very general nature.

Mr. Grafftey: A general nature?

Mr. Speaker: Order, please. The hon. member for Lincoln.

Mr. Grafftey: Mr. Speaker, I appeal to the Chair. I am reliably informed that the government was told yesterday by the medical association that Canada is faced with a serious shortage of doctors, which problem needs immediate solution. Will the government tell the house whether it has immediate plans now?

Mr. Speaker: Order, please. The hon. member for Lincoln.

LABOUR RELATIONS

APPOINTMENT OF MEDIATOR IN SEAWAY DISPUTE

On the orders of the day:

Mr. Jim McNulty (Lincoln): Mr. Speaker, I wish to direct a question to the Minister of Labour. Could the minister inform the house when a mediator will be appointed in the present seaway dispute?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I take it this question refers to the St. Lawrence seaway workers dispute. A similar question was asked yesterday, and the Prime Minister stated in reply that we had decided on the man we would like to see take on this responsibility. I am now pleased to announce that he has accepted the appointment. Senator Norman A. MacKenzie will be the mediator on this important seaway matter.

[*Translation*]

CANADIAN CONSTITUTION

REQUEST FOR ESTABLISHMENT OF JOINT PARLIAMENTARY COMMITTEE

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I should like to put my question to the right hon. Prime Minister.

[Mr. Grafftey.]

As the new or next Quebec government advocates in its program, a new alliance with the rest of the country and the drawing up of a new Canadian constitution, does the government propose to set up shortly a joint parliamentary committee on the Canadian constitution?

Mr. Speaker: It seems to me that this is another question of a very general nature, one which has to do with general policy and which the hon. member could surely place on the order paper.

Mr. Allard: Mr. Speaker, I rise on a point of order. I am sorry, but this question is not of a general nature; on the contrary, it is very important, just as important as the matter of eastern or western grain. Since the beginning of the session various parties in the house, the Leader of the Opposition (Mr. Diefenbaker) and other hon. members have urged the institution of a parliamentary committee on the Canadian constitution, but the federal government has done nothing about it except show a lack of concern—

Mr. Speaker: Order.

Mr. Allard: Mr. Speaker, I would like to discuss the matter at ten o'clock.

[*English*]

NORTHERN AFFAIRS

CONSTRUCTION OF REPLICA OF "GRANDE HERMINE" FOR EXPO '67

On the orders of the day:

Mr. J. R. Keays (Gaspé): Mr. Speaker, the urgency of this question to the Minister of Northern Affairs and National Resources is based on the fact that the construction of the replica of the *Grande Hermine* is now under way. Has a firm of consultants been hired to study the feasibility of dismantling the ship after construction, in order to float it under several bridges to the Cartier Breboeuf park? If so, what estimates have they produced or at what stage are the studies?

Mr. Speaker: Order, please. I suggest to the hon. member that he place this question on the order paper.

Mr. Keays: On a point of order, Mr. Speaker, I would like to do that but I think the question is urgent in view of the possibility that the government will have to change its mind about the ship's final destination.

[*Later:*]

Mr. Keays: Mr. Speaker, my question is addressed to the Prime Minister. Could the

Prime Minister inform the house whether he has received numerous petitions from public bodies on the lower St. Lawrence concerning the final destination of the *Grande Hermine*, and if so can the petitioners hope for a favourable reply?

Mr. Speaker: May I suggest that this question be put with the other one for consideration.

Mr. Keays: I will raise it at ten o'clock, Mr. Speaker.

COAL

ACTION TO BE TAKEN FOLLOWING ASSISTANCE REPORT

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I wish to direct a question to the Minister of Finance. In view of the publicity which has been given to the alleged contents of the Dr. Ritchie Donald report, may I ask the minister whether he could give some assurance, particularly to the coal miners of Cape Breton, that it is not the government's intention to phase out the coal mines over the next 15 years, and that it is not the intention of the government to drop its proposed $25 million expenditure for the opening of the Lingan coal seam?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, the government has not yet had an opportunity to study Dr. Donald's report, so these questions cannot be answered.

Mr. Douglas: Mr. Speaker, may I ask a supplementary question. I should like to ask whether these two points are contained in the recommendations of Dr. Donald's report.

Mr. Speaker: Order, please.

Mr. Douglas: On a point of order, is the minister refusing to answer or is the question out of order?

Mr. Speaker: The hon. member should understand that the Chair has refused to accept the question.

SPORTS

PAN-AMERICAN GAMES—REQUEST FOR INCREASED SUPPORT

On the orders of the day:

Mr. L. R. Sherman (Winnipeg South): Mr. Speaker, I should like to address a question to the Prime Minister, of which I have given him notice. In view of the widespread speculation in the Winnipeg press and the statement this week by Premier Roblin, can the Prime Minister say whether the federal treasury is considering giving further financial assistance to the pan-American games.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the federal government already has given very considerable assistance to these games beyond that which originally was contemplated. We have had a further request for assistance. The matter has been brought to our attention by the premier and leader of the opposition of Manitoba, and is under urgent consideration at the moment.

HIGHWAYS

NEWFOUNDLAND—CONSTRUCTION OF ROAD FROM GOOSE BAY TO ST. LAWRENCE

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, has the government had any communication with Premier Smallwood with regard to a contribution toward the construction of a highway from John C. Doyle's Javelin properties to the St. Lawrence; what is the division going to be as between the federal and provincial governments, and what is the present position of this matter?

Mr. Speaker: Order, please. I wonder whether the question is of great urgency. The right hon. Leader of the Opposition may wish to state in what way the question is a matter of urgency and should not wait to be placed on the order paper.

Mr. Diefenbaker: With regard to placing matters on the order paper, we wait and wait for answers and waiting becomes almost a way of life.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: Go and build yourself another $100 million building.

The reason for the urgency is that according to Premier Smallwood this matter should be proceeded with without delay. I want to find out the reasons, whether or not there is haste and whether or not the government of Canada should help Mr. Doyle again.

Mr. Speaker: I am not convinced by Premier Smallwood's arguments.

Hon. G. J. McIlraith (Minister of Public Works): On a point of order, I should like to inform hon. members that the same question placed on the order paper earlier by the right hon. gentleman was answered the first following day on which written answers could be given.

Inquiries of the Ministry

Mr. Diefenbaker: Mr. Speaker, I should like to point out that it was not the same question. That was an effort to ascertain whether the announcement made last August by Mr. Doyle of the Javelin company was factually true.

[*Later:*]

[*Translation*]

Mr. Grégoire: Mr. Speaker, I rise on a point of order. In view of the answer just given by the house leader for the government, could the Minister of Public Works see to it that questions placed on the order paper by other hon. members be answered with as much dispatch as for the right hon. Leader of the Opposition (Mr. Diefenbaker), so that we do not have to wait two months for an answer?

[*English*]

EDUCATION

CONSIDERATION OF NEED FOR CAPITAL ASSISTANCE TO UNIVERSITIES

On the orders of the day:

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I have a question for the right hon. Prime Minister. In view of the postponement of the federal-provincial conference on higher education I wonder whether the government is giving active consideration to meeting the critical need for capital assistance to universities, as outlined in a letter to the Prime Minister by the association of universities and colleges in Canada.

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker, we are. The delay in holding the conference must not be allowed to prevent the federal government making the proposal to the provinces when we have completed that consideration.

CANADA ASSISTANCE PLAN

QUALIFICATION OF PROVINCIAL WELFARE SCHEMES

On the orders of the day:

Mr. Robert C. Coates (Cumberland): Mr. Speaker, my question is for the Minister of National Health and Welfare. Would the minister indicate how provincial governments might qualify for welfare schemes which they initiate now under the Canada Assistance Plan?

Mr. Speaker: Order, please. This question is not in order.

[Mr. McIlraith.]

[*Later:*]

Mr. Coates: Mr. Speaker, I have a question of privilege based on the fact that the Minister of National Health and Welfare when in Nova Scotia recently answered a query by the minister of public welfare of the province with regard to welfare programs which were of joint federal-provincial application by stating that the province of Nova Scotia could put these welfare schemes into effect and derive assistance from the federal government through the Canada Assistance Plan, which is not yet law in this country. That was the basis for my question. I feel the people of Nova Scotia are entitled to an answer.

Mr. Speaker: Order, please. There is no question of privilege. I certainly did not indicate that no answer should be given to the question. I just meant to suggest that the question should be put in writing.

LOTTERIES

REQUEST FOR AMENDMENT OF CRIMINAL CODE

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to address a question to the Minister of Justice. I apologize for not giving him notice, but I have been frightfully busy this morning. In view of the continuing injustice arising from the different applications of the Criminal Code with regard to lotteries as between various regions of Canada and sometimes within a province itself, and in view of recent cases where good Canadian citizens who are members of the Legion have been given criminal records, is consideration being given to amending the Criminal Code to provide by regulation for justice to all people in Canada on this question?

Mr. Speaker: Order, please. I think this is a question of general policy which should not be asked at this time.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is for the Prime Minister. Would the Prime Minister inform the house whether the former minister of finance when he spoke in Kingston last night was expressing government policy when he said it should be made a criminal offence to collect donations from foreign subsidiaries?

AGRICULTURE

SASKATCHEWAN—COMPENSATION FOR LIVESTOCK LOST THROUGH RABIES

On the orders of the day:

Mr. R. R. Southam (Moose Mountain): Mr. Speaker, I have a question which I should like to direct to the Minister of Agriculture. Due to the recent outbreak of rabies in southeastern Saskatchewan, has the government of Saskatchewan made application to the federal government to establish a joint provincial-federal program to provide compensation to farmers who lose their livestock because of this serious disease?

Mr. Speaker: Order. I suggest to the hon. member that he should place this question on the order paper.

CANADA COUNCIL

INQUIRY AS TO AMENDMENT OF ACT

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, my question is directed to the Secretary of State. In the light of the fact that the Canada Council recently received a $12 million bequest from the Dorothy J. Killam estate and that one of the terms in connection with that bequest was that the money should not be used to subsidize the arts as defined in the Canada Council Act, is it contemplated that an amendment to the Canada Council Act will be introduced in this house this year.

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, I must have read the same clipping, because the same question arose in my mind.

GRAIN

EFFECT ON EXPORT MOVEMENT OF LONGSHOREMEN'S STRIKE

On the orders of the day:

Mr. George Muir (Lisgar): Mr. Speaker, I have a question for the Minister of Finance. With the very serious situation developing in our wheat export trade as outlined by the chief commissioner of the wheat board the other day in the agriculture committee, is the minister now in a position to tell the house the number of ships and the amount of grain involved in the three ports struck by the longshoremen?

Hon. Mitchell Sharp (Minister of Finance): I could get that information for the hon. member, Mr. Speaker, and I shall do so.

Inquiries of the Ministry

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Mr. Speaker, I have a supplementary question for the Minister of Finance. There is a report that officials of the Canadian Wheat Board are going to Moscow and may be joined there by the Minister of Trade and Commerce. Is this visit in connection with reported delays in wheat shipments?

Mr. Sharp: Mr. Speaker, I can confirm that the chief commissioner of the Canadian Wheat Board is going to Moscow in connection with the renewal of the trade agreement, and while there hopes to make some new contracts for the sale of Canadian wheat.

Some hon. Members: Hear, hear.

[*Translation*]

DOMINION-PROVINCIAL RELATIONS

QUEBEC—RECOGNITION OF HEAD OF GOVERNMENT

On the orders of the day:

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

Is he in a position today to tell us if he has received a letter from the former premier of Quebec since the last elections, and with whom he intends to deal in the future as premier of Quebec?

Mr. Speaker: The question is out of order.

CANADIAN BROADCASTING CORPORATION

POSSIBLE VIOLATION OF ACT IN PUBLIC AFFAIRS PROGRAM

On the orders of the day:

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I should like to put a question to the Secretary of State.

In view of the fact that section 17 of the Broadcasting Act prohibits the broadcasting in dramatic form of political programs, could the Secretary of State inquire forthwith at the C.B.C. concerning a breach of this act that might have been committed last night on the broadcast "Les affaires de l'État" by the member for Brome-Missisquoi (Mr. Grafftey)?

Simultaneous translation did not enable the minister to grasp the question which is very important.

Mr. Speaker: The question was declared out of order even before the minister could have heard the translation.

Mr. Grégoire: On a point of order, Mr. Speaker. I feel that if the hon. member for

Lotbinière has an accusation to make, he should make it and bring the matter before the committee on privileges and elections.

Mr. Speaker: The question is out of order. Does the hon. member feel he has a question of privilege.

Mr. Choquette: Mr. Speaker, I should like to know whether my question was out of order to the point where it cannot be debated at ten o'clock? We have been given an hilarious spectacle—

Mr. Speaker: Order.

[*English*]

AGRICULTURE

ONTARIO—FEDERAL ASSISTANCE FOLLOWING CROP LOSSES

On the orders of the day:

Mr. H. W. Danforth (Kent (Ont)): Mr. Speaker, I should like to pose a question, if I may, to the Minister of Agriculture. Has the federal government turned down completely a request by the minister of agriculture for Ontario to share the cost of the $1,000 loans to farmers who suffered disastrous crop losses in Ontario last year?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, I want to thank the hon. member for asking me this question, as there is in the gallery a group of lovely ladies from the township of McNab.

Some hon. Members: Hear, hear.

Mr. Greene: I might point out to the hon. member that the announcement of this payment was made by the province of Ontario prior to any consultation with myself. After having so announced it we were approached for a contribution. I might point out that we had made a contribution of $17 million in respect of drought relief last year in this province, which we felt was an adequate contribution.

Some hon. Members: Hear, hear.

Mr. Danforth: A supplementary question, Mr. Speaker. May I ask the minister, further, whether in the initial discussions with the province of Ontario any indication was given by this government that financial assistance might be shared in this venture?

Mr. Greene: We were not consulted with respect to these $1,000 loans. Whether this subject matter was entered into last year I do not know, because I was in a humbler post at that time.

[Mr. Grégoire.]

RELEASE OF PAYMENTS IN PRAIRIE FARM ASSISTANCE

On the orders of the day:

Mr. Robert Simpson (Churchill): Mr. Speaker, I have a supplementary question for the minister. Can he say whether an order in council was passed today releasing P.F.A.A. payments for several areas of Canada, which payments have been held up since last fall awaiting this order?

Mr. Greene: I am not too sure what the hon. member is referring to, Mr. Speaker. Is it P.F.A.A. payments?

Mr. Simpson: Yes.

Mr. Greene: I have had no notice of that fact, but I will check into the matter and let the hon. member know.

WAYS AND MEANS

The house in committee of ways and means, Mr. Batten in the chair.

INCOME TAX ACT

That it is expedient to introduce a measure to amend the Income Tax Act and to provide among other things:

1. That for the 1967 and subsequent taxation years the deduction from individual income tax equal to the lesser of 10 per cent of basic tax or $600, described in subsection (4) of section 33 of the said act, be replaced by a deduction equal to the lesser of 20 per cent of basic tax or $20, and that for the 1966 taxation year the deduction be equal to the aggregate of

(a) 4 per cent of basic tax or $240, whichever is the lesser, and

(b) 12 per cent of basic tax or $12, whichever is the lesser.

2. That for the 1967 and subsequent taxation years,

(a) a gift made to a charitable organization in Canada exempt from tax by paragraph (e) of subsection (1) of section 62 or to a corporation or trust resident in Canada exempt from tax by paragraph (f) or (g) of that subsection may be deducted in computing taxable income for the year only if the donee is a registered Canadian charitable organization, and for this purpose a registered Canadian charitable organization shall mean

(i) a charitable organization in Canada exempt from tax by paragraph (e) of subsection (1) of section 62 or a corporation of trust resident in Canada exempt from tax by paragraph (f) or (g) of that subsection, or

(ii) a branch, section, parish, congregation or other division or an organization described in (i) that receives donations on its own behalf,

that has been registered in a prescribed manner with the Minister of National Revenue and has filed a return in prescribed form; and

(b) the aggregate of gifts that a taxpayer may deduct in computing his taxable income for a taxation year by virtue of paragraph (a) of subsection (1) of section 27 of the Act may include a gift made

(i) to the United Nations or any agency thereof,

(ii) to a university outside Canada prescribed to be a university the student body of which ordinarily includes students from Canada, or

(iii) to a charitable organization outside Canada to which Her Majesty in right of Canada has made a gift during the calendar year coinciding with or ending in the taxation year.

3. That with respect to bonds or other obligations issued after April 15, 1966, interest on such bonds or other obligations

(a) of or guaranteed by the government of Canada,

(b) of the government of a province,

(c) for an agent of a province, an educational institution or a hospital, where repayment of the principal amount thereof and payment of the interest thereon is guaranteed by the government of the province, or

(d) of a municipal or local government established under provincial law,

be exempt from the 15% non-resident withholding tax.

4. That with respect to taxation years ending after March 29, 1966, a corporation whose principal business during the year after that date was trading or dealing in bonds, shares or debentures will not be eligible to pay tax at the special 15 per cent rate of tax provided by section 70 of the said act.

5. That with respect to dividends received after March 29, 1966, a non-resident-owned investment corporation may not deduct from its income in computing its taxable income a dividend received by it from another non-resident-owned investment corporation other than a dividend paid by a non-resident-owned investment corporation that had previous to the payment of the dividend, and at a time when it was taxable as a non-resident-owned investment corporation, paid dividends (other than dividends on which no tax was payable under the said act) the aggregate amount of which is not less than the corporation's surplus determined in the manner prescribed for purposes of subsection (1a) of section 196 of the said act for taxation years for which it was not taxable as a non-resident-owned investment corporation.

6. That for the 1966 and subsequent taxation years an employee may not deduct in computing his income an amount in respect of tuition fees paid on his behalf by his employer in excess of the amount included in his income in respect of the said fees.

7. That with respect to a benefit received after March 29, 1966 by virtue of a plan under which a corporation agrees to sell or issue shares to its employees, the rules described in subsection (2) of section 85A of the said act that an employee may elect to use to calculate the amount of tax on the said benefit be amended so that the 20 per cent of the amount of the benefit referred to in subparagraph (ii) of paragraph (b) of the said subsection will not exceed $200, but that this amendment shall not apply if the right to acquire shares was given to the employee before 1965 and the benefit is received before January 1, 1967.

8. That is be declared for greater certainty that the expression "in Canada" in the said act includes and has always included the sea bed and sub-soil of the submarine areas adjacent to the coasts of Canada in respect of which grants are issued, by the government of Canada or of a province, of a right, license or privilege to explore for, drill for or take any materials or substances.

9. That with respect to operations that come into commercial production after March 29, 1966, the definition of a mine be amended so that all wells, the material that is extracted from sylvite deposits by means of which is sent to a single plant for processing, be deemed to be one mine, and that where an operation that would qualify as a mine by reason of an enactment based on this resolution came into commercial production within the 3 years preceding March 29, 1966, that part of the income of the operator, thereof that is attributable to commercial production therefrom in the part of the first 36 months of such operation that falls after March 29, 1966, shall be deemed to be income from the operation of a mine.

10. That the date before which a new manufacturing or processing business must have commenced manufacturing or processing in reasonable commercial quantities in a designated area in order to qualify for an exemption from tax on its income from such operations for 36 months after the commencement of operations be changed from April 1, 1967 to April 1, 1968 in the case of a manufacturing or processing business where evidence satisfactory to the Minister of Industry is furnished to establish that

(a) the facilities to be used in the said business were in the process of being constructed, installed or assembled on the site of the proposed business premises on March 29, 1966, and

(b) the said business is unable to commence manufacturing or processing in reasonable commercial quantities before April 1, 1967, by reason of an event beyond the control of the said business.

11. That the provisions of section 79C of the said act dealing with deferred profit sharing plans be revised and in particular that the said provisions

(a) authorize the governor in council to make regulations to define the property in which funds of a trust governed by a plan may be invested.

(b) require that property of a trust governed by a plan be vested in the employees who are beneficiaries under the plan, and

(c) provide rules for taxing amounts reallocated when employees who are beneficiaries under a plan cease to be beneficiaries under the plan.

12. That paragraph (u) of subsection (1) of section 11 be amended to provide that the deduction from income provided thereunder shall not apply with respect to amounts paid after March 29, 1966, to a trustee under a deferred profit sharing plan.

13. That section 79A of the act, dealing with supplementary unemployment benefit plans, be amended to provide for the registration of such plans for the purposes of the said act and to authorize the making of regulations governing the qualifications required of such plans for registration.

14. That with respect to each taxation year included in whole or in part in the period commencing May 1, 1966, and ending October 31, 1967, a special refundable tax at the rate of 5% shall be payable by all corporations that are not exempt from tax under the said act by virtue of section 62 thereof and by all trusts (other than trusts arising on death) calculated, in the case of a corporation, on a tax base (hereinafter called the corporate tax base) comprising the aggregate of

(a) its taxable income or loss,

(b) amounts deducted under paragraph (a) of subsection (1) of section 11 in computing its income,

(c) amounts deducted under paragraph (b) of subsection (1) of section 11 in computing its income,

(d) business losses sustained in other years that are deducted in computing its taxable income,

(e) the amount by which any amounts deducted under section 83A of the said act in computing its income exceed any expenses described in that section actually incurred by it in the year,

(f) dividends received from corporations described in paragraphs (d) and (e) of subsection (1) of section 28 of the said act that are deducted in computing its taxable income, and

(g) income from the operation of a mine not included in computing its income by virtue of subsection (5) of section 83 of the said act, minus the aggregate of

(h) $30,000, but where the corporation is associated with one or more other corporations in the year then 30/35ths of the amount allocated to it for the year under subsection (3) or (3a) of section 39 of the said act,

(i) the aggregate of the payments made in the year by the corporation (not exceeding the aggregate of the amounts specified in sub-paragraphs (b) and (e)) each of which was a payment as or on account of principal made in retirement of a debt owed by the corporation or made into a sinking fund that under an agreement in writing entered into before March 30, 1966 was required to be established for the purpose of the retirement of a debt owed by the corporation, if

(i) the original term for all repayment of the debt was three years or longer,

(ii) the payment was required to be made in the year under an agreement in writing entered into before March 30, 1966, and

(iii) the payment was made to a person with whom the corporation was dealing at arm's length,

(j) payments made in the year by the corporation to redeem shares of its capital stock where such redemption was authorized by or on behalf of the corporation before March 30, 1966, or required by an agreement in writing entered into before that day, and

(k) the following taxes payable by the corporation in respect of the year, namely

(i) income tax payable to Her Majesty in right of Canada,

(ii) income tax and logging tax payable to Her Majesty in right of a province, and

(iii) income and profits taxes payable to the government of a country other than Canada,

and in the case of a trust, on a tax base (hereinafter called the trust tax base) comprising the aggregate of

(l) its income or loss from all businesses carried on by it,

(m) its rental income not included in computing the amount determined under subparagraph (l),

(n) amounts deducted under paragraph (a) of subsection (1) of section 11 in computing the amounts specified in subparagraphs (l) and (m), and

(o) amounts deducted under paragraph (b) of subsection (1) of section 11 in computing the amounts specified in subparagraphs (l) and (m), minus the aggregate of

(p) $30,000,

[Mr. Greene.]

(q) the aggregate of the payments made in the year by the trust (not exceeding the amount specified in subparagraph (n)) each of which was a payment as or on account of principal made in retirement of a debt owed by the trust, if

(i) the original term for full repayment of the debt was three years or longer,

(ii) the payment was required to be made in the year under an agreement in writing entered into before March 30, 1966, and

(iii) the payment was made to a person with whom the trust was dealing at arm's length, and

(r) income and profits taxes payable in respect of the year to the government of a country other than Canada.

15. That for the purposes of the special refundable tax, the corporate tax base and trust tax base for any taxation year part of which is before May 1, 1966 or after October 31, 1967, shall be that proportion of the said tax base that the number of days in the taxation year that are after April 30, 1966 or before November 1, 1967, as the case may be, is of the total number of days in the taxation year.

16. That payment of the special refundable tax shall be made,

(a) in the case of a corporation, in monthly installments on the last day of each month commencing with May 31, 1966, and ending with October 31, 1967, with each installment calculated by reference to the corporate tax base for the same taxation year of the corporation as is used in computing or estimating the corporation tax payment that is due on the same day, and

(b) in the case of a trust, in equal installments on June 30, September 30 and December 31, 1966, and in equal installments on March 31, June 30 and September 30, 1967, calculated by reference to the trust tax base for the preceding taxation year or the estimated trust tax base for the taxation year in which the installments are paid.

17. That each installment of special refundable tax shall be,

(a) in the case of a corporation, that proportion of the tax calculated or estimated to be payable for the taxation year, that one is of the number of installment payment dates in the taxation year that are after April 30, 1966 and before November 1, 1967, and

(b) in the case of a trust, one third of the tax calculated or estimated to be payable for the taxation year,

and that

(c) the final adjusting payment, if any, shall be due, in respect of each taxation year, three months after the end of the taxation year, and

(d) a return in prescribed form shall be filed by a corporation within six months from the end of each taxation year and by a trust within ninety days from the end of each taxation year.

18. That the special refundable tax shall be refunded together with interest at 5% per annum to taxpayers at such time or times as may be prescribed but not less than 18 months not more than 36 months after the later of

(a) the day on which the payment of tax to be refunded was due; or

(b) the day on which the payment of tax to be refunded was paid.

Mr. Diefenbaker: Mr. Chairman, last evening I mentioned an example of gross and unjustifiable expenditure in the proposal to build a defence headquarters in Ottawa when in every part of this nation the construction industry is being asked to withhold and postpone construction. With the reduction in the number of men in the armed forces and as a consequence a pronounced drop in morale, this expenditure is one of those things that cannot in any way be justified. I am waiting to hear the explanation from the Minister of Public Works as to the estimate for the cost of Canada's Pentagon, for at the time the announcement was made the press all over this nation was under the impression that the expenditure would be over $100 million.

Whether it is $35 million, $50 million or $100 million, this is something that is not needed. Certainly provision will have to be made for better accommodation for those in the Department of National Defence than they have had over the years; but this is no time, when the Canadian taxpayer is being taxed as never before, to engage in measures that can only have as their purpose the adulation of the minister who presides over the department.

Having said that—

• (3:20 p.m.)

Mr. Sharp: May I ask the Leader of the Opposition a question? Does he know that the plan is to build this national defence headquarters some time in the future and that the plans themselves will only be started in 1968? The construction of the building will proceed some time after that.

Mr. Diefenbaker: All I know is that the government has issued the information in bits and pieces. First they left the impression that construction would proceed immediately. This met with widespread criticism so they backed down, which is nothing unusual on the part of this government. The usual procedure for this government is to advance a proposal, lay out the plans and, when it is criticized, retreat. That has been their course of action and it has become almost a psychological disease of the present administration.

I wish to speak now on a matter upon which I am sure there will be general agreement, and I hope the minister will express himself in this regard. His predecessor was not in favour of the suggestion that was made on the part of the Conservative party, but there has been a separation. Mr. Gordon—and I use his name rather than his constituency because I wish to identify him unmistakably—has moved to another seat but he still enunciates government policy. I ask the minister to let the house and the country know what are the differences, if any, between the uncouth and discarded philosophy of the former minister of finance and the more enlightened but similar philosophy of the present minister.

I know the minister is most anxious to place before house and the country an answer to the problem that is becoming the subject of widespread discussion. It is said that the present minister is ambitious. I do not criticize in any way the fact that he is ambitious. It is said he does not want to go too far in renouncing the views of the hon. member for Davenport because that gentleman enjoys a very wide measure of support. If this is not the occasion to ask the minister's view on this subject then I do not know what better occasion could be chosen to get a clear enunciation of the direction in which Canada's fiscal and economic policies are now being determined.

Mr. Sharp: Mr. Chairman, may I ask the right hon. gentleman another question? He has the floor now and since he has invited me to discuss certain differences that may exist in my party I wonder whether he would discuss the differences that exist in his party, particularly between himself and his followers.

Mr. Diefenbaker: My remarks have already registered on the minister. He is annoyed. He knows he cannot answer and he resorts to the subterfuge of an interruption which indicates the fear he has when asked and challenged to enunciate the differences between him and his predecessor to whom he has paid obeisance, high honour, almost subservience. What more can one do for one's predecessor?

Mr. Pugh: Read his books.

Mr. Diefenbaker: I welcome the minister's interruption because it indicates that he too is feeling the heat of controversy. Only yesterday the hon. member for Davenport, in the course of the educational campaign which he now wages across the country, asked that a criminal offence be placed on the statute books of the nation in respect of contributions received from foreign corporations.

I recall the elections of 1962 and 1963. If he were here today, in view of his position as organizer and plenipotentiary extraordinary, mistaken as he was as to the outcome of the

election, he might be able to tell us whether the reason for his sudden dislike of United States assistance is based on considerations that were not in his mind in the elections of 1962 and 1963.

I would like the minister to let us know how things have been going in regard to the difference of opinion between himself and the former minister. Many have said there is a widespread division between them. I do not believe it. They are fighting with powderpuffs. The Minister of Finance says he does not agree with everything that the member for Davenport advances. He believes that in Canada we must maintain a strong spirit in support of Canadian investment by Canadians. On the other hand, the hon. member for Davenport says that the "friendly giant" has evil designs on us—I use his words—and he is afraid we are going to be smothered and swallowed up. This is very strange, Mr. Chairman, because it was that gentleman who, in July of 1963 and again in July of 1965, flew to Washington and signed agreements tying Canada's fiscal policies to the United States of America's balance of payments problem. It was he who, having bitterly protested against allowing United States banking concerns to obtain a foothold in Canada, acted contrary to his public declarations. We would therefore like to know what is the political philosophy followed by the present government with relation to United States investment.

I will not quote from the many press references that have been made but I do think I should refer to something that indicates the feeling of the people of the United States. It is set out in the issue of *U.S. News & World Report* of May 30 and reads as follows:

> Once again, Canadians are getting in a mood to try to declare their economic independence from the United States.

• (3:30 p.m.)

> Suddenly a period of uncertainty appears to lie ahead for U.S. investors in Canada and for U.S. companies with Canadian subsidiaries.

The article goes on to state that a book has been published by the hon. member for Davenport, "A Choice For Canada". If one may summarize, the book outlines certain steps that should be taken such as lower depreciation write-offs for foreign owned subsidiaries than for domestic companies. Does the minister accept the philosophy inherent in that statement. There is the suggestion of a withholding tax on management and professional fees for non-residents. Does the minister, having inherited the garments of the hon. member for Davenport, accept that principle? The book says that there should be a tax on stock transfers of Canadian firms which become foreign owned. Does the Minister of Finance accept the tutelage of his predecessor? There is a suggestion of customs duties to prevent foreign subsidiaries from increasing their imports from foreign firms. Is that basic principle of the predecessor of the present minister now being considered? It is suggested there should be non-deductible interest charges for corporate tax purposes on new borrowings by foreign owned subsidiaries.

I ask these questions because Canadians are wondering what the attitude of the present government is. The Minister of Finance made a speech in Toronto in which he reviewed the ten steps to economic greatness. In these ten steps there are indications that several of the principles of the hon. member for Davenport have been accepted by the present government. All we would like to know is, what are the views of the present government on the subject of foreign investment? So far as we are concerned, we have always taken the stand that foreign investment is welcome and will not be interfered with but that investment in Canada shall act in the interests of Canada in the determination of policies.

This was called anti-Americanism. What are the views of the present government? I ask that because there have been some amazing changes. Let me refer to the Canada Development Corporation. At one time it was not looked upon favourably by the Minister of Finance. Later there was lukewarm approval and now this infant, yet to be born, has received a degree of approval from the Minister of Finance which would indicate that the doctrine of the former minister has taken hold. Unless the minister gives the house a full and complete answer—not in some club in Toronto but in the House of Commons—I shall have something more to say.

The general attitude of the press across the country indicates that the battle between these two giants is not a sham fight. I think it is. However, the question asked across the country has been summarized well in the Vancouver *Province*. This newspaper says that the basic policy difference between the Minister of Finance and his predecessor, Walter Gordon, is now well understood. Both

of them want their country to be independent. But then the article says:

> Prime Minister Pearson's position between these two fundamentally opposed views is so fuzzy he should explain exactly where he stands.

Over and over again similar views have been expressed. Where does the Prime Minister stand between these two men and these two policies? Canadians want to know. We have had various answers given. On May 9 the Ottawa *Citizen*, which is unusually close to the government, reported as follows:

> Finance Minister Sharp said Sunday he and his predecessor, the former Finance Minister Walter Gordon, have the same long-range views of economic nationalism for Canada but approach the problem with different plans.

There was a clarification that should be explained. They have the same objectives but the means are different. The article goes on to say:

> Mr. Sharp said his differences with Mr. Gordon were only on means, not on objectives, and their differences did not represent a power struggle—

Then he used these immortal words, "I think I am very much more optimistic than Mr. Gordon." I am not going to get into the psychological field but I think that expression needs interpretation. This, of course, was before the Quebec election and they were both optimistic then.

The article quotes the Minister of Finance as follows:

> What concerns me just a little bit about this book—although it's a very useful contribution—is that it is, to my mind, rather pessimistic.

What is the meaning of this? The book is an excellent book, we are told. It is a road chart for Canada economically. According to the article, the minister went on to say:

> I think we've got a great future in this country and we shouldn't be so worried. I think we should go about our policies feeling that we can play a very important role in the world and that we can provide the sort of life for our people that we'll be proud of . . .
>
> Mr. Gordon and I have very similar objectives but we differ as many Liberals do on how to attain those objectives.

We want to find out what the answer is to this conundrum because both have the same objectives, although differing on the means. On the other hand, there are some who take strong objection to the doctrines being enunciated. The premier of Saskatchewan says that if these doctrines are accepted there will be a prairie write-off for a decade. We should like the minister to explain exactly what the situation is. Mr. Kierans expressed his views in this regard. In general, according to editorial comment in the Montreal *Star*, Mr. Kierans is quite fed up with the amount of cant uttered by Canadians about the United States.

The Vancouver *Sun*, which is so close to the government that Mr. Keate got a comprehensive opportunity to look into the C.B.C. dispute without having any terms of reference, states that a curb on Gordon is essential. I doubt that because the Minister of Finance says that the hon. member for Davenport and he are looking through the same spectacles. They just differ as to terms.

• (3:40 p.m.)

Mr. Molgat, the Liberal leader in the province of Manitoba, is appalled by this division. He asks in effect: Whither is the Liberal party going? He thinks they will have to find out. The Vancouver *Sun* ends up with these words, and words of admonition from that newspaper are always heeded by the government:

> If Mr. Pearson cannot discipline Mr. Gordon, then Mr. Gordon inevitably will destroy Mr. Pearson.

These are the views expressed by a party paper that gives idolatrous support to the present government. That is why it is so important, Mr. Chairman, that the minister let us know exactly what are his views, not by enunciation outside of the House of Commons but here where *Hansard* will perpetuate his words for all generations and so that all will understand.

The Quebec *Chronicle-Telegraph* of May 9 carries this heading: "Mr. Gordon, Liberal Party And Price Of Being Canadian". This newspaper too is not unfavourable to the government. In the article it has this to say about the government:

> If it has not exactly been behaving like a chicken whose head has been cut off, the federal Liberal party has been showing signs of weariness at the top. Policies, instead of being thought out and applied sensibly, are manufactured ad hoc, leading on the one hand to an encouragement of what can only be called me-tooism and on the other to a total refusal to face reality.

Then the article describes Canada's domestic policy under this government in this way:

> Canada's domestic policy is an improbable mixture of compromise, blundering good intentions, makeshift planning, wild flings and humiliating retreats.

I would ask the minister now what his considered views are on this matter. Let us have the consensus of views reflected in a decision of the government on the question of where it stands on foreign investment. Is the

United States justified in taking the view, which is being widely expressed in the United States press, that Canada under this government has closed the door to foreign investment to a very large extent?

There are various other questions I will ask in due course, Mr. Chairman, but in the meantime I wanted to give the minister the opportunity of explaining this very important matter because without this explanation the budget is a hollow sham. It is an ad hoc document. When the minister gives us the picture, as I know he will, let him tell us whether the hon. member for Davenport is but a voice in the wilderness or the voice of authority and direction for the Liberal party. That is what we want to know, and I am sure it will not take the minister very long to point out where the government of Canada stands and what its policy is in this regard.

I should refer to one other matter which has to do with the refunding provisions in the budget. I should like to ask the minister what the reaction of business corporations across Canada has been to this proposal, which is a novel plan for peacetime. To what degree have corporations that have been expanding and have great plans for further expansion reacted to the withholding principle?

I ask this question because various corporations at their annual meetings have made, through their directors, declarations as to the operation of this principle. If I may give an example, the Steel Company of Canada, at page 10 of the proceedings of its shareholders' meeting, made this statement:

> Canadian producers have at times been unable to meet all the requirements of domestic customers.

That is in connection with steel.

> Thus, while expansion has been rapid and extensive, it has not exceeded the need, and our studies and projections indicate considerable potential for future growth in the markets for steel in this country. Undoubtedly there will be periods of adjustment but, on the whole, we are confident that the trend will be favourable. On this premise, we are planning well ahead so as to anticipate the needs of our customers. Important new projects are under examination and, if considered practicable and economical, will entail a continuation of relatively high levels of capital spending.

Then it goes on to say:

> The extent to which the new refundable tax imposed on cash flow, and other tax changes, will affect the company's position has not yet been definitely determined.

That was in April.

> Obviously, the withdrawal of funds that would otherwise have been available for investment in productive facilities must entail serious consideration of all projected spending.

Then these pertinent words follow:

> We are therefore carefully reviewing our commitments and our plans in order to find, if we can, ways and means of conforming to the government's present policy without jeopardizing the company's future growth.

A similar attitude has been expressed by Dominion Foundries and Steel Company, whose expansion program involves the expenditure of $101 million. The president, Mr. F. H. Sherman, was asked this question: "Do you expect any relief?" Mr. Sherman's answer was: "I don't know." Previously he had said that the company had studied all its current commitments carefully to see whether any could be postponed as requested by Ottawa.

The general view of both these corporations, which have done so much on behalf of the industrial development of our country, was as expressed to their shareholders, that this portion of the budget could indeed have an adverse effect on export and on the assurance that Canadian industry will be able to meet in the days ahead the additional challenges in world trade which have become available and will increasingly be available. Therefore I would ask the minister to tell us what co-operation he has received and what consideration he has given to changes in order to assure that these great corporations which provide jobs and assist development shall not be denied the expansion which their initiative has made possible.

• (3:50 p.m.)

Then there is one final matter which relates to the average taxpayer. I am sure that the minister is in agreement that one of the most serious problems which the taxpayers of Canada experience today is the ever-increasing burden of taxation on realty. That burden falls with particular weight on the home owner. If we are going to encourage Canadians to be home owners, then action must be taken by way of incentive. I realize this presents a difficult problem but the stand which we took as a party, that home owners in Canada should be permitted an exemption up to a maximum of $500 paid in municipal taxation in determining the liability of the individual for income tax, we still think is correct. That was something that received widespread support across the country. Press support was quite generous. Today, more

than ever, that portion of our program deserves the most serious consideration and ought to be implemented.

I shall not repeat again what has been said about the tremendous increases in the cost of living. They are actually in full, upward flight. One just has to visit the market—I love to visit the market on a Saturday—to find that from week to week increases are taking place. These increases, of course, do not strike at those who have large incomes but they have a beggaring effect on those with low incomes. No action of any kind has been taken to stem the increase, nor is any attempt being made to do so.

My suggestion, therefore, on behalf of this party and Her Majesty's Loyal Opposition is that the government place before the house and country some measures for relief. If it cannot go the full way in allowing the $500 maximum, let the government divide that amount in half, and apply it in stages in the way in which the 11 per cent sales tax on production machinery is now being removed. Give relief to those who need relief. The average Canadian who desires to own a home is given no encouragement to do so.

In the United States provision is made for the deduction of municipal taxes, within limits, from taxable income. I think Canadians as a whole should be encouraged to become part of a home-owning democracy and would be so encouraged if action such as I have suggested were taken.

Other questions that might arise I will deal with later. I do want the minister to have the opportunity to tell the house and the country who is who and why, and who is right. Are the Gordon policies which proved so detrimental still in effect, even though by concealment?

Mr. Fawcett: Mr. Chairman, I am going to confine my remarks entirely to the personal income tax and the exemptions in connection therewith. Other aspects of taxation have been dealt with and I do not want to take up the time of the house by being repetitious.

The first point I wish to draw to the minister's attention so far as exemptions are concerned is the fact that in this day and age everyone who is employed in an industry is required to travel a considerable distance to work and of necessity must either own an automobile or pay other people for transportation. This cost is not exempted in the computing of allowable deductions. I think this is very discriminatory because there are situations where transportation facilities have to be used in the way I have mentioned.

May I speak personally about a situation in my riding. I know it applies in a good many ridings across the country. In our area we have an industry where residences are not permitted within 14 miles of the works, as a result of which people employed at those works must either own their own automobile or arrange to pay for transportation, which costs the worker from $2 to $4 per week. The amount is taken off take-home pay. I think it is only fair that a person having to pay such a charge should be permitted to claim the amount as an exemption for income tax purposes.

Having talked with numerous people I have also found that in many types of employment employees are required to buy and maintain certain tools and appliances and also all sorts of clothing at their own expense in order to continue their employment. These articles must be provided and therefore I think the cost of them should be exempted.

I realize that in trying to devise a plan to cover travelling expenses much is involved. I can see that some people might exploit and abuse the machinery set up. Could not some plan be evolved whereby minimum or maximum mileages would be a qualification in deciding whether a taxpayer would be permitted to deduct his travelling costs as an exemption?

There is also a problem in which I have been involved personally and about which I have heard several complaints regarding the exemption with respect to children who do not qualify for family allowances and for whom such allowances are not paid. I refer to students. Five hundred and fifty dollars is the maximum exemption allowed with respect to such students. Great stress is laid on our children obtaining a proper education. Some children may be educated at institutions where they do not have to leave home. Expenses with respect to such students are not comparable with the expenses of those who have to pay board and lodging in order to attend institutions away from home. I suggest that $550 does not even meet half the expenses incurred in this respect. This is another situation that ought to be rectified.

• (4:00 p.m.)

Another point I should like to raise applies particularly to railroad employees in the running trades through it also has application to

other kinds of employment in which employees are required to spend an important part of their time away from home, pay for their own meals and provide for their own lodging. I agree there is provision for this in the legislation and that operating railroad workers may submit claims in respect of expenses of this type. But the amount which is allowed seems to depend entirely on the humour of the official who considers the tax form. If he gets up on the right side of the bed he allows $1.50 a meal; if he does not he allows only $1. There seems to be a complete lack of uniformity and a great deal of discrimination. One man who has made as many trips as another may receive a great deal less under this concession.

I know there is a private bill on the order paper put forward by my hon. friend from Skeena dealing with travelling expenses and deductions in respect of appliances and tools which employees must provide at their own expense. I would certainly commend this bill to hon. members.

In conclusion I should like to state that in my opinion there is a need for a change in the basic structure of the personal income tax formula. I would refer hon. members to the speech made by my hon. friend from York South yesterday in which he indicated it was time we began to look at this subject from another aspect. We should consider it not on the basis of a basic personal exemption but on the basis of what it costs a family to live. I agree with my hon. friend from York South that there are many people paying income tax today who should not be paying tax at all. The cost of living should be taken into consideration. If a man's income is not sufficient to give him more than a decent allowance I do not think it is right to expect him to pay income tax.

[*Translation*]

Mr. Allard: Mr. Chairman, under the present resolution concerning the income tax, I feel it is appropriate to remind the hon. Minister of Finance (Mr. Sharp) about the change in administration which took place recently in "la belle province" of Quebec. I do not know whether the minister has had the opportunity to obtain and read the substantial political platform of the Union Nationale which will soon—in a few hours—be sanctioned, but I think it is time for him to get hold of it, seeing that it contains many planks relating to the income tax.

Among other things, and this is not a new fiscal policy, the National Union government since its formation seeks 100 per cent of individual income tax, corporation tax and death duties. There is nothing revolutionary or reprehensible in this position, far from it, Mr. Chairman. It is basically constitutional, in accordance with the spirit and the letter of the Canadian constitution of 1867.

When this new Quebec government claims 100 per cent of direct taxes, including among others, the income tax, the tax on corporations and death duties, the claim is based on paragraph (2) of section 92 of the constitution, which allocates exclusively to the provinces, the direct taxes levied in such province for provincial purposes. Clearly, when the economy of the Canadian constitution is perused, it appears that section 91, paragraph (3) allows the central government to levy taxes in the country through taxation, but when direct taxes levied in a province for provincial purposes are involved, section 91 should be read along with section 92. It is clearly indicated that a province, any of the Canadian provinces, has exclusive rights in matters of direct taxation for provincial purposes.

An exclusive right is not one which another government can seize, or take over at leisure to remit later, bit by bit, in various circumstances. An exclusive right is one that belongs to a province in an absolute and sovereign manner, and which a province may, of its own free will, share with the central government or with any province.

Now, the government of the province of Quebec has clearly expressed, in its substantial platform, during the election campaign, its intention to take over, not to beg, as Mr. Daniel Johnson has just stated, in other words, simply to occupy the fields of taxation in the proportion 100, 100 and 100.

• (4:10 p.m.)

This is not a revolutionary procedure. I would not want anyone to think in this house and in other provinces, that this is intended to sabotage the Canadian confederation, far from it. Besides, this is entirely within the spirit in which the Canadian confederation was founded, that is the principle of responsible government, which had been granted earlier in 1847, and which was embodied in the wording of the Canadian constitution, requires that any government administering a territory—be it national or provincial—is accountable to its constituents. To give accounts, it must be in a position to have its own taxation income, to collect for itself the taxes which are devolved onto it.

Many politicians in the house have asserted the principle that it is harmful and inadmissible that a government such as the central government, for example, should levy direct taxes, hand them over to the province as it pleases, and that another government should spend that money.

In view of this theory or responsible government, I believe the hon. Minister of Finance should look into the event which has just taken place in the province of Quebec before a conflict erupts and government pressures are applied.

That is why, since the beginning of the present session, many members on both sides of the house have stood up to request that the government establish a joint parliamentary committee on the Canadian constitution as a first step towards a national conference on the Canadian constitution.

I wonder why, in the face of so many proper requests and just pleas to serve the common good of the country, the present government still hesitates and displays inertia or indifference. There is a need not only for political, constitutional, cultural or other reforms, but also for a fiscal reform adapted to the economic and fiscal problems of 1966, and all this is absolutely urgent.

These last few years the province of Quebec has established within its legislature a parliamentary committee on the Canadian constitution, precisely in order to be more specific concerning these particular reforms. But in Ottawa, the country is administered haphazardly; as a matter of fact, the government is even preparing further encroachments in fields entirely under provincial jurisdiction, without having obtained beforehand the consent of the province or provinces concerned, or without having fully discussed the matter with them, although they object to it. This is very bad for the country, Mr. Chairman.

I am convinced that if Canadians across the country were to undertake this dialogue in good faith and not as we are now going about it, these problems would be settled, since they are primarily material problems, and this would help solve the psychological problem affecting all Canadians, from one ocean to the other.

I hope the Minister of Finance will use his influence within the cabinet, not only in the field of foreign investments in Canada, but also in the settlement of this important problem which has now become more urgent with the recent change of government in the province of Quebec, in order to institute a joint parliamentary committee in Ottawa so that the legislators of the country, in the Senate and the House of Commons, may establish a dialogue.

A large number of studies and reports are made available to us, but we should first come to an understanding if we are to reach a final agreement with the other provinces at a national conference on the constitution.

When such things are said I am reminded of a scene in the Bible. In the three months I have been here, each time an hon. member raised that urgent, substantial and capital question, he looked to me a little like Saint John the Baptist preaching in the desert.

Frankly, the reactions of the present government are very disappointing. This government should not have any illusions on that point; it will not solve the country's fiscal and political problems by going on like that, in short by governing without any planning, any definite goals, and by taking over provincial fields of jurisdiction. Of course, once it has taken over a field, it intends to open a dialogue with the provinces; but it does so belatedly when it is already deeply involved on the administrative side.

Recently, we saw the right hon. Prime Minister (Mr. Pearson) postpone the conference on education. Of course, the federal government knows that the new government of the province of Quebec, that of the National Union, is exclusively provincial, free of direct or indirect ties with a great national party, dedicated to the prime interests of Quebec, fundamentally autonomist on fiscal matters. The Ottawa government knows very well that it will have to revise its position if it wants a constructive atmosphere to exist throughout the country, especially in the fiscal field.

Therefore, once again I ask the Minister of Finance to give that program a structure. It is important to say it and to take that matter seriously; that party is not called the Liberal party. I will remind the minister that in the province of Quebec there are many very intelligent Liberals who vote for the National Union. It is therefore important that it should study that program with regard to fiscal matters and revise and adapt its national fiscal programs to take into account the particular requirements of the province of Quebec which, as far as I know, is not trying in any way to pick a quarrel with the rest of the country but rather to meet the particular aspirations of its constituents.

There is also another thing in the program of the National Union government, namely the basic income tax exemption of $4,000 for married people and $2,000 for single people.

This new government promised to grant this tax exemption during its very first session. This provincial tax exemption will have consequences which will create pressures and tensions, if the federal government does not consider following the example of the Quebec government in that direction.

Not only the people of the province of Quebec want that, but all Canadians, the popular mass, the working class, the small businessman, the person who works in an office, the young woman, the married woman, the widow. The mass of the Canadian people find it difficult, due to the fiscal burden, to provide for their needs.

If it is not the only method, it is at least a first step to put up a good fight against poverty in our country.

There are in Sherbrooke especially many textile industries where workers are now on strike. I hope that the conflict will be settled as soon as possible. These workers earn about $60 a week and many of them have three, five, six or seven children. It is unthinkable, Mr. Chairman, to provide for all needs, considering such a heavy tax burden, even with this small cut of about six cents a week that the Minister of Finance has deigned to grant this category of taxpayers.

• (4:20 p.m.)

In order to work with love, hope and warmth, it is therefore necessary that these Canadians, married or unmarried and earning less that $4,000 or $2,000 respectively, shall be exempt from income tax. That is what the Quebec government is going to do and that is why the Minister of Finance should give consideration to a similar adjustment and if he does so, I feel he will rate the admiration and friendship of millions of Canadians. When it is said, by him or by other ministers, in the house or elsewhere, that a campaign against poverty is being waged, then those millions of Canadians will say: The speeches are over, something is now being done.

I should also like to call the attention of the minister to other things. Various industries, businesses and trades may deduct from their income tax returns a certain amount for administrative expenses. It is an excellent thing to promote the development of trade and industry.

But there is a class of Canadians, and these are, for instance, the millions of workers who are required to buy, and pay out of their meager salary, their tool kits and $400 or $500 worth of tools, without which they could not keep their jobs. It is absolutely essential for them to have their tools to practise their special trade. The companies and the employers do not supply to their employees these numerous and very expensive tools.

Now, I think this point should be considered, that some percentage, to be determined by the experts in the minister's department, should be allowed as a deduction for such tools as the workers are required to purchase to practise their trade, to earn their living and that of their families.

Something else is occasionally brought to my attention; I do not know if the grievance is well founded. It seems that in some provinces government taxes are collected by merchants and businessmen. I am told this is the case in Quebec, where the government gives a certain commission to the merchants and businessmen who collect for it certain indirect taxes. Why, therefore, could the federal government not give some kind of a commission to Canadians who do its work, who after a fashion are its employees, its representatives?

Mr. Chairman, to bring these few remarks to a close I would like to say this: I wish the practice of preventing us from getting a reply to our questions during the question period, were put to an end in the house. We should not permit that no reply be allowed. Not that I question the authority of Mr. Speaker whom I greatly respect; but, on the other hand, he does not hold his authority from God but from members of the house, individually and jointly. I believe it is important, even urgent, that the tax problem take this into consideration. Now, how should we put it? In three languages, six languages? Should it be put calmly or in furious tones? When oh, when will the present government institute, during this session, a parliamentary committee to study the Canadian constitution, so that neither in this house nor in the other the trend of thought be allowed to go in opposite directions since it could easily be channeled into one direction if representatives had a chance to gather about a table, so that we, Canadians, who are brothers from sea to sea, might solve the problems of our country.

How much misunderstanding there is, because we let this persist and because we tolerate a kind of vacuum that prevents Canadians from sea to sea, nay, in this house and in the other place, from joining together. There are no problems in the House of Commons, when we are talking to representatives from Newfoundland, Nova Scotia or the west. On the other hand, there is a fundamental problem and that is the problem of the revision, the adjustment of the political, constitutional, fiscal, economic and cultural problems when the provinces—not only Quebec, but British Columbia, Manitoba and Ontario—each in their own way, claim to have fiscal jurisdiction, some larger than others, and economic responsibilities. Yet the present government remains in such a constitutional and political disorder. Well, I believe the country is not being served by a refusal to form a parliament committee. I hope that very soon, the Minister of Finance, who seems to be a most charming man, will use his influence to bring the government around to this decision and then we will be given the opportunity to face the Quebec parliamentary committee on the Canadian constitution.

Mr. Ricard: Mr. Chairman, I should like to make a few comments on the resolution which is now before us. I would also like to make some suggestions concerning certain groups of people, more especially those who devote themselves to the public weal. And among them, I would point out mayors, aldermen as well as school trustees. Up to a few years ago, the post of mayor, alderman and school trustee was considered as an honorary title, but since then, their work and obligations have increased so much that it is now necessary to grant them a certain indemnity, so that they will not have to incur out-of-pocket expenses in the discharge of their duties.

However, as costs are constantly increasing, those people have to make out-of-pocket expenses, since their indemnity is entirely spent in the discharge of their duties.

I would therefore ask the minister to be kind enough to consider the fate of those who are devoting themselves to the public weal and take the necessary steps, so that the first thousand dollars paid in consideration of their work for the promotion of their respective community will be tax free.

In the second place, I would also ask the minister to be kind enough to increase personal exemptions for single persons to $2,000 and those for married persons to $3,000, as I requested during the election campaign. It seems to me that present requirements would thus be recognized, because exemptions granted a few years ago are now insufficient, and since the cost of living is constantly increasing, those exemptions would be in accordance with the present cost of living.

Another point to which I would like to call the minister's attention is that Canada is considered as an exporting country. We depend on our exports, since our population is not large enough to absorb the whole production of our various industries. Now, it is obvious that skilled labour is becoming scarcer. Therefore, we should take the necessary steps to make available our labour training programs to all those who want to learn a skill, so that we may have an adequate number of skilled workers.

Our technical training schools are adequate and can, given the necessary means, produce the required number of experts so that Canadian industries could increase their production and compete with foreign products.

Therefore, Mr. Chairman, I can only suggest, once again, the removal of the 11 per cent sales tax on building material and machinery, for that tax is placing our industries in a very unfavourable position.

In the various industrial centres of the province of Quebec particularly, there are some small industries which come up against all sorts of difficulties created by the 11 per cent sales tax.

The minister should also eliminate as much as posible what we call "tight money", for there are many indications that we are today in about the same position as we were in 1955-56, and this can only mean a recession is on the way. I hope something will be done about preventing a repetition of the 1956-57 recession.

When we were in power we did a lot to eliminate unemployment. It took us a few years to do it. We took the necessary steps. I wish to draw the attention of the minister and the government generally on the importance of preventing a recession which would be detrimental to the whole Canadian population.

Those are the few remarks I wanted to make, Mr. Chairman.

• (4:30 p.m.)

[*English*]

Mr. Herridge: Mr. Chairman, I do not want to take up the time of the committee in

repeating arguments made by members of this group regarding our proposals in connection with the budget. First of all I want to say that the minister knows I respect him as a solid supporter of the free enterprise system, the profit-making system, and all it stands for. Even though it has brought war, poverty, disease and misery to mankind throughout the centuries with its achievements, the minister hopes, with his usual optimism, that as a result of Liberal policies we can achieve heaven on earth under their leadership.

Mr. Basford: Mr. Chairman, would the hon. member permit a question?

Mr. Herridge: Willingly.

Mr. Basford: I was wondering how much profit the hon. member makes out of his logging operations in the Kootenays.

Mr. Herridge: That is very easy to answer, Mr. Chairman. I have not made anything this year. I am sure the minister also respects me as an unrepentant, pragmatic socialist. Therefore we approach one another on equal terms. I might say that I have found the minister is not a woolly-minded thinker; he expresses his views clearly and does not hedge when he puts forth an argument in connection with his budget or some problem he is discussing. As a socialist I would point out that all we have been advocating to the minister is the application of certain poultices to the minister's budget in order to make it, shall I say, a little more humane and equitable in its relationship to the Canadian people as a whole.

I am not one who thinks we can rebuild the system without a very fundamental change in our philosophy of life, and this would be connected to our philosophy of taxation. So we know where we stand in this regard. I have received a great deal of correspondence in recent months in connection with a problem that I wish to place before the minister. I have been getting dozens and dozens of letters saying that this opinion is the right one, namely, that when dealing with taxation and presenting a budget we should divide society into the producers and the parasites. In the producers I would include small businessmen and any person making a contribution to our economy whether he be a farmer, miner, logger or employee in any field. Also among the producers would be managements of corporations who under this system are performing a very necessary function. It is amazing how this idea has caught on with a number of people with whom I have corresponded.

Mr. Monteith: In which category would members of parliament fall in the opinion of the hon. member?

Mr. Herridge: I would have to treat them on an individual basis. That question is rather argumentative. When dealing with the subject of taxation we realize that we need so much money in order to give effect to the policies designed by the federal government. We should approach this matter from that point of view and make certain that wherever we find groups in society who are living on human weakness and ignorance we do everything we can to make them pay for it. I think this is a good basis for philosophy in respect of taxation.

I think a previous speaker from this group said that what counts is not the tax we pay in relation to our income but what we have left. This is what counts with the average person. That is why I support wholeheartedly the pleas that have been made by members of this group for further consideration of the low income groups. Their need is obvious and under the present system of taxation they are not being treated fairly.

I support the hon. member for Vancouver-Kingsway in her plea for further consideration for married women, mothers, working women and women generally. The hon. member dealt with this subject at length, I thought quite effectively, and I support her arguments in general.

There is another matter I wish to bring to the attention of the committee because it is repeatedly brought to my attention. It was mentioned by another member of our group this afternoon. I refer to the need for consideration of a tax exemption in connection with travelling expenses of workers. In my district the cost of travelling to and from work amounts to a large sum of money each year. I know of men working in smelters and mines who travel 60 to 80 miles every day. We have the same situation with regard to men working in the woods. Some men working within 20 miles of my home travel 50 miles to work every morning and 50 miles back to their homes in the evening. They travel this great distance over rough, rocky, unpaved mountain roads. This means that not only do they spend a great deal of time travelling to and from work but they incur quite heavy expenses. I do urge that consideration be given to an exemption for travelling expenses where this can be done on a fair basis, where

it can be proven to the minister, shall I say, that there are exceptional expenses incurred in connection with travelling to and from employment.

I also wish to support what has been said with respect to the 11 per cent sales tax. Farmers and other persons have spoken to me about this problem and I have had correspondence and representations from small logging operators. These people object to the application of this sales tax in the purchase of machinery. I do urge, therefore, that further consideration be given to taking this tax off equipment that is going into production, whether it be in connection with a farm, a forest industry or some type of suitable and necessary construction.

I support those hon. members who have pleaded for the removal of the 11 per cent sales tax on housing materials. This is a very serious matter at the present time. We all know the problems that exist in this regard. I am sure a great number of members of the house have received correspondence in this connection. This tax adds to the cost of housing and its removal would promote the construction of homes, especially in cases where a person is undecided whether he can afford to build a house of a certain type. I represent a type of people who do not sit back, ask for the price of a house and enter into a contract. Hundreds of men in my riding have built homes on $5,000. They will build the basement this year and put up the rest of the house next year. Hundreds of men in my constituency have built excellent modern homes suitable for their purposes for a total outlay of between $5,000 and $6,000, and when the homes are finished they are out of debt.

I am a bit conservative in regard to finance. Sometimes young people come to me and ask how much it will cost to build a home, what expenses are involved thereafter and so on. In a number of cases I have said that if I were in their financial position I would rather build a log cabin and pack my water out of the lake in a bucket than go into debt for 20 or 30 years. I ask the minister to encourage the type of person who is trying to build a home and do the best he can with a limited income, sometimes working late hours, week ends and so on to provide the home he requires.

The same argument applies to homes for senior citizens, which is a very necessary project in countless communities in this country. Removal of the 11 per cent sales tax would have a great effect on increasing the building of these homes which are usually sponsored by the Rotary Clubs, Kiwanis Clubs and other groups in an area, particularly in smaller communities.

I now wish to bring to the attention of the minister what I think is an unusual situation with respect to the application of the 11 per cent sales tax to centennial projects. I have written to the minister on this question and I want to use this one instance because it is a rather typical one. In this connection I would say that I appreciate the minister's promptness in replying to correspondence, his courtesy and the fact that he does not hedge on things; he tells you exactly what he thinks and does not imply there may be abolition of this sales tax tomorrow. I received a letter from a constituent of mine who informed me of the situation in Rossland.

• (4:40 p.m.)

This letter is from J. D. McDonald, chairman of the Rossland Canadian Confederation Centennial Committee. This is what he has to say:

> We are presently letting a contract for our $30,000 centennial museum building and we are concerned over the fact that sales tax is being levied on such projects.
>
> Since the Canadian confederation centennial projects are being built at the request of the federal government and are being financed by donated funds, it seems illogical that the same government should detract from the total success of the projects by extracting sales tax. The Rossland centennial committee would appreciate it very much if you could look into this matter.

He then gives further details. On the basis of that letter I wrote the minister and the minister replied as follows:

> Dear Mr. Herridge:
>
> I have received your letter dated May 4 enclosing a copy of a letter and additional material from Mr. J. D. McDonald, chairman of the Rossland centennial project asking if exemption from federal sales tax could be provided for materials used in the construction of centennial projects.
>
> Requests that a sales tax exemption be provided for materials used in all centennial projects have been carefully studied but it was decided that federal assistance in this form would be very unfair since the proportion of the total cost of projects attributable to sales tax would vary widely from project to project and thus from municipality to municipality. Moreover, since the federal sales tax is paid at the time manufacturers sell their products it would be very difficult to administer an exemption from this tax for goods purchased from wholesalers and retailers for use in thousands of centennial projects across Canada. It was decided that a better way for the federal government to make its contribution would be by grants for the assistance of commemorative community projects.
>
> **Yours sincerely,**
>
> Mitchell Sharp

I sent a copy of that letter to Mr. McDonald and he brought it to the attention of the Rossland Committee and various organizations. I might say that I am not presenting my argument as a socialist. As a matter of fact, this argument is being advanced by quite a number of organizations in the district I have the honour to represent who agree with the philosophy of the minister so far as our system is concerned. However, they think that in this case there is some inconsistency.

I sent the minister's letter to Mr. McDonald and I received a reply from him which I will read since I think the minister will be interested in his suggestions. He wrote:

Dear Sir:

Thank you for your letter of May 18th enclosing Hon. Mitchell Sharp's reply to our request for sales tax exemption on centennial projects. His information was placed before the centennial committee at our May 25th meeting. The committee expressed disappointment that these projects are not sales tax exempt. As requested, we offer the following comments regarding Mr. Sharp's letter:

1. Whereas Mr. Sharp suggests that the removal of sales tax would in effect constitute extra federal assistance to those communities whose projects include a building as opposed to projects that do not, we believe that just the opposite is true. We suggest that it is the imposition of the sales tax that creates the inequality. Our reasoning is as follows: federal centennial grants are allotted on an equal basis of $1 per capita regardless of the size of the project. Now a community whose project does not involve purchase of building materials is able to retain the full per capita dollar to be spent on the project. On the other hand, a community whose project requires purchase of building materials must turn part of that per capita dollar back to the federal government in the form of sales tax. This is where the true inequality lies. Removal of the sales tax would remove this inequality by allowing all communities to have the use of the full per capita dollar regardless of their choice of project.

2. Mr. Sharp also suggests that it would be difficult to administer the sales tax exemption for centennial projects. We are informed that sales tax exemption is successfully adminstered for hospital construction and we cannot understand why it would be any more difficult in the case of a centennial project building.

3. We would repeat our previous observation that to ensure the success of Canada's centennial year, the federal government has asked the municipalities to undertake these projects. Of necessity, the projects must be financed with donated funds and in the case of the Rossland project, the response has been gratifying. It does not make good sense that the government should jeodardize the ultimate success of these projects by funnelling off a portion of this donated money for sales tax.

Your very truly,

J. D. McDonald
Chairman.

[Mr. Herridge.]

I say, Mr. Chairman, that I think Mr. McDonald, who is a well known figure in the district, has a very convincing argument, at least from my point of view. I wish to bring to the minister's attention again that this is the point of view of practically every committee that is undertaking a centennial project in my constituency.

In conclusion I wish to ask the minister to take another look at this matter to see if some way cannot be found to remove the inequality arising from the minister's decision and mentioned in Mr. McDonald's comments on the minister's reply.

[*Translation*]

Mr. Gauthier: Mr. Chairman, as I was not in the house yesterday, having gone with the other members to visit Expo '67, I missed a good part of the debate; consequently, I may repeat what some other members have already said, for which I apologize ahead of time. I have a few remarks to make to the minister with regard to income tax.

In his amendment on income tax the minister first tries, as is the case with all other legislation anyway, to give a tidbit to the taxpayers. He tells us that, for the coming years, if the house so decides:

That it is expedient to introduce a measure to amend the Income Tax Act and to provide among other things:

1. That for the 1967 and subsequent taxation years the deduction from individual income tax equal to the lesser of 10 per cent of basic tax or $600, described in subsection (4) of section 33 of the said act, be replaced by a deduction equal to the lesser of 20 per cent of basic tax or $20, and that for the 1966 taxation year the deduction be equal to the aggregate of

(a) 4 per cent of basic tax or $240, whichever is the lesser—

Etc., etc.

• (4:50 p.m.)

"Whichever is the lesser". It is obvious that if one starts reading the Income Tax Act, one merely finds the nicest labyrinth in expressions, designed to confuse the taxpayer to the extent that he understands nothing. And all that for what?

That reminds me of last year's reduction when the minister came up with a 10 per cent reduction on income tax. The day after, all newspapers flashed headlines two inches wide: '10 per cent tax cut". In fact, that meant about nothing, just like what is brought forward today. What does it mean? In order to enlighten dazzled taxpayers a bit, what does it mean in terms of dollars?

Take a family man, with his wife and two children, who earns $3,000 per year. Before, with last year's reduction, he would have paid $22. Now, he will pay $20. He gets a $2 gift. Imagine. What a gift for a family man: $2 at the end of the year. Another, who earned $3,500, paid $58, compared to $53 this year, a saving of $5. That is the highest cut the government will grant with the amendment to the act.

To take so long to conceive such an aberration.

One who earns $4,000 previously paid $100; he will now pay $97 and thus save $3 this year. One who earns $7,000 paid last year $199, but he will now pay $205. This is the beginning, the government is gaining; after having given $2, $3 or $5, it is now collecting from others $6 more. One who earns $5,500 and who paid $519, will now pay $554, that is $35 more. When $1 is given to a taxpayer, $10 or $15 are deducted from another. This is a huge joke. It is exactly that joke, Mr. Chairman, which everyone finds sickening. We are told nowadays that we have separatists and rebels. What is the cause of that rebellion throughout the country. Such sordid measures as those introduced by the government.

People are convinced that administrators are working all day long to try to fool the taxpayer. And for whose benefit? For the benefit of capitalists and bankers.

I have drawn up the picture. Last year there was a $10 reduction for a taxpayer who paid $100 in income tax; this year, there will be a $2 or $3 reduction.

I can assure you, Mr. Chairman, that if we consider the legislation from the taxpayer's point of view, it is rather poor. The legislation now in force will still encourage large companies, foreign capital, and Canadians will be invited to go and borrow abroad, even in Europe.

I read in the newspaper which I have here:

> Steps to facilitate loans in Europe
>
> The municipal, provincial and federal authorities will be able to borrow abroad more easily—

You will notice that is the key word:

> —following the abolition of the 15 per cent tax which non-residents in Canada must pay on interest on Canadian government bonds.
>
> This exemption, which will come into effect on April 15, is to facilitate the sale of debentures and bonds to the United States and Europe and allow all three levels of government to obtain more easily the money necessary to cover the cost of public services.

This is what we do here in the House of Commons; we pass all sorts of laws to try to attract foreign capital for the development of Canada. Those among us who could invest some money in government securities do not have these advantages. These people are charged 100 per cent and every piece of legislation seeks to empty their pockets. Then they are told: Go ahead and invest. They are taxed to the last penny and then told: Invest; you do not invest, we have to seek foreign capital.

Mr. Chairman, if foreign capital is sought, it is because the government wants to bring these huge amounts into the country.

I am not against bringing in foreign capital. We are not against this influx, but we feel it is dangerous to offer these special conditions to foreign capital.

Already today we feel the Canadian economy is increasingly slipping under foreign control. We belong to foreigners in a proportion of 80 per cent and the more it goes on, the worse it gets. If we continue to encourage foreign capital to the detriment of Canadian investors, there is no doubt that we will have at a given time, to backtrack and pay more attention to Canadian capital, to those who would like to invest money and who are afraid to do so now. Indeed, if a Canadian wants today to invest his money in public or government undertakings, the Minister of National Revenue (Mr. Benson) is watching so as to tax him. How do you want these people to invest Canadian capital in this country's undertakings? It is impossible.

As I said, as long as foreign capital is favoured like that, our economy will be shaky and will fall more and more every day into the hands of foreign owners. What we are asking the minister to do, if some legislation can be introduced to amend the Income Tax Act, is to improve the exemptions with regard to tools used by wage-earners. That is what I asked for in the house and forest workers are also asking for an exemption for the cost of their tools. An exemption is granted to the big companies for machinery; they are exempt from income tax. Why should we not exempt a worker who must today get a power-saw, buy modern equipment often worth $500, $600 or $700 to work in the bush. That worker should get an income tax exemption.

Then we will start working on a popular basis to help the taxpayer. Why not also exempt his transportation costs, his living expenses and even his vacation travelling

expenses. Why not? Why should a worker be treated differently than a businessman, an industrialist? I am a businessman and I have the right to deduct for income tax purposes all expenses related to my business. I am fully entitled to do so and why do we deny the worker that right? The Income Tax Act is truly unfair in that respect, especially if we really want to help the taxpayer. When he introduced his legislation, the Minister of Finance said that it was to help the small wage-earner. An exemption of $2 per year, then $5, will not help him very much. He will not go far with that. But if the minister had wanted to be sincere, above all serious, he would have increased the basic exemption to $2,000 for unmarried people and to $4,000 for married people.

You will have tomorrow or in the weeks to come the example of the province of Quebec which will finally adopt basic exemptions of $2,000 and $4,000; I hope the federal government will follow suit, that it will follow in the footsteps of the province of Quebec. They might be surer than those of the jokers we l.ad before.

Now, we could suggest to the minister to consider also an exemption on family housing, an income tax exemption for the head of a family who has a property on which he must pay taxes. It is said quite rightly that property owners are getting fewer and fewer today. As a matter of fact, it is almost impossible to keep a property with the host of taxes which are levied on it: federal tax, provincial tax, municipal tax, elementary school tax, secondary school tax and university tax.

• (5:00 p.m.)

I wonder, Mr. Chairman, how a home owner, the head of a family, will be able to afford the maintenance of his house under such a flood of taxes. It will be utterly impossible and we ask the Minister of Finance to do something for the family houseing.

Another tax we have never accepted and have never swallowed it the 11 per cent tax on building materials. Here again, they started by disguising the tax. When the 11 per cent tax on building materials was proposed, it was said: A 5 per cent premium will be paid on winter-built houses. A paltry gift of $500 was offered in order to get $1,500 or $2,000 more on the building materials that go into a family dwelling. Well, Mr. Chairman, we want this tax to be removed because today, strangely enough, the $500 gift has disappeared. It is hardly given anymore, but the well-known 11 per cent tax is still there. If the gift is to be taken away, at least the charge should be removed. The gift is taken away, but we still have the well-known 11 per cent tax to pay.

[Mr. Gauthier.]

As far as charitable donations are concerned, more run around, more dilly-dallying. In the past, at every opportunity, we have asked that a standard of, for instance, 10 per cent of a worker's income, be established concerning deductions for charitable donations. Let us stop fooling around with charitable donations and forcing every parish priest to file reports and play detective in the field of charity. That is just a farce. I do not know whether it is inspired by anti-Christians or by people who would fain have Christianity lose its sway over Canada, but today, the legislation is being changed: our rectories are to be collection offices; every parish priest will have to be registered to be able to report and deduct charitable donations for the people who will go and get their receipts at the rectory.

Mr. Chairman, the man who conceived such an idea was probably an outstanding man, but he was surely not a Christian. Had he been a sincere Christian, he would not have done such a thing. I feel it is an indirect and disguised way of making light of religion, of Christianity in general. When I think about charity, religion comes to my mind. I noted that under the amendment proposed earlier, deductions were being allowed for charitable donations to the UN, to Japan, to Russia; however, I was surprised at not finding any provision for the deduction of charitable donations to the Communist party. If deductions of 10 or 15 per cent of the income had simply been allowed for charitable donations, all those endless inquiries and investigations in every rectory and within all Christian organizations would have been prevented.

As for us, French Canadians from Quebec, all we hope for and expect from the Minister of Finance with respect to income tax—I said so on many occasions and I say it again this evening— is that the federal government will hand over to the province of Quebec its three taxation fields, namely: personal income tax, corporate income tax and estate taxes. Afterwards, we shall be in a position to exchange views in a spirit of justice here in Ottawa.

I know that the present government has promised many times to hand over those three taxation fields; but nothing has been done yet. Everybody is amazed today to see what is going on in the province of Quebec. Lesage was quite a surprise for everyone. This is no surprise.

Quebec wants something and will demand it. As the new Quebec premier has put it: We are not going to beg or ask the federal government for charity, we will take what belongs to us.

Regardless of his political affiliation, that is a man after Quebec's heart. I am merely asking the Minister of Finance to work sincerely toward returning to Quebec the three fields of taxation, or all fields of direct taxation which rightfully belong to the provinces. Then, you can be sure that we and the whole of Quebec will be ready to work with all the others provinces for the development of Canada.

[*English*]

The Deputy Chairman: Is consideration of paragraph 1 concluded?

Mr. Sharp: Mr. Chairman, I thought I might deal with some of the general observations that have been made on this resolution. I begin by referring to the remarks made by the Leader of the Opposition. I was flattered by the attention he has given to some of my recent utterances, and I am sure that the hon. member for Davenport is even more pleased.

The Leader of the Opposition has given several boosts to the circulation of the hon. member's book. It has now attained the best seller list, and I am sure that after the speech which the Leader of the Opposition has made today its sales will soar. Indeed, I sometimes wonder, in view of the successive boosts that the Leader of the Opposition has given this book, whether he may getting some sort of royalty which compensates him for the publicity he has been giving to the Liberal party as well as to the hon. member himself.

• (5:10 p.m.)

It is a tradition in the Liberal party, Mr. Chairman—it may not be in the party of which my right hon. friend is the leader—to have open and free discussion. This is the tradition that we believe in. We pride ourselves on being tolerant, democratic and open-minded. We welcome discussion.

When the hon. member for Davenport, who is so well qualified by his experience, by his learning and by the many investigations he has made into these matters, wishes to speak about financial and economic questions I think the whole country ought to welcome his intervention as a private member of parliament. After all, as the house knows, the hon. member for Davenport was the very distinguished chairman of a royal commission that investigated many of these questions about which he is now speaking and of which he had experience as minister of finance. I believe that as a private member of parliament he has every right, indeed, in view of his qualifications and experience, somewhat of a responsibility, to express his views on these very important issues and I hope he goes on doing so.

I hope that my right hon. friend will encourage the members of his party to be equally concerned about these major problems of the day in order that those who are only private members of parliament will feel free to discuss these matters so there can be an adequate national discussion. This is very healthy and useful.

The Liberal party, I think, is distinguished by not being a doctrinaire party.

An hon. Member: What?

Mr. Sharp: It is pragmatic in its views and it is tolerant and open-minded. It is not socialistic in the sense of the New Democratic Party and does not have rigid doctrines that it adheres to regardless of circumstances. It is not reactionary in the sense that the Progressive Conservative party is and it does not have that peculiar tradition, which is perhaps associated with the Progressive Conservative party under the leadership of my right hon. friend, of always wanting to appear monolithic. Sometimes, despite valiant efforts to appear successful, my right hon. friend's party does not succeed in that.

Mr. Starr: What is the Liberal party?

Mr. Sharp: My response at the present time is as a member of the government. When I speak I speak government policy, as would any other cabinet minister, unless I indicate that I am expressing my private views. In my recent utterances I have spoken what I considered to be government policy on these issues of financial and economic policy that have been referred to by the right hon. Leader of the Opposition. The Prime Minister, I have noticed, has been speaking likewise. I understand that he has been speaking government policy, and he and I find ourselves in general agreement. This is as one would expect.

Mr. Starr: Where does that leave the hon. member for Davenport?

Mr. Sharp: The hon. member for Davenport is a private member of this house. If I were a private member I should be expressing my private views. I am expressing my views as the Minister of Finance and therefore am speaking government policy.

Moreover, government policy is expressed not only in the utterances of ministers but, of course, in legislation. It is expressed in the budget that we are debating today. It is expressed in the bill to amend the Bank of Canada Act. It will be expressed in due course in the bill to amend the Bank Act and in any other legislation of economic and financial significance.

Mr. Douglas: Now let us get down to facts.

Mr. Sharp: When hon. members look at this legislation and listen to the speeches of the minister they know what government policy is. I do not think it is necessary for me, even in deference to the request of the right hon. Leader of the Opposition, to do more than clarify my views. They have been expressed and are expressed in government policy. I really do not feel called upon today or at any other time to engage in private debate with a private member of parliament.

May I suggest, Mr. Chairman, that the reason for the intervention of the Leader of the Opposition at this particular juncture was not really to find out what my views are. I think they are quite clear. Certainly government policy has been expressed from time to time in legislation and in other utterances of other ministers. His purpose was to try to stir up divisons within the Liberal party.

Some hon. Members: Oh, oh.

Mr. Sharp: As I watched the Leader of the Opposition get up last night I wondered why he would intervene at this late stage in the budget debate involving these technical amendments. Today when he stood up, seeing the pleased expression on his face I realized that we were going to be entertained by one of his excursions into troublemaking. This was very transparent, in fact, much too transparent to succeed. May I suggest to the right hon. gentleman that the exercise of trying to stir up divisions within the Liberal party is not uncommon nor is it without precedent. Whenever the party of which my right hon. friend is the leader gets into difficulties itself with serious divisions within its ranks, it then engages in the nice little game of trying to create trouble in other parties. If I may say so, Mr. Chairman, the right hon. gentleman was being very transparent today.

Mr. Starr: Is that what happened in Quebec?

Mr. Sharp: Other efforts have been made outside this house, much more serious than those inside, to try to create disunity in the Liberal party by trying to undermine confidence in the Prime Minister.

Whatever may be the views of the members of the opposition about the Prime Minister, I can assure them that within the Liberal party there is greater confidence today in his leadership than there has ever been at any time since he took office. I for one, and I know I speak for all members on this side of the house, hope that the Prime Minister remains as leader of this party as long as he feels he has the strength and the patience to continue. There will never be any revolt in this party designed to unseat him.

Mr. Starr: What is the Minister of National Defence doing?

Mr. Sharp: Having dealt with these interventions of the right hon. Leader of the Opposition, I should like to get down to the important and serious matters that were discussed in the budget.

Mr. Diefenbaker: The Prime Minister was not important?

Mr. Sharp: The comments of the right hon. gentleman in trying to create divisions within the Liberal party were designed to give us a little entertainment. I enjoyed them very much. I feel, however, that no one will take them very seriously.

Mr. Ricard: You did.

An hon. Member: You should read the Vancouver *Sun* and the speeches of Premier Bennett.

Mr. Sharp: A number of comments were made about these resolutions. I should like to deal with them in some sort of order and I shall be as brief as possible.

First of all, with respect to the special refundable tax which was referred to by a number of speakers, including the right hon. Leader of the Opposition, this tax has been praised in many quarters quite enthusiastically, somewhat more enthusiastically than in this house, and it has also been criticized.

Quite frankly it is an experiment, as I mentioned yesterday when I put forward certain amendments that I hope will be proposed in due course.

Some problems had to be dealt with because we were not absolutely certain of the impact of this tax upon the taxpayers. I have proposed certain relieving provisions as a result of representations which have been made.

Undoubtedly the information I have—this is directly in response to the question asked by the right hon. Leader of the Opposition—is that the tax is having its intended effect. It seems to be cutting back moderately on some of the projects that had been planned.

• (5:20 p.m.)

The committee will realize that a great many of the smaller companies in this country will not be subject to the 5 per cent tax because of the floor of $30,000. The tax applies in the main to the larger companies. Some of them will find it both possible and necessary to continue with projects exactly as planned. This is not surprising. We expected it. Others will find it possible and desirable to reduce their projects to a moderate extent. It is not our intention to stop any projects. Our purpose is to cut them down.

As I said yesterday or the day before when I was talking about the excise tax, our objective is only a modest reduction in the scale of capital expenditure, $300 million or $400 million out of $10 billion. We do not want anything to be stopped; what we want are some reductions made in order to ease inflationary pressures. I have no doubt that we shall look back on this experiment, one which I hope will serve its purpose, and that on the basis of the experience gained we shall know better how to use similar devices in the future.

May I answer the suggestions made by members of the New Democratic Party that we were seeking here a device for a particular purpose rather than a device for general application. We did look at the Swedish example but it did not seem to suit the purpose we had in mind. However, it is a useful device and I am sure that in the future we shall be looking for flexible instruments of this kind for general use in connection with fiscal and monetary policy.

The Leader of the Opposition referred to a proposal made by his party during the election campaign for some sort of deduction in respect of municipal taxes to give relief to home owners. We have examined this proposal and we find it neither equitable nor efficient for the purpose for which it is intended. That is why we have rejected it. I know that in the councils of our party during the election campaign we examined this proposal generally and we found that it was very inequitable as between home owners and the growing number of people who occupy rented accommodation. This is why we did not see fit to accept it at that time or include it in these budget proposals. It seemed to us that there were better ways of promoting home ownership.

Mr. Diefenbaker: What are those ways of encouraging home ownership?

Mr. Sharp: The most effective way is through housing policy, not through taxation policy. That is the short answer to the question. We have done far more to promote home ownership in this way than by any taxation policy—

Mr. Starr: You mean by cutting off further money for the construction of homes?

Mr. Sharp: No. The Liberal government's efforts to promote housing have been more successful than the efforts of any other government. There has never been as much housing growth as during our term of office. At the present time, because of the tremendous prosperity of the country and because there are other claims on materials and men, housing is being cut back below the plans which had been made but not to a low level. Even the new level of housing in this country will, by the standards of any previous time, look very good indeed.

Mr. Diefenbaker: May I ask the minister this question? He says the plan would be inequitable and ineffective. It is in effect in the United States and my reading of the views of economists leads me to the sure conclusion that they have found it to be most effective and beneficial. Has an examination been made by the minister of the manner in which the plan has been operated in the United States and, if so, what are his conclusions?

Mr. Sharp: I am informed by my officials that 60 per cent of their taxpayers do not claim this particular exemption. That is perhaps some measure of its effectiveness for the purpose. They use other deductions in lieu of a deduction for property tax.

Mr. Diefenbaker: Oh, yes, those who can find other benefits.

Mr. Sharp: I turn now to the general proposals which were advanced by various speakers as ways of giving relief to taxpayers with lower incomes. In the first place, hon. members will have noticed that in the proposals now before the committee the government has left with the lower income taxpayers more of last year's tax cuts than it has with anyone else. This is some indication of our understanding of this problem and of our desire to moderate the effects of taxation on the lower income group.

Again, it is our opinion that it would have been most inadvisable at this time to have made any major changes in the structure of taxation until there has been an opportunity to study the recommendations of the Carter commission which are expected at any time. I do not believe that our present income tax is either as equitable or as efficient as it ought to be and I am hopeful that the Carter commission will recommend some fundamental changes both in methods of imposing taxes and in the structure of the taxes themselves. But until we receive those recommendations I do not think we should act to patch up the existing structure any more than we have done in recent years.

It is my view that nothing harms the position of the less favoured portion of this country more than general inflationary conditions. It is therefore very much in the interests of those parts of the country which have not been growing as rapidly as others that general inflationary pressure should be mitigated. So this budget, which is aimed directly at reducing excessive demand, is very much in the interests of those portions of the country where growth has not been as rapid as we would have wished. Anyone who suggests that we should allow inflation to become rampant in order to help the slow growth areas is obviously speaking economic nonsense.

A word about regional problems. The government has, of course, continued its policy of providing special incentives in the Atlantic region, in designated areas and other areas of slow growth. It has done so through measures of special assistance such as the Atlantic Development Board, and by the provision that the proposals for reduced capital cost allowances contained in the budget should not apply to the designated areas. I believe that the policies contained in the budget are very much in the interests of those areas of the country which are growing relatively slowly in relation to the remainder of Canada and I do not believe it would be helpful to those areas if we were to allow inflationary pressures to go unchecked.

• (5:30 p.m.)

Mr. Sherman: Mr. Chairman, I should like to intercede once again on behalf of the taxpayers of this country, the responsible, hardworking men and women who are caught in the cross-fire of high prices and high taxes which is beginning to wear them thin. I rose on March 25, prior to the introduction of the minister's budget, to plead at that time for special consideration for the Canadian breadwinner, the oppressed taxpayer and wage earner of this land, and I must say I was disappointed with the policies introduced by the minister in his budget so far as taxation relief for the average Canadian wage earner is concerned. I speak for the responsible Canadian man or woman who is appalled and even to a certain extent frightened by the economic forces currently conspiring against him. I refer to overspending, waste and extravagance at the official level and the apparent insensitivity to the mood and climate of this country at the level of the man on the street.

When I spoke on March 25 I said that many thousands of Canadian families and householders are casualties of a taxation and food price juggernaut that has been building up and rolling over them for the last several years, and I said they were looking for help to get out from under this crushing burden. I suggested that this is the price we pay for glorious legislative programs that go too far too fast. I reiterate that point of view today.

I do not for one moment disparage or minimize the importance of responsible social welfare, but I believe that to a certain extent the economic chickens are coming home to roost in Canada and we are reaping the whirlwind that we sowed when we sowed the wind of social legislation beyond our economic capacity. There comes a breaking point, and I suggest the time has now arrived for all of us in the chamber to ask ourselves whether or not we are straining the average wage earner too severely.

The current situation of labour unrest in this country is a reflection of a situation that we have created for ourselves, for our national self, by pursuing a program of social legislation that has exceeded the bounds of our economic capacity and social responsibility.

Mr. Byrne: Would the hon. member say in which area of social legislation we have gone beyond our ability to pay?

Mr. Sherman: I could cite several for the hon. member. I refer specifically to social legislation that is planned and envisioned and which creates an environment of spending and overspending that is generally conducive to an unhealthy economic situation.

Mr. Byrne: That is hardly an answer.

Mr. Haidasz: I would like to ask the hon. member if he is against an increase in the old age pension to $100 a month as advocated by his party?

Mr. Monteith: The hon. member for Winnipeg South has the floor.

Mr. Diefenbaker: Where does the hon. member for Parkdale stand on that proposal?

Mr. Haidasz: I asked the hon. member for Winnipeg South a question.

Mr. Sherman: The labour unrest today arises from the unhappiness with the general high cost of living and has been generated by the tendency to which I have referred to travel too far too fast, to treat too lightly the importance of the wage earner's weekly salary packet, to take too much away from him, to put too much of a strain on his budget and in consequence on the national budget.

On every hand the government admonishes us to curtail expenditure, to curtail construction, to tighten our belts. Yet, as the leader of this party suggested earlier today, the government itself flouts its own instruction, while admonishing us to spend less, by devising, designing and proposing programs such as the massive monument to militarism envisaged for this city within the next few years.

At the time I spoke on March 25 I asked the minister if he would give consideration to the people who are caught in the price-tax squeeze by introducing three specific measures designed to relieve Canadians of these oppressive financial pressures. The three items I suggested as necessary were an outright and immediate repeal of the 11 per cent sales tax on building materials, a measure which would make realty taxes deductible for income tax purposes up to a maximum of $500 on owner-occupied homes, and a raise in the basic income tax exemption level, especially for widows and pensioners.

I repeat that I was indeed disappointed in the results of the budget, in the fact that it contained no such relief and in the fact that it contained little consideration or awareness that profound problems exist in those areas. I believe all of us in this chamber should warn ourselves that pride goeth before a fall. It behooves all of us in this chamber, not just the members on the treasury benches who are in the government but all members of the house, to realize that the problem does exist, is becoming increasingly acute, and that we must address ourselves to it.

I do not view it necessarily as a partisan problem and I do not believe in partisan solutions. I do not believe that any party in this chamber has a monopoly on solutions and answers to the problem. I urge a collective, massive, all-party assault on the sea of respectable poverty that exists today amidst our comparative affluence and prosperity.

I have been on the receiving end of a tremendous stream of letters on this subject. I know all hon. members receive letters on it daily, but I have a brief one here which I would like to read into the record because it symbolizes and typifies the plight of these nameless, faceless Canadians who are writing to all of us on this problem. It reads:

Dear Sir:

Coud you give me a little advice on how we could manage on $75 a month as my husband is laid off from his job at 70 years and I'm 63 years this February coming. We have to pay medical and hospitalization out of the $75 a month, and living quarters . . . Maybe you could help me or give us some advice.

Yours truly.

I read that into the record merely as being symbolic of the flood of letters which I know is descending upon all members of this chamber during this session.

I suggest, Mr. Chairman, that we do not want or need party doctrines or party manifestoes as we address ourselves to this problem. What we want is an awareness and realization of the fact that spending has gone too far, that the mood of profligacy at the economic level has gone too far and we need to start the country back to economic morality and respectability. Regardless of party consideration we shall all have to answer if we fail to grapple with the problem and fail to make an honest, sincere and responsible attempt to try to solve it.

Mr. Basford: In urging a decrease in government expenditures, would the hon. member advocate that we reduce the federal contribution to the Nelson River power development project?

Mr. Sherman: Most emphatically not, Mr. Chairman. This is part and parcel of the program of national development for which the hon. member's party ostensibly stands and to which in print it is committed, a policy of building up all parts of the nation to make the nation strong. This is a national responsibility and I suggest that the hon. member opposite subscribes to it as emphatically as I do.

Mr. Stewart: Would the hon. gentleman permit another question?

Mr. Ricard: Are you looking for trouble?

Mr. Stewart: The hon. gentleman has just said that he believes in additional expenditures for things that are important to the basic structure of the national economy. Which specific program of welfare would he wish to have cut back or dropped.

Mr. Sherman: I prefer to tell you which programs I support and endorse, programs of regional development aimed at the national good, and the development of the Nelson River hydro project is foremost among those.

Mr. Stewart: You do not give any specifics.

Paragraph agreed to.

• (5:40 p.m.)

Paragraphs 2 to 6 inclusive agreed to.

On paragraph 7:

Mr. Sharp: I would ask the Associate Minister of National Defence to move the amendment to paragraph 7 which appears at page 6157 of *Hansard* as follows:

That paragraph 7 of the Income Tax Act resolution be amended by deleting therefrom the words "but that this amendment shall not apply if the right to acquire shares was given to the employee before 1965 and the benefit is received before January 1, 1967."

and substituting therefor the words

"but that this amendment shall not apply if the right to acquire shares was given to the employee before March 30, 1966, and the benefit is received before January 1, 1968."

Mr. Cadieux (Terrebonne): I so move.

Amendment agreed to.

Paragraph as amended agreed to.

Paragraphs 8 to 13 inclusive agreed to.

On paragraph 14:

[Mr. Basford.]

Mr. Sharp: At page 6159 of *Hansard* there is an amendment to paragraph 14 which reads as follows:

That paragraph 14 of the Income Tax Act resolution be amended as follows:

(a) by deleting therefrom all the words that precede subparagraph (a) thereof and by substituting therefor the following words:

"That with respect to each taxation year included in whole or in part in the period commencing May 1, 1966, and ending October 31, 1967, a special refundable tax at the rate of 5% shall be payable by all corporations that are not exempt from tax under the said act by virtue of section 62 thereof, other than

1. investment companies described in section 69 thereof,

2. non-resident-owned investment corporations described in section 70 thereof, and

3. corporations more than 95% of the property of each of which throughout the taxation year was situated outside Canada or consisted of shares in or obligations of corporations or other persons not resident in Canada, the aggregate value of any shares in or obligations of corporations or other persons resident in Canada or carrying on business in Canada aquired by each of which in the taxation year did not exceed 5% of its income for the year, and all of the shares of each of which were throughout the taxation year owned by non-residents of Canada, and by all trusts (other than trusts arising on death and trusts described in paragraph (g) of subsection (1) of section 62 of the said act) calculated, in the case of a corporation, on a tax base (hereinafter called the corporate tax base) comprising the aggregate of"

(b) by adding to subparagraph (b) thereof the following words:

"(other than amounts deducted in respect of property described in class 12 of Schedule B to the income tax regulations) not in excess of an amount equal to 50 per cent of its gross revenue for the taxation year,"

(c) by deleting the word "and" at the end of paragraph (n) thereof and by adding thereto the following words:

"(other than amounts deducted in respect of property described in class 12 of Schedule B to the income tax regulations) not in excess of an amount equal to 50% of that part of its gross revenue included in computing the amounts specified in subparagraphs (1) and (m), and".

Mr. Cadieux (Terrebonne): I so move.

Amendment agreed to.

Paragraph as amended agreed to.

Paragraphs 15 to 18 inclusive agreed to.

Resolution reported and concurred in.

VOCATIONAL AND TECHNICAL TRAINING

PROVISION FOR ALLOWANCES TO PERSONS BEING TRAINED

Hon. Jean Marchand (Minister of Citizenship and Immigration) moved the second

reading of Bill No. C-186, respecting allowances to persons being trained under technical and vocational programs.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Rinfret in the chair.

On clause 2—Definitions.

[*Translation*]

Mr. Marchand: Mr. Chairman, I have very little to add to what I said when the resolution was introduced in the house. This is a very simple bill. It has only two purposes. First, to increase the allowances to the employees who will take training or re-training courses and, second, to amend certain provisions of the Unemployment Insurance Act so that the employees who are or will be taking advantage of this plan will not lose the benefits to which they are entitled under the Unemployment Insurance Act. They will not be losing any benefits for the time they will be in training under plans approved by the federal government or by the various provincial governments.

Such, then, is the general purpose of the bill and I hardly believe I could add anything at this time. I know the house will wish to adopt this bill rather rapidly so that we may enter with the provinces into agreements that will be in force as of July 1, the date that has been decided upon.

[*English*]

Mr. Basford: Mr. Chairman, as I claim some interest in this legislation I should like to say a word on it. When the former minister, now Minister of National Health and Welfare, was in Vancouver last fall I arranged for him to meet with a number of vocational training students who were on unemployment insurance and were having a very difficult time under the existing program. The Minister of Labour met with these students in a small apartment in my riding. From that visit I think a good deal of the impetus in respect of this new program was developed.

Under this program, as the minister has explained, we will be paying 100 per cent of a $35 a week supplementary allowance and 90 per cent of an allowance of up to $55 a week to workers who are unemployed or to self-employed persons who were formerly in primary industry. This will mean a possible allowance of $90 a week to send these unemployed workers back to school for training or upgrading of their skills. I suggest, Mr. Chairman, that only one out of four or five of our young people will ever go to university. I think many of our politicians get carried away with the idea that we need more assistance to higher education and forget the great need which exists to look after the four out of five of our young people who never will see university.

Although I commend the government very much for bringing in this program, it does not make any provision for those young people who already are employed and who have some skill or semiskill but want to return to school either to re-train for another profession, another skill or another job or wish to upgrade their existing training. In this parliament some time ago we introduced the university loans program which I think proved to be overwhelmingly successful. In fact, there is a resolution on the order paper to increase the amounts under the university loans program. If we are going to look after those who wish to go back to vocational schools adequately many of whom are married and have dependant small children, it seems to me we should give serious thought to the establishment of a program for vocational training similar to the university loans program.

• (5:50 p.m.)

I do not think it would be difficult to establish a program under which young people who want to go back to vocational school to upgrade their training or receive new training could obtain a loan in the amount of $250 or $300 a month for a period of up to a year to enable them to enter into a comprehensive and complete retraining or vocational training program. The program we are considering now is a breakthrough with regard to the training of unemployed or underemployed persons, but I suggest there are many young people, married persons with family responsibilities, who are unable to go back to school and are unable to give up their jobs in order to retrain or upgrade themselves. I suggest that we need a loan program to assist people of this sort who will not be assisted by this program.

Mr. Starr: Mr. Chairman, I have been brought to my feet by the remarks of the hon. member who preceded me, who said that this program is being enacted today. For clarification purposes I would point out that the hon. member evidently is not aware of the facts and is not up to date in this regard or he is using this vehicle for purposes of political propaganda, because this program

has been in effect for quite a few years in conjunction with the provinces It was activated in 1960 based on the program of building facilities wherein this training could take place. As the hon. member should know, an act was passed in 1960 providing for participation by the federal government in the capital cost of constructing schools and buildings in which this training could be carried on.

The only thing this bill does is increase the allowance for those who undergo training under the program. It provides an incentive. This is a good thing, but the bill only provides an additional incentive under a program that has been in effect for many years. I do not want to blow my own horn but while I was minister of labour this program was activated and impetus was given to it through the construction of facilities in which training could be undertaken. Prior to that time there was not a great deal of opportunity for such training because of a lack of facilities.

It has always been my regret that the Canadian labour movement did not get behind this program. In other words, they never approved nor disapproved it. As a matter of fact, there were times when leaders of the Canadian labour movement ridiculed, without foundation the program and the type of training provided. This is the sort of program which the organized labour movement should get behind now, because if we look back—and I think the minister of manpower will agree with me—we will realize that jobs available for unskilled labour in Canada are becoming fewer and fewer because of automation and technological changes.

In 1960 I was told that only 30 per cent of all jobs in Canada required unskilled labour. With the advancement of technological changes this percentage will grow smaller. I think it is up to us to give leadership and help, in co-operation with the provinces, in providing facilities and incentives for many of those people who, as the previous speaker mentioned, will not receive university education but have the talent and desire to secure training in order to enter the labour force with those skills and trades that are so necessary in this age of advancing industrial development.

I should like to ask the minister a question on this point. Will the same procedure be followed whereby a person who is receiving or is eligible to receive unemployment insurance or is in the process of applying for another job will have the opportunity of selecting his own trade or skill, or will the national employment service officer direct him to the particular skill that he feels is required in the area so that after training the person will have a job immediately?

The Deputy Chairman: Shall clause 2 carry?

Mr. Starr: Mr. Chairman, I wonder whether the minister would answer that question.

Mr. Marchand: These allowances will be given not only to those persons who receive unemployment insurance benefits. They may also be given to unemployed who do not receive any benefits. So far as the courses to be attended are concerned, as the hon. member knows we have at the moment a manpower service—it might be given another name later—which will provide counselling to these people. It is useless for a man to undertake a course and learn a skill that he will not use afterwards because there is no job available which calls for that skill. I do not believe we should compel him to learn a particular skill; we should counsel him. This is the whole philosophy of the department in this field and I think it is the same philosophy that has been followed in the past.

[*Translation*]

Mr. Ricard: Is there an age limit set on whether or not an unemployed may benefit from the legislation to take a preparatory course?

Mr. Marchand: Mr. Chairman, there is no age limit. All we can do under this act or under the professional training act is to enter into agreements with the provinces. Will they require that an age limit be included in the agreements? So far, they have not required it. If, at a certain age, for instance, a man aged 80, were to ask us to learn a new trade, we would probably try by every means to convince him to do something else. Possibly at that time, he could enter politics?

But there is no specific age limit in the agreement and we do not intend putting one in.

Mr. Ricard: Mr. Chairman, is the legislation which had been passed to encourage the employment of people over 45 years of age still in force or has it been discarded?

Mr. Marchand: If you mean the bonuses or amounts of money given employers to favour the employment of older people, that policy, for all practical purposes, has been abandoned.

[*English*]

The Deputy Chairman: Order. In order that the house may proceed to the consideration of private members' business it is my duty to leave the chair.

Mr. Starr: Mr. Chairman, may I make a suggestion at this time? It would seem to me that there may be only one or two members who wish to speak on this subject. In view of this perhaps we could carry on without your seeing the clock in order to pass this legislation. As the minister pointed out, it is necessary to pass this bill so that the program may be in force by July 1. If we could carry on without your seeing the clock I think we would be able to pass this legislation shortly. Then I may have another suggestion to put to the committee.

The Deputy Chairman: Does the committee agree to the suggestion made by the hon. member?

Some hon. Members: Agreed.

Mr. Saltsman: Mr. Chairman, I have a very brief question to ask the minister with regard to the kind of schools that will be eligible to accept candidates for retraining. In the past there has been some difficulty in this regard. Has the minister been looking into this problem to see that the greatest flexibility, in terms of providing educational facilities, will be exercised? We think this is a good measure and we certainly welcome it, but I should like to hear the minister's comments in this regard. I am thinking in terms of schools that in the past were not always eligible under this program because of a nine months arrangement whereas in some areas schools have to be open all year round.

Mr. Marchand: As hon. members know, we have to enter into agreements with the provinces on this program. The schools that are covered by the program are, of course, those with regard to which the provinces reach agreement with us.

• (6:00 p.m.)

We are not interested, of course, in entering into certain fields which are within the provincial jurisdiction. We are much more interested in what I might call adult education. However, there is some sort of restriction here although I cannot tell the hon. member what it is exactly. As I have said, we have to enter into negotiations on this matter with the provinces and come to some agreement with them.

While I am on my feet may I speak on a related matter. The hon. member for York-Humber mentioned the Quo Vadis nursing school. Of course this school will not be entitled to these allowances because it is a private school. So far as I know the province of Ontario has not yet decided on its eligibility. However, if they do so we will grant them the allowances. I am afraid I cannot be more precise than I have been. If the provinces are in agreement with us, we will assist them to the fullest extent, but we will not enter into the field of education which is the sole responsibility of the provinces.

Clause agreed to.

Clauses 3 to 6 inclusive agreed to.

Clause 1 agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Rinfret): When shall the said bill be read a third time? By leave, now?

Some hon. Members: By leave, now.

Mr. Marchand moved the third reading of the bill.

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

[*Translation*]

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED UNDER ADJOURNMENT MOTION

The Acting Speaker (Mr. Rinfret): It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at the time of adjournment tonight are as follows: The hon. member for Mégantic (Mr. Langlois): Winter works—Work carried out at Notre-Dame-de-la-Guadeloupe; the hon. member for New Westminster (Mr. Mather): Fight against lung cancer; the hon. member for Saint John-Albert): Defence Production—Destroyer escort program.

[*English*]

Mr. Howard: Mr. Speaker, in view of the fact that the first item of business scheduled for the time between now and seven o'clock is notices of motions (papers) and the first one stands in my name, might I suggest that the house adjourn at this time and resume its sitting at seven o'clock?

The Acting Speaker (Mr. Rinfret): Is it agreed by hon. members that the house suspend its sitting until seven o'clock?

Some hon. Members: Agreed.

At 6.05 p.m. the sitting was suspended.

SITTING RESUMED

The house resumed at 7 p.m.

NATIONAL ARTS CENTRE

ESTABLISHMENT OF CORPORATION FOR ADMINISTRATION AND OPERATION

Hon. Judy V. LaMarsh (Secretary of State) moved the second reading of Bill No. C-194, to establish a corporation for the administration of the National Arts Centre.

She said: Mr. Speaker, Bill No. C-194 provides for the management of the great building which will very soon grace the centre of our national capital. It constitutes an affirmation that we Canadians, like other mature and civilized people, are giving full recognition to the proper value of the performing arts in our society, not only here in Ottawa, our national capital, but throughout Canada.

Recently there was a Rockefeller panel report on the performing arts, and I should like to quote something that was stated therein:

> The arts are a source of simple enjoyment and delight, hence of refreshment and renewal. They are also educating and civilizing, can provide a sense of grace, power, enchantment and beauty of which the creative impulse is capable. And, at their greatest, the arts are exalting, with some of religion's moral and mystical power.

There is no doubt in my mind about the prime importance that Canadians attach to the performing arts today. If there were, the collective experience of hon. members in this chamber, and particularly those who represent constituencies in our larger cities, would rapidly dispel it. The evidence is overwhelming and it comes from all parts of the country.

During the last 20 years, there have been steady progress in the development of the performing arts in Canada and it has assumed a sensible, and I think, logical pattern. First things have come first. Since the creation of the Canada Council in 1957, priority has been given to the development of strong professional companies with high artistic standards in their several fields. More recently, this movement has been accelerated by a growing volume of provincial and municipal support. In the last two or three years, we have entered a new phase, which has been

stimulated by the preparations for our centennial, but which I think would have developed naturally over the next few years in any event. There has been a gathering movement across the country, which has been felt very strongly of course in our larger cities where some facilities exist, to provide housing that will be worthy of the high standard of excellence of our leading artistic companies.

One of the happiest features of this development has been the passionate involvement of our young people. I have not myself seen it, but I have heard reports of the National Ballet School in Toronto, with its increasing numbers of young people dedicating their lives to the arts. I propose to visit this summer the summer camp of Les Jeunesses Musicales at lake Orford, in the eastern townships of Quebec, which many members have already taken the advantage of visiting. Experiences such as these are all that are needed to prove that the best of our young people are as talented and sound as ever, as ready as ever to accept the necessary discipline in achieving the mastery of beauty, just as this discipline is necessary to achieve anything which is worth having.

This measure before the chamber, then, Mr. Speaker, provides for the establishment of a corporation which will have three principal functions, first, to operate and maintain the centre; second, to develop the performing arts in the national capital region and, third, to assist the Canada Council in the development of the performing arts elsewhere in Canada. I shall come back to this in a moment, but it is important to keep in mind that there are three objects when we consider the structure which is proposed for the corporation.

The bill proposes a chairman, a vice chairman, five ex officio members and nine appointed members. The whole board will be concerned with the development and implementation of policy designed to achieve all three objects; but there is provision in clause 2 for the establishment of standing committees of the board to which duties may be delegated. In this way it will be possible to establish an executive committee which can give closer attention to the management and operations of the centre itself than could the full board.

The second object of the corporation, Mr. Speaker, is to develop in our national capital the performing arts. I am sure that many members, who over the years have regretted

volubly the lack of housing for visiting musical, theatrical or other artistic companies, will be happy to know that in the future there will be a place where they and their guests and visitors to the national capital may have the opportunity to see the performing arts. The mayors of Ottawa and Hull are to be included among the trustees, reason being their obvious interest in the communities. It is expected that the interests of local communities will be further represented among the appointed members. This object, then, encompasses a wider field than that of activities just within the centre, and is one which can be pursued even before the centre is physically completed.

For some time now there have been discussions with leading private citizens in Ottawa and area with a view to the establishment here of English and French repertory theatre companies, and also an orchestra, and the development of a national festival which will be of a recurrent nature. Even when the centre is fully operational, there is much that the board will be able to do for the many excellent amateur manifestations of the arts which have been developed in the national capital over the years.

• (7:10 p.m.)

In regard to the third objective, it is proposed that the board should be associated with the Canada Council in the development of the performing arts elsewhere in Canada, and the director of the council will accordingly be an ex officio member of the board. It is anticipated that other parts of Canada will be broadly represented among the appointed members, and these two provisions should ensure the development of the centre as a national focus and showcase for the performing arts in such a way as to advance the interests of other centres and organizations across the country.

There are several ways in which the corporation can ensure that the activities of the National Arts Centre achieve their due impact on the rest of the country. The first way of course is through the direct experience of artistic performances. Therefore the corporation should not only invite our leading artistic companies to visit the centre, as I have already suggested, but should assist the Canada Council in arranging a coast to coast touring program for them. In fact a start on such a program is to be made next year, in the centennial commission's Festival Canada. A second way to make the centre serve the performing arts across the country is by offering its hospitality and assistance to national arts organizations such as the Canadian Music Council, the Canadian Theatre Centre, the Dominion Drama Festival and so on. The centre should provide, in close collaboration with these bodies, a national reference centre of great value for the further development of the performing arts in Canada.

One final point on the constitution of the board is a recognition of the interrelationship of the arts of the theatre, broadcasting, and film. So as to ensure a proper co-ordination with the government agencies concerned, and with the object of extending the benefits of the centre as widely as possible to those who cannot be present in person, it is proposed that the president of the Canadian Broadcasting Corporation and the government film commissioner, who is as you know head of the National Film Board, should also be ex officio members of the board.

The bill provides for the appointment of a director to act as the chief executive officer of the corporation, who will be responsible to the board for the implementation of the artistic and operational policies which they may determine. The kind of work that will be carried on at the centre has no close parallel in other areas of the public service, and it is accordingly proposed that the board should have a free hand in the appointment of the director and other employees, including the determination of their remuneration and conditions of service, save only that the salary to be paid to the director will be subject to the approval of the governor in council. For this reason, the director and other members of the staff will therefore not be members of the public service, but suitable provision is made for superannuation and the normal provisions of workmen's compensation.

The corporation will have broad powers to manage its own affairs. In particular, it will be enabled to operate restaurants, parking facilities, shops and other facilities for the use of the public, either directly or by lease or concession as may be expedient. It is proposed that the board shall have power to spend all the revenues it receives from the operation of the centre and its related facilities. I would hope members of the house will not be under the misapprehension that these revenues will cover the whole of the cost of operation. The performing arts in their highest forms have always had to rely on subsidies, a fact that is so widely accepted in Europe that public comment is almost entirely restricted to criticisms that the subsidies

are too small. I should like to stress the point that, in relation to the centre, we should not regard a subsidy as a means of meeting a deficit on operations. We do not regard the National Gallery or the National Museum as having a deficit on their operations. They are regarded as necessary amenities to the cultural life of Canada, and parliament votes money for their support. Exactly the same considerations should apply to the centre, which is not intended to be a commercial operation and cannot be expected to be self-supporting from its revenues. Parliament will therefore be asked to provide funds for the objects of the corporation through the normal procedures for appropriations.

Finally, the bill provides that the corporation shall not be an agent of Her Majesty. In formulating and implementing its artistic policy, the board will have to make many difficult decisions, and will necessarily have to rely to a very large extent on the artistic judgment and taste of the director and its other advisers. As Emerson said, "Art is a jealous mistress", and it would be too much to expect unanimity of opinion about her qualities and virtue. We have to face the fact that the centre will not please everybody all the time. A lively artistic policy will be, in its very essence, controversial. The only policy that would not be controversial is the pursuit of mediocrity, and it would not be controversial only because it would be universally condemned.

Mr. Churchill: May I ask the minister a question?

Miss LaMarsh: I have only about two sentences more.

Mr. Churchill: All right.

Miss LaMarsh: The bill therefore seeks to give the trustees the freest possible hand in this regard, while preserving the unquestionable right of parliament to express its judgment of their total performance in achieving the objects for which they are incorporated.

As all hon. members know, this centre was conceived as the major federal building for centennial year. It is not expected, however, the building itself will be ready for centennial year, but somewhat later. Now is the time when the corporation must be erected, the individuals appointed and the work commenced so that when the building is completed and the necessary tests have been conducted in it, it will be open for business. We hope that, for performers and audience alike, this facility will be a showcase all around the world.

Mr. Churchill: May I ask this question now? I understood the minister to say that the centre might be the subject of controversy with regard to programs and so on, which would create interest, or words to that effect. Does it necessarily follow that you have to have a controversial attitude in connection with artistic performances? Would the minister say that the 14 years of success of the Shakespearean Festival at Stratford is based on the fact there is controversy and disagreement with regard to the plays which are produced? What philosophy is this that suggests that, in order that interest may be created in something that is artistic, there has to be a realm of controversy?

Miss LaMarsh: Well, Mr. Speaker, in answer to the hon. gentleman, I am sure that he has often attended Stratford and knows that, from time to time, considerable controversy has erupted over the choice of plays in a particular season, over casting, over treatment of the plays and so on. I remind him that on opening night they presented Henry V in a very different way than it was presented almost ten years ago. There has been considerable controversy in the press over the attitude which was taken. The next night's presentation was a play which was made up of three different plays squeezed together, with some left out and some put in. There is always controversy over what a director does in any artistic endeavour. I would hope that this performing centre would not restrict itself, at the outset, to something like the Shakespeare plays. We already have them. I hope that the same thing would apply to Shaw, because there is already a Shaw Festival established at Niagara-on-the-Lake.

I hope that the centre would be using modern plays which are developed both here and abroad. Let me mention one play in particular. There is a play on Broadway called "Marat Sade", which has created a violent controversy. If this play were put on in Ottawa it may very well be that some people would say it was too brutal, too bloody to be performed here. My hon. friend may have heard of the play which called into question the Pope's attitude toward naziism during the war, which has created great controversy when it has been performed in different parts of the world. Plays carry ideas. There will always be some people who

believe in these ideas and some who disbelieve in them. I think that the very nature of artistic endeavour will always cause some controversy.

• (7:20 p.m.)

Mr. Churchill: I thank the minister; in part she has answered my question. The fact that controversy develops in some artistic productions does not necessarily make for the success of the exercise. That is what I am getting at. I think, from her earlier remarks, she was suggesting that items that might be considered controversial by the public would be introduced in the course of activities of this institution. I suggest that that does not necessarily make for the success of an enterprise.

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker,the other night when the resolution on this bill was presented, I was absent, with the other cultural types. I am afraid some of us missed the opportunity to comment on the National Arts Centre.

My own view is that we welcome the development of this centre. I know there are misgivings by some hon. members concerning the cost. However, I suggest that these thoughts should be expressed when the estimates of the Department of Public Works are before the house. In any case, I am not going to make a very great complaint about the cost of the centre. This country has waited for a long time for a centre of this type. Even at the inflated prices of today, I think the final result will be well worth while.

Last year in reply to a question I put on the order paper I found that since 1949 this country has spent something like $24 billion on defence. We may spend $100 million for some towers in the western part of Ottawa. It does not bother me that the government will spend the amount of money contemplated for the National Arts Centre. I think we have to do things of this sort.

It is disappointing that the centre will not be ready for the centennial year. We should not worry. If stretching out the construction period will save some cost, then not having it ready for the centennial year is not too serious. I am anxious to see that the job is well done, and if we have to wait until 1968 or 1969, I think it will be worth it. The centre will be with us for a very long time. I think of the famous opera houses in the major cities of Europe which have been in existence for 100 years, and are still being used at the present time. Many of them are in very good condition because they were very fine structures initially.

In recent years there have been constructed in Canada a great many new auditoria, as well as theatres. I think of the Queen Elizabeth Theatre in Vancouver, the auditoria erected in Calgary and Edmonton, the Place des Arts in Montreal, the O'Keefe Centre in Toronto, the Confederation Memorial Theatre in Charlottetown, and the theatre at Stratford. All these have been built in the last ten years. There may be others of which I am not aware.

I suggest that these new buildings have resulted in a better environment for both the performing artists and for the audiences. For too long we have had symphony orchestras playing in motion picture theatres which were not designed for that purpose. We have had ballet and opera companies performing on stages which were just about half as big as they should have been. We have had various dramatic and theatrical groups playing on inadequate stages at high schools. These new buildings in Canada in recent years have provided much better physical facilities than we had before for the performing arts.

Not only have these new buildings improved conditions for the performers, but they have created a much better environment for the audience. I think of the change which took place in Vancouver when the Queen Elizabeth Theatre was opened. Before that time the various amateur dramatic and professional groups performed in old movie houses and in other halls. The type of audience they got was the hard core audience—the people who were going to keep supporting them so that the organizations would not collapse. I noticed that after the new theatre came into existence the audiences grew in size. The better lighting, better acoustics, more comfortable seating arrangement, the pleasant foyers where people could walk between acts all created a much more pleasant environment. Consequently the support for the various types of concerts and dramatic productions increased in the city. I imagine that the same thing happened in Calgary, Edmonton, Toronto and Montreal.

This situation of lack of facilities, Mr. Speaker, has been particularly prevalent in Ottawa. This city, which is quite close to Montreal and to Toronto, should get many of the travelling groups that go to those cities, but that do not stop here because of lack of facilities. I can recall on one occasion going

to see one company from New York which had to appear in a high school. Our whole evening was spoiled because a rock 'n roll dance was going on in the same building, and the dance music drowned out almost the whole act. This city has been badly served in the past with places in which theatrical groups could perform.

The buildings which I have mentioned, built in the other cities of Canada, in most cases are multi-purpose buildings. They were designed for operas, symphony concerts, theatrical productions and musical comedies. They had to be multi-purpose buildings because the people putting up the buildings did not have the money to provide more than one building at a time for the performing arts. This will not be so with the National Arts Centre. There are to be three buildings. The large hall is to seat 2,300 people, and is to be built for the presentations of ballet productions and can be used for symphonies. The other one will seat 970 people, and the smaller studio will seat 300. This is only possible, perhaps, where we have the federal government coming into the financial picture.

I am very pleased that we do not have to have a multi-purpose building—because it will be here for a long time—and it is much better to have the three buildings which are each adapted to a particular type of performance.

Some tribute ought to be paid, Mr. Speaker, to the group in Ottawa which did a great deal of the organizational work for the centre. I believe it is called the National Capital Council Arts Alliance, and is made up of 65 organizations. A great deal of consultation and planning went into the art centre, in order for it now to have reached this stage.

The site which has been selected I think is unfortunate. Two other sites were contemplated at the time, one on Sussex Street, and one on Albert Street. I felt that the one on Albert Street was the better of the two, but the former mayor of Ottawa vetoed that. If the centre represents a heavy cost, as related to the cost of excavating for parking areas, it is too late to put boulders back into the ground and move the site to another place. I think we should have had a great deal less cost at one of the other locations. As I recall, the planning director of the city at one time recommended against the present location, but it is too late to do anything now. The work has to go ahead.

I shall have something more to say, Mr. Speaker, when we come to the clauses of the bill. Now I should like to make a comment about the composition of the board, the director, and the people who will advise the director.

I imagine that the board of trustees, as it is called, will be broadly representative geographically of the country, and I expect its members will be English and French speaking. I sometimes have my doubts about these boards of directors of national organizations. In many cases they are well intentioned prominent citizens, but unfortunately they do not know very much about the subject they are involved in, so that they have to do very much as the professionals suggest. In this case I suggest that there should be a board which is a mixture of people who may be quite prominent in the various fields of the arts, and other prominent citizens.

The centre has to be a business centre, too. There will be leases entered into, and there will be concessions. The board will probably need business advice. The key person, Mr. Speaker, will be the director. The type of person who has the artistic background combined with the ability to manage a business of this size is very hard to get.

• (7:30 p.m.)

I would suggest this: If we can get a Canadian, well and good. But the type of person who is capable of doing this job is extremely rare, and if no Canadian is qualified we should look to Britain, France or the United States. Remember, this would be a key appointment in the operation. I understand that whoever is chosen will be appointed for five years—and it is the first five years which is the crucial time.

I would also suggest that the members of the advisory committees set up to assist the director in making plans for the operation of the centre will have a more important function than the board itself; they will be people who know the entertainment business and their advice will be extremely useful. The minister mentioned that it is planned to establish a permanent repertory company in the capital. I would refer to this later. It is hoped also that the symphony orchestra will be revived. It would be too much to expect that a city of this size would, even with assistance, be able to support an opera company. I am not sure whether the centre will be used for what might be called ordinary commercial purposes. Perhaps the minister would tell us.

Would a famous musical, say, from the United States or from Britain, be booked into the centre, or would this be left for Canadian

dramatic companies? I have several other questions to ask but I shall defer them to the committee stage when the bill is considered clause by clause.

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, just a word to tell the house that we are very pleased with Bill C-194, an act to establish a corporation for the administration of the National Arts Centre. We are pleased all the more because we can already see the work in progress in the capital of Canada.

It was time for Canada to have its arts centre. It cannot be said that, in this field, it has set the example for the provinces, for several of them have already preceded it. It may be slightly embarrassing for the residents of the Canadian capital, and for the citizens of Canada, that the capital should lag in this regard.

That is why we are particularly happy about it; at long last we can boast, like other countries, of having our arts centre, and give the arts the place they deserve.

I am convinced that no political party, no member of this house, will oppose the present project. As for us, we have always wanted our Canadian capital to have such a centre. We regret one thing only, that it will not be réady for the centennial, for it is part o fthe group of centennial buildings across the country.

I personally have the pleasure of having centennial buildings in my own city, in the Roberval constituency.

Our group is happy indeed, today, to support the work of parliament in giving the capital of Canada the National Arts Centre.

[*English*]

Mr. R. N. Thompson (Red Deer): Rising to make a few comments on Bill C-194 I would simply assure the minister that she has the support of our party in bringing in this legislation establishing a corporation to administer the National Arts Centre, to which we have previously given our approval. I would also commend the hon. lady on the beautiful brochure Opera Canada, which reached our hands yesterday describing this new venture in the performing arts. After our cultural attempt at a baseball game last evening, I enjoyed very much reading it later in the evening.

One thing which disturbs me with regard to this National Arts Centre is the tremendous escalation in the cost. I think the minister should give us some explanation of this as the debate proceeds. I remember that the first time we talked about this subject several years ago we were talking in terms of $9 million. Later, the cost was to be $18 million. It has increased now to $32 million, or nearly so. The increase seems to me to be an unreasonable one, and with the present trend in the cost of construction and in the general costs of everthing we buy, the final cost may well be even higher—possibly much higher—than the cost indicated, as based on the recent tenders which have been submitted. The wise spending of tax dollars is of course extremely important, but we do not wish to detract from what we believe to be a necessity as Canada matures—the presence of such a centre in the nation's capital.

Again, the provinces have shown leadership to the federal government in this regard. It is now 11 years since the two auditoria in my home province were constructed. I believe the value of those auditoria to the province is one which will be readily acknowledged by all its citizens. So it is high time we proceeded with the development, here in the nation's capital, of a project which could give leadership and direction in the whole field of the performing arts.

The minister mentioned briefly that we can expect controversy in relation to the programs carried out by the corporation responsible for the national centre. I hope that as we deal with this legislation and establish the role of management in this centre we shall be able to avoid the kind of controversy in which we have been involved in relation to those responsible for programming and for management, respectively, within the Canadian Broadcasting Corporation.

I agree in general with the program outlined in this legislation concerning the future role of the centre. I think this project will certainly give incentive to the re-establishment of a symphony orchestra here in Ottawa. I also believe it will give tremendous incentive to the Little Theatre.

• (7:40 p.m.)

No doubt the plan to provide three different auditoria within the institution is a very wise one, in that it can cope with all the various aspects of the performing arts. This centre can provide a useful role in cultural development, something of which we have been neglectful, having concerned ourselves more with material things, and it can also play a vital role in providing incentive and a pattern for developing character among our

own people. The environment of culture, as it relates to the performing arts, has a very profound effect on the general outlook and pattern of character among a people of a nation.

Nothing has yet been said about the details of the programming planned for the centre, but I think it is important that recording facilities be provided, not only for radio but also for television, in the three auditoria.

Those of us who watched last night's Festival program, which was recorded in Toronto, were tremendously impressed with it. As we were watching it at home, someone remarked that such a program would not be available on television in the United States. It is only through the facilities of the C.B.C. that we can provide our people with that type of program. I think this is true. This is one of the great areas in which the C.B.C. can provide service, and I hope that the design for the centre incorporates ample facilities for radio and television broadcasts, because both these are a comparatively recent factor as applied to the theatre.

These are just a few random thoughts concerning the tremendous potential of the National Arts Centre, and we shall speak further as we examine the legislation clause by clause. Again I commend this project to the good lady who is now responsible for it in her ministerial capacity. As I heard her speak a few moments ago, I could not help but think how quickly she has transformed herself in her thinking from the Department of National Health and Welfare into being the leader of cultural development in our country. I know she is going to do a better job in this portfolio than some of us may think she did in her former department, and I assure her these remarks are made with all kindness. We appreciate the leadership she is trying to give, even though we may not agree to the spending of $6 million on a particular painting at this time.

[*Translation*]

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, first I want to say a word to the minister, and I imagine my English speaking colleagues will realize in what bad position we are sometimes placed by the French language when we want to speak of such a charming lady and we have to refer to her as "Monsieur le ministre." You will understand that this is a sort of heresy that is distasteful to us, but to comply with the prescriptions of the French grammar, we must refer to this charming person as "Monsieur le ministre".

At the outset, Mr. Speaker, I should like to say that I am one of those who are happily impressed by the constructive influence of the present minister who is called the Secretary of State, but who plays the role of minister of culture in Canada.

For the short time she has been in office, we have seen for instance what happy results her influence had with regard to the National Gallery of Canada. I would simply want, at the beginning of my remarks, to express the hon. members' satisfaction for her constructive measures which enlightened us. The bill she has moved today proves that Canada has just reached maturity, since we can allow ourselves to forget prosaic preoccupations, such as roads or national defence, and awake to artistic values. Some thought had been given to it before, because the Canada Council has been established. That was a beginning, but now we are going to have a monument, a temple of the arts in Canada that we will be proud to show to those who will come here and realize that Canada, after a few centuries of existence, has just reached this maturity where it is intensively and successfully interested in things intellectual and artistic.

On the whole, Mr. Speaker, I find this bill particularly acceptable. All the same, I have a few remarks to make on a specific point, but before doing so, I wish to advise the house that I am making those remarks with all possible broad-mindedness, because I would not want to be accused of pettiness. But the fact remains, Mr. Speaker, that if a bill dealing with artistic and cultural matters in Canada is being introduced, it should be kept in mind that there are two main ethnic groups, two cultures working side by side to promote Canada's prosperity and, at the risk of seeming somewhat touchy, I wish to point out that I cannot find in this bill an adequate guarantee that my culture and that of a number of other members, as well as of a few million Canadians, will be administered, if I may use such a term, by people of my own language and culture.

If a few members find that to mention this on every occasion is to split hairs and to make a fanatic of oneself, I want to call their attention to one thing: we are too often reminded in our country that there are still some people—not only in the province of Quebec—who are fanatics and who tell us, as I read not later than this afternoon in the

report of a radio commentary, it is time French Canadians realized their language is unwelcome here in Canada. We are also told that Canada is a country with an English speaking majority and that French Canadians should realize they should adopt the language of the majority. This is only one step removed from telling us that we shall have to adopt the culture of the majority.

Indeed, I think that some members of the house object, for instance, to a French speaking radio station in Toronto—to which English speaking people are not compelled to listen. Now those are the things that prompt us to be vigilant. Anyhow, even if artistic and cultural matters have universal resemblances, even if art should not really be divided into compartments according to races—there is no French art, no English art, no Spanish art, no Italian art—nevertheless, there is in every nationality contingencies and characteristics which distinguish the culture and the art of each people.

I will not say any more about this, because I do not have the proficiency to do so; anyhow, members here understand as well as I do. But, Mr. Speaker, I think a minor amendment should be made to this bill.

Considering that directors having a diversified competence and who understand artistic matters will have to be appointed, we should make sure that they are also administrators.

Section 3 of the bill reads as follows:

—and nine other members to be appointed as provided in section 4.

I have no objection at all to the foregoing constitution:

A corporation is hereby established to be known as the National Arts Centre Corporation consisting of a board of trustees composed of a chairman, a vice-chairman, the persons from time to time holding office as

(a) the mayor of the corporation of the city of Ottawa,

(b) the mayor of the city of Hull,

(c) the director of the Canada Council,

(d) the president of the Canadian Broadcasting Corporation, and

(e) the government film commissioner.

But as far as the nine other members to be appointed as provided in section 4 are concerned, I think a paragraph should be added, taking into consideration that the province of Quebec now has a Department of Culture, to specify, for instance, that a minimum of members on the board of trustees will be of French culture, and that, perhaps, the Department of Culture of the province of Quebec could appoint some of them. Then, we would be sure that the French-Canadian element which must exist in our dual culture would be represented.

Mind you, I have no objections to some directors being Ukrainian, Chinese or Jewish, as long as they are Canadian. I would like it to be recognized that these matters of education, language and culture are part of our soul as a people, that we are very keen on them and that we will always be very vigilant to be certain that, in all federal legislations, provisions are included to guarantee these sacred rights of ours.

• (7:50 p.m.)

And to those who think that I do so through narrow-mindedness, I would like to say that, on the contrary, I am one of those who believe in a united Canada and who try to maintain unity among all Canadians, especially among the representatives of the two ethnic groups.

Now, I believe that the best way to put a stop to those outbursts of separatism to stifle feelings of revolt against Ottawa and to avoid providing arguments to unreasonable persons who want to destroy Canadian unity, is to avert the danger by satisfying the rightful claims of the French-Canadian group.

This is not to ask for a privilege. The citizens of Toronto, Winnipeg, Vancouver, Edmonton and Calgary belong on the whole to the socalled Anglo-Saxon group. Some new Canadians have joined that group and have adopted to a certain extent their culture, while keeping some ethnic characteristics but they will no doubt be fairly and generally represented, and to that I have no objection. As for the ethnic group which I represent, Mr. Speaker, I would like to see enacted and guaranteed in some legislation that sacred and innermost right, the soul of our race, so that in ten or twenty years from now, if some petty minds in the Ottawa government forget the broadness of mind of the present government, they would be compelled to comply with the provisions of the law.

Mr. Speaker, I tried to weigh my words so as not to add fuel to the fire or give the impression that I am a fanatic and that I want to perpetuate these racial divisions. On the contrary, I am among those who would fight if necessary to ensure Canadian unity. However, I think the best way to ensure it is

to see that nothing in our statutes is objectionable to French Canadians. I do not want this criticism to be taken amiss.

I congratulate the minister again and I am sure that, with her broadmindedness and understanding of Canada, she will have understood these remarks which are more important than certain circles would believe.

[*English*]

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I think there will be general support in the house for this particular bill, although the details may be examined when we reach the committee stage. I notice there have been some remarks of regret that the building to house the performing arts will not be ready for the centennial year. I do not share those regrets at all. I am beginning to worry about what Canada is going to do in 1968 and 1969. I do not think everything has to come to an end in 1967; in any case so far as the performing arts are concerned it will take time for these to become established and they scarcely will be ready by the time the building is completed.

I think this is a move in the right direction. There is a feeling in Canada with regard to the development of the performing arts, which are defined as the arts of the theatre and the concert hall, including the creating, staging and performing of drama, music and the dance. There may have been a time when the government or parliament as a whole need not have entered into this particular field, but with the advance of civilization we see that it is one of the essential factors of life to have some support for the performing arts, particularly in a country which has gone through such a long period of pioneering as has this country.

I speak with some feeling concerning this particular problem, because I have lived half my life in cities and half in the country and smaller towns. I know the difficulty which faces people living in the smaller areas of Canada who wish to receive adequate assistance and attention in the field of the performing arts. As a high school principal in a smaller town in Manitoba for a number of years, I had experience in this field. In the period of the depression, among other things we became ardent supporters of the excellent programs of the little theatre, which were sponsored by the then Governor General, Lord Bessborough, and we stimulated the theatrical interests in that smaller town.

[Mr. Mongrain.]

I can think of high schools across this country which will look with interest on this particular development, because they will hope in the course of time to receive assistance as set out in the objects and powers of the corporation as contained in clause 9 which reads:

> The objects of the Corporation are to operate and maintain the centre, to develop the performing arts in the national capital region and to assist the Canada Council in the development of the performing arts elsewhere in Canada.

It goes on to say they will arrange for and encourage some of these activities elsewhere than just in the capital city. There are hundreds of people across our country in scattered localities who look to the performing arts for guidance and assistance. In my own experience as a high school principal, I recall putting on seven one-act plays every year, plus an operetta, for a periood of about ten years. The difficulty in finding suitable one-act plays and operettas which could be adapted to high school students presented some problems. Because of the stimulus which will be afforded by this, in the long run all areas of Canada will benefit. It is not something which will happen overnight. But as the years go by we will develop in Canada an appreciation for the performing arts and for the people who are competent to participate in them. It can start at various levels throughout the country.

The time has long gone by when the people of Canada should have the advantage of performing arts only in major cities. We require travelling artists in this country in the field of music, in dance, and in theatrical performances to carry some of this excellent material which is available in the world to smaller localities. This has been one of the great weaknesses in our country over the years.

• (8:00 p.m.)

I asked the minister a question when she completed her remarks and I should like to revert to that just for a moment. As I understood what the minister said, criticism and controversy might develop over some of the activities that might be carried on in the arts centre. Unless I misunderstood her, she considered that this might be advantageous. I want to present the point of view that in the field of the arts there should be a very limited attempt at stirring up controversy and criticism.

The example was given of the first performance at the Stratford Festival this year,

which aroused some adverse comment. This is inevitable. It depends I suppose on the producers of plays and festivals, who sometimes try to do things which are not readily acceptable to an audience. I have seen Shakespearean plays in Canada and in London, England, because I am an ardent theatregoer. I have seen Shakespearean plays presented in London in modern dress because somebody thought this was the way it should be done. I enjoy a Shakespearean play in the costumes of the Elizabethan period much more than I did the one I saw in modern dress; but the producer thought that he would bring things up to date.

However, in the field of the lasting good things in the performing arts there is no real controversy. Shakespeare's plays have endured for three centuries. The works of Gilbert and Sullivan are still enjoying great popularity and it does not require major change to make those operettas acceptable. The great play "Oklahoma" did not arouse controversy; it was not needed, because there was the interest in "Oklahoma" right from the start. "My Fair Lady" has run for years in the live theatre and on television. Interest and appreciation are there, but no stimulus of controversy.

In the field of the opera, some of the operas have a long history behind them and are performed year after year to the great enjoyment of audiences. In the field of ballet there is no controversy aroused. It is an examination of the excellence of the production that interests an audience. In the field of music, which fortunately crosses all barriers of language, again it is the question of excellence and appreciation that people are considering. So I hope that in this project, in which there will be a great deal of interest we will not, certainly in the early stages—I do not suppose it can be avoided altogether—attempt to stir up public interest by putting on performances in the arts centre that are a little out of the ordinary or are calculated to make people think.

We have been subjected to enough of that type of thing on radio and television to last us for the rest of our lifetime, and for two or three more lifetimes, by people who get the idea that the general populace is not thinking enough about some problem that is stirring around in the mind of some writer, play producer or interviewer. The theatre, ballet, the philharmonic orchestra—I have always gone to these performances for relaxation and enjoyment and the higher the standard of performance, the better I like it. I do not rule out the comedy by any means. I like to have a good laugh. But I do not go to these performances in order to be made to think about some major problem that is affecting the world. I just express my earnest hope that we will be saved from that type of experiment in the performing arts centre. Life has enough problems without having additional ones forced upon us by the theatre or television.

Let us get some reasonable enjoyment out of our relaxation. If the development of talent is emphasized, then we do not need to worry about controversial aspects. If standard of excellence is the object, then I think the populace generally will be satisfied.

May I just say that we have a great opportunity here to develop Canadian culture. Perhaps I should not have used that term. We have a great opportunity to develop in Canada a populace that will appreciate culture. "Culture" is a badly misused word and I am using it in the context of the bill before us. We have here a great opportunity to develop an appreciation of the theatre, of the dance, of music. As I head one adjudicator say at a music festival, the object of the festival is to pace each other on the road to excellence. Everything does not have to be highbrow; you can stand only so much of that. But there are degrees of taste in the arts, and the centre must accommodate itself to them.

For those who like classical music, that should be provided For those who have less appreciation of classical music, some of the other types of music would have to be provided. Similarly with theatrical productions; there will be, I hope, an adequate variety for the various tastes in our country. But the opportunity is here now to develop across this country an appreciation of some of the finer things of life. There is a tremendous heritage in these three fields. We are so fortunate in having in our country representatives of almost every known racial group in the world whose appreciation, knowledge of and talent in the performing arts is very widespread. It is not restricted to any one racial group; it is virtually spread right across all racial groups.

• (8:10 p.m.)

No country other than the United States has the wealth of talent available to it that Canada has, because of the millions of people in Canada from so many different cultural

backgrounds who have brought over to this country from Europe an interest in music and the arts, which has been of great assistance to us. The opportunity is really tremendous. I think that through this arts centre we can shake ourselves free from too great a dependence upon radio and television programs that come from the United States. I do not for a minute think that we can develop our own culture from within our own ranks, but we will be able to develop talented people in this country and retain them here, instead of losing them to the United States. Perhaps in time we will be able to attract talented people from the United States and other countries of the world to live here in Canada and play their parts in developing the performing arts in our country. With careful attention given to the objectives of the corporation that is proposed, and with reasonable attention given to the amount of money that is invested in this corporation, I think we will have an opportunity to develop something very useful in Canada.

I think we should be a little careful about the expenditure of money because if we go too far too fast it can be a wasteful process. I would like to see the corporation develop a program which will bear fruit in several years time and will rest on a sound foundation, without becoming extravagant.

Finally, may I revert to what I said at the beginning. I do hope that the smaller areas of Canada will receive attention and benefit from the corporation for the performing arts. I think that people who live and work in the smaller areas of Canada deserve greater attention in this particular field than they have received in the past. I trust that not only the major cities of Canada will receive the attention of this corporation, but that it will keep in mind the smaller locations throughout the country.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I will speak for just a few moments. The hon. member for Winnipeg South Centre (Mr. Churchill) inspired me to rise and speak as I listened with interest to his quite nonpartisan and artistic approach to this bill. I wish to congratulate the minister because I think she was really the basis of the inspiration for the speech made by the member for Winnipeg South Centre.

I want to say, Mr. Speaker, that I do not claim to be one of the cultured members of this house. Everybody knows my humble background and what I have had to go through. However, I do wish to express my support for the spirit and purpose of this bill and I wish the minister every success in all she undertakes in promoting the object of this bill in our country as a whole and in so doing working toward developing in this country a Canadian culture less and less influenced by United States television and films, and moving pictures generally. I think we will all be spiritually and mentally healthier as a result of that.

Mr. Speaker, I suggest we would be well advised to leave any discussion with respect to the cost of the Ottawa building and the expenditure incurred to date until the time of the debate of the estimates of the Minister of Public Works (Mr. McIlraith). I am sure he will be quite anxious to give us complete information as to what is happening to the estimated cost.

I do want to say that I think we are very late in starting this type of work in this country. You know, Mr. Speaker, I know towns and villages in British Columbia that were tremendous pioneers in this respect years ago. The people in these communities would not be called cultured people by some of the snobby intelligentsia of today but they have done a great deal of work in this respect. I wish to pay a tribute to those people who have laid a foundation for this sort of work. I also want to point out that they have done this work at their own expense and without any government subsidy. You will meet all kinds of people who will have their hands out if they see a subsidy coming, but this is not true of the people I have mentioned. As my hon. friend says, I am sure it is not true of Quebec nor is it true of British Columbia and many of the prairie districts. They have done it at their own expense, for their own enjoyment, on an amateur basis.

I cannot help bringing to the attention of the house the little village that is within a few miles of where I live where in 1906 these uncultured people who have not had the opportunities that you people have here today formed an orchestra. Their bandmaster had been the former leader of one of the best orchestras in Holland. They also formed a band, and the bandmaster was the former bandmaster of the Devon regiment. These people also formed a dramatic society and their stage manager was formerly Sir John Martin Harvey's stage manager, the man who produced a play called "When Knights Were Bold". They also formed an opera society which produced Gilbert and Sullivan and other operas, with which they toured the whole district. They also produced musical

comedies. They had an excellent chorus, a good church choir and they formed an art group. Even today there is an art group in the Kootenays which meets two or three times a year. Their leader is a very well known artist from Great Britain. They formed a literary society, most of whose members were ladies. They read plays and poetry and things of that sort This went on continuously since as far back as 1906. I know because I participated in all of these groups and so did my parents.

This was part of the life of the community and it did a great deal for these pioneer districts. It is a great credit to these communities that they were able and willing to provide their own entertainment and their own recreation as a result of their own enterprise, without any subsidy from anybody. I hope this will be continued in the smaller communities today. The same thing has happened in Trail and in Nelson as well as in several other villages in the riding which I have the honour to represent. These organizations are functioning even today and producing excellent plays and operas throughout the year. Our district was the first to organize band concerts. Those bands came from all over the area in the southeastern part of British Columbia and played at contests for cups and prizes.

I should also like to mention the Doukhobors in my district. They have an excellent choir and I trust the minister, whom under this bill presumably I can address as the marshall of culture in Canada, will get in touch with the Doukhobors and make certain that their choir is recorded and that they will be given the opportunity to sing in various places throughout this country. I hope their choir will be brought to the attention of other people because they have magnificent voices. I do not know what causes it, but the Slavic people have a special talent for developing bass voices, and others have also noticed this fact. There must be other groups in Canada which have come from Europe and who have a contribution to make. I hope it is exploited. I think we have to give leadership to these organizations both in the larger centres and in the smaller communities

• (8:20 p.m.)

But we must not develop this type of movement on the basis that people are going to be subsidized for everything they do. We have to promote the idea that, after this thing is initially started, people will provide their own entertainment, recreation and enjoyment at their own expense. I believe there is a limit to the use of any subsidy for this purpose. Those who are really interested will take an active part.

As I have said, when I was a boy 60 years ago, the country was full of talented people, and these are some of the things they did. I wish the minister every success in her endeavours in connection with reviving the performing arts in Canada, not only in the capital and in the larger centres, but in the smaller communities as well, to the advantage of this and future generations of Canadians.

[*Translation*]

Mr. Mongrain: On a point of order, Mr. Speaker.

The Acting Speaker (Mr. Rinfret): The hon. member for Trois-Rivières, on a point of order.

Mr. Mongrain: Yes, Mr. Speaker. At the end of my remarks a while ago, I noticed the minister trying to rise to be recognized by you. I assume she wanted to give her response to my suggestion, to my request. Would there be any objection to my asking the minister to give us her response on that?

Mr. Lambert: She will close the debate, if she speaks.

Mr. Béchard: If she speaks now, she will close the debate.

Mr. Mongrain: Mr. Speaker, if that will close the debate, of course, I do not insist.

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I thank the hon. member for Trois-Rivières (Mr. Mongrain) for giving me an opportunity to say a few words on this bill to establish a corporation for the administration of a National Arts Centre, in Ottawa.

I listened with much interest and attention to the speeches delivered by the hon. member for Winnipeg South Centre (Mr. Churchill) and by the hon. member for Kootenay West (Mr. Herridge)

I was glad to note that a great number of members were interested in the arts to the point of giving opinions and precise suggestions with regard to the artistic and cultural fields.

In order to develop that field of all social life, of all public life, I am of the opinion that the establishment of such a corporation cannot be encouraged too much and like those who spoke before me I would like to ask

the minister to establish a similar corporation not only in Ottawa and in large centres but also in almost every Canadian centre through subsidies.

Take for instance the Saguenay-Lake St. John area. Very interesting artistic activities are going on there. Artists in the field of classical music or singing, the theatre, came out of that area. An orchestra, choirs and singing groups were formed there and they did well.

I think that we should help to establish elsewhere corporations like that one here in Ottawa, so that in our regions as well as in large centres there will be a group which will promote, encourage and help the development of the arts in Canada.

As the hon. member for Winnipeg South Centre put it so well a while ago, there are in our country mature artists who have achieved some recognition. There would be even more if they had the opportunity to perform more.

There are many artists in our country but unfortunately for them they do not get enough opportunities to perform. Therefore, corporations such as the one which is established in Ottawa should be created throughout Canada, in every region, and then from all parts of the country will come good artists.

Of course, there will be better opportunities in large centres but whether they come from Montreal, Toronto, the Gaspe or Saguenay-Lake St. John regions, people are entitled to such artistic and cultural events, they have the right to see artists of value rise among them and get the occasion to perform.

That is why I feel that similar corporations should be established in every region of Canada.

Mr. Speaker, as I said a little earlier, I support the establishment of such a corporation in Ottawa, hoping that it will be the first of many similar corporations throughout our country, especially in remote areas, so that Canadians everywhere can benefit. The corporation established in Ottawa is an experiment; it will enable us to find out, if we take the trouble to, whether or not it is possible to develop artists in our country, to give them an opportunity to perform in public, in short to show the public how much they can get from the classical arts, namely music, the theatre, the ballet, symphonies, etc.

In closing, Mr. Speaker, I would ask the Secretary of State (Miss LaMarsh) to see in the step taken today a beginning which will have repercussions throughout the country and to make sure that the people in every area will get something out of it as well as the people of Ottawa.

• (8.30 p.m.)

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I would just like to make a few remarks about this bill. Needless to say that, like most of my colleagues, I support its principle which is to stimulate the development of the arts in Canada.

However, I would like to recall the remarks made a little earlier by the hon. member for Trois-Rivières about the representation of French Canadians on that government agency. Once again we are faced with the establishment of a crown corporation, another ramification, another arm of centralization in a field which, in my opinion, should respect the provincial authority more.

If I am not mistaken, culture falls to a large extent under provincial jurisdiction and, more particularly, under the responsibility of regional and municipal governments. Instead of establishing a corporation such as this one and, as I said, without being against the principle of this bill, I feel that a coordinating agency should have been created whose function would have been precisely to give the essential services to the various regions of Canada and particularly to take greater interest in the population of small municipal centres, urban or rural, who are not fortunate enough to travel to the large centres to take part in artistic events.

And, Mr. Speaker, that is the defect of the proposed corporation. If I refer to the bill, it seems very obvious that the coporation's main objective is to create in the city of Ottawa an arts centre which will, in fact, fill a gap the city of Ottawa itself has not remedied.

In Montreal we created the Place des Arts which gives wonderful opportunities to artists; but the Place des Arts was created and financed with money from the municipal and provincial governments. As far as I know, the federal authorities did not contribute anything to the development of that cultural centre.

And I am wondering why today—and, as I said before, I am not criticizing the objective—the federal government should make a gift to a city which did not fulfill its obligations in that field? Apparently that is all there is to it.

It is obvious—and the minister should admit it—that people will not travel from Toronto,

Montreal or even more remote areas to attend an artistic event in Ottawa. What we need to develop culture and the arts in Canada is to give the small municipalities the regions remote from large centres, the facilities and means to develop the arts locally.

Think of the artists who brought fame to our country through their talent and you will often find that the most promising artists come precisely from regions remote from the large centers.

How can we efficiently help those artists who live in communities not too remote from great centres to develop if we do not give them the proper facilities to do so, without incurring extraordinary if not impossible expenses. That is somewhat the meaning of my remarks.

Mr. Speaker, I want to repeat that we should specify in the bill the representation that French Canadians will have and on which they may count. This bill, as all bills of this nature, is very vague and I think the minister should take a position more clearly on this and tell us that she intends to respect essential standards so as to ensure adequate French Canadian representation on the board of trustees of the corporation.

The minister should also tell us whether the government has already approached people for the position of director of this centre, and if so, I believe it would be in the interest of the corporation to know who those people are.

Mr. Speaker, parliament should have a say in the selection of the staff of crown corporations because it happens unfortunately too often that governments introduce legislation and set up standards for a corporation, when we know very well, by tradition, that certain persons have been approached beforehand. It would be unfortunate if political favouritism were to play in the case of a legislative measure such as this one. I do not want to make a charge but it would be unfortunate if that happened—it does sometimes—because the board of trustees of the arts centre should be free of all political partisanship.

I think the minister should, considering the interest created by this bill, tell us what representation and participation, minimum or statutory, if one prefers, will be provided for French Canadians on the board of this corporation. I think also that it should be stipulated in the bill that a preference must be given to Canadian artists, which it does not now.

Naturally, art knows no borders but if Canadians are called upon to spend tremendous funds for the development of arts in Canada, I think it is natural for us to insist even more on Canadian artists having a preference in the distribution of expenses which will be made to set up this centre.

I also believe, Mr. Speaker, that we should have foreseen the foundation of opera companies made up of Canadian artists. A Canadian opera company is lacking in Canada. Yet, we have plenty of home talent. Everyone interested in the arts complains that we are still without a Canadian opera company. We have local companies which often have to balance their budgets with contributions from their members and I believe the Canadian government should do more to help such companies integrate with larger organizations.

For some time there has been talk of creating an opera company in Montreal. Unfortunately, the authorities have recently advised us that such an undertaking would not be a paying proposition because expenses would be too great.

To my mind, if this bill provided instead for the establishment of a co-ordinating body for the arts, in Canada, it would be much more helpful and could assist all those organizations, groups, companies, and artists. Such a project would be more helpful to assess the needs of those people and help them to increase their contribution to Canadian culture.

I hope that the minister will keep these remarks in mind. I want her to know that even if in principle I approve the purpose of the bill, once again I deplore that this body should be contrary to my understanding of a definition of the British North America Act, a responsibility that comes under provincial jurisdiction. The central government exists to assist the provinces in areas where they are unable to meet the needs on their own. I think that here again, there is an infringement—possibly indirect, into the field of education, but I believe the minister would have been better advised to establish a co-ordinating body which would have worked hand in hand with the provincial governments and the latter could then have co-operated with the municipal authorities in areas far removed from the large centres for the advancement of the arts in Canada and to give us better representation in the artistic field.

National Arts Centre

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I want to make a few comments on the bill, the purpose of which is to my mind most praiseworthy, namely to have a National Arts Centre. I must also point out, however, that this federal initiative goes squarely against the spirit and the letter of the Canadian constitution.

I would like the hon. Secretary of State to tell us on the strength of what section of the Canadian constitution, which as far as I know still applies, the federal government is allowed to enter the field of national arts centres without having previously discussed the matter with the provinces, obtained their agreement, their co-operation and consensus.

In 1867, the Canadian constitution, in section 93, stipulated that the provinces have exclusive jurisdiction in relation to education the word "exclusively" being used in the constitution. It is needless to give the definition of the word "exclusive" to the house. Later on various interpretations were given, for example that of Justice Duff of the Superior Court who decided in one case that the word "education" in section 93 was to be interpreted in its widest sense, meaning primary, secondary and university education, and also in the field of culture, and this, in spite of the beating around the bush of the Massey-Lévesque Commission on culture.

Even so, the resolutions of the 1864 Quebec Conference, on which are based the 147 sections of the Canadian constitution, did not separate the fields of university and culture from the "field of education". And now the central government continues to take initiatives on its own, without consulting the provinces, reaching an agreement with them, or co-operating with them.

I understand that nine Canadian provinces have probably no objection to the interference of the central government in various fields and agree that the central government should establish standards in the financial and economic fields as well as in connection with arts.

The province of Quebec firmly objects to that procedure, because it is useless to repeat the well-known argument to the effect that Quebec is the stronghold of the French Canadian nation and has a special conception of arts. Now, the province of Quebec wants to establish its standards according to its cultural, educational and artistic conception.

For that purpose there is a Department of Cultural Affairs. Why then, has the Secretary of State (Miss LaMarsh) considered the establishment of a National Arts Centre without previously reaching an agreement with the representatives of the province of Quebec, in order to associate the provincial Department of Cultural Affairs with the creation of that organization?

Well, I repeat, as I have said since the beginning of the session, that it is because everything is done backwards. This creates tensions, problems and misunderstanding among Canadians from Halifax to Vancouver. This is why it is urgent, Mr. Speaker, in that field like in many others, it is advisable to determine the constitutional, political, economic, financial, cultural and artistic responsibilities between the central and provincial governments. This cannot be done at the present time under the procedure followed by a central government which is always unilaterally acting to invade completey a field and then, having determined the standards and received its full share of the tax revenue, spends the funds in fields which, under the constitution, fall within the provincial jurisdiction.

Well, the only way, Mr. Speaker, would be to authorize parliament, the House of Commons, to institute a joint parliamentary committee—we often bring up the subject and will continue to do so until this government finally accepts to determine responsibilities as is reasonable in this important matter. This is the only way to eliminate tensions and lack of understanding between Canadians in all provinces, between different cultures and different ethnic groups; that is why I reject the principle of this bill which is similar to other bills introduced by this government.

A few weeks ago the government introduced a bill concerning the National Science Council. There again, the consent of the provinces was not first obtained nor was there any previous agreement. Well, Mr. Speaker, I find it unfortunate that this federal government continues to act in this way, which is the best way to maintain the existing chaos, tensions and lack of understanding between Canadians.

• (8:40 p.m.)

This criticism is not addressed personally to the hon. Secretary of State, a very nice and charming person, but to the attitude and policy of this government which we have seen in action from the beginning of the session and which is aware of the existing tensions, as pointed out in the first report of

the Laurendeau-Dunton Commission on Bilingualism and Biculturalism. We wish to stress the fact that this first report, in spite of press criticism in certain provinces, indicated that tensions and a serious crisis in the country do exist, originating in the province of Quebec. Why? Because the province of Quebec has different views on those subjects, as on many others, and this, not for the sake of being different from other provinces, but because it is respectful of the Canadian constitution.

When Quebec representatives raise such points we are proud of it, not because we feel we are giving rise to unruliness throughout the country, but because we build upon a confederative pact entered into in 1867, while we apply ourselves in several circumstances to violate its main provisions, as well as its spirit.

I hope, therefore, that the bill will be referred to a committee which will be able, in the course of its discussions, to agree on the establishment of a parliamentary committee on the Canadian constitution.

This evening, we are dealing with a National Arts Centre. In two weeks, it will be another unilateral piece of legislation. This is not the way to settle the differences and the problems in our country. It would be so easy to solve them by asking responsible people, the representatives of the people in this house, to meet around a table in a parliamentary committee in order to exchange views, to define and determine responsibilities, and then to discuss matters with other provinces, such as the province of Quebec which precisely set up a parliamentary committee on the Canadian constitution two years ago that will probably submit its report within a few months.

Mr. Speaker, I hope these remarks have been well received and will produce some results.

[*English*]

Mrs. Grace MacInnis (Vancouver-Kingsway): I should like to say a few words. I have heard much discussion in the house tonight, and I believe it can be said that many Canadians of many origins are very proud that there should be a centre for the performing arts in the national capital.

A great many people feel that the present minister is as good a person as can be put in the charge of such a project. Many feel that she is not making culture into a thin sort of thing, for only a fringe of people who are apt to turn up their noses at what a great many other people classify as culture. I believe that large sections of the people want to be included in the benefits arising out of this centre.

I do not think it should be necessary to go into a whole lot of constitutional questions when speaking about this project. It will be good to have the arts centre established in this capital city as a result of a government measure. What does concern me is how the greatest use may be made of the centre. In my view it should be shared by the citizens of this country from coast to coast. In Ottawa there is a tendency to make a show window of all the beautiful things we have, forgetting that there are many people across the country who, even with the best means of transportation, will never see or use any of our facilities.

We ought to consider ways and means of sharing this National Arts Centre as broadly as we can among the people. It is important that the resources of this centre should be used to build regional centres, and regional arts across Canada. That should be part of its function. However, I do not think we should delay the building of this National Arts Centre until every little spot in Canada has a regional centre. In other words, I think we ought to find ways and means of making the benefits of the National Arts Centre available to the Canadian people.

• (8:50 p.m.)

A few years ago the treasurer of the art gallery began sending travelling exhibitions of paintings across this country. These reached a good many of the smaller centres in this country, and I know the people living in these places much appreciated the opportunity to see these works of art. In years gone by some of our big stores would obtain a single painting and make it a centre of attraction to be seen, over a period of weeks, by very large numbers of people. With modern methods of transport and communication—I am thinking particularly of television —I am sure a great deal more coud be done in this field.

It is significant that the minister, who has been made a Jill-of-all-Trades and given a wide variety of tasks, should be responsible for radio and television as well as for the performing arts. I should like to see our best artists, regardless of their racial origin, whether it is French, Ukrainian or Chinese, called upon to give the best possible performances, these performances to be televised to people in the remoter parts of this country.

I do not live in one of the most remote parts of Canada. In Vancouver, where I live, the people appreciate many of the fine television performances which the C.B.C. has made available. But even in Vancouver there are thousands of people who feel they will never have a chance to visit centres of the arts, and these people do appreciate good television performances. I would recommend that right from the start arrangements be made to carry these performances, by television, to the four corners of this country. Let us make generally available the best that is done in the performing arts centre.

There is bound to be a great deal of criticism about the amount spent on this centre. I believe this criticism would be justified only if the centre is shut away, to be enjoyed by relatively few people. But there will be no justification for this criticism if we use the radio, television and travelling companies to make available to Canadians right across this country the benefits which arise from the founding of such a centre as this. This would be the best way of countering the hostile criticisms we have heard tonight about guaranteeing cultural rights. It would be the best way to effect Canadian unity.

I believe this centre could become a unifying factor without any such elaborate guarantees, provided the best of the performances given, regardless of the national origin of the performers, were made available to be televised right across Canada. I urge the minister to pursue a vigorous policy of sharing the benefits of this centre among all Canadians.

[*Translation*]

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I should like to comment for a minute on the theories put forward by my good friend the hon. member for Sherbrooke (Mr. Allard).

I listened to his speech very attentively; I find his constitutional theories archaic, for the good reason that he makes the basic mistake of believing that, whenever the French language or culture is concerned, the government must keep from exercising its jurisdiction as much as possible.

The very opposite is true. I am sure—and I think the hon. member for Sherbrooke will agree with me—that all the new political theories which have appeared in Quebec, all the extremist ideas, separatism or what have you, come from the fact that the federal government has always been very apprehensive concerning the promotion of the French language.

This bill in itself is excellent and will surely tend to promote French culture.

The hon. member for Sherbrooke will recall that the Massey-Lévesque Commission had established a distinction between education and culture. I think he is showing a rather too drastic attitude when he says that the whole field of culture is exclusively under provincial jurisdiction. If that is the case, then we had better close down the C.B.C. and keep its programs out of our homes, because it has certain influence in the fields of culture and education, and this necessarily affects provincial jurisdiction.

Mr. Speaker, the right solution here does not only reside in the fact that the federal government can introduce the kind of bills we are now considering but in going further still to create a cultural affairs division which could be under the Department of the Secretary of State and have the special task of promoting French culture outside Quebec, because if French culture is restricted to the province of Quebec, I do not see how separatism will not one day make greater strides than at the present time. It is evident that if French is spoken and the French culture found only in the province of Quebec, then it is unavoidable that the younger generation in Quebec will believe that nothing else can be done with Canada.

I entirely agree with the Secretary of State (Miss LaMarsh) when she introduces such bills, because in my opinion, the federal government must undertake to spread French culture outside Quebec. This is the only way to achieve a truly Canadian culture and tongue.

Mr. Grégoire: Would the hon. member for Lotbinière (Mr. Choquette) allow me a question?

Mr. Choquette: Yes, with pleasure.

Mr. Grégoire: The hon. member for Lotbinière speaks of this corporation as if it were intended to spread French culture outside Quebec. Is the member for Lotbinière telling us that the purpose of the corporation established through Bill C-194 will be to spread French culture outside the province of Quebec?

Mr. Choquette: Now, Mr. Speaker, the hon. member is asking an interesting question, to which I answer this: it is obvious the corporation will be responsible for disseminating art and culture according to a Canadian concept.

I claim that, even now, the right hon. Prime Minister (Mr. Pearson) is promoting true Canadianism, that which rightly proclaims the equality of the two languages, of the two cultures.

So, to answer the question: as this bill is sponsored by the government of which the right hon. gentlemen is Prime Minister, I am convinced it will lead to true Canadianism.

The only way to strengthen our Canadian identity is to recognize cultural equality. And the federal government must endeavour, as much as possible, to promote French culture. That is still the best guarantee of our survival, the survival of Confederation.

That is why I refute the theories of the hon. member for Sherbrooke (Mr. Allard) when he says: Ah. the provinces have exclusive jurisdiction. It is always the same argument.

Perhaps if there had not been narrow-mindedness, as was known in the past, perhaps then—and I say this sincerely, I am not politicking—if there had not been narrow-mindedness every time the federal government wanted to help the universities, our institutions, French culture might be more widespread today. I claim the federal government is acting as a government which truly respects Canadianism in endeavouring to promote French culture.

Mr. Grégoire: Since the hon. member still speaks of promoting, and that its purpose will be to promote French culture, is telling us the corporation for the administration of the National Arts Centre is intended to promote French culture outside Quebec? Is that what the hon. member is telling us?

Mr. Choquette: If you read subsection (e) of Section 9, for instance:

> At the request of the Government of Canada or the Canada Council, arrange for performances elsewhere in Canada by performing arts companies, whether resident or non-resident in Canada, and arrange for performances outside Canada by performing arts companies resident in Canada.

• (9:00 p.m.)

Then that implies that something will be done about French culture. That necessarily implies that we could commission arts companies, that arts companies would be chosen in Quebec to be sent outside Quebec, throughout Canada and thus promote French culture. That is the only means to assert the Canadian identity, to proclaim cultural equality in Canada; that is true Canadianism. To promote true Canadianism, the government has a responsibility to exercise its jurisdiction, and it is an archaic and obsolete theory to say that provinces have exclusive jurisdiction over a field which concerns the government of Canada.

Therefore, I repeat the proposal I advanced at the beginning to the effect that we should have a department of cultural affairs, whose responsibility would be the promotion of French culture outside this country, and I also hope that we have a bilingual television network. I understand that this will be difficult to apply, but if the federal government assumes its responsibility to establish a bilingual television network, that will still be the best way to annihilate separatism and make sure that narrow-minded persons will stop saying that Quebec is a French Quebec and that French must be exclusive to Quebec. I say that if you want a true Canada, an authentically Canadian country, both cultures must thrive outside Quebec.

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, at this stage of the procedures, would the hon. member for Lotbinière allow me a question?

Mr. Choquette: Surely.

Mr. Allard: I am not at liberty to answer him fully at this stage. Is the hon. member for Lotbinière aware that all persons—

Mr. Speaker: Order. Would the hon. member resume his seat?

I remind the hon. member for Sherbrooke that he may speak only once on the motion for second reading of the bill. He can speak a second time only if he wishes to put a question and if the hon. member is prepared to answer. This is how he can now speak.

Mr. Allard: I actually intend to ask a question, Mr. Speaker.

Is the member for Lotbinière aware of the fact that all the people who supported his theory have been branded as centralists who are working against Quebec's aspirations?

Mr. Choquette: I do not think that is quite correct, as there is a slight difference between the theory I have stated and the one of the so-called centralists.

For instance, I recall that every time the Conservative government of the opposition leader (Mr. Diefenbaker) voted university subsidies, the member for Sherbrooke, who

was then sitting on the government side, supported his government, thus violating his principles and his convictions.

Mr. Allard: Mr. Speaker, I rise on a point of order. As I am not allowed to reply to the arguments of the hon. member, I shall do so on another occasion; that will be easy, but I do not think the hon. member is allowed to open another debate. Let him give us an answer if he is not too much in a hurry.

Mr. Speaker: Order. The hon. member for Sherbrooke will admit that he asked the question.

Is the house ready for the question?

[*English*]

Is the house ready for the question?

[*Translation*]

Mr. Grégoire: Mr. Speaker, may I put another question to the hon. member, if he allows?

Mr. Speaker: Order. The hon. member has now resumed his seat. I suggest to the house that this exchange of questions and answers could proceed much faster in committee.

Mr. Grégoire: Mr. Speaker, I rise on a point of order. I wished to put a question to the hon. member after he resumed his seat, I could not do so while he was speaking. I waited until he resumed his seat to ask his permission—

Mr. Speaker: Order. I suggest that the hon. member put his question when the house is in committee.

[*English*]

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Batten in the chair.

On clause 2—*Definitions.*

Mr. Herridge: Paragraph (c) reads:

"Corporation" means the National Arts Centre Corporation—

Does the use of those words mean that the government considers that Canada is one nation?

Miss LaMarsh: I understand it is a matter of semantics, Mr. Chairman. It depends really on the context you are using it in, whether it is "nation" as pronounced in French, or "nation" in English. Undeniably this is the Canadian national centre.

[Mr. Choquette.]

Mr. Prittie: Paragraph (e) defines performing arts. Is it contemplated that the halls will be available for rental? If some spectacular musical comes to Ottawa could an impresario rent the place for that purpose, or would it be just for the performances put on by the corporation itself?

Miss LaMarsh: I am afraid I might not have made this clear. The corporation itself is not going to run things. It is not going to start a theatre school, and take in young talent and operate as such. It is going to run the centre and rent it out for different purposes such as that mentioned by the hon. member.

I understand that over the past few months there has been much conversation with established companies in both the Canadian theatres of French expression and English expression, and it is hoped that at least two, one representing each national language, will make their permanent home there. It is intended that all three theatres will be utilized as much as possible for almost every kind of production. We hope it will be a living centre all the time.

Clause agreed to.

On clause 3—*Corporation established.*

Mr. Hales: This clause refers, among others, to the mayor of the city of Ottawa and the Director of the Canada Council. Should the phrase "or their substitutes" not be included? I can imagine cases arising where they might not be able to be present but could send their substitutes.

Miss LaMarsh: For continuity's sake it is hoped they will come themselves. The gift of the site from Ottawa was conditional upon the mayor's being a member, and the mayor of Hull would be invited, it being in the national capital area. The other officials are there for a particular reason, because of their responsibilities. It is the director of the Canada Council, and not the president of the board, the director being the senior full-time official. The president of the C.B.C. would be the individual who we expect, will be able to tie in broadcasts with the facilities.

One hon. member asked whether there would be radio and television facilities provided, and I am informed that there is provision in the plans for such facilities in each of the three auditoria. That is the reason for asking the president of the C.B.C. to be on the board, and also the Government Film Commissioner.

[*Translation*]

• (9:10 p.m.)

Mr. Mongrain: Mr. Chairman, I rise on a point of order because you go on to section 4 when I was up to request leave to speak on section 3. At the end of this section, it is stated that members of the corporation are to be appointed in such and such a way. I have no objection and, I repeat what I said a while ago, I agree to the bill in general.

I would like to replace the last two lines of section 3 by this or, at least, add the following sentence:

And nine other members to be appointed as provided in section 4, but three of whom at least will be Canadians of French culture and language.

I move this amendment seconded by the hon. member for Lapointe (Mr. Grégoire) who spoke before me.

[*English*]

Miss LaMarsh: Mr. Chairman, at this point may I say something with regard to this matter. The hon. member had asked me a question which I could not answer during the second reading stage. He made two representations during that stage of the bill. I should like to say to the hon. member that if he will notice who the present incumbents are he will find the mayor of the city of Hull, the director of the Canada Council, the president of the Canadian Broadcasting Corporation and the immediate past government film director. When you consider who these persons are you will see there is a preponderance which will not continue to obtain, because I hope these offices will be open to Canadians of any expression and that they will be chosen by merit and not primarily because of the group they come from in Canada.

As a woman I have noticed that every time in an organization where there are men and women, and the constitution is so drawn that it provides for a certain number of seats for women on the board, this operates as a structure; it becomes the most common denominator. Once you have made provision for two women on a board, that is all you get. If the hon. member would have this kind of an arrangement, I think over a period of years it would operate as a strait-jacket and would mean that members of the French persuasion never would have more than three members.

Mr. Grégoire: We do not have now.

Miss LaMarsh: Obviously you do not. There are no members on the board of any persuasion.

Mr. Grégoire: Look at the crown corporations.

Miss LaMarsh: I have checked, and in the crown corporations under my responsibility there is an even balance of French and English. When you add it up it is rather higher when you consider the proportion of French speaking people in Canada.

Indeed, in the cultural field I have noticed that this is not the kind of thing which occurs to people who are interested in things like the Canada Council or the performing arts centre. They are Canadians first, and are interested in an expression of the art of Canada and the art of the world. Narrowness in any regard is just not one of their qualities. I do not think there is the slightest doubt that when appointments are made to the board, not only at the beginning but every time there are re-appointments, every effort will be made to be sure that, first, the people are representative of the very best in Canadian art regardless of their ethnic background; second, that they promote Canadian culture, French speaking and English speaking equally all across the country and outside the country; and third, that there be absolutely no political bias with regard to any of them.

Since in Canada there has been really a greater development of the culture of the French expression, I should think it might be more in line for some of the Ottawa or western members to move that at least three must be English speaking. I would suggest to my hon. friend that this kind of board, as with the Canada Council and others, should be left flexible so that the best people of both language groups may serve on it.

• (9.20 p.m.)

[*Translation*]

Mr. Lambert: Mr. Chairman, I am very surprised and disappointed that the hon. member for Trois-Rivières (Mr. Mongrain) moved this amendment for I fully share the viewpoint expressed by the Secretary of State; such an amendment implies a maximum forever concerning the representation of people of French culture, origin and language.

Everyone knows that when a maximum number is specified for the constitution of an administrative body, that figure becomes a

fictitious number. Now it would be interesting tonight to see the hon. member for High Park (Mr. Cameron) who is now in his seat and the hon. members for the ridings of York who have just written to thousands of people who are not French speaking, to unite to protect their cultural rights in our country. Are we going to have a third force in this country, due to some pressure groups? I am not criticizing the motives advanced by the hon. member, but I am going to tell him something. Coming from another part of the country, where French-speaking Canadians are a small minority, I believe that such an amendment will be very harmful to us. So we are expecting good will and a genuine desire on the part of the government, whatever party may be in power; this is a national cultural centre, in the midst of our national capital. If we set such conditions, in regard to culture for today and tomorrow, are we going to sweep away forever one third of our population who are unable to retrace their origins, either on the English, British or French side?

I understand the motives of the hon. member, but I sincerely regret the procedure he adopted to this end, for I can tell him that it is going to be forever harmful to us in western Canada.

Therefore, I cannot support his amendment.

Mr. Mongrain: Mr. Chairman, the remarks of the member for Edmonton West (Mr. Lambert) surprise me somewhat, but I understand them, because, of course, we do not share the same views and, unfortunately, I cannot admit his.

I am most annoyed to disagree with the Secretary of State (Miss LaMarsh), because attentiveness to the ladies is one of the attributes to our French culture. Unfortunately, we are dealing with a matter very near not only to my heart, but also to that of all the people of my province.

I wish to say again, for the information of those who were not here, that my stand is not to be considered as fanaticism or partisanship, because I will fight just as vigorously tomorrow to try and preserve Canadian unity and see to it that everybody is treated fairly.

But my colleagues seem to overlook some slight differences. First of all, I say three members at least. So, it is not a maximum, but rather a minimum. Second, what prompts us to move an amendment is that there are still some cases where in spite of all the good will of the government—and I stress those words—patronage is being dispensed.

[Mr. Lambert.]

In principle, I do not feel there will be unfair discrimination against French Canadian art or artists, but I was taught in British law, that nothing is as strong as precedents. And precedents must be included in legislation, because in 10, 15 or 20 years from now, when we shall perhaps have disappeared, how can we be sure that some people will not be more narrow-minded, more petty than we are?

After listening to the member for Edmonton West I am wondering what harm such a request could do.

Frankly, I have no intention of hurting the French Canadians in the other provinces. I simply want to get legislation to guarantee the things which we hold sacred.

It is as sacred for us to keep watch over what is called our culture, as it is sacred to keep watch over our language, our religion, and similar things that are part of our being. It is something fundamental.

I would be the first to blame myself for forbidding anyone for instance to pray God in a different way from mine or to speak a language different from mine. I think that the same consideration must be shown me and those in my province, that the necessary provisions should be made to protect that thing which is called culture and which is essentially ours.

I repeat what I said a little earlier. It is the only way to prevent in Quebec the spread of those ideologies which are called separatism or something else and which try to divide Canada.

I am a Canadian. I say that if you give Quebec what it is entitled to, if you give it legislation, not only the good will of the people who are here, who mean well but who might not be here tomorrow, in short if you guarantee us those essential things, you will refute the arguments of those who try to divide Canada.

But if for all kinds of reasons, valid or not, you remain adamant, this would deprive us of what would enable us to prosper.

Besides, Mr. Chairman, I see every day on federal agencies, which are not necessarily concerned with art, lists of impressive names where there is not a minimum proportion of French Canadians.

I am told over and over again: "If you have competent people, send them to us and we will hire them". That does not satisfy me because all kinds of reasons are given to explain why their services are not required. In

the field of art, the minister said a little earlier that she was not worried because she knew that we had competent people. Therefore, if finding that minimum is not cause for worry, the legislation should provide that there will be at least those three. If they want to put five or six, that will be a matter for the people who will appoint them.

But I insist that this minimum be included in the legislation, Mr. Chairman.

Mr. Grégoire: Mr. Chairman, it gives me pleasure to second the motion of the member for Trois-Rivières.

As he has just mentioned, in reply to the Secretary of State (Miss LaMarsh) and to the member for Edmonton West (Mr. Lambert), this is not a maximum, but a minimum of three. I think this must be clearly understood.

Now, why is this being asked, Mr. Chairman? Because, generally speaking, the example of other crown corporations is striking. I recall that such an amendment has been introduced when a corporation to manage the station in Ottawa was being established. There was some discussion at the time and I remember quite well that certain ministers were of one mind while others held a different view. I also remember the minister of manpower (Mr. Marchand) telling me that to ensure recognition of our rights, other means than writing them into the legislation were available. He told me that if other means were ineffective, he would march in a picket line to have the disproportion recognized within the crown corporations.

Well, a few days later the annual reports of several crown corporations started to come in and, among others, we noted that Air Canada had not a single French Canadian among the seven or eight directors there. At the Canadian National, two out of 17; at the Bank of Canada, one out of 16 or 17, I think; at the Polymer, not one among all the executive directors.

Now, even if the Secretary of State says that she will see to it that as many as possible are appointed, she will admit that we are justified in wanting to be protected at least by the wording of the legislation, because in the past, leaving all this to the pleasure, to the good will of the government, whatever the government, the right proportion was never respected. In fact, that happened under the two governments, under all the other governments.

Whether it is in connection with the Ottawa station, or the corporation of the National Arts Centre in Ottawa, I believe that the amendment moved by the member for Trois-Rivières (Mr. Mongrain) is reasonable and fair. It does not mean that there should be only three French speaking Canadians on the board of trustees, but there should at least be three. I do not see why they should be limited to three. This would compel the government to appoint at least three.

Experience in other crown corporations has shown that never more than a third have been appointed, always less and often none at all.

This is why I think it is advisable to support that amendment. If the minister maintains that there will be more than three, I do not see why she would reject this. She has stated that many French Canadians are connected with the artistic field and that there will be more than three in the corporation. I do not see why the Secretary of State would refuse to mention in the legislation that there should be at least three.

In fact, it could happen some day that a secretary of state would be less favourably disposed than the present Secretary of State and would not recognize that fair percentage; perhaps another secretary of state will be less favourably disposed and will take some steps so that no French Canadian would join the corporation.

Miss LaMarsh: Incredible.

Mr. Grégoire: Therefore, this would protect the accomplishments of the Secretary of State, who wants to do justice to the French speaking citizens.

We want a clearly and precisely worded act, so that she may have no fear of being replaced by a secretary of state less anxious to recognize the fact that there are some proportions that need be maintained in Canada.

In the circumstances I cannot see why the Secretary of State would object to such an amendment, because it is an entirely reasonable request.

A while ago the hon. member for Lotbinière (Mr. Choquette) said that was the government's goal. Let it be recorded in the text of the act, to make sure that the goal will be reached and will be maintained in the future.

I cannot understand why the Secretary of State would have objections to this, and the more so since the arguments she put forward a while ago tend rather to confirm the need to include this amendment in the act. The very arguments placed before us confirm

this need and they even add some weight to the amendment moved by the hon. member for Trois-Rivières.

I therefore call upon the Secretary of State. We know that she is open-minded and we think that she ought to support the amendment moved by the hon. member for Trois-Rivières.

• (9:30 p.m.)

[*English*]

Mr. Mackasey: I think perhaps it is time we heard from a Quebecker who, for a change, happens to be of English culture.

Mr. Chairman, I represent a riding 60 per cent of which consists of French Canadians and I find myself duty bound to say a few words on why I will vote against the amendment. First of all I think the amendment is an insult to French Canadians. It seems inconceivable, in a country such as ours and in the year 1966 during which we have discussed bilingualism and biculturalism day in and day out, that we should have to legislate the membership of French Canadians in what is essentially a crown corporation or very close to it. I remember very well two years ago the same problem arose in the meetings of the transport committee. At that time I took the same stand as I am taking now and I had no trouble in explaining it to the French speaking people in my city. They applauded my stand.

It seems to me that culture is one field in which narrowmindedness and intolerance should not enter. I do not think the day will ever come when tolerance and understanding will have to be legislated. If a time comes when members of the House of Commons will not appreciate the cultural contributions of French speaking Canadians to this country, then legislation is futile. I will repeat, Mr. Chairman, that it is an insult to French Canada.

I should also like to say, Mr. Chairman, that perhaps some hon. members are interpreting the word "culture" in a very narrow sense. The only contribution I have ever made to the field of culture was to march down St. Catherine street on March 17 as grand marshal of the Irishmen's parade. But I think the culture of this nation was not only born in French and English Canada. It is a combination of the culture of Ukrainians, Jews, the Scots, the Irish, the Lithuanians and all the rest of us who make up this country. I think that in our preoccupation with the problems of French Canada and English Canada we forget there are a lot of other Canadians who have not originally come from France or the British Isles, and who are just as Canadian as the rest of us.

I represent a constituency in which there are over 50,000 French speaking Canadians but I think that when the time comes to vote on the amendment I will have no trouble in explaining to my constituents the reason why I voted against it. I consider it to be an insult to French Canadians.

[*Translation*]

Mr. Lachance: Mr. Chairman, the amendment moved by the hon. member for Trois-Rivières (Mr. Mongrain) and seconded by the hon. member for Lapointe (Mr. Grégoire) embodies an argument which we, French speaking Canadians, would be inclined to accept.

On the other hand, I learned a long time ago that there is a world of difference between the letter and the spirit of the law. The spirit of the law is the important thing, not the letter.

I do not propose to defend the French speaking element of Canada, but I do say that I do not approve of the amendment moved by the hon. member for Trois-Rivières and seconded by the hon. member for Lapointe, as I have often heard from the latter much stronger arguments than those he put forward tonight.

Mr. Chairman, as I said a few moments ago, I do not think that the spirit behind that amendment is enough to make us, French speaking citizens, accept it wholeheartedly. I fail to see also how four or two French speaking representatives or representatives of French origin would give more power to this legislation, especially if those representatives lack the French culture they should have.

Mr. Grégoire: Is that an argument?

Mr. Lachance: Mr. Chairman, of course there are in Canada citizens of French origin who are qualified to speak on behalf of French speaking Canadians and others who are not as qualified, just as there are English speaking citizens who are not very qualified to speak on behalf of French speaking citizens.

It is the spirit that is most important with regard to those who will administer this legislation. In my opinion that is what counts. The present government as well as the Secretary of State, have shown in the past, that they are broad-minded. That is what matters. We must not give our administrators too narrow

a scope to express our culture. We must expand our horizons and that is how we will succeed in giving to that legislation all the scope we want it to have.

Mr. Guay: Mr. Chairman, I think the hon. member for Trois-Rivières would agree to withdraw his amendment after consulting with me, and I will introduce an amendment myself immediately after him.

Mr. Mongrain: Mr. Chairman, I should like the house to understand that I, who moved the amendment, and my seconder, the member for Lapointe, are willing to accept a subamendment, but not because we were impressed by what has been said until now.

If the hon. member for Verdun (Mr. Mackasey), a colleague whom I admire and whose very presence here is a proof of the broadmindedness of French Canadians, since these are the people who elected him, said my suggestion was an insult to French Canadians, it means he did not understand something. I allow myself to disagree with him.

Again, Mr. Chairman, I say in no uncertain terms that I am ready to compromise to the greatest extent to maintain good will with all elements of the country, but not at the cost of abdicating such sacred things to me as my language, my religion and my culture. It is that clear. When the hon. member for Verdun mentioned a while ago that if we demanded that, the same thing would have to be claimed for Ukrainians, Jews, Chinese and others, it became evident that the hon. member for Verdun fails to grasp certain things.

Anyway, there is a well admitted principle here that there are two main ethnic groups; the newcomers are respected and are given all possible rights. By coming to set up here, they implicitly admitted that they wanted to become part and parcel of one or the other of the two main streams of cultures or ethnic groups.

But, Mr. Chairman, for the sake of good will, in order not to drag on the debate, because I admire the legislation brought in by the minister, I would be ready to withdraw my amendment, with the consent of the seconder, after hearing the subamendment of the hon. member for Lévis (Mr. Guay). Nevertheless I reserve the right to hear it before taking a definite decision.

• (9:40 p.m.)

Mr. Guay: Mr. Chairman, I thank the hon. member for Trois-Rivières for his kindness, and I shall be very short, because I was not opposed to his amendment altogether, but I did not believe so much in the matter of the minimum or the maximum for I always fear that that minimum would remain both a minimum and a maximum.

The amendment would then read as follows:

That the board of trustees be composed so as to reflect the cultural duality of this country.

Mr. Chairman, I move this subamendment, seconded by the hon. member for Lotbinière (Mr. Choquette).

Mr. Mongrain: Then, Mr. Chairman, in order to show clearly to the house that we are not fanatics, that we simply wish to sanction a principle, I am willing to withdraw my amendment with the consent of the seconder, if the house allows me to withdraw it in favour of this subamendment.

[*English*]

The Chairman: It will be necessary for the committee to give its unanimous consent for the hon. member for Trois-Rivières to withdraw his amendment. Does the committees give unanimous consent?

[*Translation*]

Mr. Grégoire: Mr. Chairman, if I understood correctly, it is not the amendment moved by the member for Trois-Rivières, and which I seconded, that is being withdrawn, but the member for Lévis (Mr. Guay) is moving an amendment to our amendment. I must say, Mr. Chairman—

[*English*]

The Chairman: Order, please. The hon. member for Lévis has not introduced any amendment, neither has it been accepted by the Chair. It is the Chair's information that he suggested he would move another amendment if the hon. member for Trois-Rivières were to withdraw his.

[*Translation*]

Mr. Mongrain: Mr. Chairman, I rise on a point of order. I want this to be well understood. I want the subamendment to be moved first, and if the house accepts it, I am willing to withdraw my amendment. I refuse to withdraw my amendment unconditionally, Mr. Chairman.

[*English*]

The Chairman: Order, please. The hon. member for Trois-Rivières has moved an

amendment. If he wishes to withdraw his amendment he will have to ask for the unanimous consent of the committee. If, however, the hon. member for Lévis wishes to move a subamendment, that is entirely up to him.

[*Translation*]

Mr. Grégoire: Mr. Chairman, if I understood correctly, and the hon. member for Lévis could throw some light in this regard, but I think I understood correctly, he introduced an amendment to the amendment of the hon. member for Trois-Rivières. He was simply substituting figures to those contained in the amendment, so that the number of directors would reflect the two Canadian cultures.

By his subamendment he was deleting the figure put forward by the hon. member for Trois-Rivières, that is the minimum of three, and replacing it by the subamendment, and that is when we agreed.

[*English*]

The Chairman: The subamendment which has been suggested by the hon. member for Levis, if it were passed, would not be consistent with the amendment itself. The topic of this subamendment, as now moved, would not be consistent with the amendment. The Chair, therefore, is not able to accept the subamendment in this form.

[*Translation*]

Mr. Grégoire: Mr. Chairman, if I am not mistaken, you have just made a ruling without asking any advice from the floor on whether the subamendment was in order. Furthermore, you have quoted no authority to state that the subamendment was not in order.

[*English*]

The Chairman: May I refer the committee to Beauchesne's fourth edition, citation 203?

Mr. Starr: Mr. Chairman, I rise on a point of order. If I heard correctly, a moment ago you made a ruling and I think we should abide by it. I believe the question should be put on the amendment.

The Chairman: Order, please. I agree with the hon. member for Ontario, with the exception of one point. I made a ruling without giving a citation in support of it. The hon. member for Lapointe asked for the citation to support my ruling and I intend to give it. Citation 203 of Beauchesne's fourth edition, page 171, reads as follows:

> It is an imperative rule that every amendment must be relevant to the question on which the amendment is proposed. Every amendment proposed to be made either to a question or to a proposed amendment should be so framed that if agreed to by the house the question or amendment as amended would be intelligible and consistent with itself.

It is the opinion of the Chair that if the subamendment were accepted by this committee, it would not be consistent with the amendment as moved by the hon. member for Trois-Rivières. I repeat, therefore, my former ruling that the subamendment is out of order.

Is the committee ready for the question?

Amendment (Mr. Mongrain) negatived: Yeas 8; nays, 68.

• (9:50 p.m.)

The Chairman: Order. I declare the amendment lost. Shall clause 3 carry?

[*Translation*]

Mr. Guay: Mr. Chairman, in order that the amendment be clearer this time, I suggest to add at the end of line 2 of section 3:

> That the bilingual character be recognized by the corporation in such appointments.

[*English*]

The Chairman: The amendment moved by the hon. member for Lévis is considered to be in order.

[*Translation*]

Mr. Grégoire: Mr. Chairman, before you give your decision, may I be allowed to say a word—

[*English*]

The Chairman: Order. The Chair has already given its decision that the amendment is in order.

Mr. Starr: Mr. Chairman, I wish to say a few words with respect to this amendment. As I understand it, if this amendment passes, the members of the board would be composed of people who represent the two cultures of Canada. Bilingualism has that connotation at this time. That is my understanding. I think that this would be the worst type of discrimination which could be entered on the statute books of this country. After all, there are some six million Canadians who have ethnic backgrounds other than French or English, who are proud to be Canadians, who want to participate in the cultural life of this country, and who have a great deal to offer, both in culture and in tradition, by way of stimulating our country now and for the future.

By this amendment I feel that these people would be discriminated against. If they had the ability, and it was recognized that they would make good members of the board and would have something to add, this amendment would entirely eliminate them from consideration. This would be a crying shame, and any action of this sort by this parliament would tend only to divide the country more.

I have been listening to debates in this house for a number of years now and particularly during the past year or so we have been engaging here, by actions of this nature, in practices which are disuniting the country more than ever before. What we should be doing, irrespective of whether we are of French origin, English origin or any other origin, is working together as Canadians, all for the benefit and good of this country.

I am not suggesting that we must have representation on certain boards of certain ethnic groups. What I am suggesting is that we are all Canadians, and that we have the ability, the knowledge and the willingness to go forward and build up the country, whether culturally or any other way. We should all be recognized and no distinction should be made in this manner.

I must vote against this amendment, Mr. Chairman, because I do not think it gives a fair opportunity to every Canadian who wants to be Canadian, has proved himself to be a Canadian, and who wants to work for the Canadian way of life.

Mr. Ryan: Would the hon. member permit a question. I am very much in sympathy with what the hon. member has said but I am wondering whether he would favour the amendment if a subamendment were moved providing that the bilingual and multicultural character of the country be recognized by the corporation in its appointments?

Mr. Starr: If I may answer the question, no, I would not. I think the clause should be left as it is now so that all Canadians regardless of origin are eligible for appointment if, in the wisdom of those who make the appointments, they are considered suitable.

Mr. Roxburgh: Mr. Chairman, I have not entered into this debate so far but I have been listening keenly. I was brought up in a small village 90 per cent of the population of which were French Canadians. I have a lot of good French Canadian friends. Last Monday I attended at home a citizenship court before which 42 people became Canadians, not one of whom was a Frenchman or an Englishman. These people were Hungarians, Lithuanians, Ukrainians. In my area 50 per cent of the voters are new Canadians from Europe. None of them were French and none of them were formerly English speaking Canadians at all. But they are the finest Canadians in Canada.

I think we are going too far on this matter. Let me say to my French Canadian friends—and I hope I have French Canadian friends—that if this sort of thing is perpetuated they will drive in a wedge which will separate us forever. I have taken all I can. I have gone my limit on this business. I applaud the remarks of the hon. member for Ontario and I just had to get up and say something now.

Mr. Ricard: Who are your friends on the other side?

Miss LaMarsh: Perhaps, Mr. Chairman, we might—

Mr. Grégoire: Ten o'clock.

Miss LaMarsh: Perhaps, Mr. Chairman, the committee might agree to stand this particular clause and see whether some other progress might be made before ten o'clock.

Mr. Starr: Let us vote on it now.

Mr. Bigg: Question.

The Chairman: Shall clause 3 carry?

An hon. Member: Ten o'clock.

The Chairman: Order. It being ten o'clock, shall I rise, report progress—

Mr. Starr: Mr. Chairman, for the sake of progressing with the business of this house I wonder whether we could agree to vote now and carry on and complete this bill. I do not think there are any other controversial aspects to the bill.

Mr. Prittie: Mr. Chairman, I would not agree to vote at this time. The hon. member for Ontario has had his say; others also want to speak.

Mr. Starr: On a point of order, I think the hon. member has had two or three says on this bill.

Mr. Prittie: Not on this point.

Mr. Starr: But on this bill.

Mr. Prittie: But I want to speak on this point.

Proceedings on Adjournment Motion

The Chairman: Order. It being ten 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.

• (10:00 p.m.)

BUSINESS OF THE HOUSE

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, tomorrow we will start with the legislation dealing with the Company of Young Canadians. Then we will turn to this measure, and to the resolution setting up a film development corporation. After that we shall proceed to estimates, in the order I indicated last night.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

WINTER WORKS—NOTRE DAME DE LA GUADELOUPE, QUE.,—INQUIRY AS TO REPORT

Mr. Raymond Langlois (Mégantic): I rise at this time, Mr. Speaker, to discuss a question I put to the Minister of Citizenship and Immigration a few days ago. Mr. Speaker did not permit my question to be answered at that time. Since then I have inquired whether the Minister of Citizenship and Immigration asked for an inquiry to be conducted into the winter works program undertaken by certain municipalities, notably, Notre Dame de la Guadeloupe, St. Ephrem de Beauce, and St. Méthode de Frontenac.

Winter works projects go back to 1961. Although the minister has written to me that the inquiry would be undertaken, I should like to know when it is to take place. Is it to take place under federal or provincial jurisdiction, and will the federal or provincial authorities make the investigations. I shall await patiently for the outcome of such an inquiry.

It might be wise if the minister would ask the members of the unemployment insurance office in St. Georges de Beauce about a man known as Mr. Donalcourt, who made an inquiry last year respecting the proceedings in the municipality of St. Ephrem de Beauce. This inquiry was quite lengthy, and contains revealing facts about which the minister would be interested. I might point out that the Unemployment Insurance office in St. Georges de Beauce found it necessary to make its own inquiry into the questions I have raised.

The minister would also find it useful to look at the correspondence between the Minister of Finance last year, the former member for Beauce, and the minister of labour of that time, respecting certain allegations to do with the municipality of St. Ephrem de Beauce. The allegations are similar to those having to do with the municipalities of Notre Dame de la Guadeloupe and St. Méthode de Frontenac.

May I point out that the hon. member for Beauce (Mr. Racine) and the hon. member for Lotbinière (Mr. Choquette) could benefit from such an inquiry. They ought to contain their remarks until the results of the investigation have been made known. I know that the hon. member for Beauce would favour obtaining up to date facts about the municipalities in question. He is still mayor of St. Honoré de Shenesey which is six miles away from some of these municipalities and he might be able to explain some of the proceedings which have been going on.

I do not wish to press the matter further. I just wanted to make these few observations and ask the minister whether he does not wish to take account of this inquiry which has been made at the employment office about Mr. Donalcourt. I would point out that tomorrow, I believe, we shall be dealing with motions for the production of papers, asking for papers connected with that inquiry. There is a further motion calling for the production of correspondence between the former member for Beauce and two ministers, the Minister of National Revenue (Mr. Benson) and the Minister of Labour (Mr. Nicholson). Apparently the events of these municipalities have had repercussions in the ministry of National Revenue in connection with the TD4 forms given out by the federal government to those who worked on these winter projects.

I suggest it would be wise to inquire whether there were any irregularities in this respect which would interest the Department of National Revenue. An attempt might be made to ascertain whether those on the books of the municipalities who received these forms actually carried out this work. These are the representations I have to make and I

hope the minister will give them serious consideration.

Mr. B. S. Mackasey (Parliamenary Secreary to Minister of Labour): I listened with great interest to the remarks of the hon. member. I could not help but notice there were an awful lot of inferences and allegations made in the course of his observations. I hope some of them have a little more substance than his statement a few weeks ago about voters in that area committing suicide.

I would point out to the hon. member, who obviously did not exhaust himself while he was on his feet, because he is making more sound now that he is sitting down, that there is a very simple way for him to turn allegations against the hon. member for Beauce (Mr. Racine) and the hon. member for Lotbinière (Mr. Choquette) into something more substantial. He could accuse them directly and have the matter referred to the committee on privileges and elections.

Mr. Langlois (Megantic): On a question of privilege. I did not accuse either the hon. member for Lotbinière or the hon. member for Beauce. I told them to contain themselves and wait for the inquiry to produce results. Then they would find out what the facts are.

[*Translation*]

The Acting Speaker (Mr. Rinfret): Order. The hon. member has risen on a question of privilege. I do not believe there is a question of privilege. Under standing orders, at this hour of the night, a member who wishes to put a question to a department represented by a minister or a parliamentary secretary may have seven minutes to do so. The hon. member was allowed seven minutes to present his views and I now recognize the hon. parliamentary secretary.

Mr. Grégoire: On a point of order, Mr. Speaker—

Some hon. Members: There are no points of order after ten o'clock.

Mr. Grégoire: I rise on a point of order. If the members of the Liberal party will be quiet, I shall make myself heard on a point of order. It has to do with the question of privilege raised by the member for Mégantic (Mr. Langlois). The member for Verdun (Mr. Mackasey) said the member for Mégantic (Mr. Langlois)—

The Acting Speaker (Mr. Rinfret): I said earlier that there was no basis to the question of privilege raised by the member for Mégantic. He presented his point of view and it is now up to the parliamentary secretary to answer the question put to him by the hon. member for Mégantic.

Mr. Grégoire: With your permission, Mr. Speaker, I rise on a point of order to mention directly the question of privilege concerned.

Each member has the right to see that his words are interpreted properly and to correct wrong interpretations. That is set forth in the rules of the house.

I should like to deal precisely with this question of privilege and express the opinion that the member for Verdun misinterpreted the words of the member for Mégantic. I ask him to correct the faulty interpretation he gave to the words of the member for Mégantic.

The Acting Speaker (Mr. Rinfret): Order.

• (10:10 p.m.)

[*English*]

Mr. Mackasey: Mr. Speaker, I have the greatest respect for the hon. member for Mégantic (Mr. Langlois), even to the extent of thinking he can fight his own battles a little more adequately than the argument put forward by the hon. member for Lapointe (Mr. Grégoire) which, to be charitable, was pathetic. I would suggest to the hon. member for Mégantic that in the spirit of co-operation in which I know he has brought forward these allegations, it would help the house and circumvent the necessity of a lot of correspondence to and from the department in Quebec and Rivière du Loup if he would get up and, in plain language, tell us precisely about these irregularities of which he seems to have first hand knowledge. This would help the situation.

If he does not want to do that, then I am afraid there is no other course but to wait until all correspondence between the Minister of Citizenship and Immigration (Mr. Marchand) and the proper department in the province of Quebec is finalized, and I can only repeat what the minister has said to the hon. member on several occasions. The matter is being investigated and there is no effort on our part to hide irregularities, if there are

any. In these circumstances there is no alternative but for the hon. member to restrain his enthusiasm until the facts are available.

Mr. Langlois (Mégantic): I agree.

HEALTH AND WELFARE—SMOKING—REQUEST FOR CONTROL MEASURES

Mr. Barry Mather (New Westminster): Mr. Speaker, on orders of the day on May 31 I asked the Minister of National Health and Welfare if he was aware of the fact that the government of B.C. declared that day to be non-smoking day in B.C., in line with his campaign to combat lung cancer, heart disease, and other kindred problems. The Speaker ruled my question out of order, and in consequence I asked that I be allowed to bring it up again on this occasion.

My reason in asking the question was to draw the attention, not only of the minister and of the House of Commons but of the entire country to the continuing toll taken in human life by the consumption of cigarettes, and to draw attention to the need for the federal government and all people at the federal level to do more than has been done so far to reduce this toll.

Along with several other hon. members, I am active in trying to promote measures to improve traffic safety and safety features in automobiles. That is a worthwhile endeavour, but I think there is a greater need for us to concern ourselves with the toll and slaughter taken by the consumption of cigarettes in Canada. In that regard, in my opinion I can do no better that quote briefly from some of the statements made by the health department of the government of B.C. on the cigarette disease toll:

> Throughout Canada in 30 years deaths from lung cancer have multiplied by 1,500 per cent to a record level of over 2,000 deaths per year.
>
> The Canadian Medical Association shows that cancer and smoking have been linked together for the past 100 years . . .
>
> This year in Canada more than 2,750 people will die from lung cancer, almost twice the combined deaths from all the infective and parasitic diseases, including tuberculosis.

Dr. Michael B. Shimkin, a cancer specialist with the United States national institute of health, referring to the rising tide of evidence showing the menace of cigarette smoking said:

> Were we speaking of spinach, the selling of spinach would now be a capital offence.
>
> [Mr. Mackasey.]

He went on to say:

> Cigarettes should be regarded as a major environmental poison.

Mr. Speaker, with the permission of hon. members and the Chair I could quote at great length on this subject, but this is not the time to do so. I wish to point out just one other fact. People who smoke cigarettes regularly and in high number have a 50 per cent greater chance of dying from heart problems then those who do not smoke. I should like to conclude the quotation from the declaration of the health department of British Columbia with the statement that what is needed and needed very desperately is federal action toward guidance and support at the national level to combat the incidence of disease from cigarette smoking.

In conclusion I should like to pose the following question: Does the government of Canada, through its Department of National Health and Welfare, really believe it is doing enough to combat this disease which is related to cigarette smoking and which has been found to exist not only by the British Columbia health department, but also our own Department of National Health and Welfare, the United States health department, the British health department, the Scandinavian health department and the Russian health department? I think we should do a great deal more than we have done. I sincerely urge the government to examine the situation and try to step up their campaign against cigarette smoking by employing different means. Will the government do this?

Mrs. Margaret Rideout (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, the Department of National Health and Welfare is aware of the action taken by the province of British Columbia in declaring a non-smoking day. Similar action has been taken by many cities and states in the United States. We are pleased with any action which focuses attention on the evils of cigarette smoking.

Hon. members are aware of the considerable activity which has been carried on in this area in this department, particularly the attention which was focused on smoking by the former minister of national health and welfare, the present Secretary of State (Miss LaMarsh). I am pleased to inform hon. members that the present minister has almost given up smoking.

The idea of non-smoking-days is a good one, and what action should be taken on a national basis is being considered at this time by the department.

DEFENCE PRODUCTION—INQUIRY AS TO DESTROYER ESCORT PROGRAM

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, it is a pleasure to follow the parliamentary secretary, who is an adjoining neighbour of mine in New Brunswick. As of now I imagine the parliamentary secretary will be taking over part of the constituency which I represent. I should not like my friends in New Brunswick to misunderstand me if I were to say we were the only two in this house, but there are not many more.

The matter to which I should like to refer tonight has reference to a question I asked last Tuesday, June 7. I mentioned the lay-off of 600 men in the Saint John shipbuilding industry, and I asked the Minister of National Defence whether he had any up to date information on the present position in respect of the naval program; that is, the program for four new destroyers and two supply ships which he mentioned some months ago. It is quite true that I should have referred this matter, perhaps, to the Minister of Industry whose department, the Department of Defence Production, has the final responsibility for the construction of vessels of this nature. However, I have had very poor luck lately with the Department of Industry. We cannot get Saint John moving into the incentive program. We lost the *Bonaventure* through misadventure or some other circumstance, and we are being hard hit in the maritimes, particularly in Saint John, by the Department of Industry.

• (10:20 p.m.)

I noticed in the paper that the Minister of National Defence (Mr. Hellyer) has a great deal of money to spend, hundreds of millions of dollars, and felt I might appeal to him and ask whether, with regard to the four vessels which are to be constructed, there might be a chance that on some basis this work could be distributed around the shipyards on the east coast, which would include Saint John.

I suggest that this is a matter of serious concern to our community because 600 men will be lost to the industry forever. They are skilled and have been in the trade for some time. They will go elsewhere in this transformation period, when construction work is scarce in our shipping industry. Surely we are entitled to know where we fit into the plans that are being put into being.

I recall that in 1962 announcements were made that there were to be built a number of new destroyer escorts, or general purpose frigates, and this program has been postponed for various reasons up to this time. I call on the government to give us this information. Let us know what we can expect; whether these men should stick around in the hope that something might be forthcoming.

I am very critical of the Department of National Defence. They have virtually wiped out our poor old navy, and I make this appeal: Don't do the same to the shipbuilding industry, which is so important to a community such as ours in Saint John. I see the Associate Minister of National Defence (Mr. Cadieux) in his place. I thank him very much for staying here at this late hour. I hope he will be able to give us some encouragement that this program is now finally moving ahead, and that we can expect a tender call with some sort of allocation very soon.

[*Translation*]

Hon. Léo Cadieux (Associate Minister of National Defence): Mr. Speaker, I deplore as much as the member for Saint John-Albert (Mr. Bell) the difficulties that the shipyards in the city of Saint John are having at the present time. The information the hon. member was seeking was of course, to be obtained, as he said, from the Department of Defence Production. I have here information and dates concerning the two classes of ships he has mentioned.

First, as regards auxiliary ships, called "operation support-ships" tenders were called on March 1, 1966 and they must be in by July 6 of this year, at the latest. We believe the contracts concerning the building of these two ships will be awarded in December of this year.

As far as destroyer D.E. are concerned, tenders will have to be called during the first quarter of 1967, at the latest. The shipbuilding program provides that one of the ships, the first one, shall be built between August 1967 and October 1970; the second, between August 1968 and May 1971; the third, between August 1968 and September 1971; the fourth, between August 1968 and May 1972.

According to the information I have obtained, shipbuilding companies across the country, qualified to undertake this type of work, will be asked to submit tenders. In

this connection, required qualifications were mentioned in the answer to question No. 455, given last February 3, and I quote:

[*English*]

Management proposals will be invited on a national basis from those shipyards interested in participating in this program. Those proposals will be evaluated and the yards surveyed to determine those shipyards qualified for lead and/or follow yards. Evaluation will be based on criteria which will include management capability, physical facilities, experience and past performance on projects of comparable complexity.

[*Translation*]

Such then is the information I could obtain, and I hope it will be satisfactory to the hon. member.

It being twenty nine minutes after ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Friday, June 10, 1966

The house met at 11 a.m.

EXTERNAL AFFAIRS

NATO—REPORT ON MINISTERIAL MEETING

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, in accordance with our practice I wish to report to the house on the NATO ministerial meeting which took place this week in Brussels. Also in accordance with practice in other years and with the consent of the house I should like to table two copies in French and two copies in English of the final communiqué of this meeting; and if the house agrees, as it has on other occasions, I suggest that this be published as an appendix to today's *Hansard*.

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

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

Mr. Martin (Essex East): The discussions at this meeting covered a wide range of problems, but our attention was necessarily concentrated on issues directly related to the French decision, while remaining within the alliance, to withdraw from the integrated military structure.

The nature of the main problems that we had to discuss, which were internal to the alliance, made necessary an unprecedented organization of work. The meetings on Monday, June 6, were among the foreign ministers of the 14 countries, to which the government of France had sent communications. It also proved necessary in the case of the regular ministerial meetings for the 14 ministers to hold meetings several times separately in order to work out among themselves a common position on issues under negotiation with the French. This too was an unprecedented procedural development and one which could have created difficulty. That it worked smoothly I regard as evidence of the good will of all members of the alliance. I am also encouraged to think that it reflected their genuine desire to develop forms of relationships which would make possible continuing co-operation in the future.

• (11:10 a.m.)

Never in my experience has there been a NATO meeting where the exchanges were franker, and perhaps where the problems were more difficult. This was hardly surprising. Ministers found when they reached Brussels that both among the 14 and as between the 14 and France they were divided on two important questions: the 14 had differing and strongly held views as to whether a new site should be chosen for the North Atlantic council, and previous efforts to find a formula to cover negotiations between France and the 14 over the future role of French forces in Germany had proved abortive.

These two issues of the meetings—the site of the NATO council and the negotiating procedures for French forces in Germany—involved for us a common concern. At stake in each case was the continued unity of the alliance. We avoided open breaches. Orderly procedures for examining our differences were agreed upon. Time was gained. I do not deny that we have difficult problems ahead of us. The 14 proved to themselves that they could hold to a common position, and France found that its allies were ready to compromise in order to preserve the unity of the alliance.

Now, sir, reporting on these very vital meetings, I do not want to give an exaggerated impression of the achievements of the meeting. In concrete terms we succeeded in working out a procedure for conducting negotiations on the several problems involving all members of the alliance which are posed by the French decision to withdraw from the integrated military structure. Moreover, the intensive and delicate discussions which led up to this agreement, and which lasted for two days, were marked by efforts on both sides to resist any formula which they considered might prejudice their position in the negotiations which would ensue. This confirmed what we already knew, that it will prove extremely difficult to find a way to reconcile at the same time the requirement of the 14 that French forces remaining in Germany should undertake a

militarily significant role, with French insistence on the principle that their forces should not be integrated.

The question at issue here is the extent of the military co-operation which the French government will be prepared to provide as a substitute for participation in the integrated military structure; for it is necessary to have a concerted planning in peace time if there is to be effective response in emergencies and concerted action in war. The outcome of these complex and crucial negotiations cannot be forecast, but they are at least fairly launched.

The other issue faced at Brussels concerned the future site of the North Atlantic council. This was the main issue which divided the 14. There were some who felt keenly that a decision had to be taken immediately to move the council from Paris. With SHAPE, the military headquarters, obliged to leave French territory, they argued the case for the co-location of the military and civil headquarters.

A decision to move the council from Paris would be an important political action. I argued; would it have been right to have taken such a step before testing French intentions; before discovering whether co-operative military arrangements could be worked out between the French and the 14 who have decided to maintain the integrated military structure; even before President de Gaulle had visited Moscow, even before the French foreign minister had reached Brussels and had a chance to show, in consultation with his colleagues, whether satisfactory arrangements could be worked out with France? How could we hope to work out such arrangements with France, the Canadian delegation argued, if our first action as the 14 was to anticipate that our negotiations with the French would fail?

These are the questions I put to my colleagues. No matter how valid some of the arguments for moving the council might be, we maintained it was too early to take a decision. Eventually, after the fullest discussion, the 14 ministers agreed to defer consideration of the question until October.

The French foreign minister later spoke in the ministerial meeting of the position taken by the 14. He said the French government would be pleased if the 14 decided that the council should remain in Paris, but if it were decided to move the council, France would understand the reasons. This statement, which is noted in the communiqué,

[Mr. Martin (Essex East).]

helped to clear the atmosphere. When we do approach this problem again in the autumn, President de Gaulle will have visited the Soviet union and we shall have a clearer idea of the limits of military co-operation between France and the 14. Then, in reaching our decision, facts rather than expectations can guide us.

If two of the principal achievements of the meetings emerged out of conflict, the third important element—the emphasis on improving east-west relations—developed without opposition. Here, I am pleased to report, agreement was complete. All ministers recognized the need to increase bilateral contacts with the countries of eastern Europe. They saw this as having value in itself and as a necessity for the creation of an atmosphere propitious for the negotiations which must eventually take place on the German settlement. The ministers decided that a report on the possibilities for developing east-west relations should be prepared for their future use.

This unanimity of approach was most encouraging. It demonstrated the extent to which the members of the alliance share a common political outlook, agreeing on the aims of policy and on the prospects for making progress. All members reiterated that a European settlement was our basic objective. But the road to that settlement will be long. It is the intractability of the problems, rather than any lack of will to pursue solutions, which makes progress inevitably slow.

The proof of the measure of agreement and the motives underlying it are expressed in the final communiqué. By the standards of earlier communiqués I regard this communiqué as forward looking. For this reason, and because it includes the formula agreed upon to cover negotiations with France and outlines certain changes in the structure of the organization, I have already asked the house, and we have agreed to its inclusion in *Hansard*.

The Brussels meeting can I think be described as fruitful in the sense that a week before the meeting began it seemed that we were headed for a confrontation between France and the 14 which threatened to lead to a complete breach. But a confrontation was avoided and a sense of shared interest prevailed. All countries agreed—and this is important—that the maintenance of the Atlantic alliance is as necessary today as ever. They further confirmed that, to this end, its members are pledged, separately and jointly, by means of continuous and effective

self help and mutual aid, to maintain and develop their individual and collective capacity to resist armed attack.

Our problems are not resolved, Mr. Speaker; indeed, the crucial issues have yet to be faced, but necessary preliminary decisions have been taken. For this we have the alliance and the NATO council machinery to thank. Once again, this time in new and in many ways more difficult circumstances, the value and the resilience of the alliance were demonstrated. We did our best to avoid unnecessary decisions which could have destroyed the alliance at this stage. We discussed many other problems, including Cyprus, but I have outlined today the essential ones because they involve the unity of the alliance. What the future holds for the 15 has yet to be determined but at any rate, as I have said, we have bought time.

Some hon. Members: Hear, hear.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Hon. members will, I know, join me in welcoming back to the house the Secretary of State for External Affairs, and will appreciate the fullness of the report he has given. This morning over the radio Ron Collister, who accompanied the minister, described him as a leader of the doves, a most unusual position for the minister to occupy.

• (11:20 a.m.)

As far as the conference is concerned it was a most important one having, as it did, the responsibility of ensuring the preservation of the North Atlantic Treaty Organization and doing everything possible to keep France within that organization. France outside the organization would weaken NATO to an extent that would leave it little more than a memory.

It has been argued that NATO will benefit from the division that has taken place in consequence of the intransigent attitude of President de Gaulle. I think the answer to that was given by General M. Lemnitzer when he said "One more benefit of this sort and we will be out of business."

The minister quite frankly states that the problems are not resolved, that the issues that are crucial to the maintenance of NATO have been postponed. Sometimes there are victories in the postponement of action, and in this case I think we in the western world will agree that the fact that the confrontation which had been expected has been postponed at least permits us to hope that in the intervening months between now and October the voices of reason will assure the preservation of NATO.

The minister also mentioned the necessity of improving east-west relations. Personally I feel that the Danish proposal for an early east-west conference was a worthy one. Careful preparations will have to be made before such a meeting can take place. Furthermore, there will have to be agreement among all the nations of NATO as to the basis upon which discussions may take place. I hope such a meeting can be arranged. It will be difficult. The experience since 1945 does not lead to an optimistic expectation as to the result. However, I think we must continue to pursue every avenue toward better relations with the U.S.S.R., particularly at this time when the U.S.S.R. and communist China are having their divisions and difficulties.

We are glad to have the assurance from the minister that deferring the question of moving the council was a major decision which was taken at the meeting. Had the 14 members of NATO proceeded with the removal of the council in the fact of the attitude taken by France, in my opinion to all intents and purposes NATO would have become a matter of history. All of us can hope that after General de Gaulle's visit to Moscow he will return with new concepts regarding NATO and its preservation.

It is of interest that President Tito has stated that the days of NATO are numbered and that this conference has established that result beyond any question of doubt. I do not accept his views, and I think Canadians as a whole will not accept them. He holds out the promise that if NATO goes, the Warsaw pact countries will dissolve their organization. We believe, with those who have the responsibility of government today, that NATO must be maintained, and that if changes must be made then, based on experience which has been gained since its inception, this should be done in a spirit that will make possible those changes. NATO has not outlived its usefulness. NATO must be preserved.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, we too welcome the Secretary of State for External Affairs back from Brussels. We have followed his statement with keen interest. Notwithstanding the withdrawal of France from the integrated military structure, it is clearly necessary to any effective military disposition to have the co-operation of France; and if it appears that Canada has

played a significant role in preventing decisions which might make that co-operation impossible in the future then I believe the Secretary of State for External Affairs deserves our commendation and our thanks for taking this action on behalf of Canada. I believe Canadians generally would be averse to any course of action which would make co-operation with France more difficult.

There is, however, one aspect of this statement about which I feel very much less optimistic and less happy; that is where the minister discusses the third important element, as he calls the emphasis on improving east-west relations. He says this developed without opposition and that agreement was complete, that all ministers recognized the need to increase bilateral contacts with the countries of eastern Europe.

I do not doubt the value of bilateral contacts, but I suggest the time has come when the western alliance must be sued as a means of integrating policies of the whole alliance and moving toward the improvement of relations with the countries of eastern Europe. It is not good enough to have reliance upon bilateral arrangements to this end. After all, bilateral arrangements are bound to lead to a host of different and conflicting policies. To my mind the most important function of the alliance in the future will not be so much its military posture but whether it can transform itself into an instrument of integration of policies which eventually may lead to the dissolution of the alliance which after all is only a temporary measure to deal with a temporary situation. I am not happy if we are about to pat ourselves on the back about an agreement, if this only means that this course is to be pursued in a bilateral manner.

I noticed a guarded optimism on the part of the Secretary of State for External Affairs when he said the communiqué was good by past standards, or something of that sort. This indeed was very faint praise. He speaks with a degree of optimism chiefly because disaster has been averted. This is indeed better than nothing, but I want to urge upon the minister that he continue with efforts to make sure the alliance is ready to adopt not only a forward looking stance by previous standards, but a much more forward looking stance than has been the case in the past.

• (11:30 a.m.)

I should like to say that any attempt to revive the past—and there seem to be some voices within the alliance that think this is possible—will mean the destruction and end of the alliance. It is, therefore, with the hope that there will be a genuine transformation so that instead of this being forward looking from past, negative standards, there will be a truly forward look in the future that we commend the minister for what he has so far achieved, and in that sense we hope he is going to continue to take a bold, independent and forward approach to this whole problem on behalf of Canada.

[Mr. Brewin.]

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, we are also happy to observe that the Secretary of State for External Affairs (Mr. Martin) is back in the house. All will admit, I think, that we missed his vast experience and his humour which are beneficial to the whole house.

It is obvious, having heard the statement of the minister, that all the problems discussed, considered and analysed by the NATO Council have not been settled by the meeting. Nothing was broken but nothing was settled. Discussions and decisions on the problems involved have been postponed, and further discussion has been made possible. That is all for the better, because if hurried decisions had been taken, they might possibly have been unfortunate.

The minister has played a major role in this meeting and I feel we ought to congratulate him for having prevented an unfortunate ending of the meeting.

Mr. Speaker, there is nevertheless, one fact that stands out in the report of the minister: It is that the western powers seemed to be lacking the presence of a strong man, of an experienced man capable of handling discussions with the eastern powers, and that man has turned out to be General de Gaulle, since the eyes of the western powers are now on his visit to Moscow, and everybody expects a lot to come out of it. If all the western powers expect a lot from such a visit, it is because they are confident that General de Gaulle is liable to return with concrete, positive and precise results.

The attitude of General de Gaulle may be questionable as far as NATO and the refusal of France to share in the integration of the armed forces is concerned.

Yet, we must not forget that NATO wanted to integrate everything, except the most important element of all. They wanted to integrate the military forces of 15 countries, but

only one country, the United States, would have kept control of the most important element today from the military point of view, in other words control of nuclear and atomic weapons. The other 14 countries would have given everything they had; the United States, on the other hand, would have given everything, except the most important thing of all, their atomic and nuclear weapons, which would not have been included in the integrated forces. It is not surprising that some countries did not like this attitude, particularly France, which protested.

All this leads us to believe that NATO has a new role to play. The active theatre of operations in external affairs is no longer Europe; it has shifted to another part of the world, to Asia. NATO was created in order to face any potential attack by countries of eastern Europe; on the other hand, the Warsaw Pact was intended to counterbalance NATO. The members of NATO and the Warsaw Pact must now realize that their role cannot be the same in the future. Pacts must no longer be concluded nor councils established in order to prepare for defence or war; instead, there should be councils or associations of countries working to spread peace in the world.

NATO's role must no longer be military but peaceful, because the active theatre of operations in external affairs has shifted from Europe to Asia. Therefore, I believe the role of NATO should be reviewed and reanalysed, and this is why I am glad to find that no definite decision was taken during the meeting in which the hon. minister took part.

Europe went through its own time of war; the people of Europe learned that war never brought anything pleasing, only destruction and death. Today, it seems that another part of the world has yet to find that out, and that is Asia. Well, Europe as well as America will have to see to it that decisions are taken to help those countries in Asia or Africa where fighting is going on to bring them back to peace, so that Canada will play in the world the role of pacification for which it has always been appreciated throughout the world.

[*English*]

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I join with the other party leaders in welcoming the Secretary of State for External Affairs back to the house. We have followed his activities with much interest, and I am sure all of us would say with a considerable degree of pride that we are pleased with the stand he has taken. Certainly I agree with what he said when he defined the major gain of this conference as that of gaining time; and if the stand he took, which was not always a popular one, was taken so that more consideration could be given to the difficult situation in which NATO finds itself due to unilateral decisions by France, I think something has been achieved. In view of the firm attitude taken by the United States and the situation which existed, I think perhaps we can best define the action taken as defensive action. We must commend the minister for his initiative in the broad, vital and important role he played. Of all the points he mentioned as being important, I think his reference to the need for agreement on and settlement of the European situation as being a common objective is the most important. The peace and stability of Europe, as related to the over-all situation brought into focus specifically by the action of France, can only be achieved on the basis of a settlement to bring the divided Germany together.

As others have already stated, what is now necessary at this stage is offensive action directed toward a redefinition of NATO and the new role it will play if it is to accomplish its objectives during this second phase of development in Europe, now that the danger of military action has eased off. I trust the minister will support this action in which he has already provided leadership, and use effectively Canada's re-established and strengthened position to define the new role for NATO, which certainly cannot be military but must be one dealing with economic and political aspects.

Let me again say that we are pleased that the minister is home. We appreciate the part he has been able to play for Canada, and in respect of his own personal leadership may we just say that his ability as an old pro politician has really shone forth in a commendable way.

• (11:40 a.m.)

SHIPPING

On the order:

Introduction of bills: Mr. Howard—Bill intituled "An act to provide for the resumption of the loading and unloading of vessels at the ports of Montreal, Trois-Rivières and Quebec".

Mr. Frank Howard (Skeena): Mr. Speaker, I wonder whether before you call the next item of business I could say this. Inasmuch as

this bill was given wide publicity early yesterday, thereby achieving the desired effect of spurring on all elements interested in concluding the negotiations, and to the extent of—

Mr. Speaker: Order, please. The Chair does not have a copy of the bill, and it certainly cannot be introduced now. Does the hon. member wish to proceed with the bill at this time?

Mr. Howard: That is the point I was getting to, Mr. Speaker. Because of the desired effect so far I would ask that it stand.

Mr. Speaker: Stand.

PRIVILEGE

MR. HELLYER—STATEMENT RESPECTING CHANGE IN "HANSARD"

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, I rise on a point of personal privilege. Yesterday during my absence the hon. member for Winnipeg South Centre (Mr. Churchill) raised a point of order regarding a clarification which I made on the blues.

Some hon. Members: Clarification?

Mr. Hellyer: As a former teacher my hon. friend has no doubt realized that in the original sentence in the blues the word "that" could refer to either "stone monument" or "fighting efficiency". As it did in fact refer to "fighting efficiency" I simply made a clarification so that no misunderstanding could arise.

Some hon. Members: Oh, oh.

Hon. Gordon Churchill (Winnipeg South Centre): I took the other meaning out of it, Mr. Speaker. I thought it referred to the monument in stone that the minister is having erected.

LABOUR RELATIONS

QUEBEC LONGSHOREMEN'S STRIKE—REQUEST FOR REPORT ON NEGOTIATIONS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, in view of the optimistic statement made by the Prime Minister yesterday regarding the possible early settlement of the stevedores' strike, would the minister now be able to say that we have come to the end of the paralysis of the government and that action is going to be taken to bring about a settlement?

[Mr. Howard.]

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, if I remember the right hon. Prime Minister's words yesterday, he said the government was hopeful, as a result of recent developments, that a settlement would be brought about through collective bargaining in good faith with a sincere desire on the part of both parties to see an end to the dispute. When the Prime Minister made that statement he knew that negotiations had been resumed. They continued until late last night.

The issues, which were very numerous several weeks ago when Judge Lippe came into the picture—and with a great many substantial points in dispute at that time—were narrowed two or three weeks ago, and were further narrowed over the week end when I participated in the discussions to perhaps 12 or 15 points. I think I can safely say that they are now down to a maximum of about three, and the parties will be continuing the discussions at noon today.

Mr. Diefenbaker: Mr. Speaker, would the minister tell the house what are these three items on which there is disagreement?

Mr. Nicholson: The negotiations are on, and I prefer to say nothing more at this time.

Mr. Diefenbaker: I ask the minister whether he read the editorial in the *Gazette* this morning to the effect that the Expo situation is very serious, and that the nations who have come to Expo at the invitation of the government of Canada are discovering that Canada has no government. What observation has he to make on that?

Mr. Nicholson: I have not read the editorial in the *Gazette* this morning, but there seems to be nothing new in the editorial on this situation.

Some hon. Members: Oh, oh.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question, Mr. Speaker. In view of the encouraging reports by Judge Lippe about the probability of a settlement of this strike, and in view of the importance of the mediation continuing without any interruption, may I ask the Minister of Labour whether he has received a wire from the representative of the International Longshoremen's Association, Mr. Gerard Tremblay, complaining about the fact that mediation today is being delayed because longshoremen representatives are being required to appear in court in respect of injunctions registered by the National Harbours Board

and the shipping federation. I want to ask the minister whether he is taking any steps to try to have these court hearings postponed so the mediation may proceed uninterrupted.

Mr. Nicholson: Mr. Speaker, in commenting on the remarks just made, because it is not a question, it is more of a statement, I would only say that I am sure the people of Canada more particularly the farmers of Quebec, felt that the action of the harbours board in taking out these injunctions was timely and necessary.

The injunction motions today arose as a matter of regular court procedure. It is my understanding that the argument is being adjourned to permit the continuation of negotiations at twelve o'clock today. I am sure no one would seriously suggest that the action of the National Harbours Board in instituting this injunction procedure at the time they did was not necessary. I hope the atmosphere is much better today—and I am sure it is—and I am very hopeful that the proceedings will continue in a more relaxed atmosphere and that we will get the results about which the Prime Minister expressed the hope yesterday.

Mr. Douglas: A supplementary question, Mr. Speaker. I think the minister misunderstood me, or he probably did not catch what I said. I did not ask him to have the injunctions removed; I asked whether he was making any representations to have the hearings in court postponed so the mediation might continue uninterrupted.

Mr. Nicholson: I have already said that I believe arrangements are being made to adjourn this morning's proceedings. That is my understanding.

EXPO '67

INQUIRY AS TO POSSIBLE WITHDRAWAL OF FRANCE

On the orders of the day:

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, my supplementary question is directed more particularly to the Minister of Trade and Commerce, relating to this strike. My question is: In view of the widespread feeling, almost panic, which is emanating from Montreal in connection with Expo, has the minister been advised in any manner whatsoever that the French are considering withdrawing their participation in Expo?

Inquiries of the Ministry

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, I have not experienced anything that would resemble panic, and I have been in touch with this situation on an hourly basis. There is no indication that France will withdraw from Expo. They are experiencing some difficulty in getting on with their work because of the strike, but on-site installations are proceeding normally in so far as they can.

[*Translation*]

AIRPORTS

POSTPONEMENT OF CONSTRUCTION OF TERMINALS

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I wish to direct a question to the Minister of Transport.

Could he tell us if, under the restrictions to the public works program announced in the last budget, the construction of certain airports has been cancelled or postponed?

[*English*]

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I could not possibly say whether some of these projects have been delayed for other reasons, but I do not think any of them have been delayed for the particular reason the hon. gentleman mentioned. However, I would have to clarify that in order to be sure.

[*Translation*]

Mr. Grégoire: Mr. Speaker, I wish to ask a supplementary question.

When checking up on this, could the minister also find out if the Bagotville airport is to be built shortly?

[*English*]

Mr. Pickersgill: Very willingly, sir.

BROADCASTING

INQUIRY AS TO PRODUCTION OF WHITE PAPER

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is directed to the Secretary of State and concerns the draft of the white paper on broadcasting which we understand is now before the cabinet. I would ask the hon. lady whether she intends to delay the publication of this white paper until she has had a report of the parliamentary committee regarding the "Seven Days" dispute.

Inquiries of the Ministry

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, I have never intended to delay anything that it is my responsibility to produce as quickly as I can. I thought I had made it clear to the house over the last few weeks that we were hoping to have it produced to the public by the end of June. We are running into some technical difficulties about printing, but still think it will be produced by the end of June. I understand from press reports that the committee hopes to have its report made prior to the June meeting of the C.B.C. board.

These documents may come out on the same day, or one earlier and one later; I do not know. I do know that both the committee and the government will do everything possible to produce their documents as quickly as they can.

NATIONAL DEFENCE

USE OF INFORMATION IN B AND B QUESTIONNAIRE

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 based on a B and B questionnaire now being circulated, asking servicemen to declare to which class in our society they really belong, whether military, intellectual, upper, working or middle class. My question is this. Will the information derived from this questionnaire be taken into account when promotions within the service are being considered, and should servicemen protect their interests by listing themselves as really upper class, like the minister?

AGRICULTURE

MILK—REQUEST FOR REGULAR PAYMENT OF SUBSIDY

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): I have a question for the Minister of Agriculture. I preface it by saying that we all realize the large administrative problem the minister has in connection with the payment of the 75 cent milk subsidy. Can the minister give some indication to members of the house, who are receiving many letters about this, how soon the 75 cent milk subsidy payment will be made on a regular monthly basis?

Hon. J. J. Greene (Minister of Agriculture): I am instructed the cheques have started going out, and in the ensuing months they will go out on a regular monthly basis. The cream cheques are going out quarterly to all suppliers until further statistics can be compiled with regard to cream.

[Mr. Thompson.]

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I should like to direct a question to the Secretary of State for External Affairs, and I hope he can remove some confusion from my mind. The London *Daily Telegraph* for Tuesday, June 7, when reporting the NATO meetings concerning the Paris move, quotes Mr. Howard Green as speaking for Canada. Would the minister mind informing the house if Mr. Howard Green was a member of the Canadian delegation?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I should like to say—

Mr. Speaker: Order, please. I suggest that the question is not in order. Perhaps the hon. member could live with his confusion for a few more days and put his question on the order paper.

NATIONAL SECURITY

INQUIRY AS TO ESTABLISHMENT OF ROYAL COMMISSION

On the orders of the day:

Mr. Erik Nielsen (Yukon): Can the Prime Minister advise the house whether a decision has yet been made as to the constitution of the royal commission to inquire into security procedures, which he mentioned over two months ago?

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

AIR TRANSPORT

ANNOUNCEMENT OF AGREEMENT RESPECTING AIR CORRIDORS ACROSS ATLANTIC

On the orders of the day:

Mr. Raymond Rock (Jacques-Cartier-Lasalle): I have a question for the Minister of Transport in reference to air safety. Can the minister advise the house whether there have been any new developments in the north Atlantic air corridors situation?

Hon. J. W. Pickersgill (Minister of Transport): Yes, sir.

Mr. Speaker: Order, please.

Mr. Pickersgill: I think, Mr. Speaker, it is—

Mr. Speaker: Order. I would be pleased to hear the minister if he can indicate that the question is of some urgency. Certainly in the way it has been asked there is nothing that makes it immediately apparent that it is urgent.

Mr. Pickersgill: On the point of order raised by Your Honour, I might say that questions have been asked and answered repeatedly on this same subject earlier in the session. It has been considered that the question of safety was very urgent. I am happy to say that an agreement has been reached among the United States, the United Kingdom and Canada to restore the 120 mile corridors that previously existed. The decision is being announced today.

Mr. Lambert: Why didn't you announce it properly on motions?

Mr. R. W. Prittie (Burnaby-Richmond): The minister referred to the fact that Canada and the United Kingdom have agreed to this. Is it not true that all nations have agreed to this situation, and it goes into effect on Sunday?

Mr. Pickersgill: A full statement on this subject is being issued.

GRAIN

EFFECT ON DELIVERIES OF LONGSHOREMEN'S STRIKE

On the orders of the day:

Mr. Lawrence Watson (Assiniboia): I should like to direct a question to the Minister of Agriculture. My question is prompted by an article which appeared last night in the Ottawa *Journal* and referred to Mr. Greene's double vision. The report stated that as Minister of Agriculture he figures he is getting to be a bit of a westerner.

Mr. Speaker: Order, please. The hon. member knows he should not read newspaper articles while posing a question.

Mr. Watson (Assiniboia): I was just leading up to my question by referring to the article. I should like to ask the minister what part he is taking, as Minister of Agriculture, on behalf of the western farmers to settle the longshoremen's strike so that farmers of western Canada can get their grain delivered by July 31?

Hon. J. J. Greene (Minister of Agriculture): I can assure the hon. member that—

Mr. Speaker: Order, please. That is a question of a very general nature and cannot be asked at this time.

PUBLIC SERVICE

INQUIRY AS TO GROUP B SALARY ADJUSTMENTS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I should like to ask the Prime Minister to inform the house what is the attitude of the government with respect to the large group of civil servants in B group. Is there to be an immediate cyclical review, or any prospect of an increase in the immediate future? This subject is being discussed quite generally.

Right Hon. L. B. Pearson (Prime Minister): I am going to ask the Minister of National Revenue to answer that question because he has been dealing with that subject.

Hon. E. J. Benson (Minister of National Revenue): With regard to group B, I am advised the Civil Service Commission has completed the collection of data and is submitting recommendations to the Treasury Board in July. This is the normal cyclical review. Of course any adjustment will be dated back to last October. The period of time is normal in this situation.

EXTERNAL AFFAIRS

NATO—CANADA'S WITHDRAWAL FROM NUCLEAR ROLE

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): I have a question for the Secretary of State for External Affairs. In the course of his report this morning the minister said, and I use his words, "We discussed many other problems". He was referring to the NATO conference. I ask this question. Did the minister discuss with our NATO allies the fulfilment of the government's repeated commitment to withdraw from its nuclear role? What was the response of the allies to this determined stand?

Mr. Speaker: Order, please. This question also relates to general policy.

Mr. Churchill: It is a legitimate and urgent question. This morning the minister did not have time to give a full report, and he said they discussed other matters.

Mr. Speaker: Perhaps the minister will want to make another statement on motions tomorrow.

Inquiries of the Ministry

INDIAN AFFAIRS

REQUEST FOR ESTABLISHMENT OF ROYAL COMMISSION

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): I should like to direct a question to the Minister of Northern Affairs and National Resources. Would the minister be prepared to set up a special committee now to review the grievances of Indians and their claims with regard to their standard of living and education, particularly in view of the petitions he has received recently?

Mr. Speaker: Order, please. I hesitate to suggest to the hon. member that the question is of a general nature, but I do not think it can be asked under present circumstances.

Mr. Woolliams: Perhaps I could put it more directly, Mr. Speaker. Would the minister be prepared to set up a royal commission to look into the grievances of Indians, particularly since it was suggested last session that the government might introduce legislation in this connection?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, the commitment made in respect of a claims commission is still entirely valid. We have, however, been asked by a very important segment of the Indian population, namely the Indians of British Columbia, to consider what they term the British Columbia lands question before reintroducing legislation in respect of Indian claims. We have, at the request of these Indians, postponed the introduction of the legislation.

Mr. Woolliams: May I ask a supplementary question. In view of the fact that several Indian chiefs are now maintaining there is discrimination in the educational system, particularly on religious grounds, will the minister include that question in his investigation?

ALBERTA—PROPOSED AGREEMENT RESPECTING PROVISION OF SERVICES

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I wonder whether I could ask the minister of northern affairs if he can inform the house of the status of the proposed agreement between the government of Canada and the government of Alberta relating to certain services to the native Indian people?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): We think we are making progress, Mr. Speaker.

[Mr. Speaker.]

FINANCE

INQUIRY AS TO SHORTAGE OF SILVER COINS

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): My question is directed to the Minister of Finance. Will the minister inform the house whether the government is now faced with an immediate and urgent problem relating to a shortage of coinage? If so, what action is proposed?

Hon. Mitchell Sharp (Minister of Finance): I do not believe a shortage of silver is likely to develop for some time to come. The decision of the United States to abandon the minting of silver coins in favour of coins made of copper and nickel has had the effect of greatly reducing the demand for silver. The treasury has indicated there is no immediate likelihood of a critical situation developing in connection with silver. It has stated its stocks of silver are sufficient for at least seven years ahead. The Canadian government has been aware for some time that Canada, like the United States, should make preparation in anticipation of any possible increase in the price of silver in the future.

For the last year the government has therefore been studying the possibility of substituting other metals for silver in our coinage.

NATIONAL PARKS

REQUEST FOR CONFERENCE ON NATIONAL POLICY

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I have a question for the minister of northern affairs. Yesterday I asked him about a request by the minister of industry of the province of Alberta for a conference on national parks policy, and the minister indicated that he would prefer to take the question as notice and make a statement perhaps today. Is he in a position to do so now?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, yesterday the hon. member asked me whether I had had correspondence with Mr. Patrick concerning his wish for a conference on the operation of national parks. On June 7 I wrote him, advising him that I saw no merit in such a conference. I reminded him that we had announced a national parks policy which had received the endorsation of all parties in the house, and that we had received a very

great deal of correspondence approving the policy.

I also reminded him that in respect to general recreation in parks there is already set up a dominion-provincial group, of which his own deputy minister is a member, and that this organization is producing very good results. I made it very clear that the national parks in Canada are a national responsibility, and that we are quite content with their method of operation at the present time.

Mr. Lambert: A supplementary question. Perhaps the minister is satisfied, but is he aware of the ever increasing discontent with the administration of that parks policy?

Mr. Laing: No, sir, I am not—

Mr. Speaker: Order. The question is argumentative.

Mr. R. N. Thompson (Red Deer): A supplementary question, Mr. Speaker. May I ask the minister of northern affairs whether he is in favour of the parliamentary committee which deals with national parks actually holding hearings in Banff and Jasper?

Mr. Speaker: Order. That aspect of the question is not urgent.

INDUSTRY

HEAVY WATER—REQUEST FOR STATEMENT ON SECOND PLANT

On the orders of the day:

Mr. R. R. Southam (Moose Mountain): Mr. Speaker, I have a question I should like to direct to the Minister of Mines and Technical Surveys in his capacity as reporting to the house for Atomic Energy of Canada Limited. The urgency of the question is based on a recent world market survey, a report on which appears in the last issue of the *Financial Post*, which indicated a shortage of heavy water—

Mr. Speaker: Order. Would the hon. member kindly ask his question.

Mr. Southam: —and indicated Canada might have the capacity to fill the market.

In view of the long delayed announcement of the location of Canada's second heavy water plant, is the minister now in a position to inform the house where the plant is to be located and when its construction will be commenced?

Hon. Jean-Luc Pepin (Minister of Mines and Technical Surveys): Mr. Speaker, I understand that the time limit for making the announcement is June 15, which is coming up very soon now.

Mr. Southam: A supplementary question. Can the minister indicate whether he had any discussions with Premier Ross Thatcher in connection with the location of the plant during his recent visit to Ottawa?

Mr. Pepin: No, Mr. Speaker. This matter is entirely the responsibility of Canadian General Electric.

HARBOURS

VANCOUVER—ANNOUNCEMENT OF AGREEMENT BETWEEN BOARD AND C.P.R.

On the orders of the day:

Mr. Jack Davis (Coast-Capilano): Mr. Speaker, I have an urgent question for the Minister of Transport. Could the minister say something today which would put an end to the long standing dispute between the National Harbours Board and the C.P.R. in the port of Vancouver?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I am very happy to say that this long standing dispute which has delayed the development of Vancouver harbour is over, and that an agreement between the harbours board and the C.P.R. will be signed in Vancouver today. This should mark the beginning of a new era of expansion in the port of Vancouver.

Mr. Grant Deachman (Vancouver Quadra): A supplementary question, Mr. Speaker. Can the minister inform the house whether the P & O liners which come into Vancouver, and which the C.P.R. has been refusing to permit to dock there, will now be docked with the consent of the National Harbours Board at the C.P.R. wharves which the harbours board is acquiring?

Mr. Pickersgill: Mr. Speaker, I do not think there will be any further difficulty about P & O liners or any other liners we can get to come to Vancouver.

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, a supplementary question. Has the Minister of Transport discovered any more interest in the port of Vancouver on the part of hon. members from out there than he did when the hearings were held in Vancouver two weeks ago?

Mr. Pickersgill: Mr. Speaker, the interest of members from all political parties which have members in the house from Vancouver has always been very keen indeed.

Mr. Bell (Saint John-Albert): Is the minister aware that they failed to show up when the hearings were held in the vicinity?

Mr. Speaker: Order.

[*Translation*]

Mr. Grégoire: Mr. Speaker, I should like to put a supplementary question with regard to another dispute within the Department of Transport.

Now that he has settled the Vancouver conflict, could the minister attempt to settle the disagreement between the C.N.R. and the many owners of fish and game clubs in the Saguenay-Lac Saint-Jean area?

[*English*]

Mr. Pickersgill: Mr. Speaker, I will be very glad to inquire into that.

CANADIAN NATIONAL RAILWAYS

HAMILTON, ONT.—NIGHT SHUNTING OF CARS IN RESIDENTIAL AREA

On the orders of the day:

Mr. William Dean Howe (Hamilton South): Mr. Speaker, I should like to ask a question of the Minister of Transport. Is the minister in a position to make a statement on the annoying condition in Hamilton created by the Canadian National Railways shunting cars at night in a residential area, about which we have had correspondence?

Mr. Speaker: Order. That question should be put on the order paper.

PUBLIC WORKS

DAYSPRING, N.S.—REQUEST FOR REPAIRS TO WHARF

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. To indicate the urgency of the question I wish to state that I have a question, No. 1,584, on the order paper relative to this matter, but to date I have not received a reply to it.

My question is as follows. In view of the serious impact upon the citizens and the shipbuilding industry at Dayspring, Nova Scotia, caused by the recent banning of the use of the public wharf in the area by the Department of Public Works, will the minister indicate when it is his department's intention to carry out the repairs required to this much used public structure so the lives of the shipbuilders and fishermen will not be endangered when using this facility?

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, I should like to take that question as notice and bring forward an answer on Monday.

WATER RESOURCES

REPORTED GRANT FOR STUDY OF WATER EXPORT

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of Mines and Technical Surveys. My question is of national importance in view of the country-wide interest in our water policy.

I would ask the minister whether he can inform the house if the government of Canada has made available a grant of $164,000 in order that Professor Kuiper of the University of Manitoba can undertake a study related to the export of Canadian water based on lake Winnipeg.

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

[*Translation*]

AGRICULTURE

QUEBEC—REQUEST FOR TRANSPORTATION SUBSIDY ON FEED GRAIN

On the orders of the day:

Mr. Roland Godin (Portneuf): Mr. Speaker, I wanted to put a question to the Minister of Forestry and rural development but, in his absence, I will direct it to the Prime Minister.

Is it the intention of the government to grant a supplementary subsidy to Quebec farmers in order to fill the gap between the actual price of feed grain stored in elevators paralysed by the strike and the price they must pay for grain they have to order from Fort William and which is conveyed by railway?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I will have to take that question as notice.

[*Translation*]

CANADIAN BROADCASTING CORPORATION

POSSIBLE VIOLATION OF ACT IN PUBLIC AFFAIRS PROGRAM

On the orders of the day:

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I should like to put my question to the Secretary of State.

Since the recent participation of the hon. member for Brome-Missisquoi (Mr. Grafftey) on the broadcast "Les affaires de l'État" constituted an obvious breach of section 17 of the Broadcasting Act, could the minister inform the house whether disciplinary measures or some kind of action has been taken against the C.B.C.?

Mr. Speaker: Order. This question was declared out of order yesterday when the hon. member put it.

[*English*]

CANADIAN CENTENNIAL

REQUEST FOR RECONSIDERATION OF PROVINCIAL GRANTS

On the orders of the day:

Mr. K. H. More (Regina City): Mr. Speaker, I should like to direct a question to the Secretary of State. In view of the critical situation that has developed in regard to the provincial centennial building programs and the provision of grants for auditoria owing to the highly escalating cost which have been found when tenders have been submitted, has the government reconsidered the basis of its grants program and will there be an announcement made shortly which will enable the provinces to carry forward their projects to completion?

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, under the government grant program $2,500,000 per province was granted by the federal government. It was then up to the province to decide what it wanted to do with that amount and what kind of structure to build. As a minimum the province could restrict itself to the federal government grant in deciding what was going to be built or it could go up to, say, $5 million and contribute equally with the federal government. In fact, the building programs of most of the provinces have gone over the minimum figure. The federal government has been requisitioned to provide $2,500,000 in each case. It is not anticipated that there will be anything additional with respect to these programs.

Mr. More: A supplementary question, Mr. Speaker. I agree with what the minister has said. I am sure she knows that when these projects were designed they were within the $5 million range, but because of escalating costs—

Mr. Speaker: Order, please. The hon. member is engaging in argument.

[*Later:*]

Mr. More: Mr. Speaker, my question is directed to the Secretary of State. In view of the fact that the government has accepted the responsibility of paying $32 million for the $18 million complex that we shall have in this city, does the minister not think that the government ought to consider increasing the grants to other bodies which find themselves in a similar position with respect to programs that were instigated by the government?

Mr. Speaker: Order please. This question is argumentative.

Miss LaMarsh: Mr. Speaker—

Mr. Speaker: Order, please. The question has been ruled out of order.

COMMONWEALTH RELATIONS

INQUIRY AS TO CONFERENCE OF PRIME MINISTERS THIS SUMMER

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is for the Secretary of State for External Affairs. Has Canada clarified its position regarding the postponement of the regular meeting of the commonwealth prime ministers to September in light of the present meeting of high commissioners now being held in London? Perhaps I could direct that question to the Prime Minister.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, this matter is still under consideration and will of course have to be settled within the next few days. There has been no decision reached yet whether the conference will take place in July or whether it will be postponed until September. That decision will be taken within the next few days.

Inquiries of the Ministry

GRAIN

EFFECT ON EXPORT MOVEMENT OF LONGSHOREMEN'S STRIKE

On the orders of the day:

Mr. George Muir (Lisgar): Mr. Speaker, I have a question for the Minister of Finance. Is the minister now prepared to give me the figures respecting the tie-up of grain and ships involved in the three ports struck by the longshoremen?

Hon. Mitchell Sharp (Minister of Finance): Yes, Mr. Speaker. I promised to get this answer. Fifty four ocean vessels and 23 lakers are involved. I think the approximate quantity of grain is around 35 million bushels.

Mr. Muir (Lisgar): A supplementary question, Mr. Speaker. In view of this very serious situation, which is now affecting farm deliveries to local elevators on the prairies, does the minister not think it is high time that this grain was moving overseas?

Mr. Speaker: Order, please.

NATIONAL DEFENCE

RE-ENLISTMENT BONUS FOR THOSE WITH BROKEN TIME

On the orders of the day:

Mr. Robert McCleave (Halifax): Mr. Speaker, may I direct a question to the Associate Minister of National Defence. Has a decision yet been reached in the matter of re-enlistment bonuses for those who were formerly in the armed services?

Hon. Léo Cadieux (Associate Minister of National Defence): Not yet, Mr. Speaker.

COAL

ACTION TO BE TAKEN FOLLOWING ASSISTANCE REPORT

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, my question is for the Minister of Finance. In view of the understandable concern in Nova Scotia, particularly in Cape Breton Island, regarding the recommendations of Dr. Ritchie Donald, can the minister not tell the house how soon it will be possible for the government to release the information regarding these recommendations and what action the government intends taking on them?

[Mr. Pearson.]

Mr. Speaker: Order, please. I have the impression that this question has been asked a number of times during the last few weeks. If any new aspect of the matter has been raised by the hon. member, perhaps the minister might want to answer.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, perhaps I ought to say by way of general explanation that this was not an inquiry or a royal commission or anything of that kind. Dr. Donald was engaged by the government to make a report to assist the officials of the government in trying to understand the situation. It is not clear even yet whether this report should in fact be released for general use. I think it probably will be, but we should like to study it very carefully before we reach any decision because the report is not necessarily going to be the basis for government action.

Mr. Douglas: A supplementary question, Mr. Speaker. In view of the stories which have appeared in maritime papers, purporting to say what the recommendations are and causing widespread concern, would the minister not make some statement fairly soon either to the effect that these statements are inaccurate or setting out the true state of affairs?

Mr. Sharp: I have read in the newspapers stories of this kind about many subjects. There has been a story recently about our broadcasting policy. Nevertheless I think we have to await the announcement of government policy in all these matters.

Mr. Lloyd R. Crouse (Queens-Lunenburg): Is there any truth in the suggestion made by the present Liberal leader in Nova Scotia, Mr. Regan, that the government is going to consider setting up a crown corporation to operate the DOSCO coal mines in Cape Breton?

Mr. Speaker: Order, please. I do not believe the question is so urgent that it should be asked at this time.

DOMINION-PROVINCIAL RELATIONS

QUEBEC—PETITION RESPECTING CHANGE IN PROVINCIAL CONSTITUTION

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I have asked the Prime Minister this question a couple of times and he has said he would look into it. It concerns the petition that was sent to the

parliament of the United Kingdom by the legislative assembly of Quebec asking for an amendment to the constitution regarding the powers of the legislative council of Quebec. Now that there is a prospective change in the premiership of that province, would the Prime Minister say whether the government is going to suggest to the parliament of the United Kingdom that there should be no proceedings taken in reference to the petition until the views of the new government of the province have been ascertained?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, there is no danger of the United Kingdom government proceeding in this matter until there has been an opportunity to obtain the views of the incoming government in question.

NATIONAL ARTS CENTRE

ESTABLISHMENT OF CORPORATION FOR ADMINISTRATION AND OPERATION

The house resumed, from Thursday, June 9, consideration in committee of Bill No. C-194, to establish a corporation for the administration of the National Arts Centre—Miss LaMarsh—Mr. Batten in the chair.

The Chairman: When the committee was considering this bill on Thursday, June 9, under consideration was clause 3 of the bill with the amendment proposed thereto by the hon. member for Lévis.

Mr. Starr: I rise on a point of order, Mr. Chairman. In perusing the amendment proposed yesterday by the hon. member for Lévis I have noted that the amendment was ruled in order by yourself, sir, but on careful scrutiny it is difficult to understand it. The hon. member for Lévis said, as reported at page 6628 of *Hansard*:

> I suggest to add at the end of line 2 of section 3: "That the bilingual character be recognized by the corporation in such appointments".

If Your Honour will look at clause 3 it is apparent what the difficulty is. I do not understand how fitting in this amendment at the end of line 2 would make any sense. I would ask Your Honour to look at this matter closely to see, in view of what I have brought to your attention, whether the amendment is in order.

• (12:20 p.m.)

[*Translation*]

Mr. Guay: Mr. Chairman, I took a second look at the amendment I suggested last night. With the consent of the house, I am prepared to withdraw it and move another one on section 4, which would no doubt be agreeable to most hon. members.

Mr. Grégoire: Mr. Chairman, before the amendment is withdrawn or unanimous consent is given therefor, we would want the hon. member for Lévis to inform us of the nature of the amendment he intends to move to section 4.

It is all very well for him to say that he will move an amendment, but I think the house should be informed of the subject matter.

[*English*]

Mr. Churchill: On a point of order, I think it is not a question of withdrawing the amendment. My hon. friend from Ontario has pointed out that the amendment simply does not make sense. I think the ruling of the Chair yesterday might be rescinded and the amendment declared out of order.

[*Translation*]

Mr. Grégoire: Mr. Chairman, I rise on a point of order. After reading the amendment of the hon. member for Lévis in *Hansard* today, I fully agree with the hon. member for Winnipeg South Centre (Mr. Churchill) that it makes no sense. As reported at page 6628, right column, of yesterday's *Hansard*, the hon. member suggested to add at the end of line 2 of section 3, the following words:

> That the bilingual character be recognized by the corporation in such appointments.

What does it mean? The bilingual character of what? The first two lines of section 3 read as follows:

> A corporation is hereby established to be known as the National Arts Centre Corporation—

Then would be added:

> That the bilingual character be recognized by the corporation in such appointments.

The rest would remain the same:

> —consisting of a Board of Trustees composed of a Chairman, a Vice Chairman—

Well, Mr. Chairman, if one reads the whole thing together, it makes no sense. I think the hon. member for Lévis did not look at the wording of section 3 before suggesting his amendment; otherwise, he would not have suggested to amend line 2 of section 3 but line 2 of the last paragraph of section 3.

He is now asking unanimous consent to withdraw this amendment, but he had moved

another one yesterday, as reported at page 6227, right-hand column, of *Hansard*. It read as follows:

> That the Board of Trustees be composed so as to reflect the cultural duality of this country.

Well, some sort of explanation is needed in all that, and I think that before he withdraws his amendment, the hon. member for Lévis should inform the house of the subject matter of his new amendment.

[*English*]

The Chairman: The Chair is of the opinion that the point of order raised by the hon. member for Ontario is well taken. Since ruling that this amendment was in order last evening I have had the opportunity of reading it carefully and I believe the suggestion of the hon. member for Ontario that it is not viable is quite correct. Is the hon. member for Lévis asking for unanimous consent to withdraw his amendment?

[*Translation*]

Mr. Grégoire: Mr. Chairman, if you allow me to say so, the ruling was perhaps not quite proper. I wanted to point out that, as reported on page 6228, second column, of yesterday's official report, the Chairman said at a certain time:

> The amendment moved by the hon. member for Lévis is considered to be in order.

I rose then and said, as reported on the same page:

> Mr. Chairman, before you give your decision, may I be allowed to say a word—

And the Chairman went on:

> Order, the Chair has already given its decision that the amendment is in order.

Mr. Chairman, I only wished to point out that I was ready to throw some light on the matter. If we could have dealt with the admissibility of the amendment last night, we might not have this confusing situation today.

[*English*]

The Chairman: Does the committee give the hon. member for Levis unanimous consent to withdraw his amendment?

Some hon. Members: Agreed.

Amendment withdrawn.

Clause agreed to.

On clause 4—*Appointment of chairman and vice chairman.*

[Mr. Grégoire.]

[*Translation*]

Mr. Guay: With reference to my earlier remarks, I should like that clause 4 of Bill C-194 be amended by adding paragraph 5 as follows:

> In the appointment of members and officers of the corporation, due account will be taken of the linguistic duality of Canada and its cultural plurality.

[*English*]

Mr. Grafftey: Mr. Chairman, I think members in every corner of the house recognize the importance of this amendment. As one who represents a riding whose constituents are 35 per cent English speaking and 65 per cent French speaking I should like to speak to this amendment in a bipartisan way because I think we are touching upon an important subject.

I for one was most impressed by the speech made by my hon. friend from Ontario last night. I am speaking about the administration which I supported as well as of the present administration when I say that perhaps we did not do well enough in the past in recognizing the situation to which the hon. member for Levis has alluded today.

• (12:30 p.m.)

[*Translation*]

I entirely agree that some progress should be made in this field, but I wonder whether it is advisable to word an amendment such as the one moved today.

[*English*]

I simply say this: I for one trust the present government to recognize the spirit of bilingualism without actually putting into this bill a written amendment giving direction to the commission. I think the administration which I supported when we were on the other side of the house was making progress in this regard. But in the light of the speech made last night by the hon. member for Ontario I sincerely feel it would not be in the interest of national unity in the real sense of that phrase to alter the legislation by a written amendment at the present time.

[*Translation*]

Mr. Chairman, this is a very sensitive matter, and I am speaking today on behalf of my fellow-citizens of both official languages of the country.

[*English*]

I repeat: I do not think the government needs such an amendment in order to show its good faith in recognizing bilingualism and

the two basic facts of this nation. When we formed the government we too were making progress in that direction. In the true spirit of national unity I appeal to the hon. member to withdraw his amendment. I think he understands the spirit in which I am appealing.

Canada is going through a very difficult period. We all recognize this, but I repeat again that the government has made great progress in recognizing the two basic facts of this nation and that when we were in power we were also making progress in that direction. We did not do well enough in the past but I do not think the type of amendment which the hon. member has proposed today helps this cause.

I speak as a representative of a constituency that exemplifies the two facts in this nation. I make an appeal for common sense. This is a bipartisan issue. We are all attempting in our own ways to unite this country. I am sure the mover of the amendment was sincere in his desire, but I differ with him in the method he chooses to attain the desired result.

Mr. Nicholson: Mr. Chairman, may I, with unanimous consent, move that you rise, report progress and request leave to sit again later this day in order that I may make an explanatory statement on a matter of some emergency?

The Chairman: Is it the pleasure of the committee to adopt the said motion?

Some hon. Members: Agreed.

Progress reported.

LABOUR RELATIONS

QUEBEC LONGSHOREMEN'S STRIKE—INJUNCTION PROCEEDINGS

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, in answer to a question this morning I stated it was my understanding that arrangements were being made to adjourn the motions for the continuation of the injunction or injunctions that have been obtained by the National Harbours Board in order to permit the movement of grain to farmers in Quebec. I have just recently received information that those arrangements did not materialize and the motions to continue the injunctions, which might have expired this morning, are now being argued. However, I am confident that the mediation before Judge Lippe will proceed when the formal injunction hearings have been completed, though not at twelve o'clock as hoped, but a little later.

I wish to thank the house leaders for their unanimous consent to the interruption of the proceedings in committee.

NATIONAL ARTS CENTRE

ESTABLISHMENT OF CORPORATION FOR ADMINISTRATION AND OPERATION

The house resumed consideration in committee of Bill No. C-194, to establish a corporation for the administration of the National Arts Centre—Miss LaMarsh—Mr. Batten in the chair.

On clause 4—*Appointment of chairman and vice chairman.*

[*Translation*]

Mr. Caron: Mr. Chairman, I remember having moved a similar amendment some time ago on Bill S-2, so that the bilingual nature of Canada could be recognized.

Today, the hon. member for Lévis (Mr. Guay) moves a similar amendment and every time an amendment of this nature is introduced, there are always members such as the previous speaker to say: Why place such things on our statutes?

Well, it is always time to do something intelligent. We have not had these things in our statutes in the past. At the present time, we hardly have 12 per cent French Canadians sitting on commissions. It is time for us to make a change.

What does it disturb if we have something definite on our statutes? All I ask is that we do not forget it and that, when they are preparing legislation, our ministers will not forget in the future to write it down, so that we do not have to do it through an amendment.

Every time legislation is being drafted, this is forgotten. Nobody thinks about it. Well, it is time to stop and think about it, and I feel this is one way to make sure that it is not forgotten. So, I am in favour of the new amendment the hon. member for Lévis has just moved.

Some people talk about the immigrants coming into Canada; they say we ought to respect their language and their culture. I know that those who come to Canada, whether Poles, Italians, Germans, wherever they come from, whatever they are, know that by coming to Canada, they will have to learn at

least one of the official languages of Canada, either English or French. The majority of those immigrants learns English, which is their right. I recognize that and I accept it.

However, when they come here, they cannot ask that the Treaty of Paris of 1763 be amended and that everything done since then be abolished. There are two official languages in our country, only two, French and English. I have no objection if they keep the ways and customs of their country in Canada; I feel that every people should keep its customs. I believe that a Ukrainian, for instance, who comes to Canada, must be free to spread his original culture, dances, songs, paintings, and everything concerning his culture. This must be continued. It should be the same for Germans, Italians, etc. I am the happiest man in the world because Canada can enjoy all the cultures brought here from all parts of the world. But let us keep in mind that we have two official languages—and this was recognized by the Treaty of Paris in 1763—and this is what we want to be respected. This is reason why we stand up today and ask that the amendment moved by the hon. member for Lévis be accepted.

Mr. Grafftey: Mr. Chairman, I would like to make a last comment. I entirely agree with what my hon. colleague has just said. On the other hand, I ask myself the following question: "Could we achieve national unity through a written document?" I believe that national unity must be ingrained in the mind of people as it is in the mind of each member on both sides of the house.

We cannot achieve national unity through a written legislation, but the members must set their heart on achieving it and this is what I am asking today.

An amendment such as the one proposed today would, in my opinion, and I am sincere, jeopardize national unity.

• (12:40 p.m.)

Mr. Grégoire: Would the hon. member allow me a question?

Mr. Grafftey: Yes.

Mr. Grégoire: The member for Brome-Missisquoi suggested that Canadian unity should be ingrained in the minds. May I ask him what will happen in the case of narrow minds?

Some hon. Members: Oh, oh.

Mr. Grafftey: Mr. Chairman, I am the first member to admit that we have not made enough progress in that direction.

[Mr. Caron.]

The member for Hull (Mr. Caron) talked about that a few minutes ago. I entirely agree with him. But once again, I trust the present government, as I trusted our government when it was in power, and I repeat that national unity cannot be achieved by a written amendment. It must be ingrained in the mind of hon. members.

[*English*]

Mr. Diefenbaker: Mr. Chairman, this is an amendment that is dangerous to Canada and to Canadians. It will divide Canadians on the basis of race, and to do so would be a retrograde step. Let us examine the amendment. It reads:

> In the appointment of members and officers of the corporation, due account will be taken of the linguistic duality of Canada and its cultural plurality.

What are we going to do? Are we going to look at the census, find out the number of Canadians of various racial origins in the plurality of Canadian citizenship and determine appointments on that basis? If, in setting up a cultural organization, we are going to deny every principle of a united Canada, I find it difficult to keep within the exercise of reasonable language. I do hope that members in all parts of the house will have regard to the meaning of this amendment. As I mention this I recall my first speech in this house, and one's maiden speech always is something to be remembered. I put forward the standard then, in the early days of war, that we as Canadians, without regard to origin, had responsibilities and rights. What does this mean? There are now 20 million Canadians. Let me give an example. I do not have the statistics before me but I believe there are a million people of German or Dutch origin in this country. They have been Canadians through the years. They were the earliest of Canadians, which is often forgotten. Much of what is now the province of Nova Scotia, including Lunenburg and the surrounding area, was settled by those of German origin.

Mr. Crouse: In 1753.

Mr. Diefenbaker: Yes, in 1753.

Mr. Pickersgill: Do not overlook Newfoundland.

Mr. Diefenbaker: Yes. The Minister of Transport has added a further reference. Many of these people came to Canada as United Empire Loyalists. If you take the number of those of German origin out of the loyalists who came to Canada and who gave

up their all when the 13 colonies separated themselves from the British Crown, there would not be a very large number left, because most of those of English, Irish and Scottish origin in the 13 colonies decided to stay there.

Are we now going to incorporate as part of Canadian citizenship that, in the making of appointments, we are going to start to count heads in this country according to racial origin?

Some hon. Members: No, no.

Mr. Diefenbaker: What does this mean? It means a division in Canada which we have not had before, and it is a natural growth of what has been happening in the last few years in this nation. I am not here to advertise any organization, but an organization has been set up. I understand that two members of parliament on the government side of the house have been giving strong support to an association which has been set up. It is a nation-wide organization dedicated to the ideal that there be equal rights and obligations for each and every Canadian and that this is one Canada, one nation and one people. In the course of the letter that was sent to me by a member of this house there is the following:

> We Canadians, who want to see one Canada, one nation and one people, we Canadians who do not want the country divided into first, second and third class citizens—

It points out there are six million people in Canada of racial origins other than English or French.

> Up to now we have not said much; we have not demanded that a certain number of "ethnic" Canadians should be ministers of the government, or judges or senior officials for we were happy to see the best man appointed to the job, regardless of his race, but if now the situation is going to change, we have to organize our efforts to ensure a proper future for our Canadians. We have to have strength, we have to have power and above all we have to be united. Without unity and political power, we are nothing. In fact, we are less than nothing and we shall remain always "foreigners".

Those associated with that organization in an attempt to build one Canada naturally will not be subjected to criticism, but if in Canada we are going to follow the suggestion that racial origin shall be a determinant in appointments, then Canada will be bifurcated. I cannot begin to describe the division which will take place.

I believe in one Canada. I believe there must not be, as has been developing in this nation, first and second class citizens. That has been the trend as a result of all the discussion about associated states and a nation within a nation. I do hope that hon. members will not support an amendment, whatever its origin, which is going to plant in the statute books of this nation a declaration that appointments shall have regard to racial origin. If we do that, unity no longer is possible. We would be building up forces in every part of Canada that would bring about not unity but disintegration.

I am going to say nothing more except that I regard this amendment as one which could be designed only to placate and to please but which, in its essence, is destructive of everything for which Canadianism stands. Repetition does not make an argument any more effective, but I plead with the members of this house, wherever they sit, not to accept this principle, for to do so would be to have every group and racial origin in this country asking for representation in appointments.

Some hon. Members: Hear, hear.

[*Translation*]

Mr. Marchand: Mr. Chairman, this debate had previously started on consideration of Bill S-2, although at that time it took another turn, that is to say the proposed amendment to Bill S-2 was different from the one now before the house in this sense that it asked for French Canadian representation on the commission concerned.

I remember that, at that time, I strongly objected, because the proposed amendment dealt with the question of race since it asked for representation which would not take into account the bilingual character of Canada, but the racial origin of the representatives. If we had before us the amendment, as it had been moved, then I think that the speech of the right hon. Leader of the Opposition would be justified. But the amendment under consideration is not of the same character and I think that we are wrong to discuss it as if it were an amendment with racist overtones.

And now, Mr. Chairman, I must say that personally I would prefer not to see any such provision in legislation. There are other ways besides legislation in a democracy to get fair representation. Thus traditions are created within any democratic organization. Why, for instance, is a member of Jewish origin elected in Montreal? It is not under an article of the constitution or some legal provision, but because he belongs to a rather representative group and he is accepted by the people, not because of any legal obligation but out of

respect for that group which is part of our population.

Why, for instance, in the labour field, is there an Industrial Relations Act which says that the workers must be represented? Of course, nothing forces the government to ask the Canadian Labour Congress of the Confederation of National Trade Unions to appoint a representative. The legislation only says that the workers must be represented. However, a government which, in those circumstances, appointed people who did not come from the ranks of organized labour would be disregarding democracy.

Let us say, therefore, that such is my way of thinking. Besides, speaking formally, the province of Quebec could very well decide one day not to send any French speaking member to Ottawa. Look at the hon. member for Brome-Missisquoi (Mr. Grafftey) whose mother tongue is not French; that could happen in every constituency.

• (12:50 p.m.)

Nevertheless, we think that people, except in special circumstances, are represented by people from their own environment and that is the normal process of environmental representation. When the problem is raised—and I revert to my second point—that is to say when there is an infringement of the fundamental principles, when the facts or the representative factor of the groups are not taken into account, it happens that people ask what is being asked today, namely that something be written into the legislation to enable them to achieve what could not be achieved by normal democratic process. That is the reason we have such an amendment before us this afternoon.

Now, as I say, I would have preferred it not be moved, but since it has been, I find it would be most difficult for the house to object. Why? Because in spite of what the hon. member for Ontario (Mr. Starr) and the right hon. Leader of the Opposition (Mr. Diefenbaker) said, when we refer to linguistic duality, in legislation or in a statement, there are no racist connotations. That is not true. I feel that the Ukrainian person who adopts the French language in Canada—and there must be a few of them—has the same rights as the Ukrainian who adopts the English language; the Pole who adopts the French language in Canada must have the same rights as the Pole who adopts the English language. That is the plane where we are concerned with equality. Not on the racial plane.

[Mr. Marchand.]

If, in the past, the hon. member for Ontario had taken up the French language instead of the English language, I think that as a Canadian he would have been entitled to demand respect for his chosen language.

That is why I say that when a racist connotation is implied in this amendment, I think it is being misinterpreted. If it had been suggested that French Canadians be appointed, I would have been the first to object, just as I have objected the last time.

In any case, in Canada where there are two official languages and not 50, if it is said that there is a linguistic duality, well if this is not true in 1966, I wonder what is. And when respect for the cultural plurality of Canada is being demanded, what can be considered scandalous in that?

[*English*]

Mr. Diefenbaker: Mr. Chairman, perhaps the hon. minister would permit a question. He is dealing with only one phase. Perhaps he could explain the meaning of the words "and its cultural plurality"?

Mr. Marchand: I was just about to refer to that matter.

[*Translation*]

There is no doubt, Mr. Chairman, that there are many cultures in Canada, that there are various cultures to be rediscovered here. There is the French culture, the English culture, and also a Ukrainian culture which has developed and is still growing. We can thus say that Canada is endowed with a plurality of cultures.

So, when it is proposed to set up a body entrusting it with the promotion of the cultural assets of the country, what is so shocking about saying: Canada is a country of many cultures? I am not speaking here of ethnic plurality, but rather of cultural plurality. The two differ greatly.

I can understand opposition stemming from a dislike to that type of provision. But I feel that taking this type of amendment and attempting to see in it connotations of racial discrimination does not help anyone in Canada.

In its present form, the amendment contains nothing of a racial nature.

Mr. Chairman, in conclusion, I just want to say that, personally, I would have preferred this amendment not to be presented to the house, but since it is before the house, I do not see how I can be against it and I shall

vote for it because, as there are real grievances in this field, it would mean that the house does not heed these grievances but rejects them altogether.

Therefore, I shall vote for the amendment, although personally I wish it had never been presented.

Mr. Grafftey: Mr. Chairman, I have an honest question for the minister.

Since he is representing here in Ottawa the quiet revolution, could he not stand up for the French fact at the cabinet level without such an amendment being incorporated in a piece of legislation? I am convinced that the minister is very able to stand up for the French fact here in Ottawa and does not need the incorporation of an amendment into an act to do it.

Mr. Marchand: Mr. Chairman, I think I need not answer. I have made my preference known. In my opinion, a well-organized democratic country where the various values are taken into account has no need for such a provision to be included in its statutes. But since certain groups feel they cannot be protected otherwise, I understand their point of view. I realize it is a delicate matter to object to such an amendment when it is before the house.

I would object if it had racial overtones, but I do not believe it has. I think it is simply a provision which we would rather have done without. But since it is before the house, I shall support it.

[*English*]

Mr. Lewis: Mr. Chairman, I rise to say a few words on this amendment as a Canadian whose origin is neither French nor English.

Mr. McIlraith: Mr. Chairman, if the hon. member will permit me, I should like to rise on what may be termed a point of order. May I suggest that we suspend the sittings for an hour for a luncheon adjournment.

Mr. Knowles: Let us make it an hour and a half.

Mr. Starr: No, one hour only.

Mr. Knowles: Let us adjourn until 2.30.

Some hon. Members: Agreed.

Mr. McIlraith: Mr. Chairman, there appears to be concurrence at least in the idea that we suspend the sittings for a luncheon period but there is some uncertainty as to whether it should be for an hour or an hour and a half.

National Arts Centre

Mr. Lewis: Mr. Chairman, what I have in mind is personal, but I shall be frank with the minister who interrupted me and members of this committee. There are some children from a school in my constituency with whom I have an appointment at two and I would appreciate it, since the minister interrupted me, if the adjournment was until 2.30 so that I could keep this appointment and be back in the house at that time.

Mr. McIlraith: Mr. Chairman, in view of that request I am very happy to agree to the suggestion that we suspend our sittings until 2.30 p.m.

Some hon. Members: Agreed.

The Chairman: Order, please. Shall I rise and report progress? Agreed?

Some hon. Members: Agreed.

Progress reported.

Mr. Deputy Speaker: Is it agreed that the sitting be suspended until—

Mr. Knowles: Two thirty.

Mr. Deputy Speaker: —and that I do now leave the chair?

Some hon. Members: Agreed.

At 1.04 p.m the sitting was suspended.

SITTING RESUMED

The house resumed at 2.30 p.m.

NATIONAL ARTS CENTRE

ESTABLISHMENT OF CORPORATION FOR ADMINISTRATION AND OPERATION

On the order:

House again in committee of the whole on Bill No. C-194, an act to establish a corporation for the administration of the National Arts Centre—the Secretary of State.

Mr. Starr: I rise on a point of order, Mr. Speaker. In view of the amendment that has been proposed today by a member of the government party, I find it difficult to understand how the members of the cabinet can support an amendment which differs from the principle of the bill as first approved by the cabinet. I suggest, therefore, that the Prime Minister consider standing clause 4 and proceeding with the other clauses. Then the bill might be allowed to stand until the first of the week so that we could go on with other business.

National Arts Centre

Mr. Deputy Speaker: I think the discussion of this matter should take place in the committee.

The house resumed consideration in committee of Bill No. C-194, to establish a corporation for the administration of the National Arts Centre—Miss LaMarsh—Mr. Batten in the chair.

On clause 4—*Appointment of chairman and vice chairman.*

Mr. Starr: May I raise a point of order, Mr. Chairman? I should like to ask the Prime Minister whether he would not consider allowing clause 4 to stand, then deal with the other clauses of the bill and allow the bill to stand until next week?

Mr. Pearson: Mr. Chairman, I hope, in view of what the hon. member has said, we will never reach a position in this house when any member of the house, wherever he sits, will not be in a position to move an amendment to any bill, and a minister of the crown will not be in a position to consider that amendment as he sees fit. However, that may be, it has been suggested, because of the significance of this particular amendment, that it would be desirable to proceed with the other clauses of the bill and come back to this one later, perhaps next week. We could proceed with other items on the agenda such as the Company of Young Canadians. I am quite agreeable to the course suggested by my hon. friend.

Mr. Starr: I rise on a question of privilege, Mr. Chairman. A moment ago the Prime Minister said I was objecting to a private member having the right to move an amendment. All I pointed out, as a matter of curiosity so far as I am concerned, was that I did not understand how cabinet ministers who had approved a bill could come into the house and support an amendment whose effect is the opposite of what they approved.

Mr. Pearson: I hope cabinet ministers will be able to approve, if they see fit, even amendments that may be moved from the other side from time to time.

The Chairman: Is it agreed that clause 4 shall stand and the committee shall proceed to clause 5?

Some hon. Members: Agreed.

Clause stands.

Clauses 5 to 8 inclusive agreed to.

[Mr. Starr.]

On clause 9—*Objects of corporation.*

Mr. Prittie: I have just one question on paragraph (b). There is a reference to encouraging and assisting in the development of performing arts companies resident at the centre. I know that an office has already been established to do certain preliminary work in connection with the centre. Is it the intention to establish theatre companies, I presume one in English and one in French, to be located in Ottawa or is it the intention to bring companies such as Stratford or Le Théatre du Nouveau Monde to Ottawa? Are companies permanently resident in Ottawa going to be established?

Miss LaMarsh: I cannot say what the trustees will do when appointed since no one has been approached to be a member of the board of trustees. I pointed out in my first remarks that these decisions are to be left to the board of trustees. I understand some discussions have taken place with the two companies mentioned. I imagine that from time to time the trustees will see what is developing in Canada. I would think that if possible this would be true not only of theatre groups but musical groups, ballet, opera and a symphony orchestra.

Mr. Prittie: In the bill the corporation is being charged with establishing resident companies in Ottawa?

Miss LaMarsh: Yes, in the beginning it may very well be that some companies already established and without a home of their own would become resident companies in the national capital.

Clause agreed to.

• (2:40 p.m.)

Clauses 10 to 17 inclusive agreed to.

The Chairman: Order. With clause 4, clause 1 and the title of the bill standing, shall I rise, report progress and request leave to sit again at the next sitting of the house?

Some hon. Members: Agreed.

Progress reported.

COMPANY OF YOUNG CANADIANS

PROVISION FOR ESTABLISHMENT

Right Hon. L. B. Pearson (Prime Minister) moved the second reading of the Bill No. C-174, to provide for the establishment of The Company of Young Canadians.

He said: Mr. Speaker, I am very pleased to have the opportunity of moving the second reading of Bill No. C-174, an act to provide for the establishment of The Company of Young Canadians. This bill and the exciting adventure which the bill, if it is acceptable to parliament, will make possible is of great interest I am sure to all members of the house, as it is to me, as one step forward in the battle against poverty, disease, deprivation and inequality wherever these may exist in our country, as well as being a modest measure of assistance in meeting these problems in other countries.

The Company of Young Canadians represents the kind of constructive adventure in which I think we would all be glad to see our younger people, and perhaps some not so young, involved. In this respect the Secretary General of the United Nations, U Thant, expressed the other day the hope which I am sure many of us share. He said:

> I am looking forward to the time when the average young person—and parent or employer—will consider that one or two years of work for the cause of development either in a far away country or in a depressed area of his own community is a normal part of one's education.

The Company of Young Canadians will, I believe, continue a good Canadian tradition reaching back to the Jesuit missions of New France right on down to the Grenfell medical outposts of Labrador and the bush-camp classrooms of frontier colleges. Its members will also serve in due course, if this legislation is approved, in villages and towns over the seas, in far away developing countries where already volunteers from the Canadian University Service Overseas—CUSO—are working and working with dedication and effectiveness. I hope that this company will be inspired by the same sense of high adventure and unselfish service as are the CUSO volunteers. For it is my hope, a hope which I am sure the house shares, that The Company of Young Canadians will have a useful, exciting and innovating role to perform in our national and in our international life.

The first reference to a Company of Young Canadians, as hon. members may recall, was made in the Speech from the Throne on April 5, 1965, a little more than a year ago, when there was this sentence in the speech:

> You will be asked to approve the establishment of a Company of Young Canadians, through which the talents and energies of youth can be enlisted in projects for social development, both in Canada and abroad.

To ensure that plans for the company would reflect both the aspirations of young Canadians and the very real needs which the company might seek to meet in Canada and the developing countries, an organizing committee was appointed about a year ago to look into the idea and to formulate recommendations for the consideration of the government on which the government might be able to base legislation for submission to parliament.

Heading this organizing committee was a distinguished Canadian, Dr. Francis Leddy, now president of the University of Windsor, who had played an important role with Canadian University Service Overseas and World University Service of Canada, a man well equipped to be chairman of a committee to advise the government on a matter of this kind. We are grateful to him and to the members of his committee for the useful and unselfish service which they gave in the work which was transmitted to them.

The committee sought opinions from representatives of federal government departments, provincial governments, universities, voluntary agencies, youth groups and a number of private citizens. As a result of these consultations and discussions a report of the committee was submitted to the government last November.

Following a review of the recommendations of the committee and pending parliamentary consideration and action, the government announced its decision to proceed with a pilot program of voluntary service to Canada. At that time Mr. William McWhinney, who had been executive secretary of CUSO, was appointed interim director of the company. Since then the interim staff of the company has been reviewing project suggestions which have been received from government departments, federal and provincial, from organizations, from groups and from individuals all over Canada. The staff has also examined applications from many Canadians of all ages who have indicated their desire to take part in the company's operations when those operations begin.

Last month, Mr. Speaker, the government appointed an interim advisory council for the company to give advice to the government concerning proposed first year operations and to assist the staff of the company in carrying out certain pilot projects. The chairman of this advisory council is Mr. Douglas Ward, president-elect of the Canadian Union of Students, and the vice chairman Mr. Marc

Lalonde, a distinguished lawyer from Montreal.

• (2:50 p.m.)

When the organization committee made its report last November, it strongly recommended the need for the company to have a maximum degree of independence and flexibility, and the bill which is before the house for second reading embodies, I believe, that principle. It provides for the kind of freedom and manoeuvrability which will permit company volunteers in Canada and abroad to work in co-operation with a wide variety of groups and other agencies, both governmental and private. We hope also, Mr. Speaker, that the company will be encouraged to be experimental as well as responsible in its approach to problems, and that the company staff, council and volunteers will not be afraid to move into new and creative areas of social action.

The bill before the house provides for a council of 15 members, 10 of whom shall be elected by the volunteers themselves, with the other five appointed by the governor in council. This provision, Mr. Speaker, should ensure that the experience which volunteers gain in the field will be brought into the administrative affairs and management of the company. It indicates clearly that this is not only to be a company for young Canadians but a company of young Canadians, a company in which young Canadians themselves will play a major role in determining plans, operations and obectives.

The objects of the company, as hon. members perhaps know, are outlined in clause 14 of the bill, part of which reads:

> —to support, encourage and develop programs for social, economic and community development in Canada or abroad through voluntary service.

Clause 15 of the bill outlines some of the areas in which the company may operate.

Before mentioning some of the specific projects which have been suggested for inclusion in this year's pilot program—incidentally, 60 such projects have been submitted to the interim organization of the company and 35 of these have been accepted as suitable for company action if parliament approves this legislation—and what they are concerned with, there are one or two general points which should be made about the programs in which company volunteers will participate.

Suggestions for company projects in Canada should, I believe, normally come from the people in the communities concerned. Suggestions should come from below and not necessarily, or perhaps even normally, from above. The company should respond to express requests to have volunteers working in a particular community on a particular project, but volunteers would not be sent where they would not be needed or welcome. The Company of Young Canadians will not be able to fulfil its potential by sitting in offices in Ottawa and deciding what the volunteers will do and where they will do it.

Canadians through their organizations, through government departments and informal groups should be asked to make suggestions, as they have already done, about how the company volunteers could most effectively operate. Suggested projects in Canada which the company might support in its pilot program and in the years ahead have already, as I have said, been brought to the company's attention from communities, groups, individuals and agencies throughout the country by letter, by discussion groups and as a result of conferences.

We have felt, Mr. Speaker, that this approach is fundamental to the whole future of the company and will be essential, I think, if it is to realize its potential value. It will be quite wrong, as I see it, for the government or for the company itself to try to impose any program or any project on any group or community.

The nature of the proposed projects, and they are outlined in a general way in clause 15 of the bill, indicates the kind of work that it is expected the company will do. Some organizations have urged the government to provide volunteers for work in urban depressed areas where the volunteers would assist the residents of that particular area in identifying and understanding common problems and in considering ways and means of taking appropriate action to deal with them. These problems might relate to poor housing, inadequate recreational facilities, lack of language classes for new Canadians or poor counselling and home economics opportunities.

A number of Indian band councils have expressed an interest in having company volunteers assist them in various ways, in starting recreational programs, in assisting in the preparation of briefs and other documents for official agencies and governments, in developing local co-operatives and handicraft industries. Representatives of certain provincial governments have told the company of the need to work in their areas with high school drop-outs, assisting them in

finding jobs or in preparing for job opportunities. Indian and Métis organizations have requested volunteers to help in developing social and recreational activities for their members and in helping to make sure of school educational opportunities.

The company staff has been told of the many difficulties encountered by many immigrants who come to Canada and need assistance in learning French or English and in adapting to the different characteristics of their new country. It is felt that the company could help here.

Some provincial government representatives have emphasized the need for community development programs, especially in rural areas where the company could, it was felt, be helpful. There were as well representations from some rural groups for assistance in starting community health or educational programs.

It is important to note, Mr. Speaker, that in all such proposed projects or programs the company would operate only in co-operation with the many other organizations and agencies already in the field which are already attempting to deal with these social and economic problems.

Company volunteers will not necessarily be experts nor will they have a ready mix of preconceived notions to apply to whatever community situation they may discover. Their approach will be to help the people of the community decide what should be done and to work with them in the doing of it.

During the first year of the company's operations volunteers will work only within Canada. This will be during the first year. Already excellent work has been carried out by Canadian University Service Overseas volunteers since 1961. It was decided to concentrate during this initial period on domestic programs while considering how the company's future international role could be most effectively undertaken.

• (3:00 p.m.)

I think all Canadians can be justifiably proud of the 550 Canadian men and women who have gone to the developing countries under CUSO sponsorship. The government itself has shown its confidence in CUSO through the increased financial help which has been granted by parliament. It is my hope that the formation of The Company of Young Canadians will make it possible in the future for many more Canadians to participate in overseas service. To that end, the staff and advisory council of the company are now studying ways in which the company can undertake international assignments, and discussions are now being held with CUSO representatives to consider areas of co-operation, to avoid overlapping or duplication.

In domestic projects, company volunteers will fill only those positions which will not otherwise be filled from the existing labour force; they will do work which would not ordinarily be done by the labour force. In other words, volunteers will not be used as cheap labour.

It is expected that in the first year of operations a wide variety of projects concerning many different segments of the population will be undertaken so that future programs can be based on the most thorough field experience possible.

From time to time, since the announcement concerning the company was first made, I have been asked whether the government feels that young Canadians are ready to discharge the heavy and important responsibilities which will be theirs in the organization. This is an easy question to answer. In the last few years we have witnessed an immensely exciting and stimulating resurgence of social concern and responsibility on the part of young people The way in which young Canadians have responded to CUSO's appeal for volunteers willing to spend two years working abroad in developing countries is evidence of this new spirit. There are other organizations, expecially some of the student and religious organizations, which draw on this desire for participation which is so strong among Canada's young people.

Though there may be some exciting exceptions which prove this rule, the younger generation today possesses idealism without illusion; realism without cynicism. These young people desire to make a forceful and direct contribution to the kind of society they feel is worth living in, working for and fighting for, and I hope this feeling will find concrete expression in The Company of Young Canadians.

The applications already received by the company show that our confidence in young Canadians has not been misplaced. More than 2,500 of these inquiries and applications have already been received, even before the legislation has been passed, and they show a great diversity of background and interest. Many of those who have applied are undergraduates or recent graduates of universities—30 per cent to date. Others are attending or have graduated from high schools—45 per cent to

date. Others have been out working, often for as long as 20 or 30 years and wish now to take on this kind of voluntary service for two years. Forty per cent of all applications received have been from young women. The minimum age for volunteers is 18 but there is no upper age limit—this will enable them to accommodate the Secretary of State (Miss LaMarsh).

Some hon. Members: Oh, oh.

Mr. Pearson: Although the vast majority, about 85 per cent, are in the age group 18 to 25, a number of applications have been received, as I have already noted, from people in their forties, fifties and sixties and it is to be hoped that many people in this age bracket, young in spirit, will find an opportunity to express their social concern through working with the company.

Volunteers will be selected on the basis of their personal qualities, their experience in working with other people and their ability to work effectively in a particular company project. They will take part in a six weeks orientation program before proceeding to their assignments. This program will emphasize aptitudes in human relations, community development techniques, and knowledge of the region and community where the volunteer will work. Once the volunteers are in the field, they will be called together from time to time to evaluate their experience and to take part in further learning sessions. When in the field, they will have the support and advice of people from the agency which is sponsoring their project, other local persons and members of the company staff. They will be granted allowances for food and accommodation, and for expenses appropriate to their projects. They will also receive a small personal allowance. Upon completion of their term of service, they will receive a small honorarium for each month of service.

Any assessment of the impact and importance of The Company of Young Canadians must, of course, await the experience of the first year's program. But we can be reasonably sure about some things. While the volunteer is making a contribution to the social, economic or cultural development of a community, he will also be learning from the people with whom he works. A two-way learning process will be an integral part of every project. If the evidence of similar organizations is any indication, volunteers who serve in the company will leave it as better citizens, committed to a renewed concern for their fellowmen and a clearer understanding of the processes of change which are so essential to any dynamic and democratic society.

I hope the company, through its volunteers, will have a stimulating, creative effect upon our society and its institutions, and will also help the people of new nations overseas. I believe the company will prove to be an organization deeply concerned with the fundamentals of inequality and poverty in our society and with social justice and democratic progress, and that it will become part of our continuing search for a better Canada in a better world. It is in this spirit that I ask for the support of the house on the second reading of this bill.

• (3:10 p.m.)

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, the bill before the house is part, I believe, of a world wide recognition of a fundamental fact, namely that the society of the nations of the world cannot continue with the rich becoming richer and the poor relatively poorer.

When one looks at the situation domestically and recognizes the tremendous gap between those who have their foot on the ladder and are sharing in the growing wealth of a modern industrial nation like Canada, and the fact that there is a substantial group in our country, I would say approximately 20 per cent, who do not seem to have the ability or the opportunity to get on that first step of the ladder, then one realizes the size of the task before us.

But if one projects his mind to the situation all over the world where a great majority know that in spite of all their efforts over the next 35 years the best they can do is raise their per capita income from $100 a year to $170 a year, a gain of 70 per cent, while at the same time industrial nations expect to double their per capita income, again using round figures, from $2,500 to $5,000, one can see that the gap between $100 and $2,500, as it is now, will be much greater 35 years from now when the gap is between $170 and $5,000. I am using very broad figures covering the whole industrial segment of the world as opposed to the newly developing segments.

These two sets of facts are the challenge before the countries of the world today. This bill is an attempt by the government to bring Canada into this movement to try and bridge this gulf not only at home but abroad. As

such I do not think there is a Canadian in the country who does not give his approval to the aims and purposes of this legislation.

I cannot go so far as to say that I think this is going to work easily, because I know it is not, but I do think it is something upon which the government should be congratulated. I shall admit immediately that the government copied the American precedent. One month after President Johnson, in his address on the state of the nation, coined the phrase, "A war on poverty" we had a "Company of Young Canadians" suggested to us. It is copied obviously after the Peace Corps and after the program called Vista—Volunteers in Service to America.

But even though it is copied after the Americans, that is not fatal to the idea. What concerns me more is the point that the Prime Minister (Mr. Pearson) dealt with in his speech, namely the tremendous desire of young people in every country of the world to serve. A generation ago people were idealistic, but sentimentally idealistic. They were the type of people who would serve their country behind great slogans like "A war to save democracy," and "A war to end discrimination."

We pay honour to those generations; but today the fact is that we have a new type of generation on our hands, a generation which is not sentimental and which does not believe these sentimental bromides that so many of us followed, and that some of us still follow. The young generation today has idealism, a cynical type of idealism, but it takes the form of wanting to participate. They want to be part of the action.

This leads me to the main concern I have about the legislation now before us. The concern that I have is that, with all this tremendous willingness of 10 per cent, 20 per cent or 30 per cent of our young people leaving high schools and leaving universities who want to be part of the action to help at home and abroad, and their willingness to volunteer in their hundreds and thousands, if this program does not give them full opportunity and full challenge, if it leaves them dissatisfied, feeling that there is lack of organization, that they are not doing an effective job, or if this program sends them into operations unprepared, the disillusionment that comes so quickly to young people will be disastrous for the concepts that this legislation entails.

This is the fear that some of us have, some of us who have been thinking along the idea of doing something in an active way to meet this challenge of today. Looking at this legislation, and looking at what has been done in the United States and here to date, this is one fear that does engulf us. If these young people lose their idealism, if they are not fully used in this program, if the challenges are not every day greater than their abilities so that they know they are doing something useful, and if they are not succeeding—because there never will be success in this type of program if these factors are lacking—and if as a result they feel disillusionment, the result with this type of program in the future will, as I said, be disastrous.

I have expressed this concern in a general way. I have known young men of my own generation and young men and women of this generation, and I can assure the house that the young men of this generation will not be as patient as we were in ours. We were impatient in our own way; we rebelled in many ways, but we would accept. The young generation will not be as patient as we were in our time, and the generation ahead of us were in their time. If they do not get satisfaction immediately that they are doing a good job and a well organized job, then the very nature of their being today, which is to be activist, will lead to a disillusionment that will spread and cause serious harm to this concept.

Talk to the young men who have served in our armed forces for this last 10 years. They go in full of idealism; they want to serve their country. They are willing to spend part of their time at university in military service. They are willing to accept lower wages during summer in order to be in the armed forces and serve their country. But after two or three years you usually find the vast majority of these young men with their morale down, with disillusionment in the military and disillusionment in the government, because in the final analysis it always comes back to that place.

This does not make me glad. It bothers me, because their disillusionment spreads to others who are not quite as idealistic, and if this attitude develops in this country it bodes ill for the future. I think I have said enough on this point to indicate what I think is the chief danger ahead. I believe it can be overcome. I believe it can be met if the government is willing to move slowly and deliberately through its officials to lay down what the

problem is, lay down the procedures, and train these young people properly.

• (3:20 p.m.)

If I may, I would like at this time to suggest the way that some of us would have liked to do this. The problem we are talking about is not new. Those of us who approach these things carefully, and in the long run we believe that to be the most successful way, always like to know where we are going. In the party to which I belong this problem was one of our major concerns. On the agricultural front we introduced the legislation known as ARDA. The house may recall that in the debate which made that bill into a statute I opposed my own legislation on third reading. Because there was no opposition on second reading—everyone seemed to be in favour of the idea of ARDA—I felt it was my duty to point out to the house that there were dangers. The dangers which I pointed out are not too unlike what I point out today. I am glad I opposed my own legislation on ARDA, because it made clear to those administering the program what I felt were the danger points. I think they have benefited by that warning and have tended to move slowly and carefully into this very difficult area.

The dangers are very simple and yet very complex. The two main difficulties in dealing with any kind of a program concerning poverty or the lack of use of human resources are, first of all, educational, and secondly sociological. If you examine the work to date in the three main aspects of the war on poverty in the United States, you will find in nearly every case that these two factors are the things which come to the surface and which are causing trouble. Of course in the United States the trouble was that somebody had a brilliantly idealistic idea and, being typically American, they rushed into it, set up a program, called for volunteers and rushed into battle. Now they are trying to assess their difficulties and fight their way out of the messes which need not have occurred had they taken proper precautions.

As the house may remember, in 1962 the prime minister of that day, the right hon. member for Prince Albert (Mr. Diefenbaker) proposed a national conference on human resources. This proposal was made because after our study of the problem we recognized that within the confines of the civil service, for the advice of ministers, there was insufficient information and there were insufficient ideas to successfully tackle this problem. We recognize that it would take two or three years of searching through the whole world for people in the social science field who had ideas as to how to tackle this problem, and whom we could bring to our conference where, with the preliminary preparation which had been made in advance, we could have a long slow deliberate discussion so that we would be in a position to lay down the guide lines not only for the senior governments at the provincial and federal level but also for the local governments, the individuals across the country and particularly the hundreds of little organizations which now deal with this type of problem.

When one counts up the number of organizations in a large metropolitan city which deal domestically with this type of problem, the figure runs into the hundreds, not the scores. Therefore overlapping and confusion is the greatest single difficulty in the big urban centres. Our concern was to bring together the best minds of the world in an effort to see, when sitting down with the representatives of government, these organizations and individuals, whether we could agree on the precise nature of the problems and the course of action to take in respect of each particular type of problem.

Let me mention some of these problems. One of the great tragedies of modern day living is the fact that in our built-up communities we have hundreds of thousands of people whom we classify as aged. An aged person may be a person who has been pensioned off at age 55. There are many of those; an example would be the members of our armed services. There are many whose jobs have changed, who are pensioned off and who cannot find new employment. In general language they are classified as being aged.

Second, through technological changes in the field of health, man no longer is an old person at age 60, 65, 70 or 75; it depends on the individual. So we have many thousands of people in the very prime of their mental ability who are cut off because of pension policies and because of rules in industry and in the professions. Here you have a tremendous unused human resource which has tremendous potential and which could fill a need in this area. This potential is not being utilized because it is not being organized. In this group of aged I include the housewife whose family is raised. The woman who is, say 45 or 50 years of age, still has some of her skills from the days when she was working and now is much more experienced in looking after individuals. Yet in many cases

this very effective person is left to amuse herself with curling games, bridge games, sometimes gardening, and so on. This is an unused human resource which can become a burden on society because of frustrations, and in extreme cases mental health problems. We can utilize that human resource for greater productivity and for the greater enjoyment of the people of the country.

The problems of the aged people are not all problems of health. There is the problem of utilization. This is one field in which there is a tremendous amount of information available in respect of the type of programs which could be worked out in communities of every size for people of every skill and background. This material should be collected and put into the hands of an organization such as the one being created by this bill, so that the organization would have something to work with.

When you go into the field of the handicapped, it is only 20 years ago that people who were deaf and who were blind were considered to be seriously handicapped. Now the social scientist knows that in many forms of activity the person who is deaf has an advantage over the hearing person, and the person who cannot see has tremendous advantages over the seeing person. Let us go down the list of the handicapped. We come to the spastic. Until the last ten years in many, and perhaps most, of the countries in the western world the only social disposition we could make of them was to bring them out of the home in which they were hidden and put them in an institution. Now we have many places where the spastic can be rehabilitated and where with physiotherapy treatment and teaching, depending on his mental ability, he is able to go into almost any occupation, although there probably would be an exception in the case of surgery and jewelry work.

The work done in respect of spastics in this past ten years is a revelation. This is a unique human resource. However, in Canada as yet there is no definite program for spastics. There are, let us say 20,000, available persons in this country at any age. We are not using the knowledge which is available. We are not using and organizing the type of information we have. When we get to the retarded, we find we have made tremendous progress in this field in the last 15 years. In Canada we have gone as far as putting up sheltered workshops for them. This type of sheltered workshop is so obsolete in the new knowledge that no modern social scientist wants to speak of it any longer. Yet in Canada we have not made any attempt to take these hundreds of thousands of retarded people and utilize them.

• (3:30 p.m.)

The answers are very simple, once you know them. Everyone knows if you can break down a complicated industrial task into simple components so that even a five-year-old can do them, then it does not matter whether that five-year old mind is in a forty-year-old body or not, that individual can match the efficiency of any workman doing the job in the country. These things are not dreams, they are facts, because this is taking place in many parts of the world today except Canada. Will this organization have this information available in order to utilize these tremendous unused human resources?

This same principle applies to the delinquents of this country. The desire of young people to take action and to belong to groups that are different from their seniors is motivated by a force that can be used for good purposes. I am not suggesting that the only answer is to teach them to wear tight pants, pointed shoes, long hair and to beat guitars, although that is how the energy of certain young people of Liverpool was used. This drive in young people to participate can be channelled into many good things. A tremendous amount of knowledge in this regard has been compiled in numerous writings, but very few of us have access to all of these writings in the world in one place.

I have dealt with the two sections of the human resources of our country in respect of which some effort must be made, the aged and the handicapped. I could go on and list many other groups, but what I am trying to say is that, just as under ARDA, where we tried to develop a concept which would meet the needs of those many thousands of people living on the land who were not able to take advantage of the opportunities around them, in order to give them a chance to earn a better income, so here could we develop a concept which would give similar opportunities to the people living in cities.

I am always concerned when I read what is happening in relation to the horrible "snafus" that are taking place in various areas of the United States, resulting in a tremendous amount of idealism and enthusiasm being turned into an unholy mess. Yet, if you look at these examples in the United States you will find may successes too. Some lessons can be learned from these successes and failures.

I am not pessimistic about the future, but with all the strength at my command I am trying to give warning of the danger that exists because the task we are undertaking and must accomplish in dealing with those who need help is extemely important. After reading this bill and listening to the Prime Minister today my fears are confirmed. I was waiting to hear the problems outlined and specific guide lines laid down. There is nothing in this bill that gives a clear-cut concept of what is to be done. The Prime Minister was vague in his remarks, and one can understand why I am concerned.

I approach this whole problem naturally as a Conservative would. In 1962 it was suggested that we should have a national conference on human resources. I still believe that such a conference must be held in order to collect together this tremendous amount of knowledge from social scientists around the world so that guide lines can be adopted to provide some tangible program for the group of people administering this legislation to follow.

When I think of the individual who will head this operation I am sorry for him. He will be faced with problems similar to those faced by the communists in Russia in 1917 to 1928 when all they had to follow was the doctrine of Karl Marx. It took those people 20 years to decide that they should push his doctrine aside and find something which would make their system work in practice. Karl Marx did not deal with practical problems of human civilization; he dealt with ideas. It is one of our modern miracles that the Russians were able to survive as a nation. In order to realize this one need only read his work, Das Kapital. The same thing applies to the Chinese. Imagine their trying to build a socialized nation on the teachings of Karl Marx and the precedents of experience in Russia. Thank heaven the Chinese are very pragmatic people and can learn from the mistakes of others.

In any event, the situation will be similar for the individual who heads this organization, using this bill and the Prime Minister's speech as a guide. The only thing I can suggest is that by prayer we had better turn this whole matter over to the power above, because certainly there is no guidance coming from the government.

The reasons I have not dealt with sociology in detail in Canada are I think self-evident. If the Prime Minister searched through all the civil service agencies here in Ottawa and across the country and found five practising sociologists he would be lucky. When I was minister I could only find one practising, and another working on a farm outside Ottawa because he could not find employment in his field of learning. Yet the lack of men experienced in this field will in effect be the rock upon which ARDA will founder and the rock upon which this program will founder.

Sociology is a big word, but in plain terms it means knowing how people think. If you want a farmer to do something which you know is good, would you send a young kid fresh out of school wearing a white shirt to discuss the situation with that farmer; and if you did, do you think he would be successful? I suggest that such action could only be classified as conspiracy to murder. If you want an individual who has lived in the slum areas of our cities for years to act differently and do things differently, do you send an idealistic individual to teach him how to live in a home under our modern concepts? Speaking in the crude language which has been ascribed to me by the Prime Minister, let me suggest that we must learn to back into a beer parlour. You must appear to be looking one way while going another: That is sociology. You must bring a person to the point of wanting to do what you think is good for him.

Mr. Knowles: That is good Conservatism.

Mr. Hamilton: As the leader of the New Democratic Party has said on occasion, you cannot go forward by facing backwards. He has not learned the truth of human nature as yet, because the fastest way to go forward is by moving into the future, knowing the lessons of the past.

Mr. Brewin: That sounds like a Conservative M.P.

Mr. Hamilton: I think I can demonstrate that fact with a good many examples. When you encourage people to accompany you step by step you make progress. When you tell a group of people, even if you possess all the good ideas and brilliance in the world, that something is good for them and they should go ahead with it, you usually accomplish nothing. One should consider what happened to Lesage in Quebec. He collected together a great many people with brains, idealism and enthusiasm—

Mr. Gray: Any sociologists?

Mr. Hamilton: —but he forgot about sociologists. If he had had the benefit of the advice

of one ordinary, common sense sociologist he would have moved a shade slower, looking one way and going another, and may have been successful.

• (3:40 p.m.)

I mention these things because of personal feelings and the fact that I feel very keenly about this type of legislation. I want this legislation to succeed, but I have in all intellectual honesty to point to what I think are the dangers. I think we will still need some form of national conference of human resources. That may take two or three years to get ready. The educational program will stem from this. You will then give the organization something tangible with which to work. There will be a tremendous amount of time spent in obtaining the properly trained person, because you have to deal with not only the farmer and people who are poor but the juvenile delinquent brought up in a slum district, and so on. There are many people around who are properly qualified. You do not get them by snapping your fingers. It will take time. If I have been facetious, Mr. Speaker, it is because I feel deeply about these matters and want to get my point across to the house.

The second point with which I wish to deal concerns the age factor. The recruits will be mostly from the age group 18 to 30. I am not quarrelling with that. There is also the suggestion that the age can go up to 50. This is the point I want to speak about. I think there are two stages in a person's life when the urge to do something for his fellow man is paramount. The first stage is coming out of high school and university when a certain percentage of our young people, freed with the little bit of knowledge they have obtained, want to go forward and help others. What the percentage is, we do not know; but I think it is substantial—10, 20 or 30 per cent. That person eventually becomes married, has a house to buy and a car, all the other things to acquire, children to educate, and so on. For a period of 25 years he is usually lost to this form of idealistic enterprise of helping others. Therefore the time to get people to serve in this type of operation is in the age group from high school to university. I think this is covered in the bill.

The second group are those people from 45 up, who in our modern economy have usually reached high enough in their professions and job classification that they feel they have come to the end of their upward progress. If one examines the civil service at the provincial or federal level, he finds that in the pyramids of people forcing their way up are few places at the top. Many, many people at the middle levels are tremendously capable but there are only one or two spots at the top. These people at the middle levels have raised their families; they have great ability and experiance. If a recruiting program in this age group were carried out it would yield in the long run more effective workers than would be obtained at the younger level. This applies to medical people and those in all the professions.

At the age of 45 or 50 many of these people feel they have done well in their profession; their income is satisfactory and they would like to do something very, very useful for the 20 or 30 years they have left. I could quote the names of many Canadians who fit into this category and demonstrate my point. Using my own province as an example, there is Dr. Hardy, who was Dean of Engineering of the University of Saskatchewan. He spent 15 of the happiest years of his life serving in Ceylon. Every three years he came home to Canada on leave. As I say, Mr. Speaker, this was a great man at the University of Saskatchewan. But there comes a time when you are a little tired of teaching class after class of engineering students about farm machinery. He went to a country that needed him. Any man who ever spoke to Dr. Hardy recognized that here was a happy man, a man at the full height of his intellect, a man who wanted to use the years left to him on behalf of those who needed his help most.

Dr. Harrington, who is now with FAO, is one of the great plant biologists in the world. He left our province and served in Egypt, Israel, and is now with FAO. This is a happy man. He was at the top of his profession in Canada. He is now providing huge benefits to those he is serving. A doctor 50 years of age came to me a year ago and asked if he could serve abroad. I tried to get him into China, because that is where he wanted to go, but apparently we do not recognize China so he ended up in Africa. That man is a successful surgeon and is now providing tremendous benefits to those he is serving in Africa. I know that people of this age group would supply a tremendous number of recruits.

The practical proposal with regard to people in the civil service, the teaching profession, or those in private, professional occupations is to provide them, if they are civil

servants, with a guarantee that when they come back to this country their pension will be intact. If this is done they will use their talents in a new country, knowing that when they return to Canada their pension will be there. We tried to do this, as a government. At the United Nations the prime minister of that day suggested that Canada would be glad to set up a bank of brains to help the underdeveloped nations of the world. This bank of brains was to come from the older people. I think we set this program up so that any person who wanted to go abroad would have his pension protected. I do not think the program was sufficiently advertised or sold to the people. Our government was a failure in public relations, even on good ideas.

In conclusion, Mr. Speaker, I am going to ask the house to join with the Prime Minister and pass this legislation. I shall join with the Prime Minister in this respect and hope that the legislation will start Canada on the task of developing opportunities for young people with ideas and ability to help themselves and also to help others. I know of the dangers ahead and I know of the pitfalls that will very likely lie in the path of this operation. I have described in my own way some of the pitfalls in dealing with human nature in our own country. I would suggest that these pitfalls are the same abroad. In addition, when these young people, and perhaps some of the older people, go abroad they should learn that in these newly developing nations they will have to contend with nationalism the like of which they have never known before. They will have to contend with discrimination the like of which they have never known before.

It is very good for the person whose skin is white to be in the minority in a country where the skin of the majority is a different colour and to realize that he is the odd person and the one who suffers discrimination. If they can learn to recognize that in these ancient lands they do have their own cultures—and some of the cultures of Asia are far superior in many ways to our own; and in Africa, even though they may have tribal cultures, they are their cultures—and can learn the humility of accepting the fact that this is the culture of these people and their civilization, and remember that all you do is stir up antagonism, dislike and, yes, hatred if you walk around with the typical air of superiority of the white man, they will be able to help these people very much more.

[Mr. Hamilton.]

These things are sociological and have to be learned, and if there is a genuine desire, as I am sure there is, on behalf of Canadians and many other people to help others, if we can train our people to move into these fields as humble servants of a greater cause than just themselves, I believe that great good both at home and abroad can come from this kind of legislation.

• (3:50 p.m.)

Mr. Andrew Brewin (Greenwood): As I listened to the very interesting and eloquent speech of the hon. member for Qu'Appelle (Mr. Hamilton), I must confess I was puzzled by one aspect of his speech. It was why, when he so clearly is aware of the pitfalls that lie ahead in this connection, he advocated moving backward, as I understood it, into the beverage rooms or something like that. This seemed to me a puzzling posture for one who is well aware of the pitfalls that lie ahead.

However, Mr. Speaker, I am not sure whether it is suitable for someone like myself, who is a grandfather of several years standing, to be speaking on this particular bill. I was rather encouraged by the elastic definition of youth which the Prime Minister (Mr. Pearson) said was fundamental to this particular project and to the corporation we are discussing. We, in this party, would like to extend our wholehearted support to this bill. I say "wholehearted" not because we accept it uncritically or without question, but because we have looked at it carefully, and we think despite the difficulties that this is extremely worth while.

I should like to refer to a paragraph from the program of my particular party which was passed at our founding convention in 1961. I do so, not to suggest any originality or authorship of this idea, which I know is a widespread one, but to indicate why we support this legislation. This paragraph reads:

> Canada must mobilize its resources in young, trained Canadians and establish a voluntary service corps to staff co-operative aid schemes, such as those of the joint training and technical expert program, throughout the world. Its members should be encouraged to regard their work as a career and should be given adequate salaries and full security. The corps would collaborate with similar groups from other developed states, and would also provide on-the-spot training for local personnel in the techniques of community development.

There are some differences between this project and the one envisaged in this resolution. I just wanted to point out that we

thought this idea of such fundamental importance we incorporated it in the program produced at the founding convention of our party.

As I understand it, the purpose of this legislation is to mobilize the idealism of younger people, which is a great resource. I think that this project is infinitely worth while. I do not believe any term for the volunteer's contract is set out in the bill, but I presume that will be spelled out later. I believe the fact that young men, after suitable training and education, are willing to volunteer for two years or more in this type of service will turn out to be a very great source of strength and experience for those who take part, and for the whole community.

As has been said, of course this is not an original or new idea. The Peace Corps of the United States is one in which the government has been interested for some time. I cannot help but refer in this connection to the heroic courage of those who have gone out to the different countries in the world to help, in the same spirit as is involved here, in what used to be called the missionary field. I know they went out with special instructions and special purposes for their own particular faith. Nevertheless I know from my own experience they performed a tremendous service, and it was voluntary service in many cases, to the communities in which they live.

We all know about the American Friends Service Committee, and I believe our own Friends in Canada have, for many years, been engaged in this work. I was very happy to hear the Prime Minister tell us that there would be the closest co-operation between The Company of Young Canadians and the Canadian University Services Overseas. They have been in the field for some time and have done a tremendously useful job. The Company of Young Canadians will no doubt either take some part of their job or possibly the government will expand its contribution to CUSO.

The success of this type of work depends upon several things, one of which is the choice of project. I was very happy indeed to hear the Prime Minister say that the emphasis would be upon communities and upon promoting self help with communities; that the younger people would not be sent out to undertake the job of trying to raise standards, and so on, in any particular community without the prior request of the people within the community. I do believe there is a tremendous field for assistance of people in communities by young, trained persons with a sympathetic approach to these matters. Sometimes, since they come from outside, they have a particular type of energy which is valuable to people within the community who may have given up hope about what can be done.

I am thinking of the field of housing, for example I see the Minister of Labour (Mr. Nicholson) in the house. He will agree with me, I think that we have passed all sorts of legislation at the federal level, the provincial level and the municipal level to make funds and plans available to deal with some of our housing problems, such as slum clearance projects and things of that sort. These government plans seldom work out properly unless the people in the local community take the initiative and desire to work with the plans. I believe that one of the functions of this Company of Young Canadians will be to help create an atmosphere to enable the various communities to be conscious of the machinery of government at various levels available to them. I want to say that, in so far as the choice of a project is concerned, I hope the rule will continue to be observed, as I think the Prime Minister said it would be, to first of all make sure of the full desire of the community to be helped and to receive their full co-operation. I believe the initiative should come from them, and that they should feel a sense of participation in what is being done.

Another thing that will be absolutely essential, of course, will be the careful selection of the people to do the job. It is impossible to be certain that you always get the right people, but I think this is very important I wonder, after there has been some experience, whether the method of selection could not be more fully spelled out in the bill.

Then, Mr. Speaker, there is the question of training. I believe the Prime Minister said that training would be for six weeks. This may be adequate for people going to work in Canada, but if it is proposed that some volunteers work outside Canada I just wonder whether six weeks, no matter how inensive the training, is adequate. It seems to me language training may be required. Physical hardening for some of the projects involved may also be required. Training, I think, is a very important part of this whole project.

• (4:00 p.m.)

I wanted to read two comments, Mr. Speaker. I never expected to find myself

quoting in this house Senator Barry Goldwater, because generally speaking I find myself in very strong disagreement with the views he expresses from time to time. But when he was dealing with the Peace Corps, which is a very similar organization and on which this company, to some extent I think, is modelled, he said this:

> I think that the Peace Corps is beginning to remove the doubts from the doubters' minds. I have been impressed with the quality of the young men and women that have been going into it. At first I thought that it would advance work for a group of beatnicks, but this is not so. As a businessman, I know that two years overseas experience will be invaluable and rewarding. I'll back it all the way.

This is a conversion of what might be thought to be a case of individual Republicanism into a useful project. Again let me say that I do not want to be thought to be in any way his disciple, but I find those words well said and I commend them to the house.

Another quotation I should like to read to the house is that of the vice president of the Philippines, who was addressing and being frank with a group of Peace Corps teachers in his country. I think what he said applies equally to many other countries. He said:

> The problems which the Peace Corps will find here in the Philippines are not too different from those it will encounter in many countries of Asia and Africa.
>
> They are the problems of underdevelopment, problems that long antedate communism, neutralism, the Cold War—they are the problems of poverty, ignorance and disease.

I pause there to point out that even in this fortunate country we are not without the problems of poverty, ignorance and disease. The vice president continues:

> I believe I am not shattering any illusions when I say that those problems will not disappear with the coming of the Peace Corps.

Nor with the coming of The Company of Young Canadians, for that matter.

> But certainly you can help; certainly you can make a significant contribution toward overcoming them.
>
> We have a saying in Tagalog.

I take that to be the language spoken in the Philippines, and I am not going to attempt to read to the house the words which follow. But translated the words mean:

> Even the hardest stone will wear away under constant drops of rain.

The vice president continued:

> Your labours in our fields and barrios, in our schoolhouses and community centres, will be like those constant drops of rain, slowly but surely eroding the boulders of poverty, ignorance and disease which block the road to greatness and prosperity for this country.

I think those words uttered by a spokesman of a recipient country are well said: and I believe that the effect of the work of The Company of Young Canadians, wherever it is active, will be to help erode the boulders of poverty, ignorance and disease.

I should like to conclude by saying that it seems to me that this project helps to give the lie to a great deal of quite unfounded pessimism about the standards, the outlook and the ideas of the younger people in this country and in other countries. I personally find the greatest sense of hope for the future welfare of the world in the attitudes taken by the younger people. They are not the same attitudes that we as a whole have taken. They are in many cases much better attitudes, attitudes which are much more ready to recognize the need for a world community and much more ready sometimes to recognize the grave dangers of our racial divisions. They are attitudes with new loyalties which are appropriate to a new and growing world society.

I believe, Mr. Speaker, that this Company of Young Canadians is but one instrument, but it will be a useful instrument not only for dealing with the community problems that it will be tackling, but also for gaining experience, breadth and outlook which will be invaluable to this country in the future. It is for these reasons, Mr. Speaker, that we would support the legislation which is before us.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, on behalf of the Social Credit party and as far as my own personal support of this project is concerned I am pleased to identify our members with this legislation and to give it our approval here in this chamber, as the bill passes through its various stages into legislation. I think this Company of Young Canadians represents the type of project which we should have within our own national development; and I must say that I have had a very personal interest in it ever since it was first mentioned by the Prime Minister (Mr. Pearson).

I say this because during the early years of the war, which is now more than 20 years ago, it was my personal privilege to accept a similar challenge as that represented in the objectives of The Company of Young Canadians, and as a result was able to lead a team of Canadians to Ethiopia, which was the first country liberated in world war II. Not

knowing what we were heading into, but being aware of the tremendous needs created by the conflict in that African country, we found ourselves faced with the challenge of fitting into a picture which included every possible phase of need, as far as the people of what might be called a primitive society were concerned—needs of education, as well as in the areas of health and community development.

Most of us were able to spend a good part of our adult years in what I would consider to be the type of project with which The Company of Young Canadians will be concerned. I have always been very grateful for this opportunity, Mr. Speaker. As I have watched our own young people grow up, I have always been of the conviction that, if a similar opportunity could be provided to more of our young people, not only would they be able to render a very useful service to humanity but it would also be a tremendous experience for them.

The real benefit of a project such as this is twofold. It is of direct benefit as far as the service rendered is concerned; and there are surely any number of needs, some of them urgent and vital, waiting to be met not only at home but particularly in the developing countries of the world. Then there is also a very real benefit to be gained by those who take part in providing this type of service, a type of benefit that will not only help the individual but will also prove of tremendous value to the community in which he lives and in later years to the country itself.

As a result of my experience in Africa I was able to watch the developing years of the Peace Corps movement from the United States. I hope that the work of young Canadians in foreign lands, as it has developed through CUSO, Crossroads Africa and other private projects, will not follow exactly the same pattern as did the Peace Corps. Yet I have been tremendously impressed with the work the Peace Corps has done. I have been even more impressed with the result this experience has had on the lives of those who were part of it.

• (4:10 p.m.)

I think we could say this about the work of the CUSO organization. In a very quiet and typically Canadian way hundreds of our young people have gone out and have been doing work in foreign countries, a job similar to that intended to be done by The Company of Young Canadians at home.

Company of Young Canadians

A day or so ago I received an explanatory statement defining the purposes and projected types of activity of The Company of Young Canadians. For the sake of the record, though I realize the Prime Minister already has referred to this in introducing the legislation, it might be well to quote from this bulletin. We are told that the main purpose of The Company of Young Canadians will be—

> —to provide assistance to individuals and communities to overcome some of the problems of poverty, injustice and inequality which exist in society. The company will do this by recruiting and assigning full-time volunteers to projects for social, economic and community development in Canada and abroad. It is being established not only in response to the very real needs for voluntary service, but also in response to the growing interest and concern of young Canadians to participate in constructive social action.

Therefore, Mr. Speaker, we see that the role of The Company of Young Canadians, as has already been stated, has not so much to do with economic development or the material development of our own nation, but rather, with human resources. Surely this is the area where we ought to show greater concern than we have. Surely we also ought to be concerned with advancing the potentialities that are latent in the young people we have in our country. I hope that this organization, in working toward the fulfilment of its objectives, will be primarily concerned with this.

One thing that I have been concerned about, with respect to The Company of Young Canadians, was the slowness evident in defining its purposes and in laying out the pattern of its organization. I trust after this length of time a solid foundation has been provided today for the organization which is to develop and take shape out of the legislation before us at the present time.

In The Company of Young Canadians we have a great tradition involving the historical pattern of the past in our young country. As we look back into our history and think of the great explorers, the great adventurers, and of the great developments in recent years in areas of industry and commerce, we realize that many of the deeds carried out were performed by young people.

In the growing collectivism that surrounds us, and in the pattern of greater public participation in many things which were regarded the responsibility and the opportunity of the individual not so long ago, we perhaps have been guilty of neglecting the type of individual who has played such a vital part in our historical past. Through The Company

of Young Canadians there will be provided an opportunity for the young people of today to repeat, and perform in their own right, actions which belong to the heritage of our past.

I note in the legislation, Mr. Speaker, that the area of activity of The Company of Young Canadians is to be both national and international. May I make a cautionary remark about the latter aspect of activity, before speaking briefly about the former. It has not been indicated to us what form the foreign operations of The Company of Young Canadians will take. I think it is necessary for the organization itself to define this as soon as possible. May I say that I hope The Company of Young Canadians will not be moving directly into the area of foreign operations undertaken by such organizations as CUSO. When one compares the activities of the CUSO organization with, shall we say, the Peace Corps of the United States, it becomes apparent that one of the great assets of the CUSO organization is that it is not labelled with the stigma of being a foreign government agency. Although the Peace Corps of the United States has performed a very commendable service, repeatedly in foreign countries where the people are swayed by various types of propaganda the Peace Corps volunteers have been labelled as working for a government agency.

CUSO volunteers overseas have lived and worked on the same level as the nationals among whom they are, and by entering into what are called "local contracts", rather than by being the employees of a foreign agency, have been able to fit into the communities and to reach their objectives in a commendable way. On the other hand, while those in the Peace Corps serve without remuneration, the people serving with it live at a standard higher than those they are serving who are of comparative education and qualification. This has not been done with CUSO, where the volunteers have accepted local conditions, giving them a clearer understanding of local problems, and bringing to them the confidence of the people they are serving.

While I think it would be unwise for The Company of Young Canadians to set up an organization which would either replace or supplement the CUSO volunteers, I would hope in the years ahead that the company might move in to support and co-operate with the CUSO organization. I realize that some of the young people who are involved in The Company of Young Canadians now, particularly Mr. McWhinney, have spoken about this in the past, so that it is perhaps not necessary to repeat what has been said.

• (4:20 p.m.)

I wish to emphasize the need to preserve such commendable efforts. There may be a temptation, in the desire to move ahead more rapidly, to take over CUSO. I think it would be tragic if any such move were made. To sum up, I believe the Company of Young Canadians ought not move into the area of foreign service but should support the organizations which are already active in this field, and rather help to make them more effective in fulfilling their responsibilities and achieving their objectives. Of all the spontaneous movements which have developed in the post-war years with the object of helping countries less fortunate than ourselves, CUSO heads the list. I am sure all of us who have had first-hand experience of the work being done in those countries will agree with this. It is my hope that the new organization will take full cognizance of this, and work to strengthen CUSO rather than replace it.

As to the company's activities on the home front, this is another story altogether. I notice that a report by the organizing committee called attention to three needs which the company should help to meet. First there are the needs of economically and socially deprived persons in Canada and overseas. I am speaking now about Canada. In this area one of the most urgent and challenging problems concerns our native Canadian people, the Eskimos and the Indians. A great many opportunities present themselves to an organization such as the one we are considering. In my own constituency, for example, there are three small Indian reserves all located not far from what might still be called the frontier town of Rocky Mountain House. How is one to integrate the activities, the education and the social life of young people growing up on these reserves? That is a real problem.

The people of this town, trying to meet their responsibilities, are now setting up a community centre for the use of these young Indian people. They are not sure just how it will operate. Everyone recognizes the need for such a centre and the people of the community sincerely desire to do something to help these young people.

I believe these volunteers could move in and do a tremendous job in connection with a project such as this. In fact I hope one of the first projects supported by the company at

home will be one such as this in my own constituency. I know that a similar need exists in many other areas. I do not think there is another field in Canada where our young people could perform a more effective service than they could in this type of project among our aboriginal people.

The organizing committee's report speaks, also, of the need of young people for more adequate channels through which young people could direct their ideals. I agree with this. In our changing society there is, indeed, a need to provide opportunities for constructive service for our young people—channels into which could be directed the energy, idealism and vision which is characteristic of them and which, all too often, they have no opportunity to express.

The third point made by the committee is also important—the need of our society as a whole for "domestic experimentation based on the constructive inter-action of the two groups". As I have indicated, I believe it would be better for the organization to concern itself directly with projects on the home front and co-operate with organizations already working overseas. In the years ahead, as more experience is gained, a better defined pattern of procedure will emerge and a more effective way found of reaching the goals which are the intent of the bill before us.

I do not know how the organization expects to finance its operations. It appears from this legislation that the public purse is expected to provide a major part of the funds required. I would add a cautionary word: It would be wrong for the organization to divorce itself completely from the support which might be obtained from the private sector of the economy. I am not thinking now of donations which might come from large organizations in industry and commerce or from the bigger social organizations across Canada. I am thinking of community participation.

I visualize these young people becoming in many ways direct community leaders as they go out to the tasks assigned to them. I believe there should be provision for community participation in the financial burdens which the programs will represent as well as in the programs themselves.

There is much more which could be said about the policy and objectives; more speculation as to how this program might develop. But I do not think this is really the time to enter upon a debate of this sort, since we are concerned, now, with fundamental principles—the basic objectives of the legislation before us.

• (4:30 p.m.)

We are pleased therefore to support the principle of this legislation, and we shall reserve further remarks until we go into the details of it. Again I want to emphasize that we need such a program. We support the intended purposes of it, and we trust that as it moves forward into reality it will successfully reach the objectives that have been defined during presentation of the legislation and by the organizing committee.

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, I wish to express my enthusiasm for this bill. For the past few years I have been closely associated with young Canadians, both as a lecturer at college in Montreal, and this year by having the good fortune of being president of the Canadian Newman Club. I have also in past years worked closely with the World University Service of Canada and the International Student Centre in Montreal.

I want to assure the Prime Minister (Mr. Pearson) and the government that young Canadians welcome this legislation and the opportunities it will present. For many years they have been interested in international service. As far back as 1948 the World University Service of Canada initiated international seminars held in other countries to study the problems of those countries. This year such a seminar is being held in Turkey.

When the Peace Corps was established in the United States many university students and others in Canada looked forward to the day when we could have a similar organization here. As a matter of fact many Canadians attempted to become involved in the Peace Corps. Immediately following that time CUSO was started and, as has been mentioned, has already done a great deal of work in this field.

I am glad to see that clause 2(e) provides that all ages and classes of Canadians will be able to associate themselves with The Company of Young Canadians. In an earlier speech I pointed out that there are many older people, especially people who have retired from the professions, people who have made their mark in Canadian life, such as doctors, teachers, lawyers and engineers, who still have a lot of good work left in them and who have indicated they would like to go abroad and to other parts of Canada to help those who need help.

Company of Young Canadians

I was also glad to hear the Prime Minister say that many non-university graduates have applied to work with the company. It would be a great mistake if it were to be dominated by university graduates. I hope in years to come the company will embrace young tradesmen, young farmers, 4-H workers, and just plain workers who can play a part in the program.

As a lawyer I am interested in seeing a project established similar to that of the neighbourhood law office in the United States. If we could get law students, young law graduates and other interested people to give legal assistance to people who cannot afford it, this would be a useful project.

It would also be a good idea, since many organizations of this type are being formed throughout the world, if we could work in conjunction with them, to the extent of forming an international youth corps. Once we get started we should approach the Peace Corps in the United States and similar corps throughout the world, to form international teams to work in other countries.

In other words, instead of having Canadian teams or American teams working abroad, we could have teams composed of volunteers from Canada, the United States, France, Germany and England. We could even invite Americans to come into Canada to work with young Canadians in the north, and send Canadians to work with the Peace Corps in the United States. This would promote an international rather than a national spirit.

It has been said that The Company of Young Canadians may provide young Canadians of the sixties with the same sort of opportunities to serve in an idealistic way that armies did in past years and centuries. However, I would hate to view Canadians serving abroad in a nationalistic or paternalistic way, and that is why I hope some day to see this work being done on an international basis.

Mr. Heath Macquarrie (Queens): Mr. Speaker, I too want to add my voice in enthusiastic support of this measure, and I congratulate the Prime Minister (Mr. Pearson) and the government for bringing it forth.

Unlike the hon. member for Greenwood (Mr. Brewin) I will not apologize for my old age, because I have not attained that. I hope to live so long that some day I will be as old as I look, but right now I am in the middle age range where I can view this youth-age tension very dispassionately. However, I did feel some sense of relief when the Prime Minister said there was no upper age limit because, after all, we here do not have very good job security.

This is an impressive move. In some ways it may mark a measure of what might be described as our spiritual maturing, something we have been doing of late in Canada, in that we are concerned to give of our time, our thought and our mental ingenuity to measures like this. This is something which invites and indeed invokes "constructive adventure"—I like that expression of the Prime Minister—on the part of those who are young in years, young in spirit and enthusiastic in endeavour.

The program of the company will provide what we all need, whether we are young, old or middle aged, namely, participation in a meaningful cause, and life is empty indeed if we do not have that. It will also offer opportunities for powerful and purposeful collective activity. We cannot function in isolation; we want to move in groups.

I am impressed and enthusiastic about what has already been done on an interim basis. Since the legislation could not be brought forward when it should have been, it was wise that measures were taken so that valuable and useful time was not lost. The symbol adopted by the company on an interim basis is a most impressive one—the maple key which identifies members of the company, the key which holds the seed for the future. It is a very Canadian symbol, a very meaningful symbol.

• (4:40 p.m.)

In my opinion this deserves great commendation. We are supposed to be a most unimaginative people, we Canadians, but here I think we have shown some real imagination. The seeds will be spread far and wide and I know the returns will be even greater than the beauty of our national emblem. I think too that some of the publications which have been put out by the interim organization should be commended—"better worlds don't just happen, they're made". It continues:

> And better worlds are needed—for Canadians in a city slum, on a depressed farm, on an Indian reserve, in a home for the aged.
>
> A better world is needed by people who are poor, under-educated, badly housed; people whose lives open no horizons and whose children have little hope.

This is compelling and appealing. The Company of Young Canadians wants to do something about this world, a world which includes Canada and the developing countries overseas. Now this is only an

idea, but it will be more than an idea when its members go where they have been asked to help, perhaps to a community among the Eskimos or to a slum area where people live eight to a room.

This is an exciting prospect, Mr. Speaker, and I know we all want to accelerate the legislative process of this measure. When we come to the more detailed examination of the legislation we may find things to comment on. I am very impressed with the interim group, but I am sorry there is not a Prince Edward Islander involved. I hope this will be looked after and I have been given the assurance that it will.

These tensions between the generations are not new. Sometimes one reads scare headlines. I have some of them before me. Someone fears a youth rebellion; someone fears a student rebellion. This is not new. Nor is ours the only age where the young have desired and attained leadership. Pitt was prime minister when he was 24. Robespierre was through his bloody and brutal career when 26. Saint-Just had bestrode many of the institutions and too many people and was through at 21. Alexander was very young. Then there was Burns and Mozart. Bonnie Prince Charlie was only 27 when he almost conquered a kingdom which was rightfully his. My colleague reminds me of Robbie Burns whose life gave his fellows great riches and beauty. He was a great benefactor of all mankind and was gone in his thirties.

I am not at all worried. Here I join myself with the views of the hon. member for Greenwood (Mr. Brewin). I am not concerned about the inadequacy of the response which the young people of this country will give to what in fact are strenuous and difficult challenges. I say this not because it is a good thing to say of such a measure, nor because it is the kind of easy happy platitude one should drop about such a thing. I have spent most of my life in university classrooms. Since coming here I have formed a close association with the youth sector of our own party. I am greatly buoyed by the fact that I know so well the young people of our particular party, and I am sure we are not unique in that sense. So I speak from knowledge of our young people.

The hon. member for Red Deer (Mr. Thompson) staked out some areas of tremendous challenge for the company when it becomes fully operative. I believe that many of the members of this house only recently are becoming aware of the needs, challenges and opportunities among the Indian people of our country. I must confess I have learned a great deal from such members as the hon. member for Yukon (Mr. Nielsen), the former member for the Northwest Territories, the hon. member for Skeena (Mr. Howard) and various others who have brought to our attention the tremendous compelling needs which exist. Then one thinks of the great vastness to the north and all that can be done, must be done and should be done there. Here in these two areas alone, without moving on to broad horizons in the external field, we have some powerful challenges.

I am glad we have good reason for faith that such a company, as the Prime Minister (Mr. Pearson) said of young people and young Canadians, can meet. There have been many reasons for making this assertion. Ever so often I hear from some of my former students who are in various parts of the world pushing back the frontiers of ignorance or disease, making magnificent contributions, and revealing the best that Canada has done for them. I do hope as the years go by that the private sector of our society will take a great interest, both in a tangible and intangible way, in this development. As I look at the legislation, which is something which not only legislators but all Canadians should be proud of, I see many opportunities.

Although there is much more I could say, because I want to be brief I will simply end as I began in pledging my complete and thorough-going support for this measure. It is not often one on the opposition side is able so wholeheartedly to endorse what emanates from the other side. I think all of us will look back upon this afternoon as one which in later years we may point to with real pride and deep satisfaction.

Mr. Ian Watson (Châteauguay-Huntingdon-Laprairie): Mr. Speaker, I have some comments I should like to make on this bill, but I am prepared to make them in committee if the house is prepared to go into the committee stage at this time. I believe they are in respect of clause 2 of the bill. I wonder whether this meets with the approval of the house, or would it be preferable that we continue with the general statements at this stage?

Mr. Hamilton: Mr. Speaker, I think the opposition would accept this proposal. Does the hon. member wish to make his remarks on the first item?

Mr. Watson (Châteauguay-Huntingdon-Laprairie): Yes.

Mr. Hamilton: We do have one speaker who I think can finish before five o'clock, and then we could go into the committee stage, if this is agreeable.

Mr. Deputy Speaker: Is the house ready for the question?

Some hon. Members: Yes.

• (4:50 p.m.)

Mr. David MacDonald (Prince): Mr. Speaker, if it is agreed, I should like to make a few remarks before we go into committee. I do not wish to go over again what I think has been stated very well by other hon. members, and that is the enthusiasm with which I think all greet this bill. It is important however that we ask ourselves for a moment why in fact we are doing this. It must seem to some of us at least, when we think about it objectively that we are witnessing here this afternoon a very strange process by which we are giving effect to a bill having to do with an item of interest and concern, primarily never before recognized as part and parcel of government responsibility. Indeed, I must say that what we are doing is much more closely akin to the profession with which I am normally associated, that of the clergy, for it seems to me we are dealing with missionaries and missionary tasks.

I have had to ask myself time and again why it is that governments and government agencies are becoming more and more caught up in human relations, or the development of society in terms of man's relationship with his fellowman. It is fair to say, I think, that in our time we have seen a rapid expansion of interest and concern in this whole area of man's endeavour, and I point out that this is both an exciting and terrifying prospect. Certainly anyone who has read some of what used to be at least avant garde literature such as the writings of Orwell and Huxley about our attempts to design and control man's social relationships, must realize that there would be no future freedoms if we carried this too far.

We must have some expression of concern as to how much in fact we hope, either through direct government intervention or through the establishment of certain crown corporations, to affect the lives of people and the communities in which they live. It must always be the concern of those who represent people in parliaments of the nations, the legislatures of the provinces and councils of the municipalities and townships, to be very sure that when they seek to move into the

area of human relationships they do not in any way remove from individuals and individual social groups the freedoms that are rightfully theirs.

We must ask ourselves a rhetorical question this afternoon. In our intense anxiety to provide positive and constructive opportunities for young people to participate in nation building or working with the poor, why in fact do we feel called upon to do so? Is it because we are afraid of the restless driving energy of youth, which we are not always sure we can control to our advantage; is it because we feel it is safer to offer opportunities such as these, which may or may not be "safe", or is it, on the other hand, a sign of a failure in our time?

We live in an age of tremendous intercommunication between man, yet in an age in many ways, particularly in our western world, where there seems to be a great lack of confidence in the democratic system and in man's own ability to govern himself responsibly. I would hate to think that we are going to funnel off the vibrant and creative energy of our young people into a number of projects here, there and across the country, and thus deflect the interests of the young people in this country, who primarily must get caught up at some point in the process of governing themselves.

It is somewhat tragic to think of the tremendous cynicism that has developed, particularly among our young people today, regarding the way we govern ourselves, when we are in fact trying to provide opportunities for our youth to participate in this country, not in a democratic process, per se, but through a number of projects which we might assign to them.

These things are all of importance, and I mention them not to paint some dark and gloomy picture of the work that a Company of Young Canadians must do, but so that they can be seen in the context of our Canadian society at the present time. This is not too happy a picture in some ways, but it is a picture which depends to a degree on the objectivity and courage of youth; and if there are weaknesses in the structure of this place and in our system of government it will be not only the wisdom of experience here but the audacity of youth that will change it.

Let us not think that by the creation of a Company of Young Canadians we are going in any sense to offer youth the most important or worth-while role they can play, because in my own mind there may become a

much greater role for them in reshaping our country and giving it a new sense of purpose.

Let me now turn to the Company of Young Canadians as such. I can almost stand here this afternoon and say that it was my privilege to be somewhat of a pioneer Young Canadian in the work we attempted to do in Prince Edward Island. We did not have any name for the program as such, but I was fortunate in the parish work I did in Alberton, Prince Edward Island, to have a parallel vision with both the people resident in that community, and particularly with the local Roman Catholic priest, Father Gerald Steele. We, too, were concerned with many of the things at the local community level that were unhealthy. We were concerned about the lack of educational standards, chronic unemployment, poor home management, lack of recreational facilities for youth and the mobility of only the best people out of the area, with little movement of constructive or helpful people into the area.

One of the things we found as we worked on this project during the past three and a half years was that this was an area in which there was need for great determination and intelligible leadership. Let me say at the outset that when I think of The Company of Young Canadians I am both heartened and disconcerted. I am heartened that there will be very shortly in the field a group of young people willing to wrestle with some of these most difficult problems, but I am very much aware of and disconcerted by the possibility that many of these young people may experience frustrating and disappointing involvements. It is all well and good to offer a program of six weeks training in human relationships to any person, but when it is realized that many of these deep seated social problems can only be dealt with effectively after the two years of service, it will be understood that these young volunteers may suffer terrific frustrations and disappointments.

Mr. Speaker, may I call it five o'clock.

Mr. Matheson: Mr. Speaker, I wonder whether the house would agree to continuing our consideration of this bill and dispensing with the private members' hour for today?

Mr. Herridge: I agree, out of consideration for the Prime Minister.

Mr. Matheson: I thank the hon. member and the hon. member for Timiskaming (Mr. Peters), in view of the fact we normally would be considering his private bill.

Mr. Deputy Speaker: Order. Does the house agree to continuing the consideration of the bill now before us and dispensing with the private members hour for today?

Some hon. Members: Agreed.

Mr. MacDonald (Prince): I was saying, Mr. Speaker, that one of the real difficulties of participating in such a program is related to the very nature of the problems involved, because a high degree of frustration and disappointment will be created in almost every case. I am not deterred, nor will I allow myself to be depressed by this fact, for I feel there is enough realism and experience on the part of those who will develop this program that they can create a climate for those who will work in this company in which they will not expect or reach for those achievements which will lead to frustration.

• (5:00 p.m.)

I am concerned, however, in another field. It is one that I am sure will be referred to as we become more and more involved with The Company of Young Canadians. I refer to the calibre of those who will be allowed to participate. It has already been mentioned that the Canadian University Students Overseas, the CUSO program, has offered tremendous opportunities for service overseas for those who have completed or have gone a long way toward completing their university training. However, the fact of the matter is that we have a great number of people who are willing and able to serve, and who I am sure have already submitted applications to The Company of Young Canadians, who will not have this kind of academic background. Indeed, I am sure there will be many instances when academic training and qualifications will not be the prime criteria for effective service.

It has been my good fortune to work with people already in this area of human relationships who have made amazingly significant contributions without necessarily having the academic qualifications that we normally expect. We live in a degree-worshipping generation where, unless you can run a few letters after your name, you are almost not qualified to participate in these more or less esoteric involvements. We must not let our fetish for degrees curb our insight into solving some of these very real problems.

I would hope, too, that when the program gets into high gear it will have a minimum of partisan and political interference. I say this because I think, by its very nature, this

program could become the greatest political football in many years. This would be a tragedy, because no generation is more acutely aware of partisan or political influence than youth, and none will become more cynical and despairing of the program than young people being manipulated for this kind of purpose.

It is important for another reason, too, that the program become as independent as it possibly can, because as the Prime Minister said it must have a maximum amount of independence and must be encouraged to be experimental as well as responsible. The very fact that the prime part of this program will move into new and unknown areas will necessitate risks, and it will necessitate our acceptance of the fact that from time to time there will be failure; and it is a well known fact that governments, just like churches, are not prepared very often to accept failure.

I say to you, Mr. Speaker, that some of the most glorious things that may happen under this program will be, not its successes but its failures, because it will be willing to take the risks in the projects put forward that no other agency or group is willing to take—and that will be all to its credit. We must consider that The Company of Young Canadians may be most responsible when they are taking some of the greatest risks.

It is my conviction that, while it is easy now to say that this may be a program patterned after those of other nations, The Company of Young Canadians may yet have something to offer the young people in our country, namely an opportunity to serve in an exciting and creative way. We seem to be most anxious to praise the programs of other countries, and institutions which put forward this kind of altruistic endeavour; but I am hopeful, both because of the calibre of the men who are connected in the initial stages with this program and because of the general nature of this legislation, that The Company of Young Canadians will offer young people a chance to participate effectively in the development of this nation in the second century of its history.

Some hon. Members: Carried.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I will take up just three minutes of the time of the house, if you do not mind. I just wish to express my support for the principle and purpose of this bill and say at the same time that I agree wholeheartedly with the introductory remarks of the hon. member for Prince (Mr. MacDonald) when he said in effect that we must not depend entirely upon legislation to lead people to the Kingdom of Heaven. Then later on the hon. member made further remarks with which I entirely agree.

I heard the Prime Minister (Mr. Pearson) say that this was considered to be experimental legislation, and I do hope the government does not plunge into something in the nature of a big production in an effort to make a show, as it were, as far as the public is concerned. I hope the government treats it as an experiment, gradually enters into this field and widens its activities as a result of the experience gained.

The other thing I wish to mention is this. The Prime Minister said that in the first year these people will work in Canada at the invitation of communities or organizations. I trust, knowing what rural people are like and what they have done, themselves, in many respects, that these groups will not go into any community without being firmly convinced that they have an invitation to take part in certain work or projects. I was also interested in the Prime Minister's statement that these young people will only undertake work that would not otherwise be done, so there is no question of taking employment from the people or anything of that sort. I trust that particular attention will be paid to these matters because I think that in the long run success will come from moving carefully forward as the result of experience gained by those undertaking this work.

Mr. Deputy Speaker: Is the house ready for the question?

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Batten in the chair.

On clause 2—*Definitions.*

Mr. Matheson: Mr. Chairman, if I may speak just briefly on this clause I should like to express on behalf of the Prime Minister, who regrettably had to be absent at this time, his appreciation for the quality of co-operation in this very important debate. I know that some hon. members who have spoken could have continued at very much greater length, but certainly the quality of the speeches we have heard today augurs well for this brave new company.

It is my feeling, sir, as a person who is no longer young yet perhaps not really old, that this present generation, this nest of young

eagles who from the standpoint of some of us have known only peace and luxury, the children of this affluent society, have insight into social problems both national and international to a degree not evidenced by any of their ancestors. We see in the young people in our high schools and universities a generation which appreciates that mankind does not possess the earth but holds it only in trust. Today we have the opportunity, through this legislation, to establish a corporation for those of them who dare to show their feelings for this nation and for the world.

• (5:10 p.m.)

We have all kinds of caring. A few days ago I was in my own area, in Smiths Falls, and I visited the Ontario Hospital for Retarded Children. I watched, fascinated, as one small child, with a part of one arm, lovingly fed a less fortunate spastic child spoonfuls of porridge. I was impressed with some of the things I heard from the hon. member for Qu'Appelle about the problems of spastics and other unfortunates. Then, of course, at the very head of our Canadian family we have people like the Vaniers who regard humanity as a family, and life itself as a stewardship and trust. This is an opportunity for our young people, with their time, their talent or their money, to give of themselves more generously than any of us since we, in past generations, have been impelled only to heed the call of country or the world in time of war.

Last night I was looking at a translation of Dag Hammarskjold's "Markings" by Leif Sjoberg. Shortly after his appointment as Secretary General, Hammarskjold wrote for a radio program of Edward R. Murrow the following:

> From generations of soldiers and government officials on my father's side I inherited a belief that no life was more satisfactory than one of selfless service to your country—or humanity. This service required a sacrifice of all personal interests, . . .
>
> From scholars and clergymen on my mother's side I inherited a belief that, in the very radical sense of the Gospels, all men were equals as children of God—

Here we have, just before the centennial of our confederation, an opportunity for a generation which sometimes we find frightening in their directness, a generation which believes very much in involvement with mankind, for those who dare to show their feelings for this nation's life, to give themselves to every interest, organization, society and group, its men, women and above all its children. This is an opportunity for those who conceive of the human race as the only race that matters, and each member thereof as being a part of the family of God. As we move into the study of this bill clause by clause, all of us ought to salute this company of happy warriors.

Mr. Watson (Châteauguay-Huntingdon-Laprairie): No measure announced by the government during the past three years has been received as warmly as the announcement the government made last year in the Throne Speech indicating its intention to establish The Company of Young Canadians as a vehicle to harness the enthusiasm and imagination of Canadian youth, and of older Canadians who are at least young in spirit. Canadian youth served Canada and the world during the war years in the defence of democracy. Since the war, succeeding generations of Canadian youth have lacked the opportunities for service such as The Company of Young Canadians is going to provide.

Certain cynics have been quick to point out that the C.Y.C. is a Canadian copy of the United States Peace Corps. If any group or body can claim parenthood for the Peace Corps or The Company of Young Canadians I think, as the hon. member for Greenwood pointed out, it is the Christian churches of the world who for centuries have sent missionaries out in the service of others. I am confident that the C.Y C. will remain, in structure, organization and the type of project it will embark upon, strictly Canadian. It will reflect Canadian circumstances, Canadian abilities and Canadian needs. Canada today is in a position to supply teachers, technicians, doctors and nurses to serve in the underdeveloped countries of the world in two major languages.

[*Translation*]

French Canadians have a particularly significant role to play in Africa, in southeast Asia and in Latin America.

Up to now, the Canadian effort among the new French speaking African nations has been quite inadequate. These people have an urgent need for teachers and technicians to activate their development. Would not the dispatch of such personnel be the ideal way for us to fill the gap and, at the same time, show the interest of our country?

[*English*]

In its first year of operation, the C.Y.C. has wisely decided to limit itself to projects within Canada. The government has, in the past

year, radically expanded its aid to CUSO, the Canadian University Service Overseas. CUSO has developed, over the past few years, into a very successful, privately supported Peace Corps type operation. The government has obviously decided that rather than have C.Y.C. set up a parallel external program, it would work initially through CUSO. I disagree with the hon. member for Red Deer in that I sincerely hope it is not the government's or C.Y.C.'s intention to channel their future external efforts through CUSO. If my opinion is correct, the persons sent to underdeveloped countries through the CUSO program have been teachers, doctors, nurses or medical technicians. In my opinion, we should continue to make use of CUSO in so far as this category of volunteer is concerned, but I would strongly urge the C.Y.C. to branch into the external field in other categories of volunteer work.

I would include amongst these categories, although I certainly do not believe they are absolute, technicians, farmers, engineers and personnel trained in community development work. The most pressing need in the world today is food. With a program designed to attract young Canadian farm people, I am confident that the C.Y.C. could make a contribution to the world's fight against hunger.

Internally, The Company of Young Canadians program, except where the provinces indicate otherwise, should be limited to those areas within federal jurisdiction. One area which has not been mentioned as a possible region for The Company of Young Canadians endeavour is our prison system. There is a desperate need in Canada for parole officers. I am personally convinced that here is an area of social reform in which The Company of Young Canadians could perform very necessary services immediately, with perhaps a minimum of training. Obviously parole officers do need some training, but I think a short briefing would provide parole officers in numbers which perhaps could not be provided in any other way.

• (5:20 p.m.)

So far as the announced intention of The Company of Young Canadians is in the area of federal jurisdiction concerning our Indian and Eskimo population, I think there should be a warning issued that the company should send persons only to those Indian reservations to which they are invited. I hope they will be able to find young Indians and Eskimos to do this volunteer work. There is no question whatever that a young Indian would be just as effective as any other young Canadian as a C.Y.C. volunteer on an Indian reserve. I think other government departments should be making use of the type of volunteer who comes to the C.Y.C. There is for example the Indian affairs branch, which could ask the C.Y.C. whether it has come across volunteer teachers who might be anxious to go into the north to teach. The C.Y.C. itself does not have room for all the volunteer services offered to it. Perhaps it could act in the capacity of agent for other government departments.

[Mr. Watson (Châteauguay-Huntingdon-Laprairie).]

It is my conviction that in these northern areas a teacher must not only be a teacher but must be motivated if she is to do a good job. There is no doubt that the people who are applying as volunteer teachers to the C.Y.C. are motivated, and I am convinced that if they had the training the Indian affairs branch could use them immediately, this year, if the C.Y.C. does not find space for them within their own organization. There should be close liaison between the Indian affairs branch and the C.Y.C., and between the department of northern affairs and the C.Y.C.

The establishment of The Company of Young Canadians is the right kind of therapy for the youth of this country, which in its introversion and preoccupation with Canada's internal problems is losing sight of the role which Canada should be playing in the world. By making use of the awakening of social responsibilities which has occurred among Canadians of all ages since world war II, with an effective internal program, and by employing imagination, skills, vigour and the enthusiasm of Canadians of all ages in the battle against human ignorance and poverty in other less fortunate lands, we will be fulfilling man's highest purpose, the creation of that ultimate ideal—a world of justice where the ability to live in human dignity is not just the privilege of the fortunate few, but is available to men of all nations.

By looking beyond our frontiers, and possessing the advantages of two of the world's greatest languages and cultures, The Company of Young Canadians can make a real contribution to the world. By working together at the international level in the cause of a better world, young Canadians will acquire an outlook and an experience which, when brought back to Canada, will strengthen our national unity and contribute to our national pride.

Mr. Patterson: Mr. Chairman, I just want to make a few remarks on the measure which is now before us. It is not my intention to delay the committee to any considerable degree.

A young person trying to give an answer to the charge that young people were without purpose at the present time stated that, after all, there were no great challenges left in the world for them. I have never agreed with that particular explanation of the situation because I believe that in every generation there have been tremendous challenges before people if they would only become aware of them.

However, I do believe that in the presentation of this particular measure this afternoon and in the establishment of this Company of Young Canadians it may somehow or other present to young people another challenging avenue of service that will catch their imagination and give them some purpose and objective in life.

Our generation in this age has been characterized in various ways. It has been characterized as materialistic, thinking only of dollars and cents, losing sight of the intangibles, the human resources and the spiritual factors that make life worth living. It has been characterized as a selfish age in which people are concerned only with themselves and are not thinking of others. It has been characterized as an age of youthful irresponsibility. But I do not believe that these are true characterizations in all respects.

I think the challenge offered by the concept of this Company of Young Canadians is the repudiation of these characteristics and the demonstration of their opposites—the recognition of human values and the needs of those round about us, the challenge of those intangibles that mean so much to our day and to any generation. So that I believe that this is a challenge to the personality of those who will be participating in this program. Those young people and others who accept this challenge and give themselves in service will benefit in the development and enrichment of their own lives.

In addition, as has been pointed out today on a number of occasions, they will assist in an enlarged program of bringing assistance to those who, perhaps, are less fortunate and have not had the similar opportunities for development that others have had. As has been said today, this is not a new concept. We can go back many generations and find that this concept has been in operation in various ways and in various manners. But we hope and believe that this Company will provide another medium by which this particular factor can be demonstrated, as people go out to give themselves in service to others.

There are two or three specific matters to which I wish to refer briefly. One is that there is no inflexible age limit attached to this particular program. It has been stressed that the program has been especially built and designed for the participation of young people, and I recognize that they will provide the major source of assistance. But older people can still render invaluable service.

• (5:30 p.m.)

A few months ago I, as well as other hon. members, had the opportunity of spending a few days in the West Indies. It was my privilege to spend three days in Montserrat before proceeding to Jamaica, where the C.P.A. conference was being held. I had the opportunity of talking with a Canadian there at the time—possibly he is still there—who was engaged in one of the assistance programs. He told me his particular responsibility was teacher training activities, but he said his hands were tied owing to the fact that young people at about grade seven or eight would leave school and be immediately absorbed into the teaching profession. He said: "It is practically impossible for me to get these young people together for training because there is no one to take their place". He pointed out that if perhaps retired people could come down and put in several weeks, or three or four months, substituting in the schools on a voluntary basis, there would be great benefit to all concerned. He said that, perhaps because there is a desire for service, he could bring these people in and subject them to an intensive teacher training course extending over several weeks to enable them to take their place much more efficiently as teachers of the children of this area.

I thought to myself that a wonderful demonstration of good will could be made in a situation like that, where older people, and perhaps retired school teachers who yet were willing to give a few more years, or even months of service, perhaps on a voluntary basis, were willing to participate in an operation such as this. This would give them a splendid opportunity for making a contribution in this particular area.

I could multiply instances such as that, referring to other particular needs in Montserrat, and of course to other areas of the West Indies as well that need help. I trust

that individuals in the categories I have mentioned, who are willing to give their services to assist in some particular respect, will be given the opportunity to do so.

I also hope that it will not be just those who have university training who will have the opportunity of making a contribution. It has been stressed many times that only a small proportion of Canadians graduate from university. None the less, there are many people who are almost experts in many fields. There are technicians, agricultural workers, vocational workers, and so on who fit into that category. Such people can still make a tremendous contribution in their particular fields. I trust that this challenge will be made available to them as well, and that they may fit into this particular program and serve as they wish to serve.

I am not going to say any more along that line, Mr. Chairman. I do not want to hold up the committee on this bill. I did want to make a few remarks in support of the principle of the measure that is now before us.

The Chairman: Shall clause 2 carry?

Mr. Peters: Mr. Chairman, I want to add a word or two to what has been said. I am very pleased with the debate that has taken place, and what has been said by most hon. members about the hopes and aspirations of The Company of Young Canadians.

I, too, hope that the emphasis will not be on education, but rather on the work that can be done for those who are less fortunate, whether in Canada or in other parts of the world. There is nothing more sanctimonious than a young person just out of college. You can see him going into rural Canada, or one of the northern areas, and trying to assist someone. I think he will have his rough edges taken off, rather than being able to provide assistance for others.

This afternoon a young member of the company visited my office. I asked her if they were already at work, and she said that they already had two people in the field. This is the type of enthusiasm that is welcome and very valuable.

I keep thinking of a saying used by Charlie Millard, when he was Canadian director of the United Steel Workers of America. He used to come to area council meetings, and to local union meetings asking for support for the international free trade unions. He encouraged a program of supplying educational facilities and technical facilities to underdeveloped countries, and was trying to raise money from the people such as I represented in the labour movement—miners and others with no education at all. His concentration always was on the practical advantage that could be provided to the areas he wanted to help. He always managed to gain support for programs similar to those to be undertaken by The Company of Young Canadians. He always said that if the doors are thrown open wide enough, surprising things will come from the most unexpected sources. That is a very broad translation, probably, of a famous statement.

I hope that those charged with the operation of The Company of Young Canadians will keep in mind problems facing children today, particularly of those who do not know what to do at university, and who listen to the teacher saying to them, "This profession is worth a minimum of $20,000 and a maximum of $70,000 a year, and this one is in another minimum and maximum category". These students want to choose a profession, not because they like it, but because it will be a good money producer.

This sort of thing is common in most of our universities, as it is in the teaching profession. I can see a role in The Company of Young Canadians for those young people who have finished high school and who do not know what they want to do. By serving with the company, by being allowed to work with other people, they will be able to learn the needs of other people and at the same time develop in themselves a certain amount of dedication to humanity which will enable them to choose a profession to provide the greatest benefit to the people they will serve, whatever the profession may be.

The benefits accruing from The Company of Young Canadians will be twofold. While benefits will flow to those being served, a great deal of advantage will come to the volunteers, who will learn the needs of other people, and who will thereby develop a certain amount of humility.

Most young people today are products of an affluent society. You give them an allowance, not because they really need it, but because you want to get rid of them. Everybody is too busy to be a boy scout leader to the youth of today. The Company of Young Canadians will develop humility in the volunteers and, as the hon. member for Prince said, will enable those volunteers to grow up and serve in a role that is much needed throughout the world today. Many

young people have had a very narrow education, because they have not had to rub shoulders with those much poorer than themselves. This program will broaden their outlook.

We should be flexible enough to extend the program as rapidly as the need for it arises. We should be prepared to enter into many fields. If The Company of Young Canadians has a program which is imaginative and if it is willing to accept people who have something to offer, Canada will reap an immense benefit in our lifetime from the formation of this company. Although service with the company will terminate after two years, the advantages of having served different types of people, and the humility coming from that, will stand the volunteers and this country in good stead. They will be able in some way to dispel the myth which has grown up in the minds of many young Canadians that money is good, that to be rich is good, and that anyone who is not rich is obviously no good.

• (5:40 p.m.)

I look forward to a time in the not too distant future when young people returning from parts of Canada far from where they were born, and indeed from travel throughout the world in connection with this organization, will enter the political world, offer themselves for election and bring to this house their desire to get ahead and extend throughout our whole population the benefits which this society can bring. This they will be better able to do on the basis of their service and of their experience during their years with the Young Canadians.

Mr. Reid: As the youngest member in the house and as one who is very interested in this field, I do not think I should neglect this opportunity to say a few brief words.

Young people today are very suspicious of the generation ahead of them. For this reason I think the government was wise to provide that control of this organization should remain with the young people themselves, so that they might not be overshadowed by their elders telling them to do this, to do that or, what is more likely, not to do this or not to do that.

If The Company of Young Canadians is to be a success it must create a disturbance. It must go into areas of our society where there is darkness, offering a gleam of hope. For too long we have been hearing about ways of improving productivity, increasing our gross national product and making bigger things bigger. We have now reached a stage in our development where we should think of the inner side of man and consider his spiritual needs, because it is not money alone which satisfies our hopes and desires.

There are many in our society who have not enjoyed the opportunity to develop as they ought. There has been a great deal of wasted human material. The Company of Young Canadians is an instrument which Canadian society can use to improve the whole of society and give a better chance to those areas which are below our national standards. The company will make a great many mistakes. Many questions will be asked in this house because of those mistakes. But we should realize that it is moving into relatively new fields and we must give it as much scope as possible in order that it may conduct its important experiments.

Above all, I feel The Company of Young Canadians is a challenge to the youth of Canada. They will go through a unique experience as a result of which they will have a wider knowledge of the variety of the human condition. And what is even more important, perhaps they will have a better understanding of themselves and of the society in which they live.

There will be problems. There will be set-backs. At times these volunteers will be very depressed. But as it is said, we learn very little from success in comparison with what we learn in defeat. I wish these volunteers well as they go out on this noble experiment. I hope they will consider themselves as people who are setting out to improve the lives and the physical conditions of others. It is not in material possessions that true happiness is to be found. Volunteers must have faith, and faith requires a great deal of courage. It consists of the ability to take a risk—a readiness to accept pain and disappointment. Whoever in the company insists on safety and security as a primary condition of an operation will be a failure. Nobody is so secure as when he is dead—and we want to improve the lives of the people.

Mr. Knowles: There are only a few words I should like to say at this point. The speeches on this subject this afternoon have been excellent and I think the philosophy behind this bill has been put on the record in very eloquent terms.

I liked the words which were spoken by the youngest member of the house just now, particularly his statement that we wish these volunteers well. If we are to wish them well,

if we intend to give this project our backing, then one of the ways of doing it is by improving our legislation in the very field in which we expect these young people to make progress.

The Prime Minister indicated that their purpose would be to engage in a war on poverty, disease and illiteracy. If their job is to try to do something about these evils, to improve the living conditions of our people both physically and culturally; if their job is to try to do something about the health and the security of people at home and abroad, I trust we shall not think that having turned this task over to the young Canadians there is nothing further for us to do here.

It is obvious that these remarks could be a prelude to a full-dress speech on medicare, housing, rural development, education, urban redevelopment and so on. I shall not make such a speech. I ask that it be taken as read. But I would suggest that what we are doing by setting up this company of young Canadians makes it even more important that we should legislate, here, to improve conditions in the very field in which we expect these young Canadians to work. We are not by this measure getting rid of jobs we should be doing in this parliament.

Clause agreed to.

Clause 3 agreed to.

On clause 4—*Council established.*

Mrs. MacInnis (Vancouver-Kingsway): I welcome this bill. I have no intention of speaking at any length, but I think there must be an improvement in the way in which this legislation is finally carried out. I do not wish to propose any amendment, because the Secretary of State has said exactly what I think about an amendment of this type: I do not think it is possible to legislate the type of improvement about which I wish to speak.

However, I think it is exceedingly regrettable that out of the 18 people who were asked to serve on the interim committee of the council only one is a woman. I do not intend to make a feminist speech, but I do wish to place on record correspondence which was sent to me precisely for that purpose by the education officer in the Women's Bureau of Ontario, a lady who is also a member of the national Y.M.C.A

This is a letter to the Prime Minister written on April 18, and it reads:

Dear Sir:

This morning's announcement of your appointment of 18 members to the provisional advisory council of The Company of Young Canadians prompts me to comment and to ask some obvious questions.

● (5:50 p.m.)

That one woman only should have been appointed among the 18 hardly seems representative of the competence and experience available from one half of our population. Were groups such as the National Council of Women, the local welfare councils of communities across Canada or the Young Women's Christian Association asked to submit names of young women experienced in the training and use of volunteers? Your own Department of Citizenship and Immigration could supply you with any number of names of capable women just as capable, I suggest, as some of the male appointees who have not the same experience planning and working with young volunteers.

As a member of the women's bureau of the Ontario Department of Labour I visit high schools throughout our province discussing with young women their educational, vocational and future plans. Almost inevitably the question arises about the possibilities of volunteer work or commitment in their plans. This experience has convinced me of the interest present for the Company of Young Canadians with one half of the age group you hope to reach. The fact that one half of the CUSO volunteers now serving are female further substantiates this fact.

That your appointments have not taken greater cognizance of both this interest and existing competence is most disappointing.

Yours very truly,
(Mrs.) David A. A. Stager.

The Prime Minister replied to that letter on April 27 as follows:

Dear Mrs. Stager:

Thank you for your letter of April 15, in which you express your disappointment in the number of women appointed to the interim advisory council of The Company of Young Canadians. It is indeed regrettable that it was possible to appoint only one woman, but unfortunately not all of those invited to serve on the interim advisory council found themselves free to do so. I wish to assure you that this situation does not reflect any lack of interest in recruiting women as members of the company.

The interim council is, of course, functioning only temporarily. I hope that it will be superseded by a permanent council after parliament has passed legislation formally establishing the Company of Young Canadians. At that stage, I would certainly expect that the proportion of men and women would better reflect both the membership and the keen influence of women in the work of the company.

Yours sincerely,
L. B. Pearson

It must have been a very hurried and inadequate search if the government was not able to find more than one woman sufficiently qualified to be a member of the interim

council. Half the volunteers in CUSO are women, and the permanent council of The Company of Young Canadians should be composed of women on something like a 50-50 basis. This is important not on a sex basis but on the basis of dealing with the population in equal proportion.

The government should make up its mind that it is going to find about half of the permanent council among young women. Some young women have disabilities, such as working with young families, which prevent them undertaking this work; but there are plenty of others, equally as competent as young men, and trained for this type of work. I urge the government to get rid of this lopsided nature of the council and make the permanent body more representative. Women's organizations across Canada are watching this, and the organizations of the younger women are deeply concerned.

Clause agreed to.

Clause 5 agreed to.

On clause 6—*Vacancy.*

Mr. MacLean (Queens): This clause states that a vacancy in the membership of the council does not impair the right of the remainder to act. What does this mean? Does it mean that the council must consist of 14 members, that it cannot have more than one vacancy at a time, or does vacancy include more than one member and, if so, how many?

Mr. Matheson: Vacancy would cover one or more members, and a vacancy could occur for any number of reasons.

Mr. MacLean (Queens): Could the council get down to one member? Could it still act after attrition had reduced its membership to five?

Mr. Matheson: I am advised that this clause is a standard clause following the usual precedents. Of course there could be contingencies. We could have an earthquake or something extraordinary, but in the normal circumstances this is not the kind of thing that would develop. I am sure that what is produced here conforms to standard practice in draftsmanship.

Clauses agreed to.

Clauses 7 to 9 inclusive agreed to.

On clause 10—*Executive director.*

Mr. MacDonald (Prince): There seems to be a mixture of philosophy at this point and it is somewhat disconcerting. From the nature of the bill it seems the company becomes in effect the creature of the volunteers, which is part and parcel of the value of this program. But the executive director is to be appointed by the governor in council and will hold office during pleasure. Does this mean that the council will be relatively independent but that the executive director will not? In other words, while they might have a certain freedom of action they will have no control either to effect the appointment of a director or to terminate his appointment, should he no longer be compatible with the majority of the board of directors. I would like to see some way in which the director is responsible to the volunteers and the council.

Mr. Matheson: One of the interesting features of this legislation is that it provides for a majority of the governing body to be elected by the volunteers themselves. The power and the responsibility is squarely placed on youth. We know of no precedent for such a plan. This is not a government organization although most of its funds will be provided by the government. It is to be an independent organization, run by and with young people, for Canadians of every age. Subclause (2) says that the executive director is responsible for the management and supervision of the work and staff of the company under the direction of the council. I trust that this will work out in as effective a fashion as possible. After all what is happening, as I see it, is that the government is establishing a federal corporation, which then can be governed by youth to the extent of two-thirds of the executive body.

• (6:00 p.m.)

Mr. MacDonald (Prince): Mr. Chairman, this is the whole point of the difficulty, inasmuch as it says in clause 2 that he is responsible not to the volunteers but, in terms of his appointment, to the governor in council. We have had experience with this. In practical matters, when you have a board of directors, despite the fact of whether or not they are appointed by volunteers, the guiding force at the various meetings will be that of the executive director. If the executive director is not ultimately responsible to the board of directors—these volunteer directors who are appointed—I can see a very nice situation developing where on the one hand the board of directors has reached a consensus on a point concerning the direction in which The Company of Young Canadians should go, but

on the other hand since this person is not ultimately responsible to them, since they cannot terminate his appointment, the executive director is thus independent of them. Then we are back to what I do not think we want to see happen, and this is what it will come around to in terms of the appointment being by order of the governor in council.

Mr. Turner: Mr. Chairman, may I answer this. The executive director is responsible for management to the 15-man council. Referring back to clause 4 we see that 10 members of this council shall be elected by the volunteer members and the governor in council is to appoint the executive director. Subsequent to that the executive director is responsible, in terms of management and supervision, to the council of which a majority will be elected or volunteer members.

Mr. Hamilton: Can the council on recommendation to the governor in council dismiss the executive director?

Mr. Turner: Since the governor in council appoints on the recommendation of the council and since the executive director holds office at their pleasure, I would assume it is a corollary of the clause that that would be the case.

Mr. Peters: Mr. Chairman, I agree with the remarks of the hon. member for Prince. I think this is the decision we are now faced with so far as the C.B.C. is concerned, where the governor in council appoints the president, or in this case the managing director, and he in turn takes orders from the council, but the council has no control over him.

You arrive at a situation where the council is captive to the governor in council's appointment. The minister shakes his head; but I should point out that the same thing has happened in the C.B.C. the president, as well as his two colleagues, because of the method of appointments are no longer under the direction of the board of directors; they are not under the control of the board. The board of directors is under their control. This is the difficulty. I would think that perhaps the government should consider this, because obviously, the new legislation which they are going to bring down so far as the C.B.C. is concerned is going to take this matter into consideration. I believe it is going to be modified and in fact re-defined in the way the hon. member for Prince indicates. I do not think this is a matter in respect of which the minister should just get up and say no. I think if he does he may have to say no in the other case and may find himself at cross-purposes. As I read the bill I believe the hon. member for Prince is interpreting it in the way it actually will be, and this is not necessarily the best way.

Mr. MacDonald (Prince): Mr. Chairman, while I appreciate the assistance the minister is attempting to give in this matter, I think we have hit at the nub of what is the essential problem. As my hon. friend from Queens mentioned to me, are we really willing to cut the umbilical cord? We have gone a long way toward this in establishing a board on which 10 members will be elected by the volunteers themselves. I think this is tremendous. I have had correspondence from church leaders since the introduction of this bill confirming this. This is the only way in which the tremendous public support which we anticipate for the bill will take place. If we even suggest we are going somehow to limit the freedom they have, we will destroy a good deal of the confidence in the minds of the youth. I have spent too many years in youth work not to know that young people want to be assured that there is not going to be this kind of interference. If in their wisdom in this council they make a decision to move in a certain direction with their program, then they must be assured that they will have the support of their executive director and that he will not have the freedom to contradict their very motives and aspirations. If there is any umbilical cord to be left, I think it should be left only at the point where there is control in respect of the actual allocation of the money by parliament. I think they will have to have this kind of assurance before we can expect the bill to have the effect we hope it will have.

Mr. Herridge: Mr. Chairman, there are 15 more clauses in this bill and there are several members who wish to speak on several clauses. This is an important measure. I should like to call it six o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, on Monday we propose to submit the following business to the house, in this order: First, item No. 65 on today's order paper, the resolution concerning the Canada Student Loans Act; then item No. 63, second reading of Bill C-190, an act to amend the Bank of Canada Act; then

item No. 51, second reading of Bill C-193 to amend the Public Service Superannuation Act; then item No. 64, second reading of the bill to amend the Bankruptcy Act.

On Tuesday we propose to submit to the house for its consideration the two resolutions standing in the name of the Minister of National Health and Welfare (Mr. MacEachen), item No. 45, the resolution concerning the Canada Assistance Plan, and item No. 66, the resolution having to do with the establishment of a health resources fund.

Mr. Knowles: Mr. Speaker, will we proceed with these items on Tuesday, whether or not we have finished the business outlined for Monday?

Mr. McIlraith: I am unable to give a firm answer to that as yet, but I would expect so.

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

APPENDIX

Press Communiqué MI (66)4

COMMUNIQUÉ FOLLOWING NATO MINISTERIAL MEETING

For immediate release 8th June, 1966

FINAL COMMUNIQUE

The Council met in Ministerial Session in Brussels, 7th and 8th June, 1966.

2. The Council reviewed the state of the Alliance. After a frank exchange of views, Ministers agreed that the maintenance of the Atlantic Alliance is as necessary today as ever, in order to safeguard the freedom and the common heritage of their peoples founded on the principles of democracy, individual liberty and the rule of law. The first aim of the Atlantic Alliance is the common defence of all member countries; to this end its members are pledged, separately and jointly, by means of continuous and effective self-help and mutual aid, to maintain and develop their individual and collective capacity to resist armed attack.

3. Ministers agreed to examine, in the light of the principles and obligations of the Treaty, and in a co-operative manner, the problems raised by the French memoranda of last March, in order to reach as soon as possible solutions acceptable to all concerned and which assure continued security. At this meeting the Council:

(a) noted the statement made by Mr. Luns on the discussions which had taken place on 6th June among fourteen Ministers;

(b) agreed to transfer the military headquarters of NATO from France;

(c) extended a unanimous invitation to the Benelux countries to provide a new site for SHAPE;

(d) agreed that some simplification of the Command Structure should be carried out. This will be achieved in the first instance in the Centre by combining under a single commander and in one headquarters the staffs now divided between the headquarters of the Commander-in-Chief, Central Europe, and the Commanders-in-Chief of the Land and Air Forces in Central Europe. This headquarters will be moved to a new location either in Benelux or Germany;

(e) agreed that further studies will be necessary in order to establish the precise requirements and the possibilities of hospitality in the different countries, noted that the Benelux countries, the Federal Republic, the Secretary General and the NATO Military Authorities had been requested to undertake these studies forthwith; and further noted that as soon as the required information was available, final decisions would have to be taken as a matter of urgency;

(f) extended a unanimous invitation to Italy to provide a new site for the NATO Defence College;

(g) agreed that the Standing Group will be abolished and replaced by appropriate alternative arrangements, including an integrated international Military Staff;

(h) noted the statement by Mr. Luns in connection with the site of the Council and also the statement of the French Foreign Minister on this subject.

4. With regard to the procedures for negotiation, Ministers agreed that:

(a) the questions which need to be settled jointly between the Allies as a consequence of French communications will in the first instance be discussed in the Council in Permanent Session;

(b) prominent among these questions are the tasks and missions of French forces in Germany, including their co-operation with NATO forces and command arrangements;

(c) other questions such as French participation in NADGE and NATO infrastructure projects will be discussed in the same way;

(d) the Council in Permanent Session may, of course, make any arrangements it wishes for discussion of these questions. It may, for example, decide to set up smaller groups to deal with some or all of the questions. When the political problems have been discussed and sufficient agreement reached on them, the elaboration of the necessary military arrangements will be referred to discussions between the French High Command and SACEUR;

(e) if the Council in Permanent Session can make no progress, discussion will be resumed at Ministerial level.

5. In reviewing the international situation Ministers discussed the relations of their countries with the Soviet Union and the East European countries.

6. In view of the basic aims of the Soviet Union, the level of its armed forces, and its continuing allocation of a high proportion of economic and technological resources for military purposes, the Ministers concluded that it is imperative for the west to maintain adequate forces for deterrence and defence.

7. Ministers had an extended discussion about the main problems affecting European security. They reaffirmed the terms of their declaration of 16th December, 1958 with regard to Berlin. They regretted the absence of progress on the important question of German reunification and the continued attempts to discredit the Federal Republic of Germany. Taking note of the positive initiative taken by the German Government in their note of 25th March, 1966 Ministers reaffirmed that the solution of the German problem is one of the central issues in East-West relations, and they agreed on the necessity of a continued and unrelenting search for a peaceful solution that would give satisfaction to the German people's fundamental right to reunification.

8. The defensive nature of the North Atlantic Treaty is indisputable. It is clearly stated in the undertaking by the signatories to uphold the principles of the United Nations Charter by refraining from the use of force to settle international disputes. Furthermore, the defensive character of the Alliance has been repeatedly proved by the restraint and moderation shown by its members in the last seventeen years, even when confronted by provocation and hostile actions affecting the Treaty area. Owing to the conditions of security created and maintained by an effective common defence of the North Atlantic area, political consultation among partners allows initiatives to be taken which can contribute not only to the stability of East-West relations but also to the general well-being of mankind.

9. If progress is to be made with regard to the complex problems of a European settlement, a determination to resolve the issues must exist on all sides. The peaceful ending of the division of Europe remains a principal purpose of the Alliance, the objective being a Europe that will once again be one, and a Germany that will once again be united.

10. Meanwhile, member countries are seeking further to improve relations between the peoples of Eastern Europe and Western Europe, and to diminish mutual suspicions and fears. They are convinced that further tangible results could now be obtained in the cultural, economic, scientific and technical fields.

11. Ministers directed the Permanent Representatives to continue to examine closely the prospects of healthy developments in East-West relations, and to prepare a full report on these questions for meetings to be attended, as far as is practicable, by the Foreign Ministers of the various countries. This report, which should deal with all possible initiatives in this field, would cover, inter alia, problems connected with European security and German reunification.

12. Ministers expressed their continuous interest in progress towards general, complete and controlled disarmament. They expressed great concern over the problem of nuclear proliferation in its world-wide implications and their determination to continue their efforts to solve this problem. In particular, the governments concerned in the 18-Power Geneva Conference reaffirmed their intention to do their utmost to achieve positive results.

13. With regard to Greek-Turkish relations, Ministers took note of the Secretary General's report on the "Watching Brief" and confirmed their support for the continuation of his activities in this respect. They welcomed the announcement made by the Foreign Ministers of Greece and Turkey to the effect that "the Governments of Greece and Turkey, inspired by a sincere desire to facilitate a peaceful and agreed solution of the Cyprus problem and to improve their relations, have decided to proceed to contacts and exchanges of views on the Cyprus question and on Greek-Turkish relations. The procedure to be followed during these contacts will be decided in common". The ministers reiterated their appreciation of the continued presence of the United Nations Force in Cyprus and expressed their support of the efforts of the United Nations for safeguarding peace and improving the situation in the island.

14. Ministers reaffirmed their desire to promote economic co-operation in the spirit of Article 2 of the North Atlantic Treaty. They acknowledged the need to join efforts in order to promote research in the scientific, technical and production fields, and achieve a wider co-operation and exchange of information so that in a world of rapid scientific progress the gap in technological achievement between Europe and North America can be narrowed.

15. All economically advanced countries, those of East and West alike, have a common responsibility to co-operate in attacking the fundamental problems confronting the developing countries. Progress toward political settlements and disarmament will contribute to this end by releasing resources and energies which are so badly needed for the advancement of human welfare.

16. The Council, agreeing that efforts should be continued to supply Greece and Turkey with defence assistance within the framework of the Alliance, in order to help them maintain an effective contribution to the common defence, adopted a resolution recommending wider participation in this aid programme.

17. Ministers received a progress report on the activities of the Special Committee of Defence Ministers which was created by the Council in 1965. A further report will be submitted to the Council during the Ministerial session in December.

18. In view of the importance of science and technology to the military strength of the Alliance and the economic vitality of its members, Ministers noted with satisfaction the recently agreed improvements in procedures for co-operation among members of the Alliance in research, development and production of military equipment. They encouraged member countries to bring suitable projects forward for co-operative action.

19. They noted that a meeting of Defence Ministers will be convened in July to review and carry forward the institution of Force Planning procedures for projecting and adjusting annually a five-year program.

20. A meeting of the Council at Ministerial level will be held in December 1966.

HOUSE OF COMMONS

Monday, June 13, 1966

The house met at 2.30 p.m.

[*Translation*]

FISHERIES

First report of standing committee on fisheries—Mr. Deachman.

[*English*]

FINANCE

STEPS TO RELIEVE PRESSURE ON U.K. RESERVES

Hon. Mitchell Sharp (Minister of Finance): I wish to confirm the statement issued in London today indicating that the Bank of Canada in conjunction with the central banks of ten other countries and the Bank for International Settlements is co-operating in the establishment of a system of currency swap facilities with the Bank of England. The object of these facilities is to relieve pressure on the official reserves of the United Kingdom that may arise from fluctuations in the sterling balances of overseas countries. The participation of the Bank of Canada has been fully discussed with the government.

In the interests of the most effective operation of the measures it is not proposed to go into any detail beyond that released by the Bank of England. The new arrangement will come into effect on June 15, when the facilities made available last September expire.

TABLING OF VOLUME 1 OF TARIFF BOARD REPORT ON CHEMICALS

Hon. Mitchell Sharp (Minister of Finance): I am tabling today copies in English and in French of volume 1 of the Tariff Board's report on reference 120, chemicals. I am tabling also a transcript of the evidence presented at the public hearings of the board.

The report came from the Queen's Printer only this morning. I know there is widespread interest in its contents, and for this reason I have tabled it without delay. It had been hoped to have the report available for sale at the government book shops outside of Ottawa on the date of tabling. However, because of the time factor, this has not proven possible.

This review of the chemical industry is the most extensive study which has ever been undertaken by the board. Recognizing the importance of this report for the Kennedy round of tariff negotiations in Geneva, the board has departed from its usual custom of submitting at one time a complete report. Volume 1 of the report contains only the schedule of tariff items recommended by the Tariff Board, a short prefatory note and certain statistical information. The summary and conclusions, notes on existing and recommended items and general information on the industry will be sent to me in subsequent volumes which I will make public as quickly as possible.

• (2:40 p.m.)

I have not yet had an opportunity to study the recommendations in the board's report. I can, however, assure hon. members that the government will give full consideration to these recommendations.

In this connection I would urge interested parties who may wish to comment on this report to do so promptly. Representations should initially be made in writing and addressed to the director, tariffs division, Department of Finance, Ottawa. A technical group of tariff specialists will be set up shortly to hear oral representations.

LABOUR RELATIONS

QUEBEC LONGSHOREMEN'S STRIKE—REPORT ON NEGOTIATIONS

Hon. J. R. Nicholson (Minister of Labour): I wish to report to the house on developments over the week end in connection with the longshoremen's strike.

A small committee of the cabinet met with the bargaining committees of the I.L.A. and the shipping federation here in Ottawa in continuous session all day Saturday and Sunday morning. In these intensive mediation efforts, my colleagues and I were assisted by Judge René Lippé and senior officials of the Department of Labour.

While these sessions did not result in agreement on all the issues in dispute, substantial progress—what I would describe as real progress—was made in further reducing the matters in dispute, so much so that the

I.L.A. union in Trois-Rivières this morning wired me its acceptance of the final proposals, subject only to clarification of some points with the employers.

The desire for an early settlement of this dispute, which was clearly in evidence over the week end, was further emphasized by a request from the I.L.A. to the Prime Minister this morning for a further meeting, conveyed by the president of the Canadian Labour Congress. Arrangements have been made to bring small ad hoc committees of both parties to Ottawa, distinct from the larger ones we have had here over the week end, for further meetings this afternoon. The urgent request received by the Prime Minister from the I.L.A. for the meeting this afternoon is, to my mind, most encouraging.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): For several weeks, from day to day, the government has been making hopeful announcements as to the way it is proceeding to bring about an end to this strike. Almost daily we have had promises from the minister, and this is another. I think many people now realize as never before that this government is inadequate, inept, indecisive—

Mr. MacEachen: And in office.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: There are no other adjectives I can use to describe it. It has been a showcase of complete dilatoriness on a matter affecting all Canada; and they laugh and sneer. They find it funny. In every part of this nation people should know their reactions. Today we are treated to another of these explanations and postponements. While this has been going on, trade is diminishing. Warnings have been given by the wheat board as to the potential loss which may be suffered. Goods are piling up, and the government says "Wait for a longer while."

One has only to look at the picture in the *Gazette* this morning to realize that it was not a very happy conclusion. Never before have there been three standing together looking so disheartened and dismayed. The only one who really stood out was the Minister of Transport. That face of his could not have done any harm. Indeed, he stood out as the one who at least had not lost hope. The other two were disheartened, dishevelled and disappointed. Why wasn't the minister of manpower there? He is the only one who knows anything about labour problems. I say to the Prime Minister with great respect—

[Mr. Nicholson.]

Mr. Pearson: Sure; I know with great respect.

Mr. Diefenbaker: —that while these people met together and talked, he travelled. Important as are outside responsibilities, there was no reason why, on an occasion such as this he, the Prime Minister, having regard to Canada's serious economic crisis, should not have been here to do his part. This afternoon the paper reports that he is now going to step in. Why did he not do so during the weeks and weeks that have passed?

The explanation given by the minister is inadequate and meaningless. We have had it over and over again. Last Thursday the Prime Minister expressed the hope that a settlement was anticipated. It is no wonder that the press of the nation has been so critical, and, epitomizing that criticism, this morning's *Gazette* says "Pitiful Inaction in Ottawa." There is no better description of a government that does not know what to do and is doing its best to prove that it does not. The delay has gone on, and on, and on.

As I said a moment ago, the explanation that is given is entirely inadequate. When the opportunity comes I intend to move the adjournment of the house so we can get to the facts once and for all. On June 1 the hon. member for Burnaby-Coquitlam asked for leave to move the adjournment of the house. We had a discussion that afternoon. Read it in *Hansard*. There was the same repetitive explanation by the government. While Canada suffers, her international image is being defaced by the failure of the government to act. All we get is another postponement; wait until this afternoon, or tomorrow, or next week, or some time in the hope that ultimately something may be done.

Parliament should be acting on this. Parliament is ready to act on this. All it requires is a government; but up to the present time the government has shown itself to be a rock of jelly on this problem.

Some hon. Members: Hear, hear.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, the members of this party welcome the encouraging statement which has been given to the house by the Minister of Labour, and we are glad the negotiations are being resumed this afternoon at four o'clock. We certainly hope those negotiations will result in a settlement of the longshoremen's

strike in Montreal, Trois-Rivières and Quebec city.

We have hoped all along that a settlement could be reached by the process of collective bargaining. Members of this party are adamantly opposed to compulsory arbitration. However, at the same time we recognize that this strike cannot continue without serious repercussions not only for the economy in general but also for the two parties engaged in the dispute.

• (2:50 p.m.)

That is why we have suggested some parliamentary intervention which would not result in the imposition of compulsory arbitration, but which would put the workers back on the job with the adoption of those wage increases that have generally been agreed upon, leaving the important point of dispute, namely the reduction in size of work gangs, for continued negotiation with the help of a commissioner of inquiry.

If there is some hope of an immediate settlement then certainly my colleague the hon. member for Skeena will be prepared to allow his bill to stand. I hope that by tomorrow the minister will be able to inform the house and the country that the strike is at an end and that traffic will once more be resumed. I urge upon the minister and the government, however, that if there cannot be a settlement within the next 24 or 48 hours they will not allow the Shipping Federation of Canada to attempt to starve its workers into submission by accepting a 15 per cent reduction in their manpower, which will mean the throwing of older men on the job out on the scrap heap. The federation should not be allowed to do that.

If no settlement is reached within the next 24 or 48 hours I hope the government will give serious consideration to introducing some legislation, not to provide for compulsory arbitration but legislation which will settle the strike on the points which have now been agreed upon, leaving the balance for continued negotiation under the process of free collective bargaining.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, we are pleased to learn that the minister is hoping the strike will be settled this afternoon, because the longshoremen's strike in Montreal, Trois-Rivières and Quebec harbours has lasted long enough.

When a group from the committee on finance, trade and economic affairs visited Expo on May 31 last, we were told then that if the strike went on great damage would be caused to Expo. That was on May 31 last; it is now June 13 and the strike has not yet been settled.

We find those hopeful and optimistic statements most encouraging, but we have been hearing them for too long and we feel they should be followed by the settlement of the strike.

We are told that a committee made up of a number of ministers was instituted to help solve the strike. Well, there is one minister, namely the minister of manpower (Mr. Marchand), who is a man with experience in industrial relations and who had occasions to settle strikes. In view of the fact that the problem is important, I wonder if he could not make a special effort, a heroic effort to settle that strike. When there was a strike the minister of manpower always said: It must be settled. Now that he is a member of the cabinet, he should do his share to settle that conflict which affects the country's economy and, in particular, the economy of the province of Quebec.

Mr. Speaker, we are hearing very optimistic statements but we believe that the government should be realistic and do something to settle that conflict as soon as possible.

If the strike is not over within 24 hours, then the government should take the necessary action to put an end to it as quickly as possible.

Therefore, we hope that the negotiations going on this afternoon will be fruitful, otherwise we will ask the government to take immediately the steps needed to settle the strike within 24 hours at the most.

[*English*]

Mr. R. N. Thompson (Red Deer): Mr. Speaker, while we in our party have been very critical of the lack of initiative on the part of the government in dealing with this strike more effectively and at an earlier stage, we recognize that if there is any possibility of reaching a satisfactory negotiated agreement that possibility must be explored to the limit. We are therefore encouraged at least by the fact that negotiations are continuing, and we hope that perhaps this afternoon some kind of a mutually satisfactory agreement can be reached, satisfactory not only to the employees but to the shipping federation itself.

It is most important that some kind of an agreement be reached which will correct as soon as possible a situation which is doing

irreparable damage to the economy. Perhaps we will never know just how much damage has been done or how many sales have been lost. But as long as there is hope of negotiation I would urge the government to do everything possible to carry it through; and I suggest that even the right hon. Prime Minister has a personal role in this matter today to try and bring this dispute to some kind of settlement.

We recognize that it cannot continue much longer. If it cannot come to agreement within, say the next 24 hours there will be no alternative but to bring in compulsory arbitration that will put the men back to work. If it is possible to reach a settlement without compulsory arbitration, so much the better; but if that cannot be done there is no alternative but to bring in compulsory arbitration that will correct this problem. Because as all of us in this house and everyone across the country know—even the unions themselves—it cannot continue as it is now.

SHIPPING

On the order:

Introduction of bills: Mr. Howard—Bill intituled "An act to provide for the resumption of the loading and unloading of vessels at the ports of Montreal, Trois-Rivières and Quebec".

Mr. Frank Howard (Skeena): Mr. Speaker, in the light of the discussion and information this afternoon, I wonder whether this bill might be permitted to stand.

Mr. Speaker: Stand.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CRIMINAL CHARGES AGAINST GILBERT YOUNG

Question No. 1,170—**Mr. Winkler:**

1. What charge or charges did the Department of Justice lay or consider laying against Gilbert M. Young, Montreal (the case of Canadian Ingersoll-Rand Company, Limited, *v.* Gilbert M. Young)?

2. If charges were not proceeded with, were the terms of the statute of limitations the reason therefor?

Hon. Lucien Cardin (Minister of Justice): 1. No charges were preferred.

2. It is not considered to be in the public interest to disclose publicly information relating to cases wherein charges are not preferred.

[Mr. Thompson.]

LINDLOFF FISH HATCHERY EXPANSION, N.S.

Question No. 1,285—**Mr. MacInnis (Cape Breton South):**

In 1965, did the Minister of Fisheries or any other minister of the government make a statement with respect to an expansion at the Lindloff fish hatchery in Richmond county, Nova Scotia, during the spring and summer of 1966 and, if so (a) where was such statement made and by which minister and under what authority (b) what was the approximate cost of the expansion (c) has work commenced on this project, and, if not, when will it begin?

Hon. Judy V. LaMarsh (Secretary of State): The Minister of Fisheries in October, 1965, indicated the department's intention to proceed with a program of updating the fish culture station at Lindloff, Nova Scotia, and in so doing would take advantage of improved techniques in this field; (a) the minister advised his colleague the Minister of Labour of the proposal; (b) the estimated cost of renovation and expansion is $300,000; (c) the project will be undertaken as soon as possible after funds become available.

OLD AGE SECURITY FUND

Question No. 1,503—**Mr. Winkler:**

1. What was the balance on account in the federal old age security fund for the fiscal year ended March 31, 1966?

2. What is the anticipated balance for the fiscal year ending March 31, 1967?

Hon. Mitchell Sharp (Minister of Finance): 1. $216,982,834.44 subject to minor accounting adjustment.

2. $455,000,000.

ROAD CONSTRUCTION, MANICOUAGAN—GAGNON, QUE.

Question No. 1,515—**Mr. Blouin:**

By virtue of the program of access roads to mineral resources in the northeastern part of the province of Quebec, did the federal government pay part of the cost of construction of a road going from Manicouagan to Gagnon, Quebec begun in 1963 and 1964 and, if so, how much was spent by the federal government in accordance with the agreement with the province of Quebec and how far has the building of this road progressed?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Department of Forestry as follows:

1. Under the federal-provincial forestry agreement, during the fiscal years 1963-64 and 1965-66 the federal government paid part of the cost of construction of a forest access road from Manicouagan to Gagnon.

2. $473,793.95.

3. 56.5 miles of right of way cleared, 55.2 miles graded, 12.5 miles gravelled, six bridges constructed, 220 culverts installed.

POST OFFICE CONSTRUCTION

Question No. 1,535—**Mr. Southam:**

1. How many new post offices, including crown buildings or federal buildings used to house postal facilities, will be built in Canada in this fiscal year?

2. What are the totals for each province slated for construction in this fiscal year?

3. Where are the locations of these post offices?

Hon. G. J. McIlraith (Minister of Public Works): 1. 173.

2. Newfoundland, 23; Prince Edward Island, 5; Nova Scotia, 21; New Brunswick, 13; Quebec, 65; Ontario, 30; Manitoba, 1; Saskatchewan, 5; Alberta, 1; British Columbia, 8; Yukon and Northwest Territories, 1.

3. Newfoundland: Arnold's Cove, Badger, Bay Roberts, Belleoram, Cartwright (Lab.), Catalina, Cow Head, Daniel's Harbour, Englee, Fox Harbour, Glovertown South, Heart's Content, Holyrood, Kelligrews, La Scie, Lower Island Cove, Newstead, Port de Grave, Pouch Cove, St. Albans, St. Brendan's, Shearstown, Springdale.

Prince Edward Island: Breadalbane, Elmsdale, Kinkora, Little York, St. Peter's Bay.

Nova Scotia: Amherst, Annapolis Royal, Aylesford, Bear River, Berwick, Bickerton, Centreville Kings, Chezzetcook, Christmas Island, Cleveland, Grand Etang, Hubbards, Lower Wood Harbour, Maccan, Malagash, Port Hawkesbury, Riverport, Sheet Harbour, Shubenacadie, Tusket, Waverley.

New Brunswick: Aroostook Junction, Bayfield, Black's Harbour, Cocagne, Debec, Elgin, Harcourt, Hartland, Lameque, Ludlow, Renous, Sheila, St. Isidore.

Quebec: Angers, Anse St. Anne des Monts, Bedford, Biencourt, Bolduc, Caplan, Carleton, Cross Point, Deschaillons, Hauterive, Havre Aubert, Joly, Lac des Aigles, Lac Ste. Marie, L'Anse St. Jean, La Patrie, Laprairie, Les Eboulements, Loretteville, Montreal (P.S. "S"), Mont Tremblant, New Carlisle, New Richmond, New Richmond Station, Notre Dame du Lac, Parisville, Paspebiac, Pierreville, Pointe Gatineau, Repentigny, Ripon, Rivière à Pierre, St. Alexis de Matapedia, St. Kamouraska, Ste. Anne des Monts, St. Ap-Anaclet, St. Andre Avelin, St. Andre de polinaire, St. Bruno, St. Camille de Bellechasse, St. Cesaire, St. Charles de Bellechasse, St. Damase, St. Epiphane, Ste. Etienne de Gres, Ste. Flore, St. Guillaume d'Upton, St. Honore de Temiscouata, St. Hubert Temiscouata, St. Isidore de Dorchester, St. Isidore de Laprairie, St. Jean Baptiste de Rouville, St. Jean Port Joli, St. Lambert, St. Mathieu, St. Octave, St. Omer, Ste. Philomene, Ste. Rose du Degele, St. Ursule, Sayabec, Terrebonne, Val Morin, Val St. Michel, Victoriaville.

Ontario: Almonte, Aurora, Belmont, Blyth, Bruce Mines, Coboconk, Coldwater, Cooksville, Don Mills, Eganville, Emsdale, Erin, Hornepayne, Iroquois, Iroquois Falls, Lavigne, L'Orignal, Meaford, Moosonee, Newburg, Nipigon, Omemee, Ottawa (Postal Terminal), Port Credit, Port Hope, Prescott, Ripley, St. Eugene, Streetsville, Sutton West.

Manitoba: Durban.

Saskatchewan: Esterhazy, Estevan, Maidstone, Tamkins, Simpson.

Alberta: Edmonton.

British Columbia: Burns Lake, Fort Nelson, Fort St. John, Golden, Kelowna, Tofino, Vancouver, Vancouver West.

Yukon and Northwest Territories: Hay River.

POST OFFICE BUILDING, IONA, N.S.

Question No. 1,553—**Mr. Muir (Cape Breton North and Victoria):**

Is reconsideration being given by either the Post Office Department or the Department of Public Works to the construction of a post office building at Iona, Victoria county, N.S.?

Hon. Jean-Pierre Côté (Postmaster General): No. There has been no change in the situation at Iona, N.S. as indicated in our reply to question No. 369 on February 21, 1966 (see *Hansard*, page 1502).

*EXPO '67—SALE OF UN STAMPS

Question No. 1,567—**Mr. Berger:**

Has a special understanding been reached with the Postmaster General of Canada in order to permit the sale and use of UN postage stamps at the proposed United Nations pavilion at Expo '67, as is currently the case at the head office of the organization in Manhattan, U.S.A.?

[*Translation*]

Hon. Jean-Pierre Côté (Postmaster General): An understanding has been reached with officials representing the United Nations, whereby postage stamps issued by the Canada Post Office will be cancelled in the United Nations Pavilion at Expo '67 to identify them as postage on mail emanating from that source.

Questions

The policy of permitting use of United Nations postage stamps in payment for mail posted in Canada is not in accord with principles of our department.

[*English*]

AUDITOR GENERAL'S OFFICE

Question No. 1,568—**Mr. Caouette:**

1. What have been the annual expenses of the Auditor General's office over the past five years?

2. Does the Auditor General's office have a special section to deal with the auditing of the financial activity of crown corporations involved in commercial, industrial or financial activities?

3. Over the past five years, how many accountants have there been each year in the employ of the Auditor General?

4. Can the Auditor General audit the accounts of all the crown corporations?

5. When the Auditor General audits the accounts of a government owned corporation, is he paid by the said corporation?

Hon. Mitchell Sharp (Minister of Finance): The following answers have been prepared by the Auditor General:

1. The annual expenses of the Auditor General's office, exclusive of the estimated value of major services provided by other departments, in the last five years are as follows: 1961-62, $1,069,939; 1962-63, $1,218,834; 1963-64, $1,258,359; 1964-65, $1,589,888; 1965-66, $1,741,900.

2. One of the six branches of the office specializes in the audit of crown corporations but three of the other branches also do some of this work.

3. The number of accountants in the employ of the Auditor General at March 31 in each of the last five years was as follows:

March 31	Members of recognized accounting associations	Others	Total
1962	30	103	133
1963	36	103	139
1964	37	105	142
1965	47	104	151
1966	64	108	172

4. Yes. Under section 77(2) of the Financial Administration Act the Auditor General is eligible to be appointed the auditor or joint auditor of a crown corporation. The Auditor General is prepared to undertake any work assigned to him by parliament, the audit of any crown corporation of which he is appointed auditor by the governor in council and, with the approval of the governor in council, the audit of any crown corporation of which he is appointed auditor by the corporation or by the minister responsible for the corporation.

5. No.

[Mr. Côté (Longueuil).]

MAN POWER SERVICE LTD.

Question No. 1,576—**Mr. Brand:**

Has the Minister of Citizenship and Immigration received representations from Man Power Service Ltd., regarding the proposed use of the name "manpower service" by the department of manpower; and is he taking steps to ensure that the rights and privileges of this company will not be infringed by government action?

Mr. J. C. Munro (Parliamentary Secretary to Minister of Citizenship and Immigration): Yes. See reply to question No. 1,499 on pages 5989 and 5990 of *Hansard* dated June 6, 1966.

HARBOUR DREDGING, MAHONE BAY, N.S.

Question No. 1,581—**Mr. Crouse:**

1. What is the name of the company, or the names of the men who carried out a survey in Mahone Bay harbour, Lunenburg county, Nova Scotia, in order to determine the amount of dredging required to accommodate the deep sea fishing draggers at present being constructed in that port?

2. What facts were learned from this survey?

3. What is the estimated cost of the required dredging?

4. What is the approximate date on which dredging operations will be carried out?

Hon. G. J. McIlraith (Minister of Public Works): 1. A sounding survey was carried out by engineers of the Halifax district office of the federal Department of Public Works.

2. The survey provided information on the available depths of water in the harbour.

3. This cannot be made until a further survey consisting of borings and probings is carried out this summer to determine the relative quantities of rock and class B material.

4. No date has been established.

REPAIR OF WHARF, DAYSPRING, N.S.

Question No. 1,584—**Mr. Crouse:**

1. Has a study been made of the cost of repairing the public wharf at Dayspring, Lunenburg county, Nova Scotia and, if so, what is the estimated cost of repairing this wharf?

2. Will funds be made available in 1966 to cover the cost of the necessary repairs to the Dayspring wharf and, if so, on what approximate date is it anticipated that repairs will be carried out?

Hon. G. J. McIlraith (Minister of Public Works): 1. Yes. It is not usual to give the estimated cost before tenders are called.

2. Funds can be made available for these repairs in 1966 provided satisfactory arrangements for the leasing of the wharf or the payment of wharfage fees can be worked out between the commercial users of the wharf and the Department of Transport.

NATIONAL DEFENCE WAGE RATE CRITERIA, HALIFAX AREA

Question No. 1,592—**Mr. Douglas:**

Are different criteria used for determining wage rates, and hence different wage rates for the same job, at H.M.C.S. *Shearwater*, Dartmouth, and at H.M.C. Dockyard, Halifax, even though they are both in the same area and, if so, for what reason?

Hon. Léo Cadieux (Associate Minister of National Defence): Except for a small number of highly specialized occupations which are not found in private shipyards, rates of pay for prevailing rate employees at H.M.C. Dockyard, Halifax, are determined by reference to the rates paid by seven shipyards in the maritime and St. Lawrence areas, whereas rates of pay at H.M.C.S. *Shearwater* are based on rates prevailing in the Dartmouth-Halifax area. In using different criteria for establishing rates of pay at these units, the Department of Labour through their wage surveys, and the treasury board in authorizing pay rates, give recognition to the relationship between work performed in the Dockyard and the ship repair or ship building activity, and at the same time maintain an appropriate relationship between trades at Shearwater and the construction, maintenance and allied trades in the area.

POST OFFICE BUILDING, ST. LAURENT, MAN.

Question No. 1,600—**Mr. Stefanson:**

Has the government any plans to build a post office at St. Laurent, Manitoba and, if so (a) has land been purchased (b) when will this project be proceeded with?

Hon. Jean-Pierre Côté (Postmaster General): No. The post office at St. Laurent, Manitoba is in the category of offices where the postmaster is normally responsible for the provision of suitable accommodation as a condition of employment.

(a) and (b) Not applicable.

GRANT FOR NURSING HOME, BENGOUGH, SASK.

Question No. 1,604—**Mr. Watson (Assiniboia):**

1. Has the government had a request from the Saskatchewan provincial government for assistance under N.H.A. to build a nursing home at Bengough, Saskatchewan?

2. If so, how large a grant was requested?

Hon. J. R. Nicholson (Minister of Labour):

1. No request has as yet been received.

2. Answered by 1 above.

MANITOBA PROJECTS, PLEASURE CRAFT HARBOURS PROGRAM

Question No. 1,606—**Mr. Stefanson:**

Have any projects been undertaken in Manitoba under the capital assistance for pleasure craft harbours program, and, if so, what are they and what is the location and estimated cost of each?

Hon. G. J. McIlraith (Minister of Public Works): No.

• (3:00 p.m.)

LABOUR RELATIONS

LACK OF GOVERNMENT ACTION—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Hon. Michael Starr (Ontario): Mr. Speaker, I ask leave, seconded by the hon. member for Winnipeg South Centre (Mr. Churchill), to move the adjournment of the house under standing order 26 to discuss a matter of urgent public importance, namely the calamitous economic paralysis consequent upon the government's failure to bring about an end to the longshoremen's strike in Montreal, Quebec city and Three Rivers, or to take appropriate action toward the resumption of shipping in the face of a critical blockage of grain shipments, disruption of shipping generally, and the serious interference with the timetable of Expo, and the government's continued inactivity with regard to threatened strikes of employees of the St. Lawrence seaway, the Canadian National Railways and Air Canada.

Mr. Speaker: Will the hon. member for Ontario kindly address the Chair on the question of urgency of debate.

Mr. Starr: Mr. Speaker, the urgency of debate is based on the fact that for the past five weeks the nation has been faced with a disruptive strike that affects every aspect of our economy. We have had from day to day, from week to week, assurances by the government that the strike is near the end and that a solution is imminent by the hour. As late as last Thursday the Prime Minister of this country assured this house, and we took his word for it, that the end of the strike was imminent.

Over the week end, according to the press, a 17 hour discussion took place attended by at least three or four ministers, who were not able to bring about a settlement of this strike.

Today the Minister of Labour is holding off any action on the part of the government by making another statement that the settlement of the strike is imminent. I do not think this country can stand another delay of 24 hours in view of the disruption of our economy which is affecting every part of this country.

In addition to this strike we are threatened with strikes on the St. Lawrence seaway, the Canadian National Railways and Air Canada, as is set out in my motion. In view of the experience this government has had with the longshoremen's strike, which has already lasted for five weeks, it is surprising that they are still coming up with the same formula of mediation until the last deadline; no doubt we will be faced with strikes which will paralyse this country completely. That is the reason for the urgency which I submit exists in this matter.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, there can be no doubt about the importance of the matter which has been introduced by the member for Ontario, and also no doubt about the urgency of finding some very quick solution to the problem he has outlined. It is certain that if the encouraging statement which was made by the minister had not been forthcoming, there would have been every justification for a debate on this matter this afternoon. Hon. members of the opposition are of course in the position of not knowing just how close to a settlement the two disputants are, nor do we know what are the various points still at issue. However, it seems to the members of this party that in view of the statement made by the minister there appears to be a real and genuine hope that the negotiation will be successful, and I fear that a debate at this time might be more injurious than helpful.

I hope the hon. member for Ontario will be prepared to either withdraw his motion or let it stand for 24 hours, and if this matter is not settled by tomorrow and the government has not come up with legislation, then there would be every reason for having the debate. There can be no doubt that the public is impatient and fed up with the long delay in grappling with this problem, but if the longshoremen and the federation are close to a settlement a debate at this time might do more harm than good.

For this reason I hope the hon. member for Ontario will be prepared to postpone his motion until tomorrow in order to give the minister one more chance to try to effect a satisfactory settlement of this unfortunate dispute.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, we are completely in agreement with the remarks of the hon. member for Burnaby-Coquitlam (Mr. Douglas). We believe the question is urgent and pressing. On the other hand, the Minister of Labour (Mr. Nicholson) has just announced that negotiations would continue at four o'clock and that there was definite hope at that time of finding a solution to this grave problem.

A debate now might be useless. Yet, in view of the importance and urgency of the problem, I wonder whether the hon. member for Ontario (Mr. Starr) would agree, with the consent of the house, to postpone his motion until seven o'clock tonight instead of tomorrow afternoon? The question is undisputedly most urgent and pressing. If, at seven o'clock tonight, further to the negotiations which the Minister of Labour and some of his colleagues are to have with the two parties involved, no solution has been found, then I feel we might agree to a resumption of this debate.

If the government does not come up with a solution settlement or does not propose any legislation, then the debate will be necessary so that other members of the cabinet and of the house may suggest motions to settle this strike which has been going on much too long already.

Mr. Speaker, as the hon. member for Burnaby-Coquitlam (Mr. Douglas) said a moment ago, the matter is most urgent. We know that this strike is paralysing many areas of the economy of the country and of the province of Quebec, and we believe it must be settled at the earliest.

If no solution can be found during the discussion which will be held this afternoon, we could then postpone the debate until seven o'clock tonight or, at most, until 2.30 tomorrow afternoon.

Even though we feel the debate is urgent, we would rather await the outcome of the negotiations this afternoon and resume the debate at seven o'clock after private members' hour.

[*English*]

Mr. R. N. Thompson (Red Deer): Mr. Speaker, there is no doubt at all about the urgency of the motion that has been moved in view of the strike threat to the national economy. We are not just referring to the longshoremen's strike today but to a possible

Air Canada strike, the St. Lawrence seaway employees' strike and the threatened general strikes in transportation and of the international woodworkers in British Columbia as well. We could go on with the list. In the debates on this matter in the house it is essential that we look at the problem in that light.

It would seem only reasonable that to demand that the government make statements now in a debate that might ensue would only jeopardize the hope of a successful outcome of the negotiations this afternoon. It would seem to me much more reasonable to set this debate aside for a period of 24 hours in the hope that negotiations, which will start in less than an hour, might bring about a fruitful agreement. If this does not come about, then there will be reason for discussing this topic in a general debate in the house.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, there is only one point I wish to make, and it concerns a matter which hon. members who have previously spoken on the motion have lost sight of. It concerns the last three lines of the motion, which read as follows:

> —and the government's continued inactivity with regard to threatened strikes of employees of the St. Lawrence seaway, the Canadian National Railways and Air Canada.

Today we are in the position of being faced with a strike of the St. Lawrence seaway employees which is to take place on Friday, and which will adversely and irreparably affect the Canadian economy. We are also faced with a strike of Air Canada which is tentatively set for Wednesday. No statements have been forthcoming on these two strikes. The threatened strike of the Canadian National Railways has been postponed, but the other two are at hand. Nevertheless, when we raise questions concerning these strikes the answer is that there is no urgency. May I point out that we are told that although there is urgency in solving the problem, there is no urgency in informing parliament.

May I ask you, Mr. Speaker, in making your ruling to take into consideration this additional paragraph which has not been answered by the inadequate statement made today so far as the stevedore strike is concerned; nor does the statement deal with the two serious projected strikes which will further paralyse this nation.

Mr. Speaker: May I advise the hon. members that I am now in a position to make a ruling, unless hon. members insist that the minister make a statement.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, one would gather from the comments that have been made by the Leader of the Opposition this afternoon that we have abolished free collective bargaining in Canada.

Mr. Starr: Sheer nonsense. This is a smokescreen.

Mr. MacEachen: We have here a system of free collective bargaining, and it is the earnest endeavour of the government to reach a solution to these difficult labour situations through the procedures which have been established by law under that system of free collective bargaining.

• (3:10 p.m.)

With respect to the Canadian National Railways, to which the Leader of the Opposition has referred, the process of conciliation, a procedure established by the law of Canada, has just commenced. Certainly it is to cry alarm to suggest at the moment that this is a matter for urgent debate in the House of Commons on June 13.

In the case of the two other disputes involving Air Canada and the seaway, the process of mediation is actively under way and in each case an experienced mediator is dealing with the issues in dispute. I believe these established procedures ought to be given an opportunity to adjust themselves before it is suggested in this house that precipitate parliamentary action ought to be taken in these cases. Surely these gestures which are taken every day are undermining the process of free collective bargaining, which is the basic cornerstone of our dispute settlement procedure in Canada.

With respect to the immediate issue, Mr. Speaker, it is suggested that the ordinary business of the house be set aside in order to debate the longshoremen's strike, presumably with the objective of securing constructive statements from members of the House of Commons as to how this matter ought to be dealt with. The Minister of Labour provided an opportunity to the party spokesmen to make these suggestions when he made a statement earlier in the afternoon; and we certainly sensed the quality of such suggestions from the remarks which were made by the Leader of the Opposition. I suggest the opportunity has already been given this afternoon to the spokesman of each party to

express himself on how the matter ought to be dealt with.

Furthermore, Mr. Speaker, if this motion were accepted today and a debate were initiated the Minister of Labour and the rest of the ministers would have to postpone the meetings slated for 4 p.m., 45 minutes from now, and the process of negotiation would have to be postponed in order for a debate to take place in parliament. I would ask hon. gentlemen to consider that point. The acceptance of this motion this afternoon would mean that no discussion or negotiations with the parties could take place this afternoon.

I make one final point, Mr. Speaker. The allegations made in the motion are incorrect. Real and substantial progress has been made over the week end.

An hon. Member: Were you there?

Mr. MacEachen: Yes, I was there. Real progress was made in narrowing the issues in this dispute, so much so that one local of the I.L.A., Trois-Rivières, has already accepted the final proposals hammered out at these negotiating sessions over the week end. In addition, Mr. Speaker, the local at Quebec city has accepted these proposals subject to one minor point.

Surely the objective of the House of Commons and the government at the moment, in light of these developments and in light of the real desire of the parties to settle, should be to allow a further opportunity for intensive negotiations to take place so the system of free collective bargaining can be observed, and so that parliamentary action, which is so repugnant, can be avoided.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I should like to recall to your attention that the issue before you is the question of urgency of debate, which seems largely to have escaped the Minister of National Health and Welfare, who has dealt with other matters.

Mention has been made of precipitate parliamentary action. I would point out, sir, that if parliamentary action follows the normal procedures, according to our standing orders a number of hours' notice must be given of any legislative proposal. If this matter is debated in its normal course it might well be Thursday at the very earliest before parliament, if it does desire to act, can act. Thursday is the day preceding the strike announced by the seaway employees.

I would also point this out, Mr. Speaker. I agree with one thing said by the Minister of National Health and Welfare about normal collective bargaining powers, but it is about time the members of this house had an opportunity to express the views of those whose interest is even greater than the interests of the two parties concerned in this issue. I am referring to the national interest. I suggest to you that at this time—it is this point on which urgency of debate largely rests—the members of this house, representing as they do the people of Canada who have a greater and more vital the overweighing interest in this issue than anybody else, should be given the opportunity to express their views. If these views were properly and moderately expressed at this time, then if the parties to this dispute are as close together as the Minister of Labour suggests—and I do not doubt what he said—these expressions might do a great deal to push the parties the final mile and bring about the settlement which we all so devoutly desire.

[*Translation*]

Mr. Mongrain: Mr. Speaker, on a point of order.

I have always looked upon the hon. member for Ontario (Mr. Starr) as a star in the field of parliamentary procedure but his star loses its sheen when he calls my city the city of Three Rivers. I should like to remind him that it is called Trois-Rivières.

[*English*]

Mr. Speaker: Order, please. I thank hon. members for their comments in connection with the question of urgency of debate, which is the point which had to be considered. As has been pointed out by the Leader of the Opposition, there are two aspects to this motion. The first one deals with the strike of longshoremen at Trois-Rivières, Quebec and Montreal; the other aspect deals with the labour difficulties of the Canadian National Railways, Air Canada and the seaway.

I have some doubt on the procedural aspect of this motion, as it deals with more than one matter. Under the terms of standing order 26 (6) (b):

> —not more than one matter can be discussed on the same motion;

But perhaps this is a procedural difficulty, and I should not like to make a ruling specifically on this point.

In connection with the second aspect of the motion moved by the hon. member for Ontario, there does not appear to me to be the

urgency of debate which is required under standing order 26 or by citation 100 of Beauchesne. Because of this I would have serious reservations about allowing the adjournment of the ordinary business of the house to discuss the second aspect of the motion.

In so far as the first part of the motion is concerned, in view of the statement made by the Mininster of Labour I feel it might be wiser on the part of the Chair to say that the motion cannot be accepted at this time.

LABOUR CONDITIONS

REVIEW OF EFFECTS OF AUTOMATION

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, would the Prime Minister be able to tell the house, in view of the fact that one of the major elements of dispute so far as labour is concerned is the effect of, and result that follows from, automation, whether the government is giving consideration to setting up a commission to review in detail the general position created in employer-employee relations by reason of technological change, a matter that is of prime importance in connection with the various disputes which are arising?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the matter mentioned by my right hon. friend is, of course, one of very great and continuing significance, as we have learned—if we needed to learn—from the dispute that we have been discussing. It may well be, Mr. Speaker, that if the house requires an opportunity to discuss this particular dispute, this will be one of the elements that we will be discussing. I quite agree that it should be considered in its wider context. I think it would be the feeling of the house that the government would give consideration to an examination of the kind suggested by my right hon. friend.

LABOUR RELATIONS

REQUEST FOR REPORT ON POSSIBLE STRIKES

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, in view of the statement which the Minister of Labour made earlier in the day with reference to the longshoremen's strike, I wonder whether he would give the house an interim report on the negotiations with respect to the Air Canada personnel dispute, the employees of which group had set a deadline for June 15, and the dispute between the seaway authority and the seaway employees, where again a deadline has been set for June 17. Could the minister tell us what successes the two mediators are having in bringing the parties together, and whether the minister thinks it is likely that strikes can be averted in both cases.

Hon. J. R. Nicholson (Minister of Labour): Dealing first with the Air Canada matter, the mediator, who is Mr. Bernard Wilson, is the director of industrial relations in my department and has had very broad experience in this field. He has been successful in bringing the parties together again. They were in session all morning. Negotiations were resumed at 2.30 this afternoon, and are still going on.

With regard to the seaway dispute, it does not seem so very long ago, notwithstanding the novel week end that I put in, that I announced the appointment of a mediator with very broad experience in dealing with industrial relations. He spent Friday and Saturday here, in Ottawa, studying the problems and doing research so that he would be prepared to discuss matters intelligently. Yesterday he motored to Cornwall and worked there, even though it was Sunday. He began working again this morning. There is a strong probability that the scene will be transferred to Ottawa. Again, I am hopeful that Hon. Norman MacKenzie's efforts will result in averting any interruptions of operations on the seaway.

Mr. Douglas: A supplementary question, Mr. Speaker. May I ask the minister whether any time has been set for the mediator in the seaway dispute to meet either of the parties in the negotiations?

Mr. Nicholson: They met this morning.

[*Translation*]

BANK OF CANADA

REFERENCE OF AMENDING LEGISLATION TO HOUSE COMMITTEE

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I would like to put a question to the Minister of Finance.

As we are to consider this afternoon second reading of Bill C-190, an Act to amend the Bank of Canada Act, can the minister tell us whether he intends to refer it to the finance,

trade and economic affairs committee after that debate?

[*English*]

Hon. Mitchell Sharp (Minister of Finance): Yes, Mr. Speaker.

NATIONAL DEFENCE

PENHOLD, ALTA.,—REPORTED TRANSFER OF BASE TO MOUNTED POLICE

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is directed to the Minister of National Defence. Does the statement of R.C.M.P. Commissioner McClellan made in Vancouver over the week end, to the effect that the Penhold air base is to be turned over to the Royal Canadian Mounted Police as a training centre, mean that the Department of National Defence has relinquished the base and its announced plans to continue the base as a training centre for the new integrated defence forces?

Mr. Speaker: Order, please. This question is not urgent and should be placed on the order paper.

Mr. Thompson: With all due deference to your decision, Mr. Speaker, it is a very urgent question because obviously it concerns a conflict between two departments. One department has stated that the base is to be turned over to the R.C.M.P., and the other has stated that it will not be. I submit there is a certain amount of urgency in this respect.

Mr. Speaker: By placing the question on the order paper the hon. member will give an opportunity to the departments to get together.

GRAIN

SUGGESTED CHANGE IN JURISDICTION OVER WHEAT BOARD

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, my question is addressed to the Minister of Finance. Could the minister inform the house whether he took note of the statement made by the Minister of Agriculture, (Mr. Greene) that the Canadian Wheat Board should come under his jurisdiction, where it rightly belongs, and not under the jurisdiction of the Minister of Finance. If so, when will the transfer take place?

[Mr. Grégoire.]

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I did not take note of the statement.

An hon. Member: Neither did I.

HEALTH AND WELFARE

SMOKING—REQUEST FOR STATEMENT ON GOVERNMENT ACTION

On the orders of the day:

Mr. P. V. Noble (Grey North): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare. In view of the statement made last Saturday by Dr. Alton Ochsner of New Orleans after performing 4,000 lung operations, that to smoke cigarettes is to commit suicide and that a bullet is cheaper, quicker and no pain is involved, will the minister, in view of this situation, advise what action he plans to take?

Mr. Speaker: That is a good question for the order paper.

EXTERNAL AFFAIRS

SPEECH OF PRIME MINISTER IN SPRINGFIELD, ILLINOIS

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, my question is directed to the Prime Minister, and concerns his remarks in Springfield, Illinois, on Saturday. I wonder if he can tell the house whether or not the United States government was aware of his remarks prior to his address—

Mr. Speaker: Order, please. This question is not in order.

Mr. MacDonald (Prince): A supplementary question, Mr. Speaker. May I ask the right hon. gentleman whether or not there has been any reaction to his remarks, as I believe he made some very interesting proposals in that address.

Mr. Speaker: Order, please. I do not think this question is very urgent and should not be asked at this time.

Mr. MacDonald (Prince): Could I put this question, Mr. Speaker. In the light of the Prime Minister's remarks of Saturday afternoon, is he recommending or is his government going to recommend at some future date a federal union of North Atlantic countries which would provide for some kind of collective political and economic policies?

Mr. Speaker: Order, please. The question is rhetorical.

[*Later:*]

Mr. David Lewis (York South): Mr. Speaker, I wish to direct a question to the Prime Minister arising out of his speech at Springfield, Illinois. I would ask the right hon. gentleman what steps he proposes to take to implement the interesting suggestions for the alliance which he made in that speech.

Right Hon. L. B. Pearson (Prime Minister): All appropriate steps, Mr. Speaker.

ILO CONFERENCE—REPORTED BOYCOTT BY U.S. DELEGATION

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, in order to give relief for a few minutes to the Minister of Labour, I wish to address a question to him and to go from the national to the international scene. Can the minister inform the house whether the United States labour delegation to the International Labour Organization conference at Geneva continues to boycott the conference because of the election of a Polish delegate?

Mr. Speaker: Order, please. I doubt whether this question should be asked at this time.

NATIONAL DEFENCE

MAKING OF SPEECHES ON POLICY BY ARMED FORCES PERSONNEL

On the orders of the day:

Mr. J. P. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, my question is directed to the Minister of National Defence and involves a speech made over the week end. I wonder whether the minister is aware of a speech made by Air Vice Marshal Reyno before an Ottawa service club on Friday, June 10, in which debatable and argumentative statements were made on defence policy concerning service morale, pilot pay increases and integration. If the minister is aware of the speech, was it cleared by him? Can other officers and men in the services now make statements on similar questions of government policy?

Mr. Speaker: Order, please. I would suggest that this question might be placed on the order paper.

Mr. Nowlan: Mr. Speaker, without challenging too severely your ruling, which I respect, this is not similar to the question put by the hon. member for Prince, who was not allowed to put his question to the house. I do believe, Mr. Speaker, that many officers and men in the services would speak out—

Mr. Speaker: Order, please.

Mr. Nowlan: —if a change in government policy were made.

Mr. Speaker: Order, please. The hon. member is making an argument. I am sure he will find an opportunity to do so, but it should be on another occasion. It should not be done at this time.

Mr. Nowlan: Ten o'clock, Mr. Speaker.

SHIPPING

CLEARANCE OF SHIPS IN SEAWAY IN EVENT OF STRIKE

On the orders of the day:

Mr. W. C. Scott (Victoria (Ont.)): Mr. Speaker, my question is for the Minister of Transport. In the event of a strike being called by the seaway employees at noon on June 17, would any ships in the St. Lawrence seaway system at that time be guaranteed clearance from the seaway?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, this is a hypothetical question—

Mr. Speaker: Order, please. I thank the hon. Minister of Transport for making his ruling on my behalf.

EXTERNAL AFFAIRS

CYPRUS—PROPOSED EXTENSION OF PEACE KEEPING OPERATIONS

On the orders of the day:

Mr. R. N. Thompson (Red Deer): My question is for the Prime Minister, although it might be more appropriately addressed to the Secretary of State for External Affairs (Mr. Martin) or to his parliamentary secretary, neither of whom is here at the moment. It is reported that the United Nations Secretary General U Thant has recommended that the Cyprus peace keeping mission be extended for another six months.

In view of Canada's large commitment to this operation has the Canadian government been consulted in advance on this matter, and what is the government's position?

Inquiries of the Ministry

Right Hon. L. B. Pearson (Prime Minister): This report was issued only this morning in New York, though I believe it is dated June 10, and I would prefer to reserve any detailed comment on it until the Secretary of State for External Affairs and myself have had an opportunity to study the full text, which I have just seen.

Perhaps I might say, however, that the report pointed out that the continued presence of the force in Cyprus is indispensable if a danger of recourse to violence and conflict is to be avoided. Then again, to ensure better planning and greater economy, the Secretary General has recommended in his report that the force be sent for six months rather than for three months. The Security Council is to consider this recommendation on Thursday of the present week, I understand.

While the Secretary General noted there was still tension on the island, he pointed out that the situation has remained stable and that the good offices of his representative will continue to be available to the parties.

In this connection the Greek and Turkish foreign ministers had discussions in Brussels last week while the NATO Council meeting was being held, and agreed to continue those discussions. At that time the Secretary of State for External Affairs told both foreign ministers in Brussels that the Canadian government very much welcomed these discussions and the recent public assurances of both governments that they wish a peaceful solution to the Cyprus problem. We shall be studying the Secretary General's report in greater depth, and if a statement is required it can be made within a day or two.

Mr. D. V. Pugh (Okanagan Boundary): A supplementary question. Is Canada still bearing the full cost of this operation?

Mr. Pearson: We are carrying the expenses of our part of the force, Mr. Speaker.

Mr. Pugh: With no participation from other United Nations members?

Mr. Speaker: Order.

[*Translation*]

LABOUR RELATIONS

PARTICIPATION OF MINISTER OF CITIZENSHIP AND IMMIGRATION IN NEGOTIATIONS TO SETTLE STRIKE

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I wish to put a question to the hon. minister of manpower.

[Mr. Thompson.]

Can the minister tell us if he is one of the ministers presently working on finding a solution to the longshoremen problem?

Mr. Speaker: The hon. member for Yukon.

Mr. Grégoire: Mr. Speaker—

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

Mr. Grégoire: Is my question in order?

Mr. Speaker: I feel that it should not be, as it does not strike me as urgent; moreover, I do not think it is essential that the hon. member should know whether or not the hon. minister is a member of a certain group.

Mr. Grégoire: Mr. Speaker, in that regard, I rise on a point of order.

First of all, my question is urgent, because tomorrow it will be too late to know; the negotiations will be over. Second, it is important that we should know, because we feel that if the hon. minister of manpower were a member of the committee of ministers involved, there would be a greater chance for success than otherwise. That is why I feel the question is urgent and important.

Mr. Speaker: Order. The hon. member's representations will, I assume, be duly taken into consideration.

[*English*]

NORTHERN AFFAIRS

YUKON—INQUIRY AS TO APPOINTMENT OF COMMISSIONER

On the orders of the day:

Mr. Erik Nielsen (Yukon): May I ask the Minister of Northern Affairs and National Resources whether the government has yet made a decision on the replacement of the head of the government of the Yukon and, if not, when we may expect such an appointment to be made?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): When the commissioner is appointed an announcement will be made in the house.

Mr. Nielsen: In the interim, while a decision is being made, is it the intention of the government to pass the necessary order in council to clothe the temporary administrator with the powers of a commissioner?

Mr. Laing: I am informed that all the functions of the commissioner are now being exercised.

Mr. Nielsen: May I address a further supplementary question to the minister, then, and ask him under what authority the administrator is exercising these powers?

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

OLD AGE SECURITY

REQUEST FOR STATEMENT IN INCREASED PENSIONS

On the orders of the day:

Mr. Barry Mather (New Westminster): I have a question for the Minister of National Health and Welfare. Bearing in mind reports which have appeared today and yesterday to this effect, can the minister say whether he and the cabinet have given consideration to improving old age security pensions by the provision of a bonus?

Mr. Speaker: Order. This question is of a very general nature and cannot be asked at this time.

COMMONWEALTH RELATIONS

WEST INDIES—REQUEST FOR STATEMENT ON CUSTOMS UNION

On the orders of the day:

Mr. David MacDonald (Prince): Undaunted, I press on. If need be, I appeal to the Minister of Transport for his ruling. I should like to ask the Prime Minister whether, in light of the meeting to be held shortly with heads of government of the British West Indies, the right hon. gentleman is contemplating a monetary and customs union with these islands—

Mr. Speaker: Order. This question, again, is of a very general nature, and I have to remind hon. members that questions of this kind are out of order and cannot be asked at this time.

Mr. MacDonald (Prince): In the light of the rapidity with which events are moving in this area, is it not important that the country be made aware of the steps which may possibly be taken by this government—

Mr. Speaker: Order. The hon. member has just done that.

HIGHWAY SAFETY

REPORTED STATEMENT BY ONTARIO CORONER

On the orders of the day:

Mr. P. V. Noble (Grey North): I have a question for the Prime Minister. Does he agree with chief metro coroner Morton Shulman who says it appears unlikely that early action on traffic safety will be undertaken by senior levels of government, and the hope of immediate improvement must lie at the municipal level?

Mr. Speaker: Order. This question must be placed on the order paper.

THE CANADIAN ECONOMY

STEPS TO DEAL WITH RISING PRICES AND INCREASING COSTS

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): My question is directed to the Prime Minister. In view of the further rise in the cost of living index published by the Dominion Bureau of Statistics on Friday showing an increase of 5.4 in the past year, is the government giving consideration to urgent measures to hold the line?

Right Hon. L. B. Pearson (Prime Minister): While any increase is, of course, regrettable, I would point out that this amounts to one tenth of one per cent, and I am glad it is a very small one. I can assure the hon. member that this is a matter which is of the greatest possible urgency and importance, and that it is being given continual attention by the government.

LABOUR CONDITIONS

PRESSURE TO INCLUDE SAINT JOHN AND FREDERICTON IN DESIGNATED AREAS

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): A question for the Prime Minister: Has the government received the unanimous resolution passed by the New Brunswick legislature last week calling for the redesignation of Saint John and Fredericton under the incentives program and, if so, will the Prime Minister reply, in detail, in the house, now or later, to this proposal?

Right Hon. L. B. Pearson (Prime Minister): I do not recall having seen this resolution, but I had better check to make sure.

POST OFFICE DEPARTMENT

B.C. AND YUKON POSTMASTERS—COMPLAINT AS TO SALARY INCREASES

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): I should like to ask the Postmaster General

whether he has received a telegram from the British Columbia and Yukon postmasters in conference assembled in Kamloops protesting about the fact that they have not been given the same increase in salary as senior postmasters, and asking for a 15 per cent increase. Will the minister be able to comply with their request?

Mr. Speaker: Order. I suggest to the hon. member that this question be placed on the order paper.

Mr. Douglas: On a point of order. The postmasters are concerned about this matter. I have a question on the order paper now which has been there for three months, and if questions are to lie there for three months, surely we should not be asked to put a question of this kind on the order paper when the minister can tell us immediately whether or not action has been taken.

[*Translation*]

INQUIRY FOR RETURN

On the orders of the day:

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, my question is for the Minister of Transport.

In view of the fact that on February 2 the house adopted a motion for the production of papers concerning the Trois-Rivières bridge and that, furthermore, I have twice inquired about the date they would be tabled, could the minister tell me when I will get those documents?

[*English*]

Hon. J. W. Pickersgill (Minister of Transport): I am having the matter looked into. I think a reservation was made at that time that documents which represented exchanges with the provincial government would be tabled only with the consent of the provincial government. Certain events in Quebec of recent date have perhaps made it a little difficult for a lot of time to be spent examining the archives.

EXTERNAL AFFAIRS

NATO—EMBARRASSMENT TO GOVERNMENT OF BELGIUM

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I have a rather intriguing question to ask the Prime Minister, of which I have not given him notice. Did the Secretary of State for External Affairs inform the Prime Minister that the government of Belgium informed the NATO Council that their recent meeting in Brussels caused some embarrassment to that government?

Right Hon. L. B. Pearson (Prime Minister): That is indeed a very intriguing question—

Mr. Speaker: Order.

Mr. Pearson: —but I am afraid at the moment I do not have an intriguing answer.

Mr. Speaker: Order. It is not only intriguing, it is out of order.

• (3:40 p.m.)

CANADA STUDENT LOANS ACT

PROVISIONS FOR SUPPLEMENTARY PROVINCIAL ALLOCATIONS, ETC.

Hon. Mitchell Sharp (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Canada Student Loans Act to increase provincial allocations for the loan year commencing July 1, 1965 and subsequent loan years by authorizing the Minister of Finance, on application by a province, to determine a supplementary allocation for that province in an amount not exceeding 20 per cent of the basic loan provision for that year and by increasing to $58 million the basic loan provision for the loan year commencing in 1965; and to provide also for a certain change in connection with the administration of the act.

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

Mr. Sharp: Mr. Chairman, hon. members will recall that the Canada student loans plan came into operation just prior to the beginning of the 1964-65 academic year. This program was the government's first major step in providing student assistance on a large scale toward the objective that all those in Canada who have the scholastic qualifications and who want to get a college education or its vocational equivalent will not be prevented from doing so for financial reasons.

Today, after nearly two years of operation there is no doubt that the Canada student loans plan has been very highly successful in helping to meet this objective. During the first loan year over 42,000 students were assisted under the plan, and in the current loan year up to the end of March loans have been authorized to over 50,000 students, and total loans outstanding under the plan at that time had risen to approximately $57 million.

I would like to recall briefly the main features of the plan and to outline developments in effective demand for student loans during the past two years which give rise to

the resolution preceding the measure which will shortly come before the house.

Loans under this plan may be made by banks and certain credit unions to full-time students at universities and other post-secondary educational institutions which have been designated by the participating provinces for purposes of the plan. In keeping with provincial responsibilities in the field of education, the loans are made on the basis of certificates of eligibility which are issued by the participating provinces. A student must obtain a certificate of eligibility before approaching a bank for a loan. A student may qualify for loans up to $1,000 per academic year and up to $5,000 over his entire post-secondary educational career.

The loans made under this legislation are interest and repayment free to the borrowers while they are full-time students, and for the next following six months. During that time interest is paid to the banks and other lenders on behalf of the students by the government of Canada which also guarantees the lenders against loss. After this period, the principal and interest on the loans are repayable by the students on a monthly basis and may be spread over a period of up to ten years from graduation.

The total of loans that may be authorized through the issue of certificates of eligibility, and this is directly relevant to the resolution now before the committee, is limited for each loan year by the total loan provision established by this legislation and by the allocation of this amount among the provinces.

The provincial allocations during the first loan year were determined by dividing the total loan provision of $40 million for that year among all provinces and territories on the basis of population in the 18-24 year age group. Of this amount approximately $27 million was allocated to participating provinces, and approximately $13 million to the province of Quebec which is relying on its own plan and does not participate in the Canada student loans plan. The act provides that this total loan provision will increase each year by the estimated rate of increase of Canada's population in the 18-24 year age group.

The loan provision in the initial legislation was based on the best projection that we, in consultation with provincial officials, could make of the likely demand for student loans. In practice, the demand has exceeded expectations by a considerable margin. The demand for loans even during the first loan year pressed against the limits of loan allocations in a few provinces. In November, 1964, the house approved a measure authorizing the Minister of Finance to increase the total allocations of individual provinces during the first loan year up to an aggregate of $8 million.

With the permission of the house, I would like to include in *Hansard* at this point a table which shows the provincial allocations for the first loan year, and the extent to which they were used.

Mr. Douglas: Could the minister give us some idea of the allocations now?

Mr. Sharp: This first table, which I suggest should be printed in *Hansard*, shows that out of $30,266,000 authorized both in the original legislation and in the supplementary measure, some $26,748,000 was used. Several provinces had to take advantage of the additional aid program, notably Prince Edward Island, Nova Scotia and Ontario. The others lived within the original allocation. These figures are with respect to the first year of the legislation.

Mr. Douglas: Could the minister tell us what provinces did not use their full allocation?

Mr. Sharp: I could give the amounts in round figures for each of the provinces. Out of a provincial allocation of $1,176,000 for Newfoundland, $459,000 was used. In Prince Edward Island out of $232,000 which was the original allocation, plus an additional $60,000, a sum of $289,000 was used. In Nova Scotia which had a total of $1,736,000 in the original allocation plus $170,000, for a total of $1,906,000 a sum of $1,766,000 was used. In New Brunswick out of $1,416,000 a sum of $1,356,000 was used. Ontario had an original allocation of $12,440,000, to which was added another $3 million bringing it up to $15,440,000, of which $14,372,000 was used. The figure for Manitoba was $1,968,000 provincial allocation of which $1,383,000 was used. The provincial allocation in Saskatchewan was $1,908,000 of which $1,888,000 was used. In Alberta the figure was $2,852,000 of which $2,102,000 was used; in British Columbia $3,236,000 of which $3,110,000 was used; in the Yukon $24,000 of which $8,000 was used, and in the Northwest Territories $48,000 of which $9,000 was used.

[*Editor's Note: The table above referred to is as follows:*]

Canada Student Loans Act

Canada Student Loans Plan

Report on Certificates of Eligibility Issued during loan year ended June 30, 1965

	Provincial allocation $	Total amount of loans authorized by certificates issued $
Newfoundland	1,176,000	459,652
Prince Edward Island	232,000	
	60,000*	
	292,000	289,904
Nova Scotia	1,736,000	
	170,000*	
	1,906,000	1,766,873
New Brunswick	1,416,000	1,356,088
Ontario	12,440,000	
	3,000,000*	
	15,440,000	14,372,527
Manitoba	1,968,000	1,383,495
Saskatchewan	1,908,000	1,888,445
Alberta	2,852,000	2,102,819
British Columbia	3,236,000	3,110,751
Yukon	24,000	8,600
Northwest Territories	48,000	9,000
	27,036,000	
	3,230,000*	
Total	30,266,000	26,748,154

*Special increase for 1964-65 loan year.

Mr. Sharp: During the first year of operation, each province administered the plan without much reference to the practices being followed by the other provinces because time had not permitted the development of uniform standards. Careful consideration, however, was given to this subject in a series of federal-provincial meetings of officials during the first year. These consultations resulted in three federal-provincial reports on common administrative criteria for use by the participating provinces during the second loan year.

These reports, which appear in Appendix A to *Hansard* of June 11, 1965, deal with detailed criteria for determining a student's financial need, his provincial residence status, and certain definitions relating to the designation of educational institutions and other matters.

The process of developing these common criteria has been a continuing one. Improvements and refinements in two of these reports are being worked out, and revised versions of these reports may soon be agreed to by the provinces and the federal government on the same basis as last year. The development of a co-ordinated approach to the administration of this plan is a fine example of federal-provincial and interprovincial co-operation. It has contributed immeasurably to the successful way in which students have been able to make use of the plan and provides assurance that the plan is being used effectively.

The second loan year began on July 1, 1965. Three months later, at the beginning of the new academic year, it became apparent that loan demand in all provinces was exceeding that experienced during the previous year, and could be expected to exceed by fairly wide margins the provincial allocations for that new loan year.

With the introduction of new agreed criteria governing the authorization of loans, the government was satisfied that this increase reflected a real and effective need for loans by students across Canada.

• (3:50 p.m.)

Action was required in these circumstances to enable the provinces to continue issuing certificates of eligibility on the basis of the agreed criteria. Otherwise, many deserving students would be refused loans during the latter part of the loan year. Because parliament was then not in session, the provinces were encouraged to place reliance on a section in the act which contemplates the issue of certificates in one year in excess of allocations of that year, by providing for the deduction of such an overrun from the next year's allocation, and the government undertook to place before parliament in the next session appropriate legislation that would obviate the need to charge allocation overruns against the following year's allocation.

On the strength of this undertaking, the provinces continued to meet the increasing demand for student loans and, in doing so, exceeded in most instances their respective provincial allocations for the current loan year. With the permission of the house, I would like to include in *Hansard* another table showing current allocations and certificates actually issued by participating provinces during the period from July 1, 1965 to to March 31, 1966.

[*Editor's note: The table above referred to is as follows:*]

Canada Student Loans Plan
Certificates of Eligibility Issued
(Loans Authorized by Provinces)
During Loan Year Commencing
July 1, 1965

	Provincial Allocations for 1965-66 loan year	Certificates Issued (July 1, 1965—March 31, 1966) No. of Students Assisted	Total Amount of Loans Authorized
Newfoundland	$ 1,243,000	1,314	$ 891,016
Prince Edward Island	248,000	613	454,210
Nova Scotia	1,772,000	3,767	2,926,780
New Brunswick	1,520,000	2,988	2,400,541
Ontario	13,090,000	20,022	14,908,366
Manitoba	2,003,000	3,431	2,306,380
Saskatchewan	1,995,000	4,830	3,292,299
Alberta	2,911,000	6,333	3,277,811
British Columbia	3,519,000	7,090	4,977,279
Yukon	29,000	23	19,119
Northwest Territories	50,000	8	7,115
	$28,380,000	50,419	$35,460,916

Mr. Sharp: This indicates that loans authorized by participating provinces during the first three quarters of the loan year amounted to some $35 million. This total will probably rise to about $38 million by the end of the loan year on June 30, 1966 which would mean that participating provinces will have exceeded their allocations this year by about $10 million.

I have the table before me, Mr. Chairman, and perhaps I should just give some of the figures by way of comparison. The provincial allocations for the provinces are: Newfoundland, $1,243,000 with loans authorized in the amount of $891,000; Prince Edward Island, $248,000 with loans authorized in the amount of $454,200; Nova Scotia, $1,772,000 with loans authorized in the amount of $2,926,000; New Brunswick, $1,520,000 with loans authorized in the amount of $2,400,000; Ontario, $13 million with loans authorized in the amount of $14,908,000; Manitoba, $2,003,000 with loans authorized in the amount of $2,306,000; Saskatchewan, $1,995,000 with loans authorized in the amount of $3,292,000; Alberta, $2,911,000 with loans authorized in the amount of $3,277,000; British Columbia, $3,519,000 with loans authorized in the amount of $4,977,000; Yukon, $29,000 with loans authorized in the amount of $19,119 and the Northwest Territories, $50,000 with loans authorized in the amount of $7,000. So against provincial allocations of $28 million there have been loans authorized to the extent of $35 million.

Mr. Douglas: May I ask the minister a question? I notice that in the first year of operation some provinces did not use their full allocations, and that during the second year many of them exceeded their allocations. Will they be able to charge the excess back to the year they did not use the full amount?

Mr. Sharp: No. We are proposing by this legislation to enable them to get an additional allocation for this year.

The measure now before the house would, first, increase the total loan provision, or the basic loan provision, for the current loan year from approximately $42 million to $58 million which will be allocated to provinces in the normal way on the basis of population in the 18-24 year age group. The allocations for participating provinces would increase from approximately $28 million to about $39 million. Second, it provides for an additional and discretionary loan provision equal to 20 per cent of the basic loan provision which may be allocated by the minister to provinces as required.

The provision for such a discretionary loan amount recognizes that there have been in practice differences in the levels of relative loan demand from province to province reflecting differences in the number of students, in regional income pattern, in the nature and magnitude of provincial student aid schemes and other factors and that these differences may continue. The existence of these differences makes it desirable not to provide all

of the needed increase through an across- the-board increase in all provincial allocations, which would result in an unrealistically high over-all loan provision, but to enable the rounding out of individual allocations on a discretionary basis at the request of the province concerned. I would envisage consulting with or informing the other provinces before implementing such a discretionary increase, in view of the close co-operation with provinces on the criteria being applied in the administration of this program.

Escalation of the new, higher basic loan provision from one year to the next would continue on the basis of the growth in the population 18-24 year age group. Similarly, the formula contained in the act for alternative payments to non-participating provinces would remain unaltered. Since this formula is based on payments actually made by the federal government to banks and other lenders in respect of loans made under the legislation, alternative payments will reflect the increase in the volume of lending under the act.

We believe these two changes in the total loan provision to be sufficient to accommodate the loan demand that may arise in any province on the basis of the agreed criteria during the current and subsequent loan years.

The bill contains one other provision which can perhaps be best described as a housekeeping item. The act authorizes the minister to pay interest on loans while the borrowers are full-time students and for a period of six months thereafter, and unintentionally precludes the minister from paying interest on loans in cases where students must for some reason interrupt their education for a period of more than six months, and who later again become full-time students. This is in conflict with the provision which states that loans are interest free to students during any period during which they are full-time students. The proposed amendments will rectify this situation.

Mr. Diefenbaker: Mr. Chairman, I should like to ask the minister a question in relation to students coming to Canada from other countries. I do not think there can be a general plan put into effect regarding the granting of loans to these students because there seems to be a dissimilarity in the application of the principles that are followed in various provinces, so far as the students are concerned. Will the minister indicate what is the rule in this regard?

[Mr. Sharp.]

Mr. Sharp: Mr. Chairman, I am a little reluctant to give a definite answer to the hon. gentleman's question at this time. I agree that there are differences in the application of the rules from province to province, but I would prefer with the hon. gentleman's permission to give an answer when we have the bill before us for consideration at the committee stage.

Mr. Douglas: May I ask one further question. Of the $58 million that is being proposed under the bill which will be placed before us, how much will be set aside and allocated to the provinces? Will there be approximately 80 per cent so allocated with 20 per cent left for ministerial discretion?

Mr. Sharp: I will answer later.

Mr. Orlikow: Mr. Chairman, in rising to speak on this resolution I wish to make it clear that the members of this party will vote in favour of it, but will do so regretfully and indeed under protest because if there is one thing that is obvious about the student loans program it is that it is a far cry from the promises made repeatedly by the present Prime Minister during several election campaigns. This program does what so often is done in Canada: It helps those who need help the least. I am reminded of the old biblical saying, that to him that hath shall be given and from him who hath not shall be taken even that which he hath.

For years this party has proposed that the cost of university education should be carried by the state and that there should be no tuition fee, but that every person who has the ability to go to university should be able to go, regardless of his or his family's ability to pay. When the minister was introducing this resolution he said the same thing, or that the student loans plan was the beginning of that kind of a program. Nothing could be further from the truth; and all the evidence that has been found as a result of studies, and I will refer to some of them later, demonstrate conclusively that we are not, through this loans program or anything else which we have provided, meeting the needs of the children of low income families, whether they live in the cities or in rural areas.

• (4:00 p.m.)

The children of the low income families are not attending university in Canada in any appreciable numbers. In this connection, Mr. Chairman, I would remind the Minister of Finance, in case he has forgotten, that in the 1958 election campaign the present Prime

Minister promised that if elected his party would institute a program under which 2,500 scholarships and 7,500 bursaries would be provided every year for Canadian university students—not loans, but scholarships and bursaries. Then in the 1962 election campaign the present Prime Minister raised the ante with a promise to grant 10,000 scholarships, each worth $1,000, to students who wanted to attend university. It is a long time since we have heard anything about that promise of the Prime Minister. Instead we have this completely unsatisfactory student loans program.

What are the problems arising out of this program? I think they can be summarized very quickly. We believe that the welfare of this country, the rate at which this country will progress, is tied very closely to the kind of education we give to our young people. We believe that the whole university and technical school program in this country must be increased at a very substantial rate. We ought to recognize the fact that we are now in a period of crisis in higher education, that there are inadequate funds for university education and that until we solve that problem this country will continue to be in a period of crisis as far as higher education is concerned.

We are concerned about this. We are concerned about the financing of education. We believe that until this problem is solved the whole ability of this country to make the progress that is required will suffer. We believe that the cost of education must be met, not by the individual, not by the student and not by his parents but by the country as a whole, because the value to the country is a value to all its people. The value of increased and better education redounds to the benefit not only of the individuals concerned but to the country as a whole.

A number of careful studies have been made by universities, by departments of education, by the new manpower department, all of which indicate conclusively that there is a very substantial increase in the earning power of every person who attends university. We ought therefore to keep this in mind. It has been estimated that the person who attends university will earn, for every year he attended university, for the rest of his life an average of $1,000 a year more than if he had not attended university. The income tax alone that that person pays will more than repay the cost which the state, the people of Canada, invest in the education of those people who attend university.

But the cost of attending university for a year is not just the cost of tuition, it is not just the cost of room and board—and that is very high for students who attend university in a city in which they do not live—it is not just the cost of books. There is the cost of lost earnings, and the cost of wages which are not earned while a student attends university. It has been estimated that the actual cost of attending university for a year is over $4,000. The estimate is based on living expenses of $1,000, tuition fees of $500 and $2,000 per year of lost earnings.

That being the case, it is obvious that a loans program in general is not the way to deal with this problem. Professor Seymour Harris, one of the most eminent American economists, has objected to this kind of student loans program for the following three reasons. First of all he says that people are not ready to purchase such an intangible asset on credit. Second, he says that the burden of debt will no doubt be discouraging to those who are the most needy already. Third, he says it is not certain that the Liberal scheme of loans will provide the educational opportunity which is claimed for them. The low tuition device has opened the door best to educational opportunity.

I suggest that the loans program—which has been successful, and the minister has indicated that something in the neighbourhood of 100,000 students have availed themselves of it in the two years since the program was commenced—helps those who need help the least, because it is the well-to-do who attend universities at the present time. Loans will make sure that this group will continue to attend university, while the children of people in the low income earning groups will not attend university. That is not surprising. It is not unusual in this day and age to have families in which there are two or three young people of university age who would like to attend university.

In connection with these young people $1,000 a year lent for four years means the incurring by the family of a debt in the neighbourhood of anything from $8,000 to $12,000, if they have two or three children. With interest this represents a debt in the neighbourhood of $15,000, because these loans have to be repaid at 6 per cent interest. The minister has done very well by the chartered banks of Canada. They will make money out of this program; you can be certain of that. Therefore it is not surprising that the children of parents in the low income brackets

are simply not attending university as they have a right to do.

The Canadian Union of Students, an organization which represents all university students in Canada, commissioned a survey of the incomes of parents of students attending university at the present time. This survey was sent to all members of parliament. Arising out of that survey, every member of parliament was circulated by letter from the Canadian Union of Students, signed by Patricia Horrobin, their associate secretary. I wish to quote a question which Miss Horrobin put to members of Parliament and to which I think the minister ought to give considerable thought. In the letter dated March 28, 1966, she asks the following question:

> How long will 6 per cent of Canada's population, those who annually earn in excess of $10,000, send 25 per cent of all undergraduates to the 46 predominantly English speaking universities and colleges surveyed by the Canadian Union of Students? And how long will 52 per cent of the population, those who annually earn less than $5,000, provide only a matching 25 per cent of the undergraduate population?

• (4:10 p.m.)

That question has not been answered and it is not answered by the student loans program. I submit, Mr. Chairman, that rather than solve the problem, the student loans program as proposed will worsen the situation of the Canadian Union of Students. The survey which this union has commissioned demonstrates conclusively that what I said is true and that the young people coming from rural and urban families which are in the low income bracket will simply not go to universities. After all, more than two-thirds of the farmers of Canada are in the low income bracket.

Mr. Basford: Will the hon. member permit a question? Is he aware of the fact that the survey from which he is quoting is an analysis of the income level of the families which send their children to the universities, and that this survey was financially supported by the government in order to find out the nature of the student population?

Mr. Orlikow: Mr. Chairman, I accept the hon. member's statement as true and I can only say that I wish the government paid some attention to the results of that survey, because it demonstrates conclusively that the students who presently attend universities come mainly from the families in the middle and upper income levels in Canada. I submit that the students loan program will not only continue the situation but will aggravate it.

What good is it for the government to help finance such a survey if it is going to ignore its results? According to the survey, less than one-quarter of the Canadian population sends nearly half of all students to the 47 Canadian universities and colleges surveyed in February of 1965. Another two-thirds of the Canadian population, 64.1 per cent of the blue collar or working class status, in turn account for a little over a third of the university students, or 35 per cent. I submit that this is wrong and completely immoral. I suggest that instead of putting forward the student loans program the government should have introduced the very simple and practical program which the Prime Minister has proposed in his election campaigns, namely a program of 10,000 scholarships each worth $1,000. This program would help the young people who need most assistance.

The survey of which I have spoken indicates very clearly that by and large Canadian students do not represent the Canadian class structure but only the middle and upper income classes in Canadian society. An annual salary exceeding $10,000 is earned by 6.1 per cent of Canadian families, which provide 25 per cent of all university and college students in the surveyed institutions. I submit this situation is indefensible.

Families which earn annually less than $5,000, or 52 per cent of the Canadian population, provide slightly over 28 per cent of the students. Families earning less than $3,000 annually, or 22.1 per cent, provide only 9 per cent of the university population. The student loans program has done nothing and will do nothing to overcome these tremendous deficiencies.

Nearly one-fifth of all the students come from families in which the father is a university graduate, although only 5 per cent of Canadian heads of families graduated from the university—in other words four times the national population average. The student loans program will continue this terrible disparity. It will do nothing to make university education representative of the Canadian population as a whole.

The people who are most poorly represented in Canadian universities at the present time are the youngsters who come from rural homes. They do not get to university in appreciable numbers, or in any number comparable to their percentage of the total population. This has been the situation ever since universities began to function in Canada.

We have proposed that university education should be freely granted to every person who has the ability to attend. I suppose that this is too much to expect from the government and from Canadian society, which has always given to those who ask. I suggest that the time is long past when we could at least have expected that the very minimal proposals made by the government would have been implemented. I am referring to the proposals for scholarships made by the Prime Minister. Instead of that we are asked today to increase the amount of money available for students at the university level.

I said at the beginning and I say in closing that we will not vote against this resolution because this program is better than nothing at all. However it is a far cry from what the government has proposed and has promised to the people of Canada. I suggest to the Minister of Finance that if the government were to bring in the kind of legislation which has been promised so often, it would be passed in this house in time to be made available to students for the forthcoming university year. However, we have been told again and again that the government has no intention of proceeding with the kind of proposal made by the Prime Minister as long as eight years ago.

That being the case, as I said earlier we will vote for this resolution but we will only do so under protest and with the greatest of regret.

[*Translation*]

Mr. Gauthier: Mr. Chairman, just a few words about this resolution to tell the house that our group has, of course, nothing against it, as it will be followed by a bill to increase allocations for student loans.

But, as the hon. member who spoke before me said, and we agree somewhat or rather a lot with what he said on this matter, this again is mere patchwork following the numerous promises made by the Liberal government at each election across Canada, to the effect that scholarships would be granted. As a matter of fact, at one election, they will promise 20, 25 thousand scholarships; at the next, they will lower the number somewhat; at the following election, the number is practically nil. And finally when the time is ripe for action, there are none at all, or they are transformed into loans. When one sees, Mr. Chairman, how those loans are distributed, well, I will tell you frankly that in rural circles, like my own constituency, nothing much is expected as far as those loans are concerned. Sons of doctors, sons of professional men are served first, and if there are any left-overs they go to farmers' sons, settlers' sons.

Furthermore, the service is rather poor because last year, I received many letters from farmers' sons and settlers' sons of my riding saying they could not obtain a loan because there was no more money available.

They start by selecting the university and the student. I saw for myself how it was done when I went to the university with my children. Just think, I, the son of a settler, dared enter the university.

Today, the situation is practically the same. As a matter of fact, when I went to register one of my daughters, the rector told me that they had received 260 applications and had room for 80 students only. Just think of that: 260 young people anxious to take a classical course to reach their ideal and specialize in a given science find themselves unable to get access to the university.

I asked the rector: What are you doing to do with the others? He replied: They will have to try their luck somewhere else.

Imagine the disappointment of those young people. We are wondering today why the young are rebels. They have good reasons to be.

Imagine the disappointment of the young who have sacrificed four, five or six years of their lives to get where they are now and who cannot get in because there is not enough room.

Imagine that in Canada, in the province of Quebec in particular, there are not enough classrooms, not enough room. That is a big joke. There is enough room but the university trust is to blame. Beware: There must not be too many doctors or lawyers in Quebec. It is the trust at work. I have known it since I was a child and it is still the main thing today.

The door is literally closed to real talent and very second-rate students are accepted simply because they were born in a certain class of society.

I want to say those things in the house to show that the people are not as stupid as one might think and that they see what is going on. One had a striking proof of that in Quebec and you will have another one at the next elections, gentlemen of the party in office. The people are watching you. You can

no longer make empty promises as you did 25, 30 or 35 years ago when means of communication were lacking.

Today, the people know what is going on in the afternoon; they know it the same night thanks to television and the radio. The people are watching you; they are more intelligent than you think and they will judge you as they judged the unkept promises as we have just seen in Quebec.

It is a warning. It is often said that a good warning is helpful. I wish to say to the government that after all its promises, it is smothering us with debts. The government is only a negotiating agent working to put the whole population into debt.

It is involving our young people in debt for years to come. In whose favour, once again? Chartered banks. Those are the ones which, after controlling us all our lives, will still control our growing children.

It is the government which authorizes chartered banks to make those loans, thus putting a noose round our students' necks.

Well, Mr. Chairman, since nothing else can be expected from such puppet governments, this must be accepted. Until the people are strong enough to teach a lesson to the federal government, we shall vote for the resolution, but we shall certainly have something to say when the bill is introduced.

• (4:20 p.m.)

[English]

Mr. Patterson: Mr. Chairman, I just want to say a few words this afternoon in support of the resolution now before the committee. I listened with a great deal of interest to the statement made by the minister, but I had difficulty in following it sufficiently well to make too many comments today. However we will all read it very closely to find out exactly what is proposed. Of course when the bill itself is before us we will have a clearer understanding of the whole legislation.

The minister did indicate that the provisions which were made initially were very widely taken advantage of, in fact to the extent that the allocations in the first year were not sufficient to meet the need, necessitating the provision of additional amounts. We all recognize, Mr. Chairman, that the financing of education at all levels is a major and growing problem. I do not think there is any disagreement with the idea that provision must be made in some way for all young people to obtain the best possible education, commensurate with their wishes and capabilities.

There is, Mr. Chairman, a great deal of disagreement as to just how this can best be accomplished. The suggestion has been made that as far as higher education is concerned we should engage in a program of free education, eliminating tuition fees and so on. Then there are others who have been very active in the educational field, as well as many of the young people themselves, who disagree with this particular proposal.

Therefore, Mr. Chairman, while there is general agreement that the problem must be resolved and provision made for our young people to achieve the highest possible degree of education, yet there is not unanimous consent or opinion on how this can be brought about. I just rise at this time, Mr. Chairman, as I say to support this proposal, and we will study the bill very closely when it is brought before the house.

Mr. Basford: Mr. Chairman, I just want to say a few words on the resolution about some of the housekeeping measures which the minister said he would be introducing in the bill. I listened with great interest to the hon. member for Winnipeg North who, as is the wont of members of his party, indulged in a partisan, political diatribe on the subject of education. If he were so immensely interested in higher education I just wished he would have read the open letter which the law students of The University of British Columbia addressed to every member of the house, in which they said that they were fed up with the members of this house engaging in partisan politics, and wanted them to get on with the business of the country.

Therefore, Mr. Chairman, rather than answer the hon. member for Winnipeg North I would simply say that the government—and I hope he is aware of this—have planned for the coming week end a conference with the provinces to deal with the very subjects which he raised.

I want to say a few words with regard to some representations which have been made to the government over the last three years by CUSO—Canadian University Services Overseas which also have reference to The Company of Young Canadians, the legislation relating to which was before the house last week and is coming up again later this week.

• (4:30 p.m.)

Under the present legislation, students who have borrowed under the Canada student loans program must commence paying interest and principal seven months after graduation. This situation has created and is creating

great difficulties for those students who become volunteers either overseas for CUSO, or who will become volunteers for The Company of Young Canadians in Canada.

I know a number of CUSO students who worked hard in my campaign. I know them well. I get letters from them, from India, and they are having difficulty making payments on their student loans. That is because in India they are being paid a subsistence allowance, or are receiving the indigent salaries that they would receive in India. It is hard, under these circumstances, for a student to try to pay back $5,000 worth of loans after graduation. We want surely to encourage young people to take part in the work of CUSO and in the work of The Company of Young Canadians. If, while undertaking voluntary services with these organizations, they have to consider repaying their student loans, they might be actively discouraged from volunteering.

Officials of CUSO have told me that in order to get volunteers they have often had to assure prospective volunteers that arrangements would be made for them to pay their loans. Of course I know of other cases where the parents have taken over the repayment of principal and interest. Nevertheless I hope the minister will gove some thought to granting these volunteers special exemptions from the repayment of principal and interest during the period they are volunteers.

I know that in general legislation it is always very difficult to define exceptions and make exemptions for different and special classes of people, although where there has been a will to do something we have found the way to do it. As an example, we have in the Income Tax Act a method by which we can exempt contributions to certain organizations, which contributions are tax deductible.

I think that under the Canada student loans program it ought to be possible to make regulations exempting the volunteers for CUSO and The Company of Young Canadians with respect to the repayment of principal and interest while they are serving overseas or in Canada as volunteers. I think it would be simple to amend section 11 of the regulations, and sections 4 and 5, which require repayment to begin within seven months. It seems to me that it would be easy to change the regulations allowing the Minister of Finance or the governor in council, as the case may be, to exempt students who undertake such work is as envisaged in CUSO or in The Company of Young Canadians. I think that for students to begin repayments of principal and interest seven months after graduation works a real hardship on them, especially when they are being of real service to their country and to their world, by working as volunteers. Thank you, Mr. Chairman.

Mrs. MacInnis (Vancouver-Kingsway): Mr. Chairman, I think that the amendments to this act are very important. The question of education concerns us all because we realize today that higher education is the key to modern living, to being able to get a modern and interesting job, to a modern income, to having an opportunity for a modern standard of living, with all that that means by way of travel, culture, and everything else that goes with it.

I cannot discuss this bill without in the first place making the same general criticism that was voiced by my colleague, the hon. member for Winnipeg North. I believe it is our duty as part of the opposition in this house to voice general criticism of the underlying principle of certain measures and to put forward alternatives. In a moment I shall indicate that this is not a waste of time because the suggestions voiced as alternatives today become the policies of tomorrow. That is why, before criticizing the bill in detail, I must say that the whole student loans program is today outmoded and mistaken in its concept of how this problem ought to be handled. The reason is that it does not begin to cover opportunity for anything like all the bright minds in the community.

My colleague from Winnipeg North has pointed out that we are taking the tax funds of the whole country and making it possible for those who are not quite in a position, but on the edge of being able to attend university, to obtain a university education.

The program does not touch on the much greater needs of those people who have no chance at all of going to university. This idea is summarized very briefly in an article in the *Maritime Co-Operator* of April 15 of this year which was reprinted in many publications across Canada, including the *Western Canadian Lumber Worker*. It says:

> Further proof of the fact that university education is beyond the aspirations of students from low income families is found in part I of a study of student means made by the Canadian Union of Students, and released on March 15. It points out that over 25 per cent of the average student's budget goes to pay tuition fees. How many of them feel able to afford it can be gathered from the following statistics.
>
> 22.1 per cent of Canadian families earn less than $3,000 a year but their children make up only 9 per cent of our university population.

32 per cent earn between $3,000 and $5,000 a year, but their children account for only 19 per cent of our student population.

32.4 per cent earn between $5,000 and $8,000 a year and their children account for 30 per cent of our university population.

7.4 per cent earn between $8,000 and $10,000 a year, and their children account for 12 per cent of our university population.

6.1 per cent earn over $10,000 a year, and their children account for 25 per cent of our university population.

Compare the top and bottom statistics. Only 9 per cent of the university student population comes from almost one-quarter of our Canadian families, those earning less than $3,000 a year. Thirty-seven per cent of our college students come from the numerically few affiuent families with incomes of $8,000 and over. Let us not worry that easier access to university education will weaken the characters of low-income students until it can be proved that the performance of those who now go through college without financial strain is generally inferior to those who must make it the hard way. Availability of money and the lack of it, in our view, is often the big difference between the incentive and the lack of it.

I want to point out that the student loans plan, as shown by the figures the minister gave us, is not only welcome by those students who benefit from it, but is terribly necessary. The oversubscribing of the plan indicates how great is the void which the plan has not yet been able to fill.

We are proposing in this party that the fees in university, and for that matter in vocational and technical colleges should be abandoned altogether. We are proposing that students in low income groups who have a capacity to profit by university education should be helped as a result of all students getting their education free.

• (4:40 p.m.)

I was interested to hear a fellow member from the city of Vancouver refer to what was said on this subject by my hon. friend from Winnipeg North as being a partisan political diatribe. Well, if it was a partisan political diatribe it has been taken up on the other side of the house, as can be seen from the Montreal *Star* of May 21 which contains the following headline: "MacEachen Forecasts Action on University Fee Abolition". I wish to read part of what the minister had to say.

Mr. Basford: On a question of privilege. I did not reflect on the argument for freer education, a policy which I support. If one were to examine my record in my own party there whould be no doubt about that. I was reflecting on the way in which the hon. member for Winnipeg North put his statement. It was certainly a very partisan statement, and I think this is too important a subject for partisanship.

[Mrs. MacInnis (Vancouver-Kingsway).]

Mrs. MacInnis (Vancouver-Kingsway): So do I. And in that speech I did not hear any unparliamentary language, or a single unparliamentary word used. Let us see what the Minister of National Health and Welfare had to say on this subject.

The day is "not far off" when federal and provincial government officials will have to discuss with Canada's universities, the abolition of tuition fees, Health Minister MacEachen said last night.

This will be one of the steps to assure that every Canadian qualified for a university education will have the chance to get it, Mr. MacEachen said in a speech to the first graduating class of St. Lawrence College, founded in 1958.

The arguments against tuition-free university education may be the same ones "clothed in different language" that were used before free elementary education was introduced, the minister said.

Modern society demands increasingly that its members be either university trained or technically skilled, Mr. MacEachen said.

"This being so, can we continue providing free education in that segment of the educational system which only lays the basic foundation for a space-age career, while maintaining the financial barriers in the higher education levels from whch an increasingly greater percentage of our work force must come?

". . . the day is not far off when governments—provincial and federal—must sit down with the universities and seriously consider the outright abolition of tuition fees."

I hope the day is not, in fact, further away. I cannot forget that during the last two elections we were promised that the loans would be superseded by bursaries to help students along.

Now I turn to one of the most influential eastern newspapers, the *Globe and Mail* of February 22, of this year. This is from an editorial:

There are three sound arguments against student loans. Students from poorer homes—those who really need assistance—are often unwilling to take on four-figure debts. Students with large outstanding loans are often reluctant to undertake post-graduate study. And the burden of repayment can often impose intolerable economic hardship on a student launching a career.

Committed to the concept of free higher education, the Canadian Union of Students has at one time or another employed all of these arguments in the campaign to persuade the federal and provincial governments to scrap student loans in favour of free university tuition. But it has also, as it did last week, offered a fourth reason: that women are reluctant to take student loans because indebtedness is a deterrent to marriage, a "negative dowry".

No one will argue that two debtors can live as cheaply as one, but it is impossible to believe that a young man would be guided more by purse strings than heart strings in his choice of a wife. And if he was, what girl would want him anyhow?

Let me tell hon. members about some of the girls I met coming out of the University of British Columbia last fall. One of them said this about the student loan program: "I shall be graduating within a year or so and already I am $3,000 in debt with the federal government. I want to marry a boy who is starting on a very long course, and as soon as I graduate I want to be able to marry him and work while he continues his studies in the university. What kind of dowry is a debt of $3,000? Then, suppose I get pregnant when we marry. What position will my husband be in for the rest of his life, and what sort of wife would I make for him?" This was her plea for the abolition of the student loans system.

I do not like seeing those smiles on the other side of the house because a few years ago hon. gentlemen over there were in favour, not of loans, but of bursaries at the least. Some of them have even reached the stage of saying that free education is the only answer.

Let me read, now, a letter from a young man who graduated this year. He says:

Since there is little likelihood that tuition fees at university will be done away with in the near future, I wonder if any effort is being made to achieve better conditions for the student loan fund.

I hope the Minister of Finance has his ears open wide at this stage, because these are the comments of a young student who has finished his studies and is saddled with a load of debt. I am sorry. He has not finished his studies. He is going on. He writes:

By the time I am ready to leave university I will be close to $5,000 in debt. I'll probably be just married, need a car, as well as having a lot of other expenses. Yet at this same time the bank will want its money back at 6 per cent interest. It's not only an impossible situation; it's not conducive to married life or a new job in the least. Since no radical changes are likely to be made in the existing student loan fund, I wonder if a little pressure would get the interest charges deferred from six months after graduation to a more reasonable three or four years? It would cost quite a bit but not nearly as much as it would cost the student emotionally as well as financially.

I know it's a small matter but it's sure important to some of us.

Had the Minister of Finance been listening he would have heard a very good idea for improving the loans assistance this year. I hope he will take account of suggestions such as this. When we have a cabinet minister who tells us that lack of education is the single largest cause of poverty, as one did not long ago, and if we are serious about the war on poverty, we should be trying to give intelligent men and women of this country the chance to get free education irrespective of where they may be located or the social situation in which they find themselves. A young student growing up in a family where there is no university background has two or three strikes against him in the first place. He needs whatever help he can get. It is not only a matter of education fees; he must also forego the earnings which those in lower income families usually have to make in order to help the family along.

I urge the minister to make things easier for students who are getting loans. I would also urge that this should be the last occasion on which we have a student loan proposal in front of us. I should like to see the hon. gentleman come to us next year with a real proposal for free education at university or technical level—a proposal geared to the atomic age as free public school education was fitted for the horse and buggy era.

Some nations are ambitious to be the first to put a man on the moon. I think we in Canada should be ambitious to be the first western nation to offer university education free of tuition fees, if there is a chance of getting ahead of the other countries in this particular race. It is a goal which is well worth the effort.

• (4:50 p.m.)

Mr. Deachman: Mr. Chairman, I want to deal briefly with a table of figures which appears in the Bladen report on the financing of higher education in Canada, a report by a commission to the Association of Universities and Colleges of Canada, successor to the National Conference of Canadian Universities and Colleges, and its executive agency, the Canadian Universities Foundation. This report into the financing of higher education in Canada was published in 1965, and on page 30 is a table which should be of interest to us when we are considering the financing of higher university education.

This table, marked Ix B, and headed, "Operating Income of Universities and Colleges," gives the percentage figures contributed to the operating costs of universities by fees, federal government contributions, provincial governments and others. This table, covering the decade 1954 to 1964, shows that the percentage contribution of fees has

changed almost not at all. In 1954 it was in the neighbourhood of 27 per cent, and at 1964 it still remained about 20 per cent of the operating income.

The percentage contribution of provincial governments began at the order of 40 per cent and remained at 40 per cent at the end of the decade. On the other hand, federal government contributions were of the order of 14 per cent to 15 per cent a decade ago and increased to 18 per cent and 19 per cent at the end of the ten year period, an increase of about 4 percentage points. Other contributions toward the operating income of universities from private individuals and private capital declined over the decade from 17 per cent to 14 per cent.

Let us examine what that means to us as a federal house when we are considering the voting of money toward assistance for students in universities. It means that the provincial governments have not changed the percentage contributions which they make to universities, and universities are provincial institutions. It means that the federal government has contributed more on a percentage basis, the addition being approximately equivalent to the amount by which private capital and private individuals have decreased their percentage contributions, thus helping to keep the fees percentage contribution steady.

In other words, federal money has tended to go into the treasuries of the provinces and not into the financing of higher education. Those of us who live close to universities know that when it comes time for a university to present its budget, usually it has to increase its annual budget to cope with the large and growing inflow of students. The university then has to go to the provincial government and each year ask for higher amounts.

The provincial government estimates what will be the size of the federal contribution, finds out whether the per capita grant has increased, whether the Canada Council is helping with the cost of capital construction and finally, when it has reckoned what the federal contribution will be, it says to the university, "We cannot grant you the budget you ask for expanding higher education in this province this year, and we are going to cut your budget back seriously." The provincial government puts on the squeeze, and the federal contribution tends to flow indirectly into the general revenues of the province rather than into assistance to higher education.

[Mr. Deachman.]

When we as a federal house contemplate higher education and its assistance, when we are considering assistance to students by way of loans or by direct grant, scholarship or research, or when we are considering per capita grants or construction grants through the Canada Council or C.M.H.C., we must ask ourselves how we can work out a device to assist higher education, and which at the same time does not tend to subsidize the general revenues of the provinces.

This is a serious problem that faces a federal government when it spends dollars in the field of higher education. I do not really know what can be done about it, but at the undergraduate level we must move more and more toward assistance to the student, and at the postgraduate level we must move more towards programs of research, programs of higher scholarship—in other words, fellowships and doctorates—and toward the provision of research equipment, so that the end product of the research laboratories of universities and the scholars which they produce tend to benefit the nation.

By doing this at the postgraduate level we can produce a higher yield, and by doing it at the undergraduate level we shall assist the student rather than the university itself, which is a provincial institution. In this way, as time goes on we should be able to direct federal dollars to better purposes in the higher education of Canadians.

• (5:00 p.m.)

Mr. Knowles: Mr. Chairman, I should just like to say a few words about this resolution to the effect that I believe we should have a definite statement from the government as to its intentions in respect of the question of the abolition of tuition fees at the university level. My reason for asking for a statement on this question arises from a speech to which reference has already been made by the hon. member for Vancouver-Kingsway. This was a speech made in Montreal on May 20 by the Minister of National Health and Welfare.

My colleague has already quoted the key sentences from that speech by the minister, which were to the effect that the time would soon be here when steps would have to be taken to abolish university tuition fees. Frankly the statement made by the Minister of National Health and Welfare was so clear and forthright I thought perhaps the government was heading in the right direction.

Accordingly I asked the Prime Minister a question about this subject in the House of Commons on Tuesday, May 24, but it received the ten o'clock treatment.

On Tuesday, May 31, during the overtime period I restated my question and quoted the significant parts of the spech made by the Minister of National Health and Welfare. I remind the minister and the committee that that was a speech in which the minister came all out in favour of the abolition of university tuition fees. To my surprise the answer given to me on the night of May 31 by no less a person than the parliamentary secretary to the Prime Minister was to the effect that that distinguished gentleman did not know what the Minister of National Health and Welfare was talking about.

The reply made by the parliamentary secretary to the Prime Minister is to be found in *Hansard* at pages 5809 and 5810. He made some remarks about my question bewildering him because he did not think this was a matter that the federal government should get into at all. He made this statement:

> The federal government cannot in any way legislate toward the abolition of fees.

At that point I interjected this question:

> Then what did the minister mean?

I was referring, of course, to the Minister of National Health and Welfare. The parliamentary secretary to the Prime Minister replied:

> I am asking myself, sir, what the minister meant.

As one continues to read what was said by the hon. member for Mount Royal it becomes clear that he had doubts as to whether the Minister of National Health and Welfare was expressing government policy. I put it to the Minister of Finance, was that just a kite-flying speech made by the Minister of National Health and Welfare, or does the Minister of Finance agree with the objective stated by that minister? Does he not also agree, in view of what has been said, that the house is entitled to a clear statement on the government's intentions in this field?

[*Translation*]

Mr. Ricard: Mr. Chairman, I should like to put a couple of questions to the minister concerning the resolution before us.

First of all, it is a well known fact, Mr. Chairman, that the matter of education comes under exclusive provincial jurisdiction. I remember, when that measure was introduced last year, I believe, we had expressed the viewpoint of the province of Quebec and had succeeded, I think, in having these views recognized.

I should like to ask the minister, considering that there has been since then a provincial election and a change of government in the province of Quebec, whether he discussed this matter with the new Quebec premier in order to ascertain his viewpoint? If not, does he intend to get in touch with the new premier, in order to know whether the latter's views are the same as his predecessor's?

When he answers, will the minister tell me what he means by the last resolution which reads as follows:

> And to provide also for a certain change in connection with the administration of the Act.

What does he mean exactly by those last words in the resolution?

[*English*]

Mr. Reid: Mr. Chairman, I should like to make a few remarks, and make a request to the Minister of Finance. One of the things I was most interested in was the scholarships program which the federal government announced some time ago. I have been one of those concerned because it has not gone forward, though I recognize there are some groups who are opposed to it. The Canadian Union of Students would prefer a bursaries system, and probably the administrators of universities would prefer to use this money for their building programs and to offset the increasing costs of administration, and salaries of professors and teachers.

Perhaps when the bill is brought forward the Minister of Finance will give us some indication of the negotiations that have taken place between the federal government and the various provincial governments in respect of this program, and indicate the major obstacles in the way of its implementation. Perhaps the minister will also inform us as to whether the federal government has in fact changed its plan, and whether it has another program in mind instead of the scholarship program, since various pressure groups are opposed to it.

I should also like to refer to certain allegations I have heard to the effect that the student loans fund in the province of Ontario is being used by the province in a way which I think is at variance with the original purpose of the fund. To be more specific, it has come to my attention that before the province of Ontario will grant a student a bursary it requires the student to take out a loan

through the student loans fund of approximately $150. As I said before, I do not think that is in keeping with the original purpose of the fund. I would appreciate it if the minister would look into this situation and let us know at a later date whether in fact these allegations are true.

In reference to federal aid to higher education in general, I have noticed that in all the programs which have been brought forward very often the things the federal government wants are at variance with those that the provincial governments in their wisdom decide to go ahead with. Perhaps this is something that exists in all areas of federal-provincial co-operation. This is a problem which I think in respect of education is particularly acute. Probably I am being a bit idealistic, but I should like to see some sort of national program worked out through which aid could be given on an acceptable basis.

One of the problems attached to scholarship programs relates to the fact that there are just not enough university professors and facilities available to educate the number of people who ought to be educated at this level. It seems to me that instead of providing scholarships it might be more productive for the federal government instead to assist the provinces in their university building programs to provide for more facilities, and also assist in the area of providing higher salaries for university professors in order to attract more people into this profession.

• (5:10 p.m.)

Mr. Sharp: Mr. Chairman, some of the questions that were asked today can more appropriately be answered when the bill is before us, but perhaps I ought to deal with a few of the general observations that were made. The hon. member for Winnipeg North in his remarks was very critical, it seemed to me, of these student loans provisions. I believe that whatever deficiencies there may be in student loans, they nevertheless represent a tremendous step forward in the objective that the government has, as I said at the outset of my remarks, in ensuring that all those in Canada who have the scholastic qualifications and who want to get a college education or its vocational equivalent will not be prevented from doing so for financial reasons.

I would be the first to admit that this legislation by itself does not secure that objective; but I would certainly feel, and I am sure most people in this house would feel, that it represents a very, very great step forward. I can recall when I was a student at university myself, and had somehow to finance my education, that it would have been of tremendous value to me if I had been able to secure one of these loans; and I am sure there are many others in this house who were in the same position, who had to go through all sorts of special activities of one kind and another to finance a Bachelor's degree.

Mr. Knowles: What were our fees in those days?

Mr. Sharp: It was not only the question of fees and it still does not remain only the question of fees. The fees in those days were very low indeed. In fact I recall winning a scholarship at the University of Manitoba in my third year. It was the magnificent sum, I think, of $120 and that was almost sufficient to pay my fees. Nevertheless I was not able to attend university without doing a little work on the side. It was not a question of fees that prevented me for some years from going to university; it was the inability to live without working.

I agree with some of those who have spoken today and pointed to the fact that these student loans, indeed all of the things that are being done today to assist in giving Canadian youth an opportunity of a higher education, are not sufficient to ensure that all of them do get a university education. As I said on a previous occasion, at ten o'clock in one of those end-of-the-day debates, the problem is very much deeper than that. Free university education in this country would not ensure that all promising Canadian youth able to take advantage of higher education would obtain it, because there are other obstacles that stand in the way of a full realization of our potential.

In this legislation we are extending the provisions of what has turned out to be a most useful scheme. The fact that it has been used so largely and that it is necessary for me to come before the house to ask for its extension and to enlarge the scale on which loans may be made is evidence of how useful a scheme it has been.

The hon. member for Winnipeg North Centre asked if I would clarify the government's attitude toward free university education. The government has not specifically considered this question, and for very good reasons. The problem of financing higher education in this country is not going to be solved,

even if the federal government were to provide the fees for all students who wish to go to university. The federal government has to consider its responsibilities in the field of assisting the universities to provide the facilities, the teachers, and so on. This is a problem at least as important at the moment as the question of fees themselves, and that lies largely within the sphere of provicial responsibility. So even if we were disposed to decide amongst ourselves what should be our attitude toward free university education, this is not a decision that we could make as a government.

Mr. Knowles: Mr. Chairman, would the minister mind giving his interpretation of the speech that was made by the Minister of National Health and Welfare on this issue?

Mr. Sharp: As has been demonstrated so many times in this house, the Minister of National Health and Welfare is well able to explain his own statements. I usually find myself in agreement with what he has to say, but I am not going to attempt to—

Mr. Knowles: But you don't agree with this one?

Mr. Sharp: —discuss what he may or may not have said. I did not hear it and he did not discuss it with me. I want to say however that I do not think anyone on this side of the house would take second place to any members in any other part of this house in our desire to further the cause of adequate educational opportunities for all Canadian youth. This is our objective. There are many ways of pursuing this goal and all these pursuits have to be in agreement with the provincial governments which, under our constitution have a special, if not a unique, responsibility for education.

The hon. member for Kenora-Rainy River asked me to comment on the recent arrangements made by the province of Ontario of co-ordinating student loans with their system of bursaries and other forms of student assistance. I think that in general these arrangements are not inconsistent with the legislation that is now under consideration. I believe it is quite appropriate that when any province is considering how it can best help students to obtain higher education it should take into account the loans that are available under the Canada student loans plan.

Some particular questions may arise on which we would want to differ, but in general these arrangements, so far as I understand them are sensible and do, I think, help to promote the general objective that we all have of seeing that those students who are prevented, for financial reasons, from getting a university education should be assisted. These are all the general comments I would like to make at this time, Mr. Chairman. When the legislation is before the house and in committee I can answer some of the more detailed questions that have been asked.

Resolution reported and concurred in.

Mr. Sharp thereupon moved for leave to introduce Bill No. C-197, to amend the Canada Student Loans Act. Motion agreed to and bill read the first time.

• (5:20 p.m.)

BANK OF CANADA ACT

AMENDMENTS RESPECTING DIRECTION OF MONETARY POLICY, CASH RESERVES, ETC.

Hon. Mitchell Sharp (Minister of Finance) moved the second reading of Bill No. C-190, to amend the Bank of Canada Act.

He said: the present bill to amend the Bank of Canada Act is virtually identical to that presented to the house a year ago but which lapsed when the last session of parliament ended. Today I shall explain some of the major amendments that are contained in the bill. Some of these are very closely related to certain provisions in the bill to revise the Bank Act, which will be introduced very shortly, and it will therefore be necessary for me to indicate what we intend to propose in that regard. It is, of course, the intention to refer both the bill to amend the Bank of Canada Act and the new Bank Act to the standing committee of finance, trade and economic affairs so that members may have the opportunity to study all the proposed changes carefully.

One of the major changes that is proposed in the bill to amend the Bank of Canada Act is a new section which will clarify the relationship between the government of Canada and the Bank of Canada in regard to the responsibility for monetary policy. This section accomplishes two purposes. First, it makes clear there must be, as there is now, continuous consultation on monetary policy between the government and the bank. Second, it provides a formal procedure whereby, in the event of a disagreement between

the government and the bank which cannot be resolved, the government may, after further consultation has taken place, issue a directive to the bank as to the monetary policy that is to follow. Any such directive must be in writing, must be in specific terms, and must be applicable for a specified period. This new section requires that the directive be published forwith in the Canada Gazette and that it be tabled in parliament within fifteen days. Another proposed change that is closely related to this new section is the elimination of the power which the governor was given in the original act, but which has never been used, to veto any action or decision of the board of directors or of the executive committee of the bank.

Members will recognize that the objective of the proposed new section, which follows the recommendation of the Royal Commission on Banking and Finance, is to remove any doubt which may ever have existed about the responsibilities of the government and the bank for monetary policy. Under the proposed legislation it will not be possible for the government to deny its ultimate responsibility for the monetary policy which is followed, any more than it can in any other field of national policy.

A most important feature of the proposed amendment is that if the government exercises its right to insist on a charge in monetary policy, it will be required to do so openly, that is, in a way which brings the issue to the attention of parliament and the public. At the same time there is nothing in the proposed arrangements which in any way relieves the bank and the governor of their responsibilities for monetary policy and its execution. If the government of the day ever issued a directive to the governor of the day to execute a monetary policy which he felt was contrary to the public interest, it can be presumed that he would resign rather than accept such a responsibility.

I should like to stress that the intent of the proposed amendment is not to change the basis of the existing relationship between the government and the bank, which is based on these general principles and is working well in practice, but rather to give it clear legislative recognition. In this connection, it may be recalled that the present governor of the bank at the time of his appointment publicly expressed views regarding this matter of responsibility which are consistent with the principles proposed by the royal commission and embodied in the proposed amendment.

[Mr. Sharp.]

I should like now to refer to the changes which are being proposed in this bill, and that it is intended to propose in the bill to amend the Bank Act, in the cash and secondary reserve requirements of the chartered banks. At the present time the minimum average cash reserve requirement of the chartered banks is 8 per cent of the Canadian dollar deposit liabilities calculated on a daily average basis for each calendar month. Members will recall that in the Bank Act presented last year it was proposed to reduce the percentage from 8 per cent to 7 per cent gradually.

When the bill to amend the Bank Act is introduced shortly the intention is to contain an amendment which will set a minimum cash reserve requirement of 12 per cent against deposit liabilities payable on demand in Canadian dollars, plus a minimum requirement of 4 per cent of deposit liabilities payable after notice in Canadian dollars. On the basis of the present distribution of the deposit liabilities of the banks the over-all result of the new proposal would not differ greatly from the previous one since the over-all ratio, that is, the ratio of required cash reserves to total Canadian dollar deposits, would work out to about 6.6 per cent. However, the proposed change which accepts in principle a recommendation of the royal commission would place the banks in a position where they may compete with other financial institutions on more equal terms for savings and time deposits. Provision is made for a gradual shift to the new cash reserve basis. It is also intended to propose that the period over which daily cash reserves are averaged for the purpose of meeting the requirement should be reduced from one month to half a month. These particular proposals will be contained in the bill to amend the Bank Act.

That bill will also propose that the Bank of Canada be given a stand-by power, within certain limits and subject to certain notice requirements, to impose a minimum secondary reserve requirement, the secondary reserves to consist of notes of and deposits with the Bank of Canada in excess of the cash reserve requirement which I have just outlined, together with treasury bills and day-to-day loans. The present bill to amend the Bank of Canada Act gives the Bank of Canada the power to vary this secondary reserve requirement. Should the Bank of Canada find it necessary to invoke the power to impose and vary the secondary reserve requirement, the bank could not set the initial requirement at more than 6 per cent of

total Canadian dollar deposit liabilities and could not increase it by more than one per cent per month. In no case could the required ratio exceed 12 per cent. At the present time, by agreement with the Bank of Canada, the chartered banks maintain a secondary reserve of at least 7 per cent, in conjunction with the 8 per cent cash reserve. The stand-by power to impose and vary a minimum secondary reserve requirement would replace the present power of the Bank of Canada to vary the minimum cash ratio, which will be removed by this bill. It has proven in practice to be of little use and we think the variable secondary reserve would be more practical.

The proposed stand-by power would provide a means of impounding or releasing chartered bank liquidity, which in turn would have an influence on bank lending policies, and it would supplement the more usual technique of changing the amount of cash reserves available to the banks in relation to the minimum requirement. The raising or lowering of secondary reserve requirements can exert this influence with less impact on interest rates, a technique which could have important advantages in some instances, particularly those in which it might be necessary to have regard to the effect of changes in interest rates on capital flows into or out of Canada. This is not an unusual power for a central bank. The Bank of England has the power to call up special deposits, which is equivalent to raising secondary reserve requirements, and the Federal Reserve Board has the power to vary cash reserve requirements of commercial banks.

• (5:30 p.m.)

There are several sections which have been in the Bank of Canada Act since 1934 but which have long been inoperative. The Royal Commission on Banking and Finance recommended that these be removed and in this bill it is proposed to follow that recommendation. One of these sections covers the power of the Bank of Canada to act as banker or fiscal agent of the government of a province; this power has never been used and it would be difficult to exercise in a manner consistent with the bank's statutory responsibility in the field of monetary policy and as fiscal agent of the government of Canada.

Another such section is the one which requires the bank to maintain a reserve of gold and foreign exchange against its note and deposit liabilities and to redeem its notes in gold on demand. This section ceased to have any practical meaning after the bank's holdings of gold and its holdings of foreign exchange, other than working balances, were transferred to the government's exchange fund in 1940.

In a related amendment it is proposed to remove the description "payable to bearer on demand" in respect of notes of the Bank of Canada. Since these notes are themselves legal tender under the terms of the Currency, Mint and Exchange Fund Act and have never in fact been convertible into gold, the present wording is archaic, unnecessary and I am sure as puzzling to the members of the house as it has been to me for years.

In accordance with recommendations of the Royal Commission on Banking and Finance the bill contains several provisions which affect the existing arrangements regarding directors and management of the Bank of Canada. Partners, officers or employees of firms of investment dealers which act as primary distributors of government of Canada securities would be added to the list of those ineligible for appointment to the bank's board of directors, on the ground that their business activities involve direct dealings with the central bank. The membership of the bank's executive committee would be enlarged by the appointment of an additional director, and the aggregate annual amount of directors' fees would be raised in order to permit more frequent meetings of the full board. It is also proposed that certain pension provisions relating to the governor and the deputy governor be made subject to the approval of the governor in council, as their appointment and salary now are.

Hon. members might find it helpful if I were to draw their attention to the one change that has been made in this bill from the version that was presented a year ago, and that is a minor provision that lengthens from 14 days to 21 days the period that may elapse between the date on which the minister receives the annual accounts of the bank and the governor's annual report, and the date on which these documents must be tabled in parliament. The sole purpose of this change is to allow adequate time for translation and printing.

There is one other provision relating to the Bank of Canada which it is intended to propose in the new Bank Act which I should mention at this time. This would give the Bank of Canada power to require information from the chartered banks provided that the banks shall not be required to furnish information with respect to the accounts of an individual customer. This section is included

in the Bank Act simply because that act includes all other provisions dealing with bank returns.

Provisions of the bill to amend the Bank of Canada Act which I have not touched on involve a number of relatively minor technical matters. Hon. members will have the opportunity of considering them in detail in committee along with the matters that I have mentioned today.

While we are on the subject of the Bank of Canada, Mr. Speaker, I would like to say a few words about the way in which monetary policy has developed in recent years. It has been, I believe, consistently directed toward the encouragement of sustained economic growth, while at the same time taking full account of the need to maintain a sound external financial position. Although the central bank has had to contend with some special factors arising out of our own balance of payments problems and those of the United States, as well as a difficult situation last summer following the default of a major finance company, I believe the basic monetary policy followed has been clearly apparent. So long as the economy was operating under a general condition in which unused resources were available to be drawn into production, monetary policy allowed growing demands for credit to be met without any tightening of credit conditions.

Over the past year or so, however, as the amount of slack in the economy decreased and as we drew closer to the limits of our productive capacity, which fortunately is growing, it became necessary to permit rising demands for credit to have an impact on credit conditions. I recognize that in some areas of the country a certain amount of slack remains, and that these situations continue to require attention, but taking the economy as a whole there has for some time been little capacity to spare. This situation has been reflected in low unemployment rates, rapid growth of employment, shortages of many kinds of skilled workers, rising prices and costs and a high level of imports. In these circumstances, it would not be in the public interest to encourage generally easy credit conditions. At a time when the economy is operating close to its physical limits easy money could only put additional upward pressure on prices and costs.

The fact that credit is now somewhat more difficult to obtain and interest rates are higher is therefore a reflection of the high level of economic activity and prosperity in this country. The upward adjustment of interest rates has not been a development limited to Canada; they have followed a similar trend in the United States. Indeed there has been a general rise in interest rates throughout the western world, which reflects the high level of economic activity in most countries and the widespread demand for capital.

I believe that it is essential that we follow policies that are designed to moderate inflationary pressures and thereby improve our opportunity for sustained growth. I believe, however, that monetary policy should not have to carry a disproportionate share of this burden, and in fact it could not do so successfully. The measures announced in the budget, in combination with monetary policy and the other economic policies of this government, will provide a mix of policies which, in the opinion of the government, is appropriate to our present economic circumstances and prospects.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, in view of the fact that this legislation will be submitted to a committee I am not going to do more than make two or three observations. The first has to do with the concluding paragraph of the speech to which the house has just listened, wherein the minister revealed one fact that I think needs to be emphasized, namely that almost without exception in the western world there is taking place today expansion and developments that could not have been anticipated even 10 years ago. When so much is made from time to time of our economic expansion in Canada, it is always well to remember that that expansion began six years ago, and not with the incoming of the present government.

In the United States today the developments taking place are tremendous. Unemployment has been at its lowest level in a period of 12 years. Nevertheless certain trends do demand attention. In the last few weeks there has been an increase in the amount of unemployment in the United States which cannot but affect the Canadian economy in the long run.

I should like very much to hear from the minister as to his views regarding the high interest rates of today in parts of our country which are paralysing the development of the economy. In the course of his remarks the minister mentioned there are some portions of Canada that are not reacting to the general

expansion of the economy. I think this demands that action of a regional nature should be taken to protect and preserve the general level of economic advancement, instead of restricting it to certain parts of Canada and denying it to other areas.

I also want to make reference to the general suggestion that the monetary policy that is being followed is one that is similar to that in other countries. There can be no justification today for a tight money policy. The minister says that the purpose of the policy is to meet inflationary pressures. The manner in which those inflationary pressures are being met is indicated by the fact that the cost of living in Canada in the last year has increased at a rate which indicates a serious inflationary trend. Tight money today strikes at the vitals of the preservation of smaller business in Canada. Large business secures the necessary funds; but small business is being interfered with unfairly and unjustly. Some action must be taken by the government to assure that small business, which is basic to the Canadian economy, shall not detrimentally suffer, as is the case in ever-increasing measure. Indeed in every part of this nation complaints are received from small business men to the effect that their developments are being held back because of policies which cause an unnecessarily high interest rate to rest upon them. Indeed to a large extent their borrowing sources have dried up.

• (5:40 p.m.)

The Bank of Canada Act continues to be a monument to the foresight of Right Hon. R. B. Bennett. We too often forget that many of the outstanding institutions in our country came into being during that period of office between 1930 and 1935, when he was in office. I am not going to mention the others, but the Bank of Canada is one of them, as is the Canadian Broadcasting Corporation.

The Bank of Canada, during the period when I was in office, had difficulties when Mr. James Coyne was governor. He had the idea that whenever he felt like it he could go out and deliver speeches which had a provocative, if not political, object in mind. He seemed to regard his position as that of a ministering angel whose words were infallible, and whose views were unchallengeable. Many who today sit opposite took strong objection to the stand taken by the government of that day, and in particular by the hon. member for Victoria-Carleton (Mr. Flemming), for expressing the view that a government is responsible and that the final say shall not be with a governor of the bank.

We find that what was criticized so severely by the Liberal party when in opposition is now to be adopted as a principle under law. This indicates that while reformation is sometimes delayed, none the less it ultimately is brought about. What was criticized is now advanced by the minister as a basic principle in the amendments projected—

Mr. Sharp: Mr. Speaker,—

Mr. Diefenbaker: —during my period of office.

Mr. Sharp: —would the right hon. gentleman permit a question.

Mr. Diefenbaker: I want to pursue my argument. I sat and listened to the minister as he read, and I followed his argument. I ask him to maintain that standard of silence he so frequently asks for on the part of others.

Mr. Sharp: I never do.

Mr. Diefenbaker: Mr. Speaker, we appointed during our period of office as governor Mr. Louis Rasminsky, who should have been appointed as governor by the St. Laurent government. He was the man who had the knowledge and the wisdom necessary to fill this position. One of the reasons why he was not appointed before was generally rumoured to have been the fact that his religious faith might not be conducive—

Some hon. Members: Shame.

Mr. Diefenbaker: —to the holding of that position.

An hon. Member: You started that one.

Mr. Diefenbaker: Who has interrupted?

Mr. Byrne: You started that one.

Mr. Diefenbaker: After all, the hon. gentleman always speaks without knowledge, and generally with ignorance.

Mr. Byrne: Much like yourself.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: I say unequivocally that that was one of the reasons advanced for the failure to appoint this man. He has turned out to be a governor of unusual ability.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: And I say without fear of contradiction that his appointment as governor provided a new era for the Bank of Canada. I am not saying he was the only one. Graham Towers was a man of unusual ability, and there was not difficulty while he occupied the position of governor.

Today the government has finally determined to place in the law a directive which generally is as follows:

> The minister and the governor shall consult regularly on monetary policy and on its relation to general economic policy.

That was the course that was followed during my administration. However, it became effective when Mr. Rasminsky became governor. At no time was there over anything serious disagreement. He always understood the operation of the Bank of Canada and realized that there must be continuing consultation. Then, after the consultations have taken place, if there is a difference of opinion between the minister and the bank concerning monetary policy, the minister may, with the approval of the governor in council, give a written directive concerning monetary policy.

I think that that is a purposeful section, and one that is necessary. Indeed, on the basis of the experience that we had in office I only wish the section in question had been in effect. It is a forward step. It is one that recognizes the responsibilities of government as well as the independence of the Bank of Canada. And I say to the minister this, that in this amendment a direction is being taken which is based not on novelty or experiment, but rather on the general concept of carrying into effect banking policy.

I would have hoped at the same time that this legislation is before the house that the Bank Act amendment would have been ready. Apparently, if the voice of rumour is again well founded, tremendous disputations are taking place within the ranks of the Liberal party. I asked the minister the other day to let the house and country know the degree to which he accepted or was in agreement with the monetary philosophy of the hon. member for Davenport (Mr. Gordon). The minister brushed that aside and said I was trying to stir up trouble in the Liberal party. The Liberal party needs no help in that regard.

• (5:50 p.m.)

It has found that, with the hon. member for Davenport going about the country, and with the publication of his book, divisions and schisms have taken place which have not yet been resolved. Apparently one of the reasons for the delay in the measure amending the Bank Act is that there is no real agreement within the ranks of the government, and much disagreement among the members supporting the government. I would have hoped they would have been able to resolve these fissures and bring in the legislation. We would like to see it. There have been suggestions that the interest rate is to be increased. On the other hand there have been suggestions that the interest rate is only to be increased on larger loans. Well, that type of diplomatic subterfuge will simply result in the small borrowers not being able to borrow, and the large borrowers having a wide open opportunity to secure the funds they need. Again this will mean that the small businessman in Canada will find himself caught by the increased rates of interest, which will make money still tighter.

I hope that when the government brings in this measure and when, in the fulness of time, agreement has been secured among the members of the government and those supporting the government, legislation will be produced which will bring about a condition of fairness and equity between the powerful and the small businessmen, and that all parts of our country will be regionally equal in opportunity.

I trust that when this bill goes before the committee it will be considered in detail, and I again express the hope that some time soon the government will be able to produce the amendments to the Bank Act which we were promised a year ago and which are still in cold storage. Let us have them. Let us have the whole picture. I am sure that when this has been achieved the divisions which now exist within the government will have been resolved and, having passed through the travail of uncertainty, that the minister may be able to speak with an authority which as yet he has not possessed or exercised.

Mr. David Lewis (York South): I do not propose to deal with all the various measures in this bill, but only with one at any length, and even that not at great length. I want to suggest to the house and to the Minister that the provision he is now proposing for achieving greater governmental authority in the monetary operations of the Bank of Canada may not be adequate.

I do not propose to deal with the matter of secondary reserves, which is a technical

device, and discuss for example how much better it is than the previous authority to change the primary reserve in the Bank of Canada. Frankly I do not know. In any case we can find out a great deal about this when the bill is in committee.

I was glad to note the removal from the Bank of Canada Act of the archaic reference to gold. It was about time. I wish merely, before we call it six o'clock, to say to the minister that again and again in these economic discussions we in this party have had to point out the obvious inadequacy and frequent unfairness of the indirect type of control which is now exercised.

In the final part of his remarks on the bill the minister himself admitted, in effect, that there has been and is now a tight money policy. He called it "not an easy money policy"; I assume he meant a tight money policy but could not bring himself to say so. He went on to say this was influence by the fact that there were some inflationary pressures. I will point out again to him, as some of us have done over the years, that this is precisely why we have grave doubts about the efficacy of this kind of indirect control.

When you deal with the monetary system by means of interest rates, and try to counteract inflationary pressures by increasing interest rates; when you deal with the need to encourage or limit investment by global totals of currency in effect at any given time, the result is a policy which is indiscriminate in effect, and therefore discriminatory.

This is always the case if you raise interest rates and contract the money supply, as is now the case in Canada. Everybody feels the effect of the higher rates and of the contracted money supply—the big corporations who can, perhaps, overcome it, as well as the smaller borrower who cannot overcome it. This is precisely what has been wrong with the application of economic theories which do not have the courage to handle the economy directly. The minister himself admitted this. I am not quoting him, but I am sure that this is an accurate summary: He said there were some areas in the country where there was still some slack in the use of our capacity to produce. The fact is that his monetary policy, the higher interest rates and the restrictive money supply, affects those areas where there is slack in the use of our productive machinery, just as it affects other areas where the burden can perhaps be borne with greater ease. This has always been a basic fault or flaw in this field of monetary or economic policy.

I thought I would say those general words before dealing quite critically with the inadequacy, in my view, of the proposals to place the government in control of monetary policy as exercised by the Bank of Canada.

May I call it six o'clock?

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED UNDER ADJOURNMENT MOTION

Mr. Deputy Speaker: It being six o'clock it is my duty pursuant to standing order 39A, to inform the house that the questions to be raised at ten o'clock this day are as follows: The hon. member for Kootenay West (Mr. Herridge), administration of justice—inability to recover costs in Supreme Court action; the hon. member for Vancouver-Burrard (Mr. Basford), Sports—hockey—possible contravention of combines legislation; the hon. member for Lethbridge (Mr. Gundlock), Agriculture—Charolais cattle—request for permission to export.

It being six o'clock the house will now proceed with consideration of private members business as listed on today's order paper, namely notices of motion.

• (6:00 p.m.)

CANADA ELECTIONS ACT

SUGGESTED AMENDMENTS TO BROADEN FRANCHISE

On the order: Private Members' Notices of Motions:

That the Standing Committee on Privileges and Elections be empowered to consider the advisability of amending the Canada Elections Act in order to provide:

(1) that persons confined to hospitals be allowed to exercise their franchise in federal elections;

(2) that portable polls be provided for public hospitals;

(3) that transfers be allowed up to and including election day for persons confined to hospital;

and, for such purposes, to recommend such amendments to the said Act as may be deemed advisable.

Mr. Jim McNulty (Lincoln): Mr. Speaker, could I have the unanimous consent of the house to stand motion No. 21? This happens to be one of six motions that the government wants to send to a committee, but we are waiting for a report from the Chief Electoral Officer before this one is sent to a committee.

Mr. Deputy Speaker: Does the house give unanimous consent for this motion to stand and retain its precedence on the order paper?

Some hon. Members: Agreed.

Motion stands.

THE SENATE

SUGGESTED PROCEDURE IN MAKING APPOINTMENTS

Mr. Bert Leboe (Cariboo) moved:

That, in the opinion of this house, the government should give consideration to the setting up of ten provincial commissions, consisting of representatives appointed by each province and an appointment or appointments by the federal government, for the purpose of making appointments to the Senate of Canada.

He said: Mr. Speaker, I shall speak for only a few minutes in order to allow the maximum number of hon. members to participate, so that we may get as much of the opinion of the house on this motion as is feasible. Discussion of such a motion is not something new, and in dealing with it I shall refer to excerpts from *Hansard* to show the importance that was attributed to it by hon. members on previous occasions.

Much discussion has taken place in the past concerning the method of appointments to the Senate. The electorate of the country has exerted pressure to have changes made in the manner of making appointments—even going as far as the hon. member for Winnipeg North Centre (Mr. Knowles) would go, in seeking the complete abolition of that part of parliament. I sincerely believe that the other place has contributed and does contribute a great deal to the welfare of Canada and to the general benefit of Canadians.

I do not believe it should be abolished, but in this connection I would like to refer to the importance placed on this matter by the official opposition some years ago, when I first entered parliament. The importance of it was emphasized by amendments moved to motions to go into supply. At page 5245 of the 1954 *Hansard*, Mr. Drew, the then leader of the opposition moved:

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

"the government should give consideration to initiating the necessary consultation and inquiry respecting reform of the Senate so that all appropriate steps may be taken, including such matters as the method by which the members of the Senate should be chosen and their tenure of office, so that the Senate may more effectively discharge the constitutional function it was intended to serve as an integral part of our parliamentary system.

At page 5335 of *Hansard* for 1955 Mr. Rowe moved a similar amendment:

The government should give consideration to initiating the necessary consultation and inquiry respecting reform of the Senate so that all appropriate steps may be taken, including such matters as the method by which the members of the Senate should be chosen and their tenure of office, so that the Senate may more effectively discharge the constitutional function it was intended to serve as an integral part of our parliamentary system.

The present Premier of Saskatchewan, Mr. Thatcher, had this to say on the matter, as recorded at page 5338 of *Hansard* for 1955:

I am not going to take the time of the house to go into the weaknesses of the Senate. They can be summed up very briefly. Members are appointed rather than elected; appointments appear to have been made as a reward for past political services instead of any particular ability.

The late former minister of finance in the Conservative government, Mr. Nowlan, had this to say as recorded at page 5254 of *Hansard* for 1954:

The Prime Minister is also the leader of the government of this country, and a man whom we all respect although we may disagree with him on many of the policies that he advocates from time to time. As the leader of the government of this country he has the direct responsibility for changing the situation whereby one arm of this parliament is now rapidly falling into disrepute, if not contempt. It is a situation, sir, that cannot be allowed to continue. Certainly the time has come when something definite must be done.

The hon. member for Fort William (Mr. Badanai) published a pamphlet in 1962, and I quote the following paragraphs from the last page of it:

The Senate should not be a device to reward party faithful for past favours, or for getting rid of a minister whose presence in the cabinet is no longer desirable. Here is where the room for reform lies . . .

Regardless of which party will win the next election, I express the hope that the Prime Minister of the day will embark on a new policy with regard to the appointments to the Senate, and let that body continue to do the useful job which they are now performing within the limits imposed on it.

I think I had better not read the comments I made after the last group of appointments to the Senate because I am afraid the paper might catch fire. I can honestly say that since I came to this house I was never more disappointed than when I looked at the list of the appointments made recently to the other place. That is no reflection on the individuals themselves, but the reason why they were appointed was apparent to everybody in the country.

The hon. member for Fort William put his finger on the reason in the paragraph I have quoted from his pamphlet:

> The Senate should not be a device to reward party faithful for past favours, or for getting rid of a minister whose presence in the cabinet is no longer desirable. Here is where the room for reform lies.

I think there is no doubt in the minds of most of the members of this chamber that if we continue along the path that we have been following, which is to make the other place a receptacle of people who have been discarded by the public, and of people who are being rewarded for faithful service to a party, we shall be doing an injustice to democracy.

• (6:10 p.m.)

There are as many other points of view as there are parties in this house. The day of the two-party system as we know it I am sure has passed. Considering some of our provincial legislatures, I am sure that members of the government and the official opposition would be the first to admit that we have not gone back to a two-party system, and I am sure that members of the government party and opposition in the legislature of my own province would be the last to dispute that fact. In that province there are no Conservatives in the legislature, and have not been for some 12 years. There are very few Liberals in the legislature there. Many points of view have been expressed by the people of this country through their action at the polls, and in my opinion the expression of these people must be represented and voiced in the other place.

With those few words I shall resume my seat. I hope that the government of the day, through the leadership of the Prime Minister, will take steps to make certain that the present method of appointing members to the Senate will be changed.

[*Translation*]

Mr. Marcel Prud'homme (Saint-Denis): Mr. Speaker, in rising to make a few observations on the notice of motion, I surely did not expect I would have to uphold either the Senate or the method of appointment of members to the other place. I thought I would speak on the notice of motion of the hon. member for Cariboo (Mr. Leboe) which reads as follows:

> That, in the opinion of this house, the government should give consideration to the setting up of ten provincial commissions, consisting of representatives appointed by each province and an appointment or appointments by the federal government, for the purpose of making appointments to the Senate of Canada.

Without meaning any offence to my good friend the hon. member for Cariboo (Mr. Leboe), I must say I have never heard him explain why he advocates setting up ten commissions, instead of five, or one, for that matter. I thought he would have adhered to his notice of motion. I am forced, however, to make a few comments on some of his remarks, because personally I do not see the purpose or the necessity of setting up ten provincial commissions, plus a federal commission, to sit together and suggest Senate appointments to the government.

I think it has become common practice to criticize people appointed to the other place, as if the fact of having been long active in politics, a party contributor or treasurer would transform appointees into wretched persons or persons unfit to appear in public.

I should like merely to endorse the comments made by Senator O'Leary, who is certainly not a Liberal senator, when he said on June 2, 1965, as reported on page 192 of the *Debates of the Senate*:

> Honourable senators, I have been reading, during the past two weeks, the convocation addresses of eminent persons before our various universities; and almost invariably these men stressed the need to get young Canadians interested in public life. They pleaded with students to go out and get into the dusty arena of practical politics and thus to help serve their country.
>
> But, honourable senators, according to the Toronto *Star's* editorial, which has been repeated again and again in the press of Canada during the past three or four weeks, when it comes to appointing persons to this house, politicians are to be regarded as lepers and the house is to be filled with musicians, sculptors, painters, and so on, Honourable senators, that is nonsense.

In concluding, he said the following:

> I repeat that, when I quit this Senate, whoever may be prime minister I hope he replaces me by a good staunch party man who has worked at party politics, and not by a man who, as I said, is good at music or sculpturing.

Mr. Speaker, the more I listened to the hon. member, the more I realized that people seem to be unaware that, from the very beginning of confederation, it was provided that regions would be represented. Is it necessary to recall that Canada is divided into territorial divisions: 24 senators for Quebec, 24 for Ontario, 24 for the western Provinces, 24 for the Maritimes and six for the province of Newfoundland.

Mr. Speaker, I fail to see why, in 1966, in an extremely difficult political period for Canada, we should try to divide this country more and more into areas. If we, in the House of Commons, are about to suggest that the Senate should reflect somewhat our own image, I wonder what would be the usefulness of the second house, namely the Senate.

If we are going to ask that all provinces, Alberta, Saskatchewan, British Columbia, Quebec or the Maritimes, etc. be represented exactly as they are in the provincial political field, I think we would then have a mere duplication of what already exists.

I have no doubt that if we asked that each region be represented according to the party in power, we would only encourage divisiveness in Canada. We know the member of parliament must not limit his interests to his riding. I am to some extent defining my own role as member, and I know I was elected to represent my riding. But I assure you that when I come to the House of Commons, I want to represent more than the limited interests of my riding, I want to take an interest in all that goes on throughout Canada, whether in Alberta, British Columbia, or elsewhere; in fact I feel that where things Canadian are concerned, I too should have my say, just like my good friend who preceded me can do as concerns the province of Quebec. I recognize his right, as he does mine, to discuss what happens in Quebec as well as in the prairies.

And I believe the same applies to some extent for senators. They are chosen by a man who was elected by the Canadian people, namely the prime minister. I find it more and more difficult to understand why attempts are made to remove from the people elected by the people such prerogatives as they hold through the constitution. As soon as a Prime Minister has the least bit of latitude, the least prerogative, in short as soon as he is given some authority, you hear at once that those powers should be delegated to groups, organizations, representatives who, in my opinion, are far less represnetative than the right hon. Prime Minister of the country himself. And, in this case, there is no doubt that it is the prerogative of the Prime Minister to appoint the members of the Senate.

Now, what will the Prime Minister do with this prerogative which he has? If that Prime Minister is a wise man—and I believe it will be in the interest of a Prime Minister, who is the leader of a party, to make appointments that will not be too unpleasant—and if he has a political sense, he will see to it that the appointments he makes are as profitable as possible, as far as the national interest is concerned, and he will choose the most qualified people. I could not understand a prime minister having a personal prerogative under the constitution to nominate people to the other house or to key positions who would appoint people unqualified for these responsibilities. I cannot undertand this insistence, when you make a rather thorough survey of all the appointments or when you simply consult the Parliamentary Guide and read the biography of each of the honourable senators.

• (6:20 p.m.)

When you speak about Senate reform, I think that instead of saying that the senators should be appointed by the premier of some province or other, encouraging in this way the division of the country, as I said a while ago, we should rather try—and I hope my hon. friend will agree with me—to find the best formula under which the the Canadian Senate of 1966 should operate.

Would it not be rather by extending the powers of its members? Would it not be especially by asking them instead to sit on commissions? As a matter of fact, it is the member for Villeneuve (Mr. Caouette), I think, who said that the redistribution should not have been entrusted to ten provincial commissions made up of university teachers or of people unable perhaps to act as practical politicians; I do not see why that work should not have been entrusted to a Senate committee. That is how the Senate could prove justified or useful.

As far as I am concerned, as long as the Senate exists, as long as our Canadian institutions are not reformed, I feel there is no reason for giving some provinces a prerogative which belongs to the Prime Minister.

I recall that it is for these reasons—I am referring to the notes of my professor of constitutional law, Mr. Maurice Ollivier, notes which I have kept and which I now find quite appropriate today—during the past federal-provincial conferences when a formula to amend the constitution was being sought, that the provinces were insistent on their claims that the sections relating to the Senate be not amended without their consent.

The argument of the provinces, particularly of the province of Quebec, mouthed by Mr. Duplessis and, I should add, since that time by Mr. Paul Gérin-Lajoie, and shortly by someone else, was that if the Senate was truly designed as a defender of provincial rights, the sections of the British North America Act providing for the number of senators, for

provincial representation in the Senate, for the increase or reduction in the number of senators should not be amended without the consent of the provinces.

Mr. Speaker, it is surely through a new definition of the powers of the Senate that we can ask its members to revert to their original functions. Instead of seeking to have them appointed by the provincial premiers, should we not rather give some consideration to the original functions of the senators? Have they consistently fulfilled the role they should have been playing? That is a question, I think, we could easily ask ourselves. It is a question I have often asked myself and I wonder whether the other place has truly fulfilled the first functions conferred upon it?

I am thinking more precisely, of the responsibility, incumbent upon it, to protect the rights of the minorities in each of the provinces. In school matters, has the Senate used its authority for the defence of minorities?

I hardly need to answer. I rather think that the last hundred years of history probably show that the Senate was unconcerned.

We can easily say, I think, that it is wrong to claim that all regions of Canada are not represented. I said a while ago that when the Prime Minister proposes to call someone to the dignity of the Senate, his choice is rather restricted. We know, for instance, that in the province of Quebec, he must select someone to represent a territory, which is non-existent in other provinces.

As we know, in the case of the industrial province of Ontario, he may simply choose a resident of that province. Of course, his choice will rest on someone acceptable to all Ontario electors. When exercising his prerogative, of course, he would surely not appoint someone who is unacceptable. A few moments ago, I expressed my feeling about those people who keep running down men who spent most of their lives in politics.

I do not take a stand on the Senate, as it is composed, nor on the method of appointment, because I am of the opinion that, under the circumstances, unless changes are brought about—and we must admit that in 1966—there are constitutional changes in the offing in this country which will make it more Canadian and which will enable each citizen to find, in his own way, the best way of life—

The Prime Minister will continue, as is his privilege, to appoint in each of these divisions, the person who can best represent the diversified interests of our country.

I have not found any example of really bad appointments. There may have been some but one cannot condemn a whole institution because of a few unfortunate appointments.

If I may be allowed to add a last thought, I submit that if the Senate is to carry out exactly the same functions as the House of Commons, if it must reflect exactly the political image of the country, then we would only duplicate the House of Commons.

I cannot believe that members of this house, with all their experience, would be ready to accept that the Senate be an exact replica of the House of Commons.

As far as I am concerned, there is no reason for the setting up of ten provincial commissions consisting of representatives appointed by each province, with members —the French translation says members appointed by the federal government—I wonder whether the word 'membres" means "membres de la Chambre des communes". This is a French translation which does not correspond to the English version I read. It is said that members are to be appointed by the federal government for the purpose of making appointments. Is it the objective of the hon. member that members of this house be appointed to the provincial commissions consisting probably of representatives of the provincial legislatures, and that together, they make recommendations to the Prime Minister? I submit that we would thus be put in a practically negative situation.

In my opinion, if the Senate must continue to exist, the best way to appoint senators is still to leave the matter in the hands of the Prime Minister. The Prime Minister we have today is a perfect example of a man who can use his political sense and there is no need to share the fear of our hon. friend to the effect that the provinces will not be adequately represented in that house.

I say it is incumbent on the Prime Minister to avail himself of this privilege so as to establish throughout Canada a fair representation. What would ensure that these commissions would agree to appoint women representatives to the Senate? What would ensure that these representatives of the different provinces would agree to let the voice of the various ethnic groups in the country be heard? What would ensure that these various commissions could, for example, suggest the appointment of a French speaking senator in Alberta—an appointment which, in fact, has

always been due to the French speaking element and which has not yet been made, but which will surely take place in the near future? What would ensure that these various commissions would make the very suggestions which are necessary so that all the groups of our Canadian society be represented?

With a prime minister who exercises his prerogatives wisely, one may expect a fair and just representation of the various elements which make up our society as well as of the various regions of our country. This, in fact, is the aim of the motion presented by the hon. member.

[*English*]

• (6:30 p.m.)

Mr. H. E. Gray (Essex West): I think the hon. member for Cariboo (Mr. Leboe) is to be commended for placing this motion before the house today. I say this, not so much because I agree with the principle of his motion—I will say at the outset that I do not—but because I think that it is useful for all those who are interested in the development of our system of parliamentary government to discuss, to consider and to investigate proposals for the change of our parliamentary institutions, proposals aimed at making them work better and more effectively. I will say, however, Mr. Speaker, that my view, which I hope to put forward more extensively in the next few moments, is that the adoption of the proposal contained in this motion will not make our system of parliamentary government at the federal level work more effectively, but that it will do just the opposite.

Let us go back to the time of the Fathers of Confederation and look briefly at the reasons for establishing not only an elected House of Commons but also an appointed upper house, a Senate. I think it will be found that basically there were four reasons for the institution of the Senate in the initial structure of the new Canadian nation. First, I think it is clear that at that time there was a fear of the concept of democracy—a fear of the concept of the operation of the popular will.

Second, I think there was at that time a feeling that there needed to be some special form of protection of the institution of property, some special voice in the parliamentary system for property interests. Third, I think it was felt there was a need for some manner of protecting special privileges; I do not mean privileges of regions so much as privileges of classes or social groups in the operation of the parliamentary system. Fourth, a need was felt for the protection of provincial and regional interests.

Whatever the Fathers of Confederation may have felt about the validity of these four arguments, I think that we in this house will agree that our views today are quite different on these points from what they were over a hundred years ago. There may still be some people, but there could not be very many, who accept the idea that the ordinary man—the so-called common man, if there is such a thing—is not fit to pass judgment and to make decisions on how his own affairs should be conducted. I think it is pretty well accepted that the ordinary man is quite capable, through his vote and through other means available to him of approaching his government through his elected representatives or even more directly of putting forward his views and expressing his ideas on how our government should be run.

I also think we have given up the idea that there is need for a special form of protection in our parliamentary system for the institution of private property. I think this problem, if there ever was one, has been largely eliminated by the evolution of an economic and social system which makes it possible for the ordinary man to acquire property in ways that the Fathers of Confederation would be amazed to see. They would be amazed to see, for example, to what extent factory workers acquire their own cars, their own homes and in those homes all sorts of appliances which, whatever value they may have or whatever effect they may have on our pace of life, are certainly such that the ordinary man today has as much a stake in the existence of this country as had any landed proprietor of over 100 years ago who felt that his property rights needed some special protection against what he then considered to be the uninformed approaches of the ordinary man. We have certainly rejected long ago the idea that certain economic or social groups need special protection through the institution of an upper house.

There remains then for us to examine the concept that provincial or regional interests need to have some special form of expression through a chamber of our parliamentary system. I think it is clear today that for various reasons the provinces have been put into the position of being able to take care of themselves without the need of special protection provided by a body of a national parliament created to give them or their representatives

some particular voice. Over the years between confederation and the beginning of the second world war, the courts, and especially the British privy council did an all-too-effective job of constructing a framework of protection beyond what many others intended, including I feel even the Fathers of Confederation. I think it is clear, whether we all agree or not, that this certainly extended the powers and the role of the provinces beyond even the extensive powers they were given in the clear words of the British North America Act. The decisions in particular of the British privy council, which was then the final court of resort for Canadians, gave the provinces such power in many areas of economic and social policy that today the federal government is not in the position to act in these areas without the agreement or at least the co-operation of the provinces.

The provinces also have always found their premiers, their cabinets and their provincial assemblies quite willing to assert themselves and their own point of view. I think that because of the willingness, the ability and in fact the strong desire of provincial leaders to assert their ideas in the national sphere, there appears to be no real need for spokesmen for provincial interests in a body such as the Senate of Canada. Our means of communication today provide for direct contact with the federal cabinet, the Prime Minister and his ministers in ways undreamt of one hundred years ago. The Fathers of Confederation could hardly have been expected to consider that it would be possible for the premier of British Columbia, for example, to pick up a telephone and speak to a federal cabinet minister, or to the Prime Minister of Canada himself, on some matter of concern to the province of British Columbia.

• (6:40 p.m.)

Perhaps even more important, as a means of permitting provinces and their leaders to put forward their points of view, has been the development of the federal-provincial conference. Concern has been expressed in this house and elsewhere over the implications of the growth of the institution of the federal-provincial conference one hundred years ago. It is clear that the growth and develompent of the concept of the federal-provincial conference, not just as an occasional meeting taking place on an irregular basis every few years but on an almost month-to-month basis in our national structure, involving meetings not only between members of the cabinets of the provinces and the federal government but people at the official level both provincially and federally, as well has I think eliminated the need which the Fathers of Confederation might have been seen over 100 years ago for the use of the Senate as a place where provincial and regional voices need to be heard.

I think, Mr. Speaker, that the putting into effect of the idea contained in the resolution of the hon. member for Cariboo would do much to weaken the ability of the federal government as a national entity to make decisions and to implement these decisions in the interests of Canada as a nation.

There are those who feel there has already been a trend away from the federal government and toward the provinces in the matter of decision making. I am not going to enter into this subject this afternoon because it is one to which we could devote not only this private members hour, but whole days of discussion. Nevertheless I certainly feel there is need for a strong and effective government which can operate on a national basis across Canada to deal with problems which, whatever they may have been in the day of the Fathers of Confederation, can be effectively dealt with today, in my view at least, only on a national basis.

I note, Mr. Speaker, that the hon. member for Cariboo spoke critically of the method of appointment and of the calibre of Senators appointed at the present time.

Mr. Leboe: Mr. Speaker, might I interrupt the hon. member to point out that I was emphasizing the method of appointment. The country is full of good people. I was merely emphasizing the method in which individuals arrived at a certain place. I was not casting any reflection on those individuals. Canada is full of good people.

Mr. Gray: I thank the hon. member for Cariboo for that intervention because I think it leads very well to the point I was about to attempt to make. I think the hon. member's intervention will illustrate even better perhaps than I could myself the idea which I am trying to get across to the members of this chamber.

Is there any certainty that the putting into effect of the hon. member's suggestion would bring into the Senate of Canada people who have ability and a record of achievement which is more impressive than those who are there at the present time? The hon. member

for Cariboo has just suggested—and I thank him for this suggestion—that good people are to be found throughout the country, and I agree with him. But he has not demonstrated in any way that his concept of provincial commissions would bring people into the Senate who were any better qualified than those who are now being appointed and who have been appointed up until now.

If it is true that this is being done—and I am not saying that I accept this concept—then why would provincial premiers be any the less likely to reward political service or to find a place for those who have served their province in one capacity or another by recommending them for appointment to the Senate of Canada?

Mr. Leboe: Mr. Speaker, I hesitate to interrupt the hon. member again, but at no time did I mention any provincial premier.

Mr. Gray: I am not saying that provincial premiers will make appointments, but certainly the hon. member speaks in his motion of setting up provincial commissions consisting of representatives appointed by each province. Now, who would appoint these representatives if it were not the provincial premiers? And what would these commissions represent if it were not the viewpoints of the provincial premiers holding office from time to time? I suggest to the house that no reason has been advanced to show that the criteria which would be used by these commissions would operate any differently from the criteria used at the present time for the appointment of people to the Senate of Canada.

At least, Mr. Speaker, those who are being appointed today are those who have some sense of responsibility toward the concept of a national federal state for Canada, of the Canadian nation as an entity, instead of just a weak confederation of provinces. At least, Mr. Speaker, the method we use today will avoid the possibility of having a group of senators who would obstruct or block legislation because they are more concerned with putting forward a narrow regional or provincial view than with supporting something which would benefit a great nation of Canada stretching from ocean to ocean.

Mr. Leboe: Mr. Speaker, the hon. gentleman is assuming that today senators are not appointed from the various provinces. Of course they are. It is the method of appointment to which I am drawing attention. The hon. member is getting away from the issue.

[Mr. Gray.]

Mr. Gray: I again thank the hon. member for Cariboo. I do not want those in this chamber to think that we have got together and organized a dialogue; I am just trying to develop my thoughts. I am not saying that he is playing a "straight man" role; and in using that expression I do not do so in any derogatory sense, but only in the theatrical or vaudeville sense to help me illustrate the point of view I am putting forward. Certainly senators are appointed from the provinces, and to the extent necessary this does provide for some regional or provincial expression of view. But at least they are not appointed by the provincial governments.

The hon. member may call these bodies commissions if he likes, but they will be nothing else but emanations from the provincial governments. But now you do not have provincialists appointed, the people to whom their province or region means less than the concept of a great Canadian nation as a whole.

Let us remember, Mr. Speaker, a point that is forgotten all too often by observers of our parliamentary development. The Senate has great powers which are written into the British North America Act, powers which are co-ordinate with our own. At the same time it has no responsibility to the people of Canada for the way it exercises those powers. It is true that at the present time and historically the Senate has not used its powers; nevertheless they exist. They are powers to prevent any legislation from coming into effect unless this legislation receives the concurrence of the Senate.

• (6:50 p.m.)

Yet with these powers the senators do not have to face the people of Canada. They cannot be called to account through a system of elections for the decisions they make or do not make. This is the real problem with the senate. The great issue is not so much the question of age of senators or the question of who is appointed or why he is appointed, but the risk that there will come a time, as there has occasionally in the past, when the Senate will move in a direction contrary to that of the democratically elected representatives of the people of Canada. This risk may be more potential than actual, but really, because of the way the British North America Act is set up it exists, no matter what custom or convention has arisen.

Today there is a kind of limited way of narrowing or limiting this risk because people appointed to the Senate have usually been active in some form of public life, and have had an opportunity to develop some sense of responsibility.

An hon. Member: As defeated candidates?

Mr. Gray: Perhaps as defeated candidates. The senators develop some sense of responsibility similar to that developed by representatives actually elected by and responsible to the people.

Mr. Deputy Speaker: Order, please. I must inform the hon. member that the time allotted to him has expired.

Mr. Gray: Mr. Speaker, could I have consent to continue? I shall be a few more moments only.

Mr. Deputy Speaker: Does the hon. member have unanimous consent to continue?

Some hon. Members: Agreed.

Mr. Gray: I thank the house for its indulgence. I know that some hon. members for whom I have the greatest respect do not agree quite obviously with what I am trying to put forward.

Even though senators do not have to face the public through the vote, and even though there is no way of recalling them, they do form part of their party groups, and attend the caucuses of their parties. They are able to develop a certain sense of moral obligation if you like and this applies whether a senator's party is in office or not.

Because it is argued that senators, in a democratic way, are not accountable to the people through elections, it is argued by some that the appointments to positions of senators should go to scholars, artists, and those completely outside political life in this country.

I say, Mr. Speaker, that we should not confuse the concept of the need for a sort of legion of honour with the need for a legislative body. If there is a need to more openly recognize our scholars, artists and poets, and perhaps there is, then let us do that. Let us do it through a concept similar to the French legion of honour. Let us not confuse the need of honoring people in the intellectual and academic sphere with the need for setting up another sort of legislative body. Intellectuals and scholars may never have had a real link with or great concern for the public. Even though candidates are defeated they will not have—and I see the hon. member for Antigonish-Guysborough and I do not mean this personally—the sort of intellectual arrogance occasionally seen which stems from not having their views tested in the popular marketplace of an election.

Mr. Stewart: May I ask the hon. gentleman a question?

Mr. Gray: Yes.

Mr. Stewart: I notice that the proposal is for provincial governments to participate in the selection of members of the Senate. I want to ask the hon. gentleman if the adoption of this motion, and the putting of it into effect, might not encourage a multiplicity of parties in this country, an effect damaging to parliamentary democracy as we know it.

Mr. Rapp: This is a good point.

Mr. Gray: I must say that the way to eliminate the multiplicity of parties in this country is for those who do not agree with that concept to so conduct themselves through their policies that the people will not be interested in voting for any other party than the one carrying out the policies. It is true, none the less, that multiplicity of parties has created problems for sound and effective parliamentary government. Those who support minority parties create the risk of bringing about certain forms of weakness in the abilities of governments to act firmly and effectively in the national interest.

Mr. Rapp: A very good point.

Mr. Gray: With respect to the argument advanced by the hon. member for Cariboo (Mr. Leboe), that his proposal would reflect views expressed by the ballot box, I submit that in provincial elections the people are directing their thoughts only to electing a government to carry out the administration of their province. Not to any other issue. If the hon. member is serious in his argument, let him support the concept of an elected Senate. If the people wish to elect a senator from his party or from some other minority party, even though this may be detrimental to effective national government, they could do so.

I do not think the hon. member's argument is sound in support of his motion. I therefore ask hon. members of this house to reject it. May I call it seven o'clock, Mr. Speaker.

Mr. Rapp: Well said.

Bank of Canada Act

Mr. Deputy Speaker: Order, please. The hour for the consideration of private members business has expired. The house will now revert to the business interrupted at six o'clock.

BANK OF CANADA ACT

AMENDMENTS RESPECTING DIRECTION OF MONETARY POLICY, CASH RESERVES, ETC.

The house resumed consideration of the motion of Mr. Sharp for the second reading of Bill No. C-190 to amend the Bank of Canada Act.

Mr. David Lewis (York South): At the adjournment at six o'clock, Mr. Speaker, I was indicating our doubts as to the efficacy of the policies for the guidance of the economy represented by higher interest rates, and those concerned with the global totals of the currency. As I said, that has an indiscriminate effect and therefore is discriminatory against the small borrowers, whether they are small businessmen or small individual borrowers.

I think the most important section of the bill before us concerns the relationship of the government to the policies pursued by the Bank of Canada. I have very grave doubts as to whether the particular provision of the bill that has been placed before the house by the Minister of Finance carries out the purpose which we should all have in mind, namely that monetary policy is essentially government policy and not that of the Bank of Canada.

• (7:00 p.m.)

I begin by reminding hon. members of the preamble of the Bank of Canada Act as it is found in the Revised Statutes of Canada, 1952.

Whereas it is desirable to establish a central bank in Canada to regulate credit and currency—

I draw the attention of the house to the following words:

—in the best interests of the economic life of the nation—

I continue quoting:

—to control and protect the external value of the national monetary unit and to mitigate by its influence fluctuations in the general level—

I ask the house to note the following words:

—of production, trade, prices and employment, so far as may be possible within the scope of monetary action, and generally to promote the economic and financial welfare of the Dominion.

What this preamble means, and what in fact monetary policy relates to, is the entire economy of the country. When the Bank of Canada was set up by Prime Minister Bennett—the Leader of the Opposition (Mr. Diefenbaker) mentioned with some pride the fact that Mr. Bennett introduced the Bank of Canada Act—the proposal of the then prime minister in 1935 was a proposal to make the Bank of Canada a privately-owned bank which was none the less to be a central bank. This was mistaken, and in 1936 the minister of finance, Mr. Dunning, and the Liberal government of that day recognized the fact that the Bank of Canada was dealing with policies which affected the entire economy and could not be separated from government control.

My first proposition, and there is nothing original about it, is that there has been undesirable confusion about the part played by the Bank of Canada in connection with the operation of policy, requiring technical knowledge, and that part which is concerned with the initiation and implementation of monetary policy. We have frequently taken the attitude in Canada that, because the technical operations of the bank must necessarily be left to technicians, the making of policy by the Bank of Canada should also be an independent process. This, in my respectful submission, is sheer nonsense. The Minister of Finance in his proposal in this bill, if he will forgive me for saying so, carries on the same nonsensical myth. What he proposes is that normally there should be consultation between the minister and the governor of the bank. Should a difference of opinion arise then the minister may, by order in council, tell the Bank of Canada what to do. But he must specify the thing to be done and specify the term during which his instruction is to last.

This carries forward the undesirable concept that the Bank of Canada is some sort of independent body which has independent authority to make monetary policy for Canada. I assume that the clause before us is concerned not with the technical carrying out of a particular policy but the making of policy, the decision as to what policy should in fact be carried out.

This is my submission. I do not say this dogmatically but nevertheless I do so with some conviction. Monetary policy itself is entirely, not partially but entirely, the responsibility of the government. The Minister of Finance at any time must be able to say what this policy should be and the governor of the Bank of Canada must be by law

obliged to carry that policy into effect by whatever technical means he may think advisable.

Mr. Sharp: I am very interested in the hon. member's views. May I ask whether he thinks it would be desirable in the event of a difference of view about monetary policy that the public at large should be aware of it?

Mr. Lewis: Not necessarily. I imagine there are other ways of making the public at large aware of what is happening. What the public at large is interested in is the nature of the policy, not the fact that the minister and the governor of the bank have a difference of opinion. I believe the public at large could not care less, and I do not think it is of the slightest importance whether or not the minister and the governor agree or disagree. What is important is that we should know what the policy of the government is.

I can see no reason why the minister should not be able to control the policy as it affects the monetary system of the economy in the same way as he controls fiscal policy. We become tied by tradition. I support this is true of all people at all times and in all places. We become sold on an idea and cannot get rid of it. The fact is that the minister's decisions on taxation policy are just as important as decisions on monetary policy. Frequently, indeed, they have a more direct effect on the economy. When the bank rate is increased and the interest rate rises in consequence there is usually a time lag before the effect is felt. But a tax revision, whether upward or downward, invariably has an immediate effect on the economy.

Mr. Sharp: Is the hon. member suggesting that every activity of the central bank in the market should be subject to parliamentary approval, such as a decision to buy some government securities or sell them?

Mr. Lewis: The minister's question enables me to illustrate what I have said much more clearly than I have done so far. His question is related to a direct operation to implement a policy. If it were decided by the minister that the interest rate should go up and that the currency available should be contracted, then there are certain operations which the Bank of Canada may carry out in order to achieve this purpose. Certain other steps could be taken to achieve an opposite purpose. This is a technical operation of the bank and the minister does not have to interfere with it at all. It is his responsibility, and when I say this I mean the responsibility of the government and himself, to determine whether or not it is right at any given time for the amount of currency to be constricted and for the interest rate to go up in order that certain purposes may be achieved. Such decisions should not be left to the governor of the bank to be taken at his own discretion.

This has been argued in Canada over the years. When the late Mr. Dunning, minister of finance in 1936, introduced the act which made the Bank of Canada a publicly owned institution he spoke as follows, and I commend these words to the minister. They are to be found in the 1936 *Hansard* at page 3260:

• (7:10 p.m.)

—the matter of public ownership is in my opinion much less important than that of governmental control. If we study the constitution of central banks from this aspect we shall find ample precedent for the attempt which we are making to give the government adequate control over the Bank of Canada.

In 1956 Hon. Donald Fleming agreed with this but, despite what the right hon. Leader of the Opposition said, when Mr. Fleming became minister of finance he stated, as recorded at pages 3098 and 3099 of *Hansard* for April 27, 1959:

I wish to make it quite clear that the government, as such, does not exercise control over the money supply or over the amount of money in circulation.

Further on he said:

—I would point out that in the matter of monetary policy this parliament has placed the responsibility and indeed the power in the hands of the Bank of Canada. The government does not exercise any sway in the field of monetary policy.

I think Mr. Fleming was wrong.

Mr. Sharp: So do I.

Mr. Lewis: In a speech broadcast by the C.B.C. on October 1, 1959, the present Leader of the Opposition said:

I should point out that the Bank of Canada, not the government, controls the money supply in Canada.

Let me interject that there again is the confusion between the technical operations which do the controlling and the policy decision as to whether there should be control and in what directions that control should be exercised. The Leader of the Opposition went on to say in that speech:

The bank was set up under law by act of parliament. It is independent and autonomous. It has one master, though: parliament, and through parliament the people.

If it was that, and I really doubt if that was a statement of fact at that time, it was wrongly independent and autonomous.

My point is this, Mr. Speaker. We have reached in our economy, as have other countries, a situation of complexity which everybody now agrees requires an amount of planning by government which economies in the past did not require from the point of view of hon. gentlemen opposite and of those to my right. Personally I belong to a school of thought that has always believed our economy cannot serve the interests of the people without direct and conscious government planning of the direction in which the economy should go at any given time. But now the idea of planning is universally accepted and, whether members believe 50 per cent or 100 per cent in planning, one way or another there is hardly a member of the house who denies the basic proposition.

Some 30 years ago when I first became active in public life people denied government planning. They said it was wrong for governments to plan, but now every member of the house acknowledges the fact that government planning is necessary. I disagreed with the minister's budget. I thought what he tried to do was inadequate but none the less what he tried to do was to plan the economy from the fiscal point of view, to have certain fiscal policies which in his view would be adequate to meet what he thought were inflationary pressures in the economy.

I say that just as important as fiscal policy is the monetary policy of the country, the financial policy. I say that even the clauses which are before us in this bill, despite what the minister said, do not make it sufficiently clear that the monetary policy is his and not that of the Governor of the Bank of Canada. Essentially the minister says in this bill: I consult with him but if he disagrees with me I can override him.

I say that this bill ought to make it clear that monetary policy basically and at all times is the responsibility of the government, that it is the minister who decides what that policy ought to be, that it is the Bank of Canada which advises him, in the same way as many other people advise him, and that it is the Bank of Canada which carries that policy into effect through the technical operations which are required.

It is not sufficient to say that if the minister disagrees with the governor then certain steps will be followed. Indeed, it seems to me to be wrong in principle to suggest that each time the minister is in disagreement with the Governor of the Bank of Canada this will happen. I suggest to hon. members that that will be a deterrent to this or any other minister insisting on his policy because in order to insist on the policy which the government considers to be right he will have to say to the governor: Look, fellow, I am going to order you to do this. If the governor is a man of ideas, a man of principles and self-respect, all of which and perhaps a great deal more is true of the present governor of the bank, then the governor will say to the minister: You do it without me; I am going home; you can have my resignation.

If the minister is faced each time with the likelihood of the resignation of the Governor of the Bank of Canada I suggest that nine times out of ten the minister will bend his policy in order to avoid both the economic and political consequences of the resignation of the governor of the bank. There is no need for this at all. There is no reason in the world why the legislation should not clearly spell out that monetary policy is the responsibility of the government and that the Governor of the Bank of Canada must always implement the policy decided upon by the government and the Minister of Finance. If you spell that out as a regular part of the routine of the bank, then the kind of difficulty I have indicated would invariably follow a difference of opinion between the two would be obviated. I say again that I cannot imagine any minister of finance insisting on his policy being carried out in the face of the likely resignation of the governor of the bank unless the difference is so tremendous that he is willing to risk the consequences of such resignation.

In short, Mr. Speaker, I question the philosophy behind our attitude to the Bank of Canada up until now and even the philosophy behind the amendment which the minister has proposed. I do not deny it is an amendment which will make the situation much better in that it sets out government responsibility more clearly than was the case hitherto, but it still accepts a falacious philosphy that the monetary policy of the country is something that should be given to an outside body as its responsibility to evolve, even though in consultation with the minister and that it is only in an exceptional case that the minister can impose his will on the governor. This is a false understanding of monetary policy.

There is not a branch of the economy that is not affected by the monetary policy initiated and implemented by the Bank of Canada. There is not a branch of the economy that is not affected when the Bank of Canada increases interest rates. There is not a branch of the economy that is not affected when the Bank of Canada increases or decreases the amount of money available. There is not a branch of the economy that is not affected by the action of the Bank of Canada when it insists on greater or lesser reserves being held by the chartered banks or when it buys and sells securities on the market.

All of these actions have a direct effect on the economy as a whole. The philosophy, the policy, ought to be the responsibility of the government and its responsibility alone in precisely the same way as it is now the government's responsibility to make taxation policy. After the minister consults the Governor of the Bank of Canada, consults his deputy, consults his economic advisers and consults, as he did the last time, organizations across the country, he is in the end responsible for taxation policy. In exactly the same way, and indeed a more urgent way, is it necessary that he be responsible for monetary policy.

Mr. Sharp: Again the hon. gentleman has left out an important step in the process of tax changes. Tax changes come before parliament for approval. He is surely not suggesting that every transaction of the Bank of Canada should be brought to parliament for approval. I do not make the taxation policy. It is this parliament that makes the taxation policy.

• (7:20 p.m.)

Mr. Lewis: Mr. Speaker, the basic policy of taxation is presented by the minister, and if he is trying to get out of that responsibility in that way let me say to him that there are, I suppose, literally thousands of acts taken in the Department of National Defence, the Department of Public Works and in every other department he can think of based on policies which have an effect on our economy from day to day but which do not come before parliament for our approval. If the monetary policy pursued by the government is wrong in the opinion of parliament there are ways by which we can express criticism such as through motions of non-confidence and so forth, but the fact that the minister takes responsibility does not mean that parliament cannot have its say.

What I question very seriously is the philosophy behind the proposition that there is something sacrosanct about the Bank of Canada and something sacrosanct about monetary policy that is handed over to people outside the government. The policies followed must be the policies of the minister and the government at all times and under all circumstances, with the Bank of Canada then entrusted to carry them out. My time has expired so I shall resume my seat, Mr. Speaker.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I find the remarks and the general thesis presented by the hon. member for York South (Mr. Lewis) most interesting. I agree with the argument he has used with reference specifically to the policy of the Bank of Canada but I agree only up to a point. It seems to me that the Minister of Finance (Mr. Sharp), whether or not he will admit it, he has a great deal to do with the actual policy and operations of the Bank of Canada.

At the present time we have a tight money policy in Canada. It is not something new that the amount of money in circulation should be actually used to control deflationary or inflationary tendencies. It is obvious at the present time that the government feels there is a danger of inflation and that it is necessary to institute certain government policies, but I maintain that this is not the policy of the Governor of the Bank of Canada but rather the policy of the government of Canada and that it is merely the governor of the bank who is instituting it.

At the present time we are definitely experiencing a shortage of money for finance and credit and it is a deliberate shortage. It cannot be explained in any way except by the fact that it is a policy of the government and the Minister of Finance. Because the Bank of Canada has as one of its basic functions control over finance and purchasing power in the economy, the Bank of Canada is being used to institute this policy at this time. Whether it is admitted or not, it seems to me that it is at least apparent that the government is making monetary policy and using the Bank of Canada to implement it.

There is nothing wrong with that procedure but I think at this particular time we ought to be concerned with not only the policy but who is actually responsible for that policy so there can be no misunderstanding. In following up the remarks just made by the preceding speaker let me say that this is a

basically important premise which underlies the actual amendments that are being proposed to the Bank of Canada Act.

It was very interesting to hear the minister talk about changing the percentage of reserves so far as banks are concerned in respect of the issuance of credit. When he suggests increasing the amount of reserves under this new formula for adjusting secondary reserves what he is actually doing is putting in words that which is taking place and is the practice at the present time. This can be discussed when we reach our consideration of the bill clause by clause.

So far as monetary policy is concerned it has been the practice during the past number of years to use it as a tool for curbing excessive booms and stimulating lagging economic situations. This is why we now have tight money. The government believes that a tight money policy is the one that should be followed at this time. I am disturbed because bankers, and I am not only referring to private bankers but to Mr. Rasminsky, the present governor, as well, tend to minimize this fact. I do not know why that should be so because I think it is a simple but cold, hard fact. This is surely the reason why we have tight money at the present time. I do not agree with that policy nor with the suggestion that we should be manipulating the actual money supply as it relates to our economy because so long as we can gear the economy to the consumers' needs and their ability to use that which the economy is able to produce I do not think we should be concerned with inflation as such. After all, the only reason why we produce anything is because of the prospect that a consumer somewhere will use it.

The situation at the present time is not inflation in monetary supply but inflation in price. It is through the manipulation of monetary supply that the Minister of Finance is attempting to exercise some control at this time, but it seems to me he is actually doing things in the reverse order. This is not a policy that is new but one that has been considered on several occasions in the past.

I want to remind the Minister of Finance of a speech made by the late prime minister Mackenzie King in 1935 when the Bank of Canada was something new and just being given its present role. At that time he said:

> —once a nation parts with the control of its currency and credit, it matters not who makes the nation's laws . . . Until the control of the issue of currency and credit is restored to government and recognized as its most conspicuous and sacred responsibility, all talk of the sovereignty of parliament and of democracy is idle and futile.

On the basis of that statement, which I believe to be correct, there is nothing wrong with the Bank of Canada or the Minister of Finance through his control over the Bank of Canada, being made responsible for the monetary needs of the economy. That is a basic function of government.

In this regard I should like to refer to a statement made by Henry Ford in which he tried to set out this same principle in a practical way. He said:

> The function of money is not to make money, but to move goods. Money is only one part of our transportation system. It moves goods from man to man. A dollar bill is like a postage stamp: it is no good unless it will move commodities between persons. If a postage stamp will not carry a letter, or money will not move goods, it is just the same as an engine that will not run. Someone will have to get out and fix it.

Our monetary policy at the present time needs fixing and we should not try to cover up responsibility for the readjustment of monetary policy. That responsibility should be accepted by the Minister of Finance. The policy embodied in the present legislation must fall within the responsibility of the minister and the government. Whether or not they will admit it, that is the fact of the matter.

The Bank of Canada is actually responsible for carrying out the monetary policy of the government in power. Let us face that fact and let us make sure that the policy which is carried out by the Bank of Canada is the policy best suited to the needs of a given economy. We are not simply faced with problems related to automation at this time, we are faced with problems of cybernation. Our problems do not relate only to economic production but to the economy of the consumer, and our monetary policy must be geared to that need. Our problems relate directly to cybernation and all its implications which are fundamentally related to monetary policy and, unless we realize that, a financial breakdown and economic disaster are inevitable. Unless we can implement effective and acceptable means of distributing sufficient purchasing power to consumers, regardless of whether or not they are wage earners, unless we can enable the benefits of total national production to be distributed promptly and efficiently, the economic liberty and freedom of the individual are lost.

• (7:30 p.m.)

Therefore I suggest to the Minister of Finance that this is his responsibility. Let us make sure that we understand that he as Minister of Finance has laid down a policy so far as the Bank of Canada is concerned which should make effective a monetary policy geared to the consuming needs of our economy, something that is basic at the present time as cybernation takes over more and more.

As we are discussing the principle of this bill I should like to mention a few points in relation to the function of the Bank of Canada which I think substantiate the remarks I have made and are very important as we consider this legislation. The purpose of the Bank of Canada is to control the total money supply of Canada in the best interests of the country, and the most important means of presently accomplishing this is through the sale of government bonds by the Bank of Canada. Actually this makes the Bank of Canada a borrowing agent, an agent in the issuing of government of Canada bonds. In fact, in 1965 the Bank of Canada issued to the market some $1,700 million worth of bonds. In this regard it looked after the preparation, promotion, sale and distribution of these bonds.

Strangely, this year a new policy was instituted which I do not think is a policy of the Governor of the Bank of Canada but is a policy of the Minister of Finance. The Bank of Canada adopted the policy of purchasing some of the bonds it had issued. In fact, at the present time something more than 12 per cent of all the bonds issued by the Bank of Canada have been bought back by the Bank of Canada. It pays itself the interest that is chargeable to these bonds. It comes in as an income to the Bank of Canada and is turned back to the consolidated revenue fund. There is nothing wrong with buying up Canada's debt. It is monetary policy moving in the right direction, but let us face up to it and name it for what it is.

This makes the issuing of the bonds of Canada one of the most important functions of the Bank of Canada and I think it is logical to assume that the government has to take responsibility for this kind of policy. Therefore let us face it. The Bank of Canada also serves as the custodian of these bonds; it even provides the bookkeeping facilities for their sale and transfer. In addition to this service rendered by the Bank of Canada in the issuance of bonds, it is also responsible for getting currency into circulation. In 1965 the Bank of Canada printed more than $1,500 million worth of new currency, putting the currency supply at an all-time high of $2,513,600,000. This is a very important function of the Bank of Canada.

In addition the Bank of Canada stores the nation's gold supply, although gold has nothing to do with currency or bonds or with the money that is actually in our pockets. Last year the Bank of Canada stored a basic amount of $1,137 million worth of gold bars in its vaults, allowing for the fluctuation from day to day. But this has nothing to do with the sale of bonds or with the issuance of currency or coinage; it relates only to a reserve for foreign exchange. These are the basic functions of the Bank of Canada. I am not trying to oversimplify them but am relating them specifically to the responsibility of seeing that the economy of Canada has an adequate amount of purchasing power in the form of money.

This being so, Mr. Speaker, it seems to me that the policy which governs the Bank of Canada is very basic and fundamental. This responsibility cannot just be passed over to the one responsible for the administration of that policy, the management of the Bank of Canada. It comes right back to the government, and this legislation is very basically related to it.

In our economy at the present time I think some obvious things are not being considered in the drafting of policy as it relates to the Bank of Canada. No longer is it adequate that we merely classify capital in two groups, tax capital which is collected from the pockets of the taxpayers to pay for the services rendered by government, and private capital in the private enterprise system under which we operate. The tremendous need for capital for development in the public sector requires recognition of a third classification of capital, namely, public or social capital. This is the kind of money that is needed to build our schools, hospitals, harbours, bridges, highways, projects which in themselves do not earn money but merely facilitate a service, projects which are liquidated over a period of years of amortization.

Unless we make provision within our monetary policy for the recognition of this additional type of capital we are going to be faced with a constant increase in the cost of servicing our national debt, a constant increase in the debt and taxation structure of the country. As long ago as 1963 the Federation of Mayors and Municipalities submitted

a brief to the Royal Commission on Banking and Finance. Their main recommendation was:

> That the federal government, in co-operation with the provinces, should establish a national municipal loan fund (or bank) for the purpose of facilitating the borrowing operations of municipal governments.

I mention this because the most acute and difficult area of governmental finance today is not at the federal or provincial but at the municipal level, because the amount of municipal debt increases year by year. It is interesting to note that the municipal bonded debt in Canada rose from $833 million in 1946 to nearly $9 billion in 1965. This is an increase of approximately 10 times in 20 years.

Together with this increase in municipal bonded debt has come a tremendous increase in the cost of servicing the debt. This is illustrated on the federal scene as well because at the present time more than $1,180 million of tax dollars is used to service the national debt of this country. I maintain that if the government would recognize the need of adding to its monetary policy the recognition of a third sector of capital, the public sector, whether it be called public capital or social capital, we would not be faced with the difficulties in regard to monetary policy that we face at the present time which the government is trying to control the economy with a tight money policy resulting in the amount of money in circulation actually being decreased. This is the type of manipulation which is being used by the government as a means of control and for which the Minister of Finance must take responsibility. This policy does not work in the best interests of the economy because we see what is happening at the present time. We are not building the number of houses that we should build. Goods are not moving because there is not the money in circulation. Those things which we recognize as being desirable objectives in our economy are not being attained because of the policies of the government.

Our monetary policy is restrictive in this regard. The United States market this year is already approximately three times greater than it was last year. The policies of this government are defeating what should be the purpose of our monetary policy. Therefore, Mr. Speaker, unless the government and the Minister of Finance assume their responsibility and recognize the fact that the Bank of Canada is merely the means of carrying out policy, we will go along from boom to bust, from depression to prosperity, from inflation to deflation with a constant increase in the cost of living and the cost of taxes. In addition, the higher the cost of living goes the more strikes we will have such as the ones we are faced with today which seriously affect our economy. We are also not giving any consideration to those on fixed incomes, particularly those living on pensions which were fixed at a time when the cost of living was not nearly as high, and the whole economy and the Canadian people generally suffer as a result.

• (7:40 p.m.)

So, Mr. Speaker, I think the Minister of Finance had better face up to the fact that he is responsible for the policy of the Bank of Canada and that only if that policy is adjusted to the needs of the economy are we ever going to have a satisfactory monetary policy. I suggest that the federal government use the Bank of Canada to provide capital—I am speaking now of the third category, public capital—free of interest for every construction loan necessary to finance national capital wealth projects such as the seaway and other internal waterways, hospital facilities, tourist attractions, schools or any other type of project for which the government has to borrow money. We cannot find reserves of capital in Canada under the present tight money policy, so we go to the United States, borrow money there and place ourselves in bondage which we agree is not in the best national interest.

If the Bank of Canada can print the bonds of Canada, if it can be responsible for the currency needs of this country, why can it not be responsible for this kind of credit as well? This newly created real wealth would balance out with the newly created financial grants needed to produce it. If we did that we could let the international exchange rate float. This would then supply the additional Canadian capital so badly needed. Therefore, if monetary policy is to be realistic so far as the present situation is concerned the Bank of Canada should be authorized to form what might be called a municipal development bank, in the same way as the Industrial Development Bank is a division of the Bank of Canada, to provide the public or social capital that this economy needs. This would obviate the necessity for the present tight money policy because adequate money would be provided to the private sector for the development of our commerce and industry. I think that the Bank of Canada is basically

responsible for the administration of this kind of policy but it is the government which is responsible for its institution.

Therefore, in closing, I wish to make this suggestion to the Minister of Finance. In view of the fact that apparently he does not wish to admit responsibility for the monetary policy of this country but would sooner pass it on to the Governor of the Bank of Canada and in view of the argument he put to the previous speaker in regard to this very subject, I suggest to him that if he wishes to attune our monetary policy to the needs of our economy he should create a permanent monetary commission. We in the Social Credit party have advocated this for as long as 20 years. This commission would be responsible for the determination and spelling out of the monetary policy as put forward by the Minister of Finance to the Governor of the Bank of Canada. Representatives from the Bank of Canada, from the chartered banks, the Department of Finance, agriculture, labour and business throughout the country should sit on this commission. The commission might perhaps be an expansion of the board of the Bank of Canada and would meet regularly to consider all questions with regard to the financial and monetary policy of the country.

In our view such a permanent monetary commission could be made directly responsible to the representatives of the people in the House of Commons in the same way as the Auditor General is responsible. It could be called periodically before the appropriate committee of the House of Commons to give an account before the members of this house of what is the actual monetary policy of this country instead of it being kicked back and forth between the political side and the Bank of Canada. I believe this would provide for a much more satisfactory monetary policy, the implementation of which is the responsibility of the Bank of Canada.

I will end my statement at this point because we must get into committee so we can have a full discussion of Bill C-190. Regardless of whether or not the Minister of Finance is willing to listen to the suggestions I have made, I believe he will have to admit that under the present set-up he is responsible for the final, fiscal policy of this government. We need something more adequate than the tight money policy which the government is apparently favouring at present because it is defeating the very purpose of the Bank of Canada which is to make sure that an adequate monetary supply is provided to the economy of this country.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to rise and, as a pragmatic socialist, support wholeheartedly the ideas put forward by the member for Red Deer (Mr. Thompson). I have never understood why our provinces and municipalities have had to go to the New York money market to borrow money when this credit would be issued on the basis of Canadian national resources, Canadian industrial equipment and the ability of Canadians to produce. I support wholeheartedly his contention that this is a function which should be performed at cost by the Bank of Canada for the Canadian people. I agree with him that such a monetary policy would enable us to retain control of our economy and to obtain the social and private capital that is required for the development of our country. This is a mystery to me which I have never been able to understand.

In this connection I wish to quote from one or two letters. I have here a letter from the Department of Finance dated May 21, 1952, which reads as follows:

Dear Sir,

I have your letter of May 6, 1952, and am replying to your questions in the order in which you ask them.

1. The Bank of Canada holds many securities in its investment portfolio which form part of the unmatured funded debt but its weekly statement does not show a breakdown of its holdings by issues. At the time of issue the bank may purchase small securities both for its clients (other government agencies) and for itself, but the relative amounts are not disclosed.

2. As and when securities are issued to the Bank of Canada, payment is made by a deposit to the credit of the Receiver General's account with the bank.

3. You will notice on page 54 of the 1951 public accounts that the summary of security issues and redemptions during the year specifically excludes treasury bills. Treasury bills included in "unmatured funded debt" are not shown in the table of new security issues for reasons of space. They are issued on the average every second week and including them in the table of new security issues would mean a listing of about 24 items.

Treasury bills appear in appendix No. 7, pages 112 to 113 of the 1950-51 public accounts about the middle of the page. They are shown as having paid interest varying in rate from .512 per cent to .755 per cent.

4. $200 million treasury notes were originally issued on May 1, 1947 to provide funds for the redemption of various refunding loans.

Why could this not be done at the present time?

$550 million treasury notes were issued on March 1, 1947 to replace a substantial part of $606 million treasury notes issued on September 1, 1946.

This gentleman, who is a very important member of the Department of Finance, goes on to say:

$90 million 1.5 per cent bonds issued on November 1, 1949 and due November 1, 1952 was part of a total of $300 million issued in connection with the redemption of $268 million 1 per cent 8th Victory Loan issued on May 1, 1945 to the public for cash and the $290 million 4.5 per cent conversion loan issued on May 1, 1931 and called for payment on November 1, 1949.

$185,495,000 1.5 per cent bonds due March 1, 1953 was part of a total of $325 million issued as a renewal of 1.5 per cent bonds due March 1, 1950, which bonds were issued on March 1, 1948 for cash.

• (7:50 pm.)

5. As you will have gathered from the above, the three year bonds with maturities on November 1, 1952 and March 1, 1953 are shown in the total, namely, $300,000,000 and $325,000,000 respectively, in Appendix No. 5, page 108 of the 1950-51 public accounts.

6. During the fiscal years ended March 31, 1951 and 1952 redemption of securities issued to the Bank of Canada totalled $1,500,000,000 represented by four issues of six-month treasury notes. Funds for the redemption of these notes were provided by the issue of new notes.

Mr. Sharp: Very clear.

Mr. Herridge: Yes.

7. Various expenditures listed under the heading of War Demobilization and Reconversion, Special Expenditures and Government-Owned Enterprises have no corresponding assets in the accounts of Canada. There are no itemized statistics available showing the classes and amounts of such expenditures, short of tracing such expenditures through public accounts for the various years.

The government's practice in recording assets and liabilities was explained by the then minster of finance in his budget speech of May 18, 1920, when he said, in part, "Assets which are not readily convertible, as the specie reserve is convertible, or are not interest producing, are not such assets as ought to be deducted from the gross debt".

Appendix 27 of the public accounts for 1938, shows the adjustments authorized by the Canadian National Railways Capital Revision Act, 1937.

Yours very truly,
W. C. Clark

I have read that, Mr. Speaker, to indicate what is possible if the Bank of Canada were only used for the Canadian people as a whole. I should like to make reference to a bill, No. 297, to amend the Bank of Canada Act which received first reading on February 22, 1954. It was piloted by the then minister of finance. Section 18 (1) (c) of the bill read:

Buy or sell securities issued or guaranteed by Canada or any province.

[Mr. Herridge.]

This was the explanatory note:

Paragraph (c) of subsection (1) removes the limitation imposed by former paragraph (d) of subsection (1).

Paragraph (d), which was repealed, read:

Buy and sell securities issued or guaranteed by Canada or any province having a maturity exceeding two years from the date of acquisition by the bank, but the bank shall at no time hold securities not maturing within two years having a par value in excess of 50 per cent of its outstanding note issue and deposit liabilities, nor shall the bank at any time hold securities not maturing within ten years of a par value in excess of five times the amount of the paid-up capital and rest fund of the bank.

Before I conclude I should like to quote part of a letter written by Mr. K. W. Taylor, former deputy minister of finance, dated July 26, 1957. He said:

You are correct in your assumption that the Bank of Canada pays for its purchases of bills by crediting the purchase price to the account of the Receiver General of Canada with the Bank of Canada.

I have quoted the correspondence from Mr. Clark and Mr. Taylor, former deputy ministers of finance, to indicate the capacity of the Bank of Canada to provide social and private capital for the development of this country.

As a pragmatic socialist I wholeheartedly support the arguments which were put forward by the hon. member for Red Deer for the utilization of the Bank of Canada for the issuance of loans to provinces and municipalities on the basis of the security they can advance in terms of natural resources, industrial equipment and the capacity of the Canadian people to produce so that they will not have to continue to go cap in hand to New York for money. This would be entirely unnecessary if we used our own Bank of Canada properly.

Motion agreed to, bill read the second time and referred to the standing committee on finance, trade and economic affairs.

PENSIONS

CORRELATION OF VARIOUS PLANS WITH CANADA PENSION PLAN

Hon. E. J. Benson (Minister of National Revenue) moved the second reading of Bill No. C-193, to amend the Public Service Superannuation Act, the Canadian Forces Superannuation Act, the Defence Services Pension Continuation Act, the Royal Canadian Mounted Police Superannuation Act, the Diplomatic Service (Special) Superannuation Act, the Intercolonial Prince

Edward Island Railways Employees' Provident Fund Act and the Canadian Corporation for the 1967 World Exhibition Act.

He said: Mr. Speaker, I rise to speak on this statute adjustment bill, which is a bill of the type very often urged on us by the hon. member for Carleton (Mr. Bell). The hon. member has said that we should not run these items through the estimates but rather should have a statutory adjustment bill, and this is what we now have in front of us.

As I indicated when speaking on the resolution which preceded first reading of this bill, the main purpose of this legislation is to provide for the co-ordination of a number of acts dealing with the provision of superannuation benefits for members of the public service of Canada with the Canada Pension Plan, as well as the Quebec Pension Plan in the case of persons employed in the province of Quebec.

The acts which are to be co-ordinated in a variety of ways that will be explained in the course of the debate are the Public Service Superannuation Act, the Canadian Forces Superannuation Act, the Royal Canadian Mounted Police Superannuation Act, the Diplomatic Service (Special) Superannuation Act and the Intercolonial Prince Edward Island Railways Employees' Provident Fund Act. The references to the Defence Services Pension Continuation Act and the Canadian Corporation for the 1967 World Exhibition Act appear in the title of the bill for reasons unconnected with the Canada Pension Plan legislation.

Hon. members will by now have had an opportunity to study the various methods by which it is proposed to accomplish co-ordination of the various measures I have mentioned and at the same time satisfy the principles which were explained at the resolution stage.

I should like to state again that the first principle that the total contributions paid by the employee and by the government on a salary on which contributions are now being paid under the relevant superannuation acts should not be increased. In order to accomplish this a portion of the contributions has to be diverted away from the superannuation fund to the Canada Pension Plan or the Quebec Pension Plan, as the case may be.

For example, for male contributors to the public service superannuation plan the reduction will be from 6.5 to 4.7 per cent in respect of that portion of salary from $600 to $5,000 which is subject to Canada Pension Plan contributions. For female contributors it will be from 5 per cent to 3.2 per cent in respect of that same salary portion.

While the percentage figure may differ for other increments, the amount of existing contribution rates which is to be diverted to the Canada Pension Plan or Quebec Pension Plan, as the case may be, will be the same, 1.8 per cent from $600 to $5,000 in every instance.

Reduction in the rates of contributions payable to the various superannuation funds means that the benefits payable out of these funds will likewise have to be reduced in respect of the period of service beginning January 1, 1966 for which the lower contributions will be made. In giving effect to this reduction the second principle comes into play, namely, that the combination of benefits under the relevant superannuation acts and the Canada Pension Plan after the reduction takes place should not be less than the benefits which would have been payable under the formula in the relevant superannuation acts prior to these amendments.

• (8:00 p.m.)

These proposals do not affect in any way the entitlement of persons who retired prior to the coming into effect of the Canada Pension Plan. In other words, Mr. Speaker, the intention of this plan is to affect contributions and benefits of members of the civil service of canada or the public service of Canada subsequent to the present date. Consequently persons who have already retired prior to January 1, 1966, need have no concern that their benefits will be reduced because of the advent of the Canada Pension Plan. It is just not possible for this to happen under the provisions of this particular act, or that any portion of the contributions which they have made prior to January 1, 1966 will be transferred to the Canada Pension Plan account.

It was not long after the Canada Pension Plan was announced that requests for the adoption of the two principles I have mentioned were made to the government. These requests came from the staff associations themselves. In response to these requests the Minister of Finance referred to his advisory committee on the Public Service Superannuation Act the question of developing a formula which would meet these requirements in so far as that act was concerned. The advisory committee, which is made up of

equal representation from the official and staff sides of the public service of Canada, prepared and recommended to the minister the formula which is incorporated in this bill. The Minister then informed the national joint council of the public service of Canada of these proposals before deciding to recommend them to the government. Only after the national joint council endorsed the advisory committee's proposals did the government decide to accept them and to recommend them to parliament, as has been done in this bill. I mention this to emphasize the degree to which the representations of the civil service staff organizations were involved in the consideration and development of these proposals before they were approved by the government.

As those hon. members who were members of the joint parliamentary committee on the Canada Pension Plan will recall from the evidence given to that committee, a great variety of methods of co-ordinating existing plans with the Canada Pension Plan is required because of the very different provisions which apply to the various pension plans administered by the government. This is reflected by the different approaches proposed under the various parts of this bill.

In no other case was it possible to use exactly the same approach as it is proposed to adopt for the Public Service Superannuation Act. A number of different factors account for this: For example, the low average age at which pensions become payable and the consequently high cost in the case of the Canadian Forces Superannuation Act and the Royal Canadian Mounted Police Superannuation Act; the very favourable benefit formula for relatively short periods of service under the Diplomatic Service (Special) Superannuation Act, and the very low contribution rates paid under the Intercolonial and Prince Edward Island Railways Employees' Provident Fund Act.

The relevant cost factors were such that the two guiding principles could not be observed in attempting to integrate the Defence Services Pension Continuation Act and the Royal Canadian Mounted Police Pension Continuation Act with the Canada Pension Plan. These are the acts which continue the provisions of earlier pension legislation for members of the armed forces and the Royal Canadian Mounted Police who enrolled prior to 1939 and 1949 respectively. The benefits provided under both of these continuation acts are much more generous than those provided under the Canadian Forces Superannuation Act and the Royal Canadian Mounted Police Superannuation Act which have applied to new members in those forces since those years. Accordingly, it is not proposed to bring persons subject to the continuation acts under the Canada Pension Plan.

Perhaps I should say a word at this point to indicate the formula for integration or co-ordination which is proposed for the armed forces and the R.C.M.P. since members of these forces, coming under the provisions of the Canadian Forces Superannuation Act and the Royal Canadian Mounted Police Supperannuation Act, will as a consequence of this bill no longer be exempt from the coverage provided by the Canada Pension Plan. On the contributions side the arrangement is simple enough. The amount of Canada Pension Plan contribution, roughly 1.8 per cent up to the $5,000 ceiling, will be deducted from the 6 per cent contribution rate now being paid by contributors to the Canadian forces superannuation account and the R.C.M.P. superannuation account. Henceforth the contribution rate to these two accounts will be 4.2 per cent up to the ceiling and the contribution to the Canada Pension Plan the normal 1.8 per cent up to the ceiling. Over the $5,000 ceiling the 6 per cent rate will continue as formerly.

On the benefit side there will likewise be complete integration of benefits so that in the case of normal retirement, for example, benefits now payable under the existing superannuation laws would continue to be payable as a charge against the existing superannuation accounts until age 65; but from age 65 on, when the Canada Pension Plan benefit becomes payable, the Canada Pension Plan benefit will be offset by a corresponding reduction in the amount of benefit continuing to be paid after age 65 from the armed forces or R.C.M.P. superannuation account.

While there will thus be a complete offset of contributions and of retirement benefits in the case of members of the armed forces and the R.C.M.P. coming under the acts I have mentioned, survivors' benefits will not be similarly affected. Survivors' benefits will be dealt with on the same basis as survivors' benefits under the Public Service Superannuation Act, that is, duplication of survivors' benefits will be permitted. Members of the armed forces and R.C.M.P. will in addition benefit, so far as the Canada Pension Plan

portion of their combined benefits is concerned, from the escalation provisions contained in that legislation.

Hon. members will be interested to note that 95 per cent of the members of the regular forces and 80 per cent of the members of the R.C.M.P. will fall within the scope of the integration provisions which I have described. Fewer than 5 per cent of the members of the armed forces, those who enrolled prior to 1939, and fewer than 20 per cent of the members of the R.C.M.P. come within the scope of the continuation acts which I have mentioned and are thereby excluded from both the contribution requirements and the benefits of the Canada Pension Plan.

The next area of general interest which I should like to mention is the one which provides for greater portability of pension benefits. Perhaps the most important of these is the new clause in the Public Service Superannuation Act which would extend the power of the minister—and here I mean the Minister of Finance—to enter into reciprocal pension transfer agreements with any employer with an approved pension plan. This, in practice, means a plan of a type which is acceptable for income tax deduction purposes. A further provision extends the provision in the existing law under which actuarial equivalent benefits may be payable prior to the age of 60 under the Public Service Superannuation Act, while other clauses would permit the compulsory locking-in of contributions made after a date to be proclaimed by the governer in council in the case of a person retiring after the age of 45 with at least ten years of service. Most if not all of these changes are being introduced for the purpose of achieving a greater increase of portability in relation to other employer-employee pension plans in Canada.

It is the introduction of this concept of portability of pensions which is responsible for many of the amendments in the Diplomatic Service (Special) Superannuation Act where, as a result, benefits will henceforth become payable as a matter of right instead of being subject to a grant by the governor in council.

Still other clauses in the bill are designed to broaden the categories of employees covered by the Public Service Superannuation Act. Prevailing rate and seasonal employees will now be required to become contributors at an earlier date than has heretofore been the case. As a result they will derive the added advantage that they will be covered by the supplementary death benefit plan under part II of the Public Service Superannuation Act as well.

• (8:10 p.m.)

The bill provides for the removal of the present ceiling of $5,000 on the death benefit. In its place will be a provision setting the amount of death benefit at the multiple of $250 equal to or next above the salary of the employee. Actuarial advice indicates that this feature can be added to the plan for civil servants without jeopardizing the soundness of the plan. Rates for the civil servants who are covered will remain unchanged at 10 cents for every $250 of coverage.

Members of the regular forces have also been included under this plan and will be eligible, like members of the civil service, for the larger amounts of benefit. Their experience, however, as a younger and healthier group has been so much more favourable than that of civil servants that the adoption of this provision for a higher ceiling, related in the same way to their pay, can be accompanied by a reduction in the rate of contribution from 10 cents to 5 cents a month for every $250 of coverage. Since this would create a basic difference between the two groups of participants under Part II of the Public Service Superannuation Act and could create some confusion in the future, it is proposed to drop the members of the regular forces from this part of the Public Service Superannuation Act and to add a new Part III instead to the Canadian Forces Superannuation Act to provide them with coverage.

Basically this means that members of the armed forces will receive a higher death benefit at a much lower cost and rather than tie this in with the present superannuation act we shall create a new Part III in the Canadian Forces Superannuation Act. In effect, members of the forces will be able to get $1,000 coverage for 20 cents a month.

Hon. members will have noted that the bill seeks to remove a number of anomalies which have become evidence in the administration of the acts during the years since they came into force or were last amended. I do not propose to deal with most of these at the present time but will be pleased to explain the remedial provisions on reaching the various clauses concerned at the committee stage should any questions be asked.

Three or four amendments are proposed to give recognition to recommendations of the

public accounts committee while others are of a purely administrative nature to deal with changes which appear necessary as a result of the experience gained over the years. In other words, where we have been introducing $1 items to carry many of the necessary changes in this particular legislation over the years we are now, following the recommendation of the hon. member for Carleton, introducing a statute amendment act to take care of these necessary amendments.

In keeping with the objective of giving more of the detailed administrative responsibility to the department administering the acts, there are a number of amendments which transfer certain authority from the Treasury Board to the appropriate minister.

In so far as the handling of the superannuation account is concerned, the three main superannuation acts, those dealing with the public service, the armed forces and the R.C.M.P., are being amended to implement the government's proposal for the systematic amortization of any deficits which arise from salary revisions or are reported as a result of the statutory quinquennial actuarial reviews of the superannuation accounts established under those acts. This complex problem is referred to in the Auditor-General's report for the year ended March 31, 1965, pages 34-37, as well as in previous years' reports. Following a policy statement on this matter by the former minster of finance on March 6, 1964, legislation was approved by parliament and given royal assent on June 2, 1965, for the purpose of ensuring that actuarial deficits in any of the main superannuation accounts arising from salary revisions affecting a significant number of public servants would be amortized on a systematic basis by equal contributions over a five-year period.

In this respect I should like to compliment the former minister of finance for what he did in this regard and draw attention to what the previous government failed to do by way of providing actuarial requirements of the superannuation account. Instead hon. gentlemen opposite let it grow into the huge deficit which faced this government when it took office.

An hon. Member: If you want to get the bill through, don't be provocative.

Mr. Benson: The amendments contained in this bill are designed to improve the wording of the existing legislative authority as it applies to the amortization of actuarial deficits arising from salary revisions, and to extend the same principle to deficits arising out of the quinquennial actuarial evaluations of the different superannuation funds.

I conclude with a reference to two matters which will be of more than passing interest to members generally. One has to do with the post office strike of last summer, the other with the question, raised in debate on the resolution, of officers retiring from the armed forces and accepting employment in the public service. I will deal with this latter matter in more detail during the committee stage.

When the postal strike occurred in July and August last year several thousand employees absented themselves from employment without leave and thereby disqualified themselves technically from the right to contribute to superannuation in respect of those days of unauthorized absence, as well as from the right to claim those days as pensionable days of employment in calculating pension entitlement on retirement. The wording of the superannuation legislation permits days of authorized absence from employment to be counted for pension purposes under conditions which are spelled out in the act and regulations but does not provide for the counting of days of unauthorized absence. When this problem came to the attention of the responsible officials last December it was decided that legislative authority would be sought at the earliest possible opportunity to permit coverage of all postal employees for the days in question, even though these were days when the majority of postal workers were engaged in an unauthorized work stoppage. One of the amendments proposed in this present bill will give the governor in council authority to deal with this particular and, I hope, isolated problem by special regulation. I am sure that under the new collective bargaining legislation, to be reviewed by the committee which has been established for this purpose, this sort of thing will not happen again in the future.

I am satisfied that the provisions I have described will go far to meet the problems which have been the subject of representations by many retired members of the armed forces and by members on the other side of this house. The government, if given the authority to deal with this problem by regulation, will continue to keep the matter under periodic review and take such further action as subsequent experience with the proposed new regulations indicates to be desirable. I shall be pleased to deal with retired officers of the armed forces when we get into the

committee stage on the clause which deals with the subject.

If there are other questions I have not touched upon and which are of interest to hon. members I will be glad to deal with them either when I speak in closing the debate or during the clause by clause discussion of the bill.

Hon. R. A. Bell (Carleton): Mr. Speaker, if there be a more complex and complicated bill to come before parliament this session, I hope someone other than myself may be its critic. To work one's way through the intricate labyrinth of the diverse provisions of this bill is a task for a Philadelphia lawyer and I do not think an Ottawa solicitor or a Kingston accountant has achieved that particular distinction.

• (8:20 p.m.)

Mr. Benson: Would the hon. member permit a question? I would like to ask him if he will give me an opportunity to do this as a Kingston accountant when we get into committee stage?

Mr. Bell (Carleton): I am sure the hon. gentleman is going to have many questions to answer in committee stage, and I hope it is going to be at committee stage in a special joint committee and not in committee of the whole.

I say that none but an actuarial expert could be certain that he fully understands the technical and involved draftsmanship of this bill. It is for that reason I submit it is imperative that the bill should be sent to the special joint committee on the public service rather than to have it considered in the first instance by the committee of the whole. I appeal to the minister to adopt this suggestion because I am certain it will save time in the long run.

In all candour I say to the minister that I have tried as earnestly and valiantly as I can to study this bill in great detail and to seek to understand the integration of the proposed amendments with the existing superannuation structure. As a result I wish I could assert that I had made myself the master of the amendments. I have not, and when a member who has the background which I have in superannuation problems, from professional practice in the city of Ottawa over the years, from service in the last parliamentary committee on superannuation, and from extensive handling of superannuation matters as parliamentary secretary to the minister of finance, when such a member is perplexed about this bill I am sure there are other members equally perplexed, perhaps even the minister himself, for I thought that in his statement tonight he demonstrated that perplexity.

Before that special joint committee we would have the opportunity to examine experts, particularly that knowledgeable, yes, that brilliant pension expert, Mr. Hart D. Clark, to hear representatives of the staff associations and to assure ourselves that this bill is a wise and proper revision of the superannuation provisions.

There are three other reasons why I submit this bill should go to the special joint committee. First, I have reason to believe, as has the minister, that the staff associations have not yet had the opportunity to study the bill. I believe the minister has had a telegram from at least one staff association, and perhaps two, objecting to the consideration, so early in the proceedings of this house, of this bill. This bill has been available for only six days and I believe it would be offensive to the staff associations, and indeed court real trouble, to proceed with a bill which so intimately affects every civil servant until the representative staff associations have had a proper opportunity to study it and to make representations.

I shall be frank with the minister and say to him that if he persists in ramming this bill into committee of the whole, clause 2 will not be passed until we on this side are given assurances by staff associations that they have had the opportunity to examine the bill in detail and have no objection to it, or have such objection as may be stated and then debated. I am most anxious to be co-operative with the minister but I am equally determined that the civil service shall be protected and the staff associations shall have the opportunity to examine the bill and to say whether it is satisfactory to their members.

Second, sir, I think it is quite evident that if the special joint committee does not examine the bill the Senate will send the bill to one of its committees. I do not believe that we who represent the public service of Canada in this elected chamber should abdicate our rights to the other place.

Third, the special joint committee could divide this bill into seven components and report seven bills to the house rather than this single, omnibus bill. I repeat what I said at resolution stage, that this technique of

legislating by omnibus bill is sloppy, confusing and untidy, and I say it is genuine legislative heresy. I really thought it was quite cute of the minister to try to attribute to me the authorship of this particular type of legislation.

Yes, I did say on the estimates and I will repeat on the estimates that, instead of having dollar items, for those simple and ordinary situations which are not matters of principle there should be a statute law amendment act. I never said, and the minister cannot find it said in any place by me, that matters of principle should be legislated in an omnibus bill, and I say to him tonight that that is evil per se. I say this house ought not to permit what is being done in this bill. This issue was argued on the government's reorganization bill and I adopt all the arguments then advanced.

If the government is permitted to get away with this new legislative technique of amending seven bills by a single bill, it will not be long until the whole governmental legislative program is contained in each session in one single bill. I repeat that this legislative omnibus practice is evil per se and the time to stop it is now on this bill.

I think the minister is one of the more reasonable of the present ministry. I appeal to him to accept these arguments and to send the bill to the special joint committee. If he does not agree there will be a time when we shall have to test the sense of the house in this particular.

The integration of the Canada Pension Plan and the various superannuation acts has been a difficult and complex task. It is something that ought to have been done long ago. It ought to have been done at the time the Canada Pension Plan was brought forward. We are now suffering from the neglect at that particular time.

All of us will need to study carefully what the minister said tonight before we can approve or disapprove of the proposals he has made. What he has said has been technical in every detail. Surely, sir, since he has announced tonight some of these procedures and techniques for the first time, he cannot object legitimately to an opportunity for members of the opposition and officials of the staff associations to study his statement, and I think I must insist upon that opportunity before this bill proceeds further.

There are some features of the bill of which I approve fully. For example, the inclusion of wartime service as the equivalent of service in the regular forces removes an anomoly which should never have been permitted to arise. It will bring justice to a considerable number of officers and men now approaching retirement age.

The intention to take authority to modify the existing harsh provisions relating to pensioned officers of the armed forces who enter the public service is a step forward. What happened tonight is that the minister obviously had two or three pages of his notes in which he meant to describe to us precisely what was intended by this. He skipped those pages and jumped to the end, saying he was sure the house would agree with what he had just described.

Although he gave us a commitment, positive and clear, at the time of the resolution stage that he would describe all these matters on second reading he has not done so tonight. He has again postponed the situation and said he will do it when we are in committee of the whole. I think the minister at the resolution stage was less generous and less graceful than he usually is when he refused to satisfy our curiosity in relation to these matters, but his failure tonight to give an outline of what is proposed is intolerable.

What he is asking for is a blank cheque, and if an additional reason be required for this bill to go to a special joint committee then I say this is it. Clause 2 certainly should not be passed until the representatives of the armed forces have had an opportunity to express their opinion on proposals which the minister has yet failed to outline to the house despite his specific commitment to that effect. Certainly, sir, I would prefer, whatever the proposals of the government may be in this respect, that they should be part of the bill and not included in an authority to enact regulations, which is the purpose of the present proposal.

I am opposed to giving blank cheques to anyone, but this is what we are being asked to sign for the minister. I oppose this bypassing of parliament in respect of this particular situation. It is all very well for the minister to assert that under the R.C.M.P. legislation, enacted when the right hon. gentleman from Prince Albert was prime minister, there was an equivalent provision.

• (8:30 p.m.)

Perhaps we did make a mistake at that time. We were not infallible, but I have no patience with these *tu quoque* arguments. This parliament has suffered too much from this "you're another" approach, "tit for tat", a

"Roland for an Oliver", and other forms of argument of this sort. All I wish to know is what is right in the existing circumstances, and I doubt if this can be ascertained without hearing evidence before a joint committee. I know this cannot be permitted to pass when the minister only explains what his proposals are when we come to our consideration of the particular clauses of the legislation. There must be an opportunity for a representative of the armed forces to know what is intended before we come to that, and to know what is proposed by the government.

One aspect of the delegated authority to make regulations is that the pensioned armed forces officers, warrant officers or petty officers, who are afterwards employed by an agent of Her Majesty, may have their pensions placed in jeopardy. This has not been the case in the past when a retired officer was employed by a crown corporation. Although this has been the case with the R.C.M.P. in the past it is now imported into armed forces provisions for the first time. Obviously I agree that the treatment should be uniform, but it should be generous. I repeat, sir, that I have the gravest reservations about what is proposed in this particular and I must insist that before we advance at all in this legislation the minister tell this house what he intends.

One feature of the bill, which runs through many clauses, vests in a single minister powers heretofore exercised only by the Treasury Board. As emphatically as I can I oppose this proposal. No doubt the draftsman of this bill thought it would be neat and tidy, and in theory that is correct. But political practicalities are not always neat and tidy. The futures of many individuals are being delivered into the decision of a single minister. I have a very vivid recollection of how harassed a minister may be at a particular time and how he will sign, however strong-minded he may be, the documents put before him by trusted advisers just merely to end the horrible day. If the documents he signs are only recommendations to the Treasury Board two checks ensue, first, a careful scrutiny by the Treasury Board staff and, second, a review by at least three ministers on Treasury Board. One may argue whether three harassed ministers are better than one, but at least mistakes may be caught. The mere fact of Treasury Board review is a salutary deterrent to arbitrariness at the departmental level.

I ask the minister to consider this point of view. I do not seek to move amendments to each of the many clauses which, for purposes obviously of so-called administrative convenience, seek to vest in a single minister authority heretofore exercised by Treasury Board, but will the minister consider that there is a check and a balance in multiplicity of review? If he does not concede that, will he consider whether some appellate procedure is required? I will return to this subject during our committee consideration.

May I now turn to the question of the actuarial status of the superannuation funds. The new bill will provide for the immediate crediting to the superannuation acts of the amounts necessary to provide increased benefits as the result of salary increases and would spread payment of that amount over five equal annual instalments. I venture to draw specific attention to the reply I received to a question which appears in *Hansard* for Monday, June 6, at page 5980. The position may actually be summarized by the answer to part 4 of that question, the question being:

> 4. What is the total actuarial deficiency in the public service superannuation accounts as of March 31, 1966, for which no provision has been charged to budgetary expenditure?

The answer was:

> 4. Public service superannuation account, $93,620,600; Canadian forces superannuation account, $53,601,200; Royal Canadian Mounted Police superannuation account, $3,115,200.

In other words, among the three funds there is an actuarial deficiency for which no provision has been charged to budgetary expenditures of over $150 million.

Mr. Benson: I wonder whether the hon. member would permit a question?

Mr. Bell (Carleton): Yes.

Mr. Benson: Would he care to tell me what the actuarial deficiency was when his government left office, and does he realize that any actuarial deficiencies that exist must be amortized over a five year period under the provisions of legislation passed by this parliament last year?

Mr. Bell (Carleton): The latter point is one to which I intended to refer and will do so immediately if the minister will hold his patience. The first point is one in respect of which I do not have detailed information immediately before me. If the hon. gentleman wishes to make this a matter of politics, that is his prerogative. I have approached civil service matters in this house without political partisanship. If the minister is trying to

change that attitude, then let him stand up and do so.

The extent of this actuarial deficiency is still a serious matter in spite of the fact that it is spread over a period of time. When the minister replies I hope he will indicate whether this deficiency is likely to become progressively larger in years ahead. It is all very well to spread this over a period of years but if the impact is that it becomes larger year by year then this is a matter that must be considered by parliament.

I want to say to the minister that this bill is actually much more significant in its omissions than in its provisions, and I refer basically to four principles upon which the bill improperly is either silent or less explicit than it should be.

First, the vaunted provisions of the bill allegedly providing for portability, and the minister spoke tonight about this at some length, are much less than satisfactory. Indeed, all of us would agree that mobility of manpower is one of the most significant requirements for these days of advancing automation. The government of Canada should set the standard for all employers and should make full portability possible. The provisions of this bill instead are trivial and insignificant in this field. A genuine national plan of portability of private pensions is an urgent need and the government should set the model. It should start to set the model by this bill dealing with its own employees and should then set a model in a bill which deals with portability for those employees who are under the jurisdiction of the parliament of Canada, which would integrate other bills which I hope could be passed by all legislatures of the provinces. There is opportunity here for this parliament to give the lead in portability of pensions.

Second, I submit that all superannuation acts dealt with by this bill should now have a built-in escalation clause which would reflect rising costs and changes in salary scales. Under the Canada Pension Plan a technique of escalation of benefits has been adopted. This has been accepted as a matter of government policy for all Canadians. I submit it should be introduced into the various superannuation acts for the public service as a technique of avoiding the hardships and injustices which are bound to confront many present civil servants when they retire, as they have confronted so many civil servants already retired. These hardships and injustices are the result of the lack of an escalation clause. An escalation clause in the public service superannuation and associated acts would have a further salutary advantage in that it might set a significant standard for industry generally.

[Mr. Bell (Carleton).]

• (8:40 p.m.)

Third, I submit that this bill ought to provide for a reduction to a five-year average instead of the present six-year average. This would have a further advantage in bringing pensions more in line with current conditions. When hon. gentlemen opposite were in office years ago they raised it from a five-year average to a ten-year average. When the government of the right hon. gentleman from Prince Albert was in office it was reduced from ten to six. I think now it ought to be brought down to a five-year average and ought to reflect, as a five-year average would, a closer approach to what are the economic conditions at the time of retirement.

Fourth, Mr. Speaker, this bill perpetuates the existing shabby and shoddy treatment of retired civil servants, retired members of the R.C.M.P. and of the armed forces. Persistently before 1957 and since 1963, hon. gentlemen opposite have scorned the claims of retired civil servants consonant with the erosion of the value of their pensions due to the fall in the value of money.

Mr. Benson: Mr. Speaker, I rise on a question of privilege. A few moments ago the hon. member for Carleton indicated in his speech that I had said I would indicate what the new regulations were on second reading of the bill. I have had the opportunity of looking up what I said as reported in *Hansard* at page 6045. I said:

> When the pertinent section of the act comes up for consideration I shall be pleased to comment on its contents.

Mr. Nielsen: That is debate, not privilege.

Mr. Bell (Carleton): Mr. Speaker, I have not had an opportunity to read the particular section of *Hansard* to which the hon. gentleman has referred. I think his opportunity to rise on a question of privilege would be when I had concluded and not when I was dealing with another matter. When I have finished I will read his remarks, and if there is something to be said on the hon. gentleman's question of privilege I will deal with it at that time.

I want to say that hon. gentlemen opposite have persistently scorned the claims of retired civil servants. Only the government of the right hon. gentleman from Prince Albert showed any appreciation of this problem. That government met the problem and established a useful and salutary precedent which this government now ignores. I say to the Minister of National Revenue that the existing situation cannot continue. The plight of some retired federal government employees belies description. It is the clear responsibility, I submit, of the government to recognize the seriousness of the problem and as a good employer to take immediate action to alleviate the economic distress of large numbers of former public servants by making adjustments in their pensions. The longer retired, the more acute the distress is for these dedicated public servants of Canada.

The various governmental superannuation plans are undoubtedly among the best in the country. This is not the point. The fact is that the rapid rise in the cost of living has seriously depleted the value of the pensions. In 15 years the rise has been over 40 per cent.

Mr. Benson: Mr. Speaker, I rise on a point of order. As I explained at the resolution stage, this particular bill does not deal with the position of retired civil servants but rather with the position of civil servants employed at the present time and their future pension benefits. Therefore although I sympathize greatly, as does the hon. member for Carleton, with retired civil servants, I do not think it is proper to debate the question of the pensions of retired civil servants under this particular bill which is dealing with civil servants employed by the government of Canada at the present time.

Mr. Knowles: On the point of order, Mr. Speaker, may I point out that the minister himself made at least two references to retired civil servants when he was speaking tonight on second reading.

Mr. MacEwan: That is right.

Mr. Speaker: I am sure that hon. members do not expect me to make a ruling on the point of order raised by the minister. I would think that basically he appears to be correct. I do not believe that hon. members would want to engage in protracted debate on the question of pensions payable at the present time to retired civil servants. I would think that as much as possible hon. members would want to confine their remarks to the principle of the bill itself which, as the minister has pointed out, deals with civil servants employed at the present time and does not refer to retired civil servants.

Mr. Bell (Carleton): With respect, Mr. Speaker, I would indicate that the principle of this bill is superannuation for all civil servants. This is an amendment to the act under which all superannuation is paid. Therefore if there are deficiencies in the payment of superannuation to anyone, I venture respectfully to suggest that this is the place where it may be properly discussed in the house.

It was under such a bill as this that similar matters were discussed on another occasion prior to the introduction of the pension adjustment act which was presented to the House of Commons by the former government. What I think is needed is to bring that pension adjustment act up to date. This is not to ask something which is unknown elsewhere. In fact both the United Kingdom and the United States have made regular adjustments in pensions and they have done this in the very type of act that is before us this evening. The United Kingdom has made at least six adjustments in pension for retired civil servants of that country, the latest being November, 1965. If you will permit me, Mr. Speaker, I would quote from page 1351 of the British *Hansard* of November 18, 1965, from a speech of the Chief Secretary of the Treasury, Mr. John Diamond, M.P., on second reading of the pensions (increase) bill:

> This is an important bill. It relieves human hardship, it is an exercise in the all-important sphere of social priorities, it affects more than 700,000 people and those who live with them, it is costly—more costly than any of the similar measures which have been introduced on five previous occasions since the war—and it has been given pride of place in the government's legislative program.

I wish the Minister of National Revenue would give pride of place in the government's legislative program to just such a bill. I continue:

> I will begin by explaining the cause of the hardship to which I referred. Public service pensions are normally related to length of service and pay at retirement. They carry no built-in right or promise of increase after retirement, but when there has been a marked fall in the value of money causing hardship to pensioners the government, as a good employer, seek the authority of parliament to pay increases to alleviate this hardship.

Then he went on to say this and I draw the attention of the house to it:

> We are responsible for the management of the public services and are, therefore, concerned to

see that public service pensioners do not, as a result of inflation, suffer hardship—whether in absolute terms, if their pensions will no longer buy the necessities of life—or relative hardship, if their pensions will no longer give them the standard of living which they had earned through their years of service and to which they had reasonably looked forward when they retired.

That is a clear statement of principle which I invite this government to emulate. In the light of the United Kingdom recognition of justice for all retired public servants, I am at a loss to understand the adamant attitude of the Prime Minister (Mr. Pearson) and the Minister of Finance (Mr. Sharp).

What of the United States? Public law 89-205, approved on September 27, 1965, amended the civil service retirement act to instal a revised cost of living adjustment plan to gear it to a monthly rather than an annual average price indicator and to apply the increases to all existing annuities. As of December 1, 1965, all existing annuities were increased by the same percentage as the rise in the price index computed on the annual average index for 1962 to that date in 1965. Annuities which commenced before 1962 are further increased by the percentage increase in cost of living from the date of the commencement of the annuity to 1962. Future adjustments will be achieved by adjusting annuities automatically to reflect changes in the consumer price index each month. Whenever the price index shows a level for three consecutive months at least 3 per cent above the 1965 index, the annuity will be increased by that percentage, adjusted to the nearest one-tenth of 1 percent.

• (8:50 p.m.)

If this is sound policy in Westminster and in Washington, as I believe it is, then why is it not sound policy in Ottawa? I warn the minister and I warn his colleagues, the Minister of Finance and the Prime Minister, that I intend to persist in this matter until I can compel action on behalf of these dedicated public servants of Canada.

I will now turn to another matter which I mentioned at the resolution stage. I mentioned the unfortunate consequences of the rule applicable in one case where a widow was more than 25 years younger than her deceased spouse. Of course I will not mention names but the case is well known to the Minister of Finance and to the Associate Minister of National Defence (Mr. Cadieux). This is no ordinary case and because it is unusual I submit it requires attention and remedy. Obviously there must be protection in a bill of this sort against death-bed marriages, but in this case the marriage lasted 31 years. It was the union of a lieutenant colonel aged 49 to a young woman of 22. It was a productive and fruitful marriage which terminated 31 years later on the death of the husband at the age of 80. Because the widow is 26 years and 4 months younger than her deceased husband, she is totally deprived of a pension.

I urge the minister to take authority under this bill to remedy this particular case or alternatively to provide for it under a statute law amendment act which is the technique that I think should be used rather than to do it in the estimates. I believe in this case justice requires action and I intend to return to the matter until it is in fact remedied.

Now I wish to return to my early submissions. I am confident that the committee of the whole simply cannot do justice to this complicated bill. I urge the minister and the government to send this bill to the special joint committee on the public service. I say to the minister that this bill cannot pass through the committee of the whole until there is assurance that opportunity will be granted to the staff associations to review, study and submit representations upon it. The proper place for this to be done is in the special joint committee. If the minister persists in retaining it in committee of the whole I regret to say that until such time as opportunity has been given to the staff associations to voice their opinions on it, clause 2 of the bill will not have a gentle passage.

It is only when we will have heard that the staff associations which represent the civil servants of this country have had the proper opportunity to scrutinize the bill will we be assured that this bill is adequate in the general circumstances, inadequate though it obviously is in respect of a number of matters to which I have referred.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my interest in this bill is in the main twofold. On the one hand I am interested in it from the point of view of parliament's responsibility to our public servants. I want to see a piece of legislation that deals with their pension rights in the fairest possible way. On the other hand I am interested in this bill in so far as it sets a pattern with respect to the integration of other pension plans with the Canada Pension Plan. Because it does set a pattern, it may well be followed or used as an excuse by private

employers. I feel therefore that we have to look at this piece of legislation very carefully before we give it final approval.

I therefore share the desire of the hon. member for Carleton (Mr. Bell) that this bill be looked at in the best possible way. He has suggested that it should be referred after second reading to the special joint committee on the public service and I think that that proposal has much to commend it. I recognize the problem that exists because three other heavy pieces of legislation have been referred to that committee and if we have four bills of the weight of these pieces of legislation the committee may find itself in session until Christmas.

Nevertheless I hope that the minister and the government will find some way to meet the point that the member for Carleton has raised. I do not know whether there is any rule under which we could refer a bill to a committee for a short period of time. That might be one answer to the problem. Another way might be to refer this bill to a special committee consisting of the limited number of members of this house who have studied it so that the civil servants who have drafted it for us might be able to give us the benefit of their knowledge of this legislation.

I think that one of the most useful aspects of the experience which we had as members of the special joint committee on the Canada Pension Plan was that we had before that committee civil servants who took us through the bill clause by clause and enabled us to understand it in all of its detail. I think that is needed with respect to this bill. It is so complicated that I do not suppose every member of the house would want to know the meaning of every section but I think that at least a representative number of members of the House of Commons should know pretty clearly what is contained in this legislation and some vehicle should be found whereby we can deal with it more effectively than will be the case in the committee of the whole house.

I am putting forward these thoughts not in the spirit of any threat nor in an argumentative manner but rather in the belief that this bill deserves better consideration than it will get if we deal with it in committee of the whole house. After all, it contains 94 clauses and it comprises 72 pages. It is not much shorter than the Canada Pension Plan itself. The details of this bill are complex and it excels most bills in the way in which it can reduce mathematical formulae to many paragraphs of words. It seems to me to give a different treatment to the same subject matter under the different acts with which we are dealing. For these reasons it is the complex piece of legislation described by the previous speaker.

I hope, therefore, that the government will discuss with hon. members representing the various parties the possibility of finding some way in which we can study this bill more thoroughly and more effectively than we can in committee of the whole. If that is what we have to do, some of us are ready to do it but I think the bill deserves better than that.

• (9:00 p.m.)

I have two other suggestions which I should like to make. One is that I think at some point the government should produce what we call a white paper on these various pension plans. Perhaps this is something that does not need to be done until after the legislation has been passed. But just as it was necessary to produce a white paper on the Canada Pension Plan so that the public could understand that piece of legislation, I think the same will have to be done with respect to the Public Service Superannuation Act as it is affected by this bill, the Canadian Forces Superannuation Act as it is affected by this bill, and so on with all the other pieces of legislation. After all, the number of people affected by these various government pension plans adds up to a considerable section of what we call the public, and I think that they have the right to a white paper, or to a document, call it what you may, in which they can read in understandable language what are the provisions of their pension plans and what are their rights under those plans.

The other suggestion which I think may be appropriate, having spent a good portion of the week end wading through Bill No. C-193, is that perhaps we need another Carter Commission. Perhaps I should withhold the use of that name until we have seen what the Carter Commission produces by way of a report; but in so far as we have any notion of what the Carter Commission is supposed to do, we understand that it is supposed to take a look at the complexities of our income tax structure to see whether or not there are ways in which they can be simplified. I suggest that the time has arrived when it may be necessary to simplify to some extent the complexities of our many pension plans, particularly those which come under government supervision.

I know why these plans as they now stand are so complex: they were drafted in the first instance; then proposals were made for changes and amendments; and then as amendments were added certain qualifications had to be recognized. And so on the story goes; and while the plan did not grow just like Topsy, it did grow in all sorts of directions and, as I say, we now have a very complex system of pension plans.

Therefore, I believe that consideration may have to be given to the establishment of something like the Carter Royal Commission to see whether it is possible to simplify these plans and to put them on a more readily understandable basis. It may be, or course, that the idea of a commission to survey all our pension plans could wait for a few years until the Canada Pension Plan comes into full operation and until other plans have established their relationships with it. When that time comes such a commission would find that it would have to go not only into government pension plans but into all pension plans in this country; and I think that day is coming soon. Pensions are becoming a very important aspect of our economy, and as they become important and as the capacity to enjoy retirement with a decent standard of living becomes recognized, I suggest it also becomes urgent that our whole pensions structure be looked at and made as simple and as understandable as possible, in view of the right of those affected to know what is in these plans.

Now, Mr. Speaker, I come to a few comments on bill No. C-193 itself, and I use the word "few" advisedly because with a bill consisting of 94 clauses one does not go into all the points on second reading but leaves something for whatever stage we are going to have later. The first thing I want to say is that as I read the bill it does come through with the things that the government said it would do in this legislation. Some of those things which it said it would do are details of which we approve, such as bringing in the armed forces and the Royal Canadian Mounted Police, establishing portability, taking care of the post office workers who were out on strike last summer and so on. But, of course, the main purpose of the bill was to establish a basis for integration of the various government pension plans with the Canada Pension Plan, and this the bill does.

Furthermore, this integration is accomplished in line with the original statement that was made on the matter on behalf of the government as recorded in *Hansard* for November 18, 1964, at pages 10233 to 10235. The member who made that statement was the then parliamentary secretary to the minister of finance, now the Solicitor General (Mr. Pennell). That was the first official statement on what the government had in mind regarding the integration of these various employee plans with the Canada Pension Plan and, as I say, the bill before us carries out what the present Solicitor General indicated on that occasion.

I suppose that because I stand here and say that the bill does what the government said it would do, this should be taken as a compliment and nothing more need be said. However, I find I must repeat the statement which I have made on previous occasions, namely, that I am not yet sold on the principle of as complete an integration of other plans with the Canada Pension Plan as that proposed by the government in this legislation.

I shall come in a moment or two to the question of the extent to which there is complete integration as opposed to the extent to which integration is but partial, but in the main this bill is a piece of legislation the effect of which is to deny to civil servants either all or part of the extra benefit which they might have received had the Canada Pension Plan been recognized simply as a supplement or addition to what they already have.

I know all of the arguments about the public service superannuation plan being a good one and about its rates of contribution being high, but it still seems to me that an arrangement could have been made to enable public servants to get a better share of the extra benefit which is available to Canadians because of the Canada Pension Plan.

As I said, Mr. Speaker, when we were at the resolution stage I believed, and I still believe, that the purpose of the Canada Pension Plan was to provide a pension for employees who did not already have one. Its purpose also was to provide an additional pension for those already had some pension rights and benefits. I feel very sad when I see any group of workers or employees denied the possible chance of an improved pension such as the Canada Pension Plan was designed to provide.

I am going to make the prediction, Mr. Speaker, that 25 or 30 years from now—I do not offer this as a threat to send chills down the spines of hon. members—there will be

another Stanley Knowles in this house who will be pleading—

An hon. Member: It might even be the same one.

Mr. Knowles: Yes, it might be—

Mr. Dinsdale: You will be in the Senate by that time.

• (9:10 p.m.)

Mr. Knowles: Oh, no.—and the plea that that member will make 25 or 30 years from now will be that it was unfair to the civil servants of 25 or 30 years ago to deny them the benefits of both plans, the one under the Public Service Superannuation Act and the one under the Canada Pension Plan. I believe that 25 or 30 years from now a member will be asking the government of that day to give the retired civil servants of that day the better break that they should have been granted in the first place. As I say, I do not hold this out as a threat, although I shall try to stay here and plead the case, if it is necessary, 25 or 30 years from now.

Let me document what I mean about the denial of the extra benefits of the Canada Pension Plan to the public servants. The formula as worked out in the bill, when it gets into language, is pretty complicated. But when one reduces it to mathematical characters it is not quite so difficult to understand. When one grasps that formula he discovers that civil servants today who are near the point of retirement and have, say, only one or two years to go will, as the result of the formula provided in this bill, pay in the same amount they are now paying and get, when they retire, a slightly better pension. I could give figures but I will leave that until we get to committee.

That increase in benefit which will be there for civil servants who are going to retire in the next year or two will grow year by year until the tenth year. Those who have precisely ten years to go, when they retire, will get the maximum extra benefits, the marginal benefit that is provided under this formula.

After the tenth year has gone by employees who are still in the service will find that the extra benefit they will get will start to decline. I do not mean just that the extra increment will be less but rather that the total extra benefit that employees will get if they work 11, 12, 20 or 25 years will actually be less than it would be if they were ten-year employees under both plans.

When the point is reached where an employee has his full 35 years in he will find that he is just about even. In terms of percentages he will get out of the Canada Pension Plan 25 per cent of his year's maximum pensionable earnings, which at the present time would be $1,250, but in the terms of this bill he will lose 24½ per cent of those same earnings. So at the 35-year point there is practically nothing of the extra benefit left, and the retiring civil servant, though he was in two plans, will be getting exactly the same pension within a few cents that he would have got if there had not been the Canada Pension Plan at all.

I just do not think that is good enough. That is why I said a few moments ago that 35 years from now there may well be another Stanley Knowles complaining about the unfair treatment accorded to some of our civil servants because of the nature of this integration formula.

I think that stacking, or decking would have been better. But if we are dealing with a plan where the rates of contribution are higher than in some other plans, a compromise would have been in order. It seems to me that this is not the best kind of compromise that could have been worked out, and I deplore the unevenness of the extra benefits. It starts in the first year and grows up to 10 years and then goes down from 10 years to 35 years.

I also want to urge that when we get into committee on the bill a very clear statement be made on the position of employees who are entitled to retire before they are 65 years of age. There are employees who get their full 35 years of service in at age 60 or 62. Under the Public Service Superannuation Act as it now stands they can retire and draw their full pension. Many persons have come to me about this and I have given them my assurance, an assurance that I am satisfied with, that they will not suffer any loss in their pension under the Public Service Superannuation Act. If I read Bill C-193 correctly, that is the case.

But will they get anything extra? The present Solicitor General, when he made his statement as parliamentary secretary to the Minister of Finance on November 18, 1964, was quite specific that it would still be possible for people to retire early and get the same public service pension, getting the additional Canada pension when they reach age 65. Because the Canada Pension Plan is so worked out that if you do not have any

earnings between age 61, 62, say, and age 65—there is a formula under which the benefit is reduced—I can see possibilities of some people drawing the full public service pension at age 60 or 61 and finding when they get to age 65 that what they have left is not worth very much. I recognize of course that there is a clause in the bill that is supposed to provide protection in this sense, because it says that if that kind of complication produces a pension of something less than would have been the case if there had not been the Canada Pension Plan, there will be an adjustment.

It seems to me that in this whole area there is lacking the kind of clarity we ought to have. I am also surprised that if a person, for the reasons I have given, finds himself in a position of having to take a joint pension which is less than would have been his public service superannuation, in order to bring it up to its original level he has to apply for it. It seems to me something like that ought to be completely automatic.

I am listing a few of these things, Mr. Speaker, to indicate matters that in my view ought to receive attention and also to indicate the reason for my basic contention that we ought to take a pretty hard look at this piece of legislation for two reasons, to make sure that it gives the best possible deal to our civil servants and to make sure that we are setting a pattern that will be fair to employees of private industry in cases where private industry copies this plan.

I have already made passing reference to some of the things that are in the bill which are approved by all of us. Perhaps I can list them. We are glad to see that the armed forces and the Royal Canadian Mounted Police are brought under the provisions of the Canada Pension Plan. Since they have been brought under those provisions, provisions for integration similar to those of other government employees have to be made.

I welcome most strongly the portions of this bill that extend the principle of portability. I go all the way with the hon. member for Carleton. In fact, I go farther than he does with the suggestion that there should be complete portability of all pension plans in this country, and I regret that it has taken the government so long to act on the promise made by the former minister of finance on December 18, 1964, that there would be legislation providing for the regulation of pension plans that come under federal jurisdiction.

[Mr. Knowles.]

I hope the day will come when there will be the kind of over-all legislation that will ensure complete portability of pensions and ensure the possibility that our people generally can build up and enjoy decent pensions when their time comes to retire. Even though I regret that we have not gone as far as we should, yet I am glad to see a further extension of something that is already there in the government service, the right of portability, the right of people to move in and out of the public service, into certain other kinds of employment, and carry their pension rights with them.

I welcome too the increase in the amount of death benefit payable to public servants and I welcome the provision that protects the pension rights of the Post Office employees who were on strike last summer.

• (9:20 p.m.)

Now, Mr. Speaker, I must ask your indulgence for a moment to draw the minister's attention to the fact that the short title of this bill is "The Statute Law (Superannuation) Amendment Act, 1966". If this title describes the bill correctly as one which in an omnibus way amends the various statutes which are on the books having to do with public service pensions, then this was an appropriate opportunity for the minister to have done something about the pensions of retired civil servants. He could have done it by including in this statute amendments to the Public Service Pension Adjustment Act, or if he does not like that act because it was brought in by another government he could have brought in his own measure.

The minister is conscious of the fact that this problem exists. It is on his doorstep as, I hope, it is on the doorstep of every member of the government. Indeed, tonight he gave an assurance to retired members of the civil service that their own pensions would not be reduced or interfered with because of this legislation and that none of the money they had paid into the public service superannuation fund would be used for any other purpose than to pay their pensions.

I submit that if the Minister of National Revenue and the hon. member for Carleton can talk about these things, so can I.

Mr. Benson: On a point of order, Mr. Speaker, the only reason I mentioned these matters was to answer two questions in order that the hon. member for Winnipeg North Centre who raised them last week might not lose his sleep tonight worrying about them.

Mr. Knowles: I am sure the minister realizes that is about the weakest point of order he has ever raised. His reference to this subject is an admission on his part that this is a matter of concern. Mr. Speaker, it is not necessary for me to take time on this subject. The pages of *Hansard* are replete with my pleas on behalf of retired civil servants. I express my regret in the strongest terms I can that the government has ignored this golden opportunity. We are dealing in this bill with the whole question of pensions. We are trying to right wrongs, to provide greater portability, to bring the provisions of these various acts in line with the Canada Pension Plan. We are trying to improve the situation with respect to what are sometimes called deathbed marriages. It used to be that if a man got married three or four years before he died the pension of the widow was reduced accordingly. Now a man can marry and die within a year and even then his widow may not suffer provided the minister is satisfied that the husband was not supposed to die within a year.

After all we have said tonight about the complexities of this measure and its detail, I think the government and those who drafted this bill are to be commended on having taken this opportunity to straighten out many anomalies and make changes of a word here and there to clarify provisions in the legislation. But why, when the government was doing these things, did it not think to deal with this important question of adjusting the pensions of civil servants already retired?

I join with the hon. member for Carleton in expressing the hope that some way can be found for us to study these 94 clauses in a manner appropriate to this type of bill. I make no threat about the length of time this is going to take. Common sense tells us it will be better for half a dozen or 15 of us to sit down in a room somewhere with two or three civil servants—we know the names of those who must have drafted this bill and we know how familiar they are with this subject—who could go over it with us. This would be far better than trying to deal with these complicated clauses here in the committee of the whole. After all, we are not likely to get second reading in the 32 minutes between now and ten o'clock, so there could be consultation on this point.

I commend the government on a piece of legislation which carries out many of the things promised by hon. gentlemen opposite. I regret it denies civil servants the full benefits of both plans; maybe we could deal with this at some other stage of the legislation. I hope that as a result of discussing this question the whole idea of improving pension arrangements, increasing portability and building pensions up to a point where all Canadians can enjoy decent retirement will grow in the minds of members of parliament and of the population generally until we make still further progress in this important field.

Mr. Bell (Carleton): I rise on a question of privilege. When I was speaking earlier with regard to the reduction of pensions for members of the armed forces the Minister of National Revenue interrupted to indicate I was not correct when I said he had promised to make a statement in relation to this matter on second reading. He told us he had promised to make it on a clause of the bill. The minister is right and I am wrong, and I want to make amends to him and say that if I had understood correctly what he had said my strictures would have been even more severe.

Mr. Benson: I appreciate the hon. member's apology and the fact that he has admitted he was wrong.

• (9:30 p.m.)

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, just a few words to congratulate the minister for bringing this resolution before the house. I feel the purpose of the minister is praiseworthy as he is endeavouring to merge all those plans into a correlated and better coordinated whole. Indeed, a look at the purpose of this bill reveals that it is fourfold:

(1) to provide, because of the contributions required under the Canada Pension Plan, for a reduction in the contributions required to be paid to certain funds . . . by Parliament—

(2) to extend the . . . provisions of certain of these plans;

(3) to raise the limit on the amount of the supplementary . . . benefit payable—

(4) to make amendments of a general nature to certain of the Acts establishing these plans—

What we are most interested in, Mr. Speaker, is the matter of portability, as Quebec has its own pension plan. It is therefore certainly gratifying for those who will have to move from one province to another that they will be able to benefit from these pension plans, just like all other Canadian citizens, and that they will not lose such contributions as they have paid to the provincial pension plan. I trust the federal government will reach an understanding with the provinces in this regard.

We have been hearing tonight about the complexity of this bill. No wonder, when we have before us a bill containing 94 sections.

I have been listening to the hon. member for Carleton (Mr. Bell) who is an expert on pension schemes; that is what he tells us, anyway, I do not know him personally but he seems to know his business. If he finds that Bill C-193 is complicated, you can imagine, Mr. Speaker, what people like us who are not insurance experts, will think of it. There is much to read and to consider in this bill, and it is impossible to try to consider it in committee of the whole. This bill must absolutely be referred to the special committee on the public service of Canada so that it may be considered, gone over with a magnifying glass, and especially so as to enable those who are interested, that is the employees, to have an opportunity of stating their opinion, since they are the ones to benefit from this bill.

It is imperative that pensioners and future pensioners be allowed to appear before the committee to enable the members who will have to vote on this bill to discuss it frankly and sincerely in committee, to improve it as much as possible and to come up with a piece of legislation as perfect as possible.

Thus, the government, the last interested party who will be called upon to vote on the third reading of this bill, will not be voting blindfolded. I believe this is also the opinion of the Minister of National Revenue who certainly does not intend to dictate an act to future pensioners, who wants a democratic act. In order to make this act democratic, it is imperative that after second reading, it be referred to the joint committee on the public service of Canada.

This is why, Mr. Speaker, I took part in the debate. I have already stated that I do not want us to drag on the introduction of resolutions. We have many opportunities to speak, especially on second and even on third reading. This is why, Mr. Speaker, I do not wish to delay the house further.

I hope that the motion on second reading will be passed as soon as possible, in order that the bill may be referred to the committee.

[*English*]

Mr. J.-T. Richard (Ottawa East): Mr. Speaker, as a member from the city of Ottawa I have been interested for many years in matters affecting the civil service and I would like to say a few words on this bill. As members we want to act fairly toward civil servants. For that reason, when an important bill like this comes before us I would like to feel that all of us understand the effect of the legislation.

I want to congratualate the minister for introducing this bill. It is one of four affecting civil servants. I know there is a great deal of work to do in committees, but this is a complex bill. Its main principle deals with integration Like the hon. member for Winnipeg North Centre (Mr. Knowles) I have had doubts with respect to the benefits which integration will give to civil servants, and when the Canada Pension Plan was introduced I hoped it would contain some extra benefit for civil servants in addition to their superannuation plans.

Our duty in this chamber is to see that all legislation affecting civil servants serves as a model. We should not be followers but should be providing a model for others. At this stage I do not want to discuss the various features of the bill, but I would not like anybody to say I was recanting speeches I have made in this house since 1948 on the importance of the fact that governments should adjust the pensions of retired civil servants, as has partly been done in the old country and more recently in the United States.

I rise at this time to tell the minister that I am in favour, if it is at all possible, of referring this bill to a special committee so that it can be dealt with expeditiously or else referring it to the special joint committee on the public service.

Mr. Robert McCleave (Halifax): Mr. Speaker, I would like to add my support to the eloquent plea made by the hon. member for Carleton (Mr. Bell) and others who have participated in the debate that this bill and its subject matter be referred for study to some committee outside this chamber.

The bill comprises 72 pages as well as explanatory material on opposite pages. It contains 94 clauses and amends seven acts. I am not a Kingston accountant, a Philadelphia lawyer, a Winnipeg North Centre printer or preacher; I am a Halifax lawyer. Two members of that breed have occupied the highest positions in government in this country, and I am sure if they were confronting the problem we are confronted with they would be whirling in their graves because this is a very large and intricate piece of legislation and should be dealt with by a committee whose

members could come to grips with experts and expert opinion.

In saying this I take nothing away from the Minister of National Revenue (Mr. Benson). I think any answers he would give us in the house would be as honest and fair as answers could be to the utmost of his ability, but the fact is that he is separated, except for some fleet-footed page boys, from the officials in the gallery who could go into some of the fine points of the legislation. If we referred the matter to a committee it would be possible to have those experts there for cross-examination. It would also be possible to get the views of the civil service associations and other groups affected by this omnibus bill which, as I have noted, amends seven acts.

Mr. Benson: Mr. Speaker, if you would allow me to rise on a point of order I should like to say that I am completely in agreement with the purport of what my hon. friend is saying and, provided I am given the opportunity, I propose to move that this bill be referred to a committee for detailed study.

Mr. McCleave: Mr. Speaker, when Sir Robert Borden and Sir John Thompson got answers as eloquent as that to their pleas they had the sense to move on to other subjects, but I think I should commend the minister for giving us this information at this time.

• (9:40 p.m.)

I conclude by complimenting the minister on the changes that will be made in relation to wartime service. I support the criticism so well put by the hon. member for Carleton to the effect that superannuates' problems are not being dealt with at this time. I wish to thank the minister for the information he has given the house and I will not go over that ground again. I did have some thoughts as to what it would be like to have a future Stanley Knowles in this chamber 25 years from now but I will spare the house that as well.

Mr. Deputy Speaker: I must advise the house that if the Minister of National Revenue speaks now he will close the debate.

Hon. E. J. Benson (Minister of National Revenue): Mr. Speaker, I rise only to mention very briefly this simple little bill with 94 clauses which amends several acts and to repeat that this is a statute amendment act rather than an omnibus bill.

Having listened to hon. members I think it might be useful if this bill were sent to a committee for several days so that members of the civil service and representatives of civil service associations may have an opportunity of appearing to express their views. I have been particularly moved to make this suggestion tonight by one of the civil service associations, which today indicated it would like to make representations. We as the government want them to have every opportunity to do so.

If we move through second reading I will then move by unanimous consent that we send this bill to the special joint committee on the public service for a period of ten days so that all members may have an opportunity of questioning officials and thus allowing me to get off the spot. In this way civil service associations will also have an opportunity to make representations.

Motion agreed to and bill read the second time.

REFERENCE OF BILL NO. C-193 TO SPECIAL JOINT COMMITTEE ON THE PUBLIC SERVICE

Hon. E. J. Benson (Minister of National Revenue) moved:

That Bill C-193 be referred to the special joint committee on the public service; and

That the said committee report the bill back to the house on or before Thursday, June 23, next.

Mr. Deputy Speaker: Is it the pleasure of the house to adopt the said motion?

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, we would be ready to pass that motion, but our group has no representative on the committee of the public service of Canada made up of 24 members. When committees were set up, we were not allowed to have a member on each committee.

Now that an important matter will be studied, a group of seven members will not have a single representative on that committee. I wonder if the minister would have a suggestion to make in that connection, so that we would have a representative.

We all know that committees find it hard to have a quorum—they cannot have a quorum when it reaches 13. Therefore, I wonder if the minister would object to the appointment of a 25th member during the consideration of that bill.

Bankruptcy Act

[*English*]

Mr. Benson: Mr. Speaker, the committee has already been constituted but I will be pleased to take up the matter of constitution with those involved. I am sure we will want to allow the hon. member for Lapointe all possible representation on this committee.

Motion agreed to.

MESSAGE TO SENATE RESPECTING REFERENCE OF BILL NO. C-193 TO SPECIAL JOINT COMMITTEE

Hon. E. J. Benson (Minister of National Revenue) moved:

That a message be sent to the Senate to inform that house that:

Bill C-193, an act to amend the Public Service Superannuation Act, the Canadian Forces Superannuation Act, the Royal Canadian Mounted Police Superannuation Act, the Diplomatic Service (Special) Superannuation Act and the Intercolonial and Prince Edward Island Railways Employees' Provident Act to provide for a reduction in the contributions required to be paid under those acts as a result of the implementation of the Canada pension plan and for the correlation of the pensions or annuities payable under those acts with the pensions payable under the Canada pension plan; to extend the portability provisions of certain of the plans established under those acts; to raise the limit on the amount of the supplementary death benefit payable in respect of persons employed in the public service and members of the Canadian forces; and to make amendments of a general nature in connection with the administration of those acts and of the Defence Services Pension Continuation Act and the Canadian Corporation for the 1967 World Exhibition Act, has been referred to the special joint committee on the public service, with the proviso that the said bill be reported back to the house on or before Thursday, June 23, next.

Motion agreed to.

BANKRUPTCY ACT

AMENDMENTS TO CORRECT ABUSES AND FOR ORDERLY PAYMENT OF DEBTS

Hon. G. J. McIlraith (for the Minister of Justice) moved the second reading of Bill No. S-17, to amend the Bankruptcy Act.

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I hope this will be one of those non-controversial bills which fall to the law officers to introduce from time to time. In the unavoidable absence of the Minister of Justice (Mr. Cardin) the duty to explain it devolves upon me this evening. I know I shall best suit the inclination of the house if I discharge my duty with a few simple words. I can assure the house that at the committee stage the minister will carry the bill.

[Mr. Grégoire.]

A complete revision of the Bankruptcy Act being still some time away, this bill is an interim measure amending the Bankruptcy Act to provide remedies to some of the most urgent areas of complaints. The amendments that have been incorporated in the bill may generally be grouped under six different headings:

1. More adequate means of dealing with frauds connected with bankruptcies will be incorporated in the act and it will also be possible to disseminate information relating to previous bankruptcies so that prospective creditors may better judge the credit rating of their would-be customers.

2. It will be possible for the court to review transactions which would not come within what may be called moral business practices.

3. The provisions relating to a proposal made by an insolvent person will be tightened to afford creditors better protection and prevent a proposal from being used as a stalling device to permit a debtor to dissipate his assets.

4. Bankrupts will be required to deposit with the trustee, for the benefit of their creditors, a certain portion of their salaries, wages or other remuneration.

5. Certain of the provisions of the act dealing with offences by trustees will be expanded.

6. A bankrupt corporation will be prevented from applying for a discharge.

The new section 3A of the act will give the Superintendent of Bankruptcy adequate powers to make any inquiry or investigation that may be necessary to expose frauds or other criminal offences relating to estates in bankruptcy that otherwise would not be revealed.

The bill also provides that the trustee will file with the Superintendent of Bankruptcy, in respect of each estate, a report setting out the name of the bankrupt and, where the bankrupt is a corporation, the name and addresses of the directors and officers of the corporation and, when applicable, the names of the persons controlling the day-to-day operations of the bankrupt, as well as the trustee's opinion whether the deficiency between the assets and the liabilities of the bankrupt has or has not been satisfactorily accounted for and, finally, the probable causes of the bankruptcy. The information contained in this report will of course be most valuable to the superintendent in assessing whether the bankrupt's affairs should be investigated by him or not.

A separate report setting out only the name of the bankrupt and the names and addresses of the directors and officers of the corporation, where the debtor is a corporation, as well as the names of the persons controlling the day-to-day operations of the bankrupt, will also be required to be filed by the trustee with the official receiver to permit the dissemination of information relating to previous bankruptcies so that prospective creditors may be in a position to better judge the credit rating of their customers.

• (9:50 p.m.)

This bill will incorporate in the Bankruptcy Act the technique used in income tax matters. It will provide that where a person has sold, etc., or purchased, etc., property or services to or from another person with whom the first mentioned person was not dealing at arm's length, and within 12 months of such transaction the first mentioned person becomes bankrupt, the court upon application of the trustee will have the power to review the transaction to inquire whether the consideration was conspicuously excessive or inadequate, and if so give judgment to the trustee for the difference between such consideration and the fair market value of the property or services. These amendments will also provide that where a corporation within 12 months preceding its bankruptcy has redeemed shares or granted a dividend when the corporation was insolvent or that rendered the corporation insolvent, recovery can be had against the directors or against certain of the shareholders of the bankrupt corporation. Other amendments will also be made to other provisions of the act to restrict the rights of creditors that are related to the bankrupt.

Another important amendment will eliminate the possibility of abuses by debtors by giving the creditors, under the direction of the court, more control over the assets of the debtor. These amendments will also provide that if the proposal is not accepted by the creditors or by the court, the debtor will be deemed to have made an assignment on the date the proposal was originally filed with the Official Receiver. Likewise, a proposal that will not be followed through by the debtor will have the same effect as if the debtor had made an assignment in bankruptcy.

Under another amendment the trustee will have to see that the debtor deposits for the benefit of his creditors a certain portion of his salary, wages or other remuneration. It is thought that these provisions will greatly help to correct some of the abuses of the bankruptcy process, especially by preventing the obtaining of a too easy discharge from personal debts through bankruptcy proceedings.

The purpose of another amendment is to compel a bankrupt corporation to make a proposal for the benefit of its creditors should the shareholders wish to use a tax loss or stock exchange listing to their own advantage. These amendments will also prevent a corporate shell from being used to obtain further credit to the detriment of new creditors.

Dealing with offences by trustees, the main effect of the amendments in this bill is to make it an offence for a trustee to receive any remuneration or gift other than the remuneration payable out of the estate and to make any kind of arrangement for the splitting of his fees with a solicitor or other person.

I now wish to say just a word or two about the summary administration provisions in the bill. Over a period of years certain abuses have been disclosed in the administration of estates under the Bankruptcy Act and these abuses are attributed in considerable measure to the summary administration provisions. This bill therefore amends the Bankruptcy Act by repealing sections 114 and 115 which contain the summary administration provisions and re-enacting them with certain deletions and changes.

For example, the provision to which I have already referred whereby security is not required under the present act to be deposited by a trustee in respect of each summary administration estate is changed to provide that such security is not required "unless directed by the Official Receiver". The changes made in sections 114 and 115 eliminate or modify a number of the summary administration provisions in order to provide for the stricter administration of the estates to which the summary administration procedure applies.

Finally, Mr. Speaker, a word about the orderly payment of debts. An act of the province of Alberta, called the orderly payment of debts act, was held by the Supreme Court of Canada to be ultra vires the provincial legislatures as impinging upon the federal jurisdiction over bankruptcy and insolvency conferred by section 92(21) of the British North America Act upon the federal parliament. Both Manitoba and Alberta then requested that federal legislation be enacted

of the same character as the provincial legislation. The present bill enacts a new part of the Bankruptcy Act, part X, which closely follows the provincial legislation which was declared ultra vires.

Mr. Speaker, I respectfully commend this bill to the house.

Mr. Erik Nielsen (Yukon): Mr. Speaker, the situation confronting the country with respect to bankruptcies, and particularly fraudulent bankruptcies, is one which I think can be properly termed an emergency. Our attitude on this side of the house is that we want to do everything possible to facilitate the early passage of the legislation. We will have some suggestions to make but in order to expedite the business of the house and the early passage of the legislation we are prepared to allow second reading tonight and advance to the committee stage assuming that the bill will come before the house at the earliest possible moment again, at which time the general and specific remarks can be made on the relevant clauses of the bill.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, we are prepared to join in the suggestion that this bill be given second reading tonight, but I hope that if this happens and we get into committee of the whole the government will be willing to let the bill stand at that point so that any speeches that might have been made on second reading can be made in committee of the whole.

[*Translation*]

Mr. Grégoire: I agree, Mr. Speaker.

[*English*]

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Rinfret in the chair.

The Deputy Chairman: House in committee of the whole on Bill No. S-17, to amend the Bankruptcy Act.

Mr. Nielsen: Mr. Chairman, may I call it ten o'clock, please?

Progress reported.

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, for tomorrow we propose submitting to the house for its consideration item No. 66 on the order paper, the resolution that it is expedient to introduce a measure to provide for the establishment of a health resources fund; then item No. 45, the resolution that it is expedient to introduce a measure to be known as the Canada Assistance Plan. Then we propose to move into consideration in committee of the whole on the bankruptcy bill to which we have just given second reading.

• (10:00 p.m.)

[*Translation*]

Mr. Grégoire: Mr. Speaker, I should like to ask the government house leader when the house will consider Bill No. 194? All sections of that bill, except section 4, were passed the other day, and the hon. member for Ontario (Mr. Starr) had then requested that section 4 be allowed to stand until early this week.

Now, early this week means today or tomorrow, and in outlining the business of the house just now the minister said nothing about that bill. I would like to know when it will come before the house.

[*English*]

Mr. McIlraith: Yes, Mr. Speaker, I hope later in the week on the return of the Secretary of State.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

ADMINISTRATION OF JUSTICE—INABILITY TO RECOVER COSTS IN SUPREME COURT ACTION

Mr. H. W. Herridge (Kootenay West): I rise this evening to bring to the attention of the house an injustice which I consider a constituent of mine, Mr. Charles Ghirardosi, has suffered as a result of having won his case before the Supreme Court of Canada without counsel.

Mr. Ghirardosi's property in Trail, B.C. was expropriated by the British Columbia highways department in 1961. He was told to go to arbitration and the decision of the arbitration was not in his favour. The award which he sought was refused and he had to pay the court costs. He then went to the Supreme Court of British Columbia which set aside the decision in favour of the British Columbia highways department. Nevertheless, again Mr. Ghirardosi had to pay court costs as well as legal expenses to his counsel. Then the minister of highways of British Columbia, Mr. Gaglardi, appealed the decision of the Supreme Court to the Court of Appeal of

British Columbia. The Court of Appeal reversed the decision of the Supreme Court of British Columbia and there again my constituent, Mr. Charles Ghirardosi, had to pay the court costs and the expenses of his counsel.

Continuing to seek justice in this case he came to Ottawa with a view to bringing his case before the Supreme Court of Canada. Before leaving Vancouver he asked a solicitor to represent him. The solicitor told him he would not take the case without receiving $12,000 in cash before even starting. Another solicitor offered to undertake this work for $5,000 and still another one demanded $4,000. Finally a solicitor in Ottawa offered to render his services for $850. Mr. Ghirardosi did not have this sort of money so, after thinking it over and reading the Supreme Court act, he decided to appeal his case in person before the Supreme Court of Canada without counsel.

Mr. Ghirardosi is a long-time resident of the Kootenays. He does not have a great deal of formal education but he has a sharp mind. He appealed to the justices of the Supreme Court and obviously convinced them that he had a sound case. The justices gave a judgment which I will read in part as follows:

> I would allow the appeal, set aside the judgment of the Court of Appeal and restore the order of Collins J. The appellant will recover from the respondent his costs in the Court of Appeal and in this court such costs as are taxable in view of the circumstance that he conducted the appeal in person.

Well, Mr. Speaker, the circumstances are that because this man did not have legal counsel all he could possibly obtain was some $100 or so which he paid out for stenographic help and things like that. He is not allowed his costs of coming from Trail to Ottawa, the lost time from his employment, his board and lodging and so on. According to the act, if he had had counsel all these costs would have been allowed. Therefore he considers that he has suffered an injustice in this case.

Naturally, Mr. Speaker, he discussed this matter with the member for Kootenay West. Anyone in that constituency who has problems relating to the parliament of Canada and a great many other matters besides discusses them with the member for Kootenay West. I have a wide range of interests. This man also went to see the hon. member for Red Deer and discussed the problem with him. He had heard that the hon. member was interested in this sort of thing, having said in the house on several occasions that he was interested in the appointment of an ombudsman or parliamentary commissioner to deal with injustices.

On that account, Mr. Speaker, the hon. member for Red Deer introduced the other day a bill to amend the Canadian Bill of Rights. The purpose of this bill is to provide that there should be no discrimination, by reason of one's belonging to a particular profession or trade or by reason of one's education, in respect of the enjoyment of the basic rights and freedoms recognized by the Canadian Bill of Rights. Finally, the bill provides that each individual shall have the right of access to all courts and tribunals, the right to appear in person before those courts and tribunals and the right to handle his own case. Furthermore, if a decision is rendered in his favour he should be reimbursed his costs, disbursements and reasonable expenses in the same manner as if he were a lawyer handling his own case. This is to emphasize the fact that a private individual should be entitled to obtain full justice in handling his case personally.

I have discussed this matter with Mr. Ghirardosi and other persons, and I have in mind the introduction of a bill to amend the Supreme Court of Canada Act and the rules by adding to section 48 of the act a subsection 2 which would read as follows:

> When a party is awarded the costs, he will be entitled to such costs and disbursements with full equality, regardless of whether he has acted in person or through a lawyer.

That may not be worded quite correctly but the intent is there. I have brought this matter to the attention of the house, and I presume that under these circumstances the Solicitor General in the absence of the Minister of Justice, who I know is unavoidably absent this evening, will bring it to the attention of the minister to see whether something can be done to remedy an obvious injustice to a Canadian citizen.

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I know the hon. member will not take me amiss if I say that as a bona fida member of the legal profession who for the moment is debarred from private practice I sympathize with the point he has raised. I have listened attentively to the grievance he has aired and he can be assured that I will bring the matter to the attention of the Minister of Justice.

Proceedings on Adjournment Motion

SPORTS—HOCKEY—POSSIBLE CONTRAVENTION OF COMBINES LEGISLATION

Mr. Ron Basford (Vancouver-Burrard): Mr. Speaker, in the overtime period I should like to discuss hockey, particularly professional hockey. I wish to discuss not the players who have played with distinction and brought such distinction to themselves and their sport but the owners of the franchises and the clubs.

Last February 25 I introduced in the house a bill to bring the operation of professional sporting leagues within the purview of the Combines Investigation Act, following the action of the National Hockey league in refusing a franchise to the city of Vancouver for a team to participate in Canada's national game. At that time I said that the amendment I was introducing included all professional sport. However, it is immediately directed at the National Hockey League whose president, Mr. Clarence Campbell, made it clear its owners are interesed only in their own welfare and not in the public interest. This bill would make them recognize their obligations to the public and to Canada whether they wanted to or not.

• (10:10 p.m.)

We must recognize that professional sport in this country and in North America is now very big business. One need only look at the innumerable newspaper clippings on the subject to recognize that. An extract from *Maclean's* magazine of November 15, 1965, reads:

> You can't lick it, you can't join it—it's the sports establishment. It runs sports, sportsmen and (whether they know it or not) the spectators. It's snobbish and arrogant, with rites, rituals and rules —mostly to keep outsiders out. It's a moneyed tyrant with all the appeal of an offside call on a scoring play. So what else is new? The fans actually seem to like it!

Referring to the club owners and the franchise owners it is my considered opinion that there is need for a parliamentary inquiry into the whole operation of professional sporting activities. I have before me a copy of the *Congressional Record* of the United States where this same subject has come up before various committees of Congress. They have attempted to draft laws to deal with the situation in the United States. I think we in Canada also need a full scale parliamentary inquiry into professional sport in this country.

I welcomed very much the announcement the other day by the Minister of National Health and Welfare that there would be a wide-ranging study into hockey in Canada,

[Mr. Pennell.]

including the relationship between professional and amateur clubs and the impact of hockey on education. I think such an inquiry is extremely important so that the game in Canada can develop in the right way.

It seems to me that an inquiry into hockey is not sufficient for our needs. I earnestly hope that the minister will also consider my bill and the possibility of bringing the operation of the National Hockey League within the purview of the Combines Investigation Act. I think the committee making the inquiry should look into that. I think the committee ought to make a wide-ranging inquiry into the whole operation of professional hockey in Canada.

There is no doubt in my mind that the development of our young athletes and especially the development of amateur hockey players is closely bound up with the operation of the professional leagues. I think many things go on in any professional league that adversely affect hockey in Canada and amateur hockey players.

Mrs. Margaret Rideout (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I listened with great interest to the statement of the hon. member for Vancouver-Burrard (Mr. Basford). By way of personal note may I say that I am sure no member of this house enjoys our national game more than I do.

An hon. Member: No commercials.

Mrs. Rideout: When hockey night in Canada comes along I along with other Canadians am in the forefront enjoying our national sport. No doubt my hon. friend will recall that the Minister of National Health and Welfare announced some two weeks ago the setting up of a subcommittee of the National Fitness and Amateur Sports Council to study all aspects of our national game.

The announcement was greeted with a great deal of enthusiasm not only by officials of the Canadian Amateur Hockey Association, who were fully briefed in advance of the announcement, but by officers of the National Hockey League as well. I think there is a sincere desire on the part of all Canadians involved in hockey both at the official and player level to find answers to some of the important questions facing this great sport.

The subcommittee was established with the following terms of reference: First, to investigate the purposes, structure and functions of the CAHA and other groups as the sports governing bodies for amateur hockey; second,

to identify the problems facing amateur hockey and, third, to make recommendations to improve the government of amateur hockey and to aid in the solution of problems revealed by this detailed study. Other areas such as the relationships between professionals and amateurs, conflicts between hockey and education, playing rules, player drafts, Canadian participation in international competition and the role of Canada's national hockey team will also be discussed and gone into in detail.

While I cannot assure the hon. member that the contents of his bill will be discussed by members of the subcommittee I can repeat the words of the Minister of National Health and Welfare when he was asked a similar question. His answer was to the effect that the terms of reference are sufficiently broad for all matters, including the one to which the hon. member for Vancouver-Burrard has referred, to be gone into. If members of the subcommittee find it necessary to make comments on the subject of his question there is no reason why they cannot. I can assure the hon. member that any suggestions the subcommittee makes will be given very detailed consideration by the department and the government.

I am sure there is no reason, Mr. Speaker, why copies of the hon. member's private bill cannot be circulated to members of the committee and I would be more than happy to put the suggestion before the Minister of National Health and Welfare (Mr. MacEachen) who has taken a very active interest in these matters since he took over the portfolio late last year.

Mr. Basford: On a question of privilege—

The Acting Speaker (Mr. Rinfret): I regret to interrupt the hon. member but the time allotted for the discussion of the subject of hockey has elapsed. The game is over.

Mr. Basford: On a question of privilege—

The Acting Speaker (Mr. Rinfret): I regret to interrupt the hon. member but there is no question of privilege arising at this time.

AGRICULTURE—CHAROLAIS CATTLE—REQUEST FOR PERMISSION TO EXPORT

Mr. D. R. Gundlock (Lethbridge): Mr. Speaker, as a continuation of this question period I wish to bring the matter of Charolais cattle importation before the minister and ask him to give consideration to two or three points. The importation of Charolais cattle into Canada has aroused some controversy among the cattle breeders of this country, particularly Charolais cattle breeders. We need only look at some of the headlines in newspapers across the country to realize this. Here is one: "All Comers Got Permits" Here is another headline: "Horned In On His Business". Another reads: "U.S. Influence On Decision". Again, "Charolais Importation Valuable". This is the main point. Charolais importation is considered to be very valuable. As a result the permits become valuable.

• (10:20 p.m.)

One of the questions I should like to ask relates to the granting of permits in the first instance. To whom were these allowed and for what purpose? I referred a moment ago to the headline: "Horned In On His Business'. This stems from a question by the Canadian Charolais Association. They take exception to the fact that some people other than registered cattle breeders had permits to import some of these cattle. I refer specifically to a brewery. What would be the reaction of a member of the cattle association if he suddenly received a permit to go into the brewery business?

I have five questions to ask. Two individuals by the name of Wheeler and White were allowed on Grosse Isle, under the guise of United States agricultural advisers or veterinarians. But I have here a letter from Washington saying that the authorities there know nothing of them. These people were allowed to see the cattle even before Canadians by posing as representatives of the U.S. department of agriculture from the state of Texas.

I reluctantly refer to the former minister of agriculture who has distinctly said he was misquoted, but who said he meant to have the Charolais cattle brought into Canada so that Canadians could sell breeding stock to the Americans. I would like to ask the minister if this is not a precedent.

There were two earlier occurrences of this type. One had to do with Saunders wheat. This was a wheat seed developed by Canadians for Canadians and it was controlled for a year or two. It was developed for the benefit of Canadians.

The other concerned Lacombe hogs, a strain which was developed in Canada and controlled for a year or two for the benefit of Canadians. Now the Canadian Charolais Association asks that the same thing be done with respect to these cattle. Their importation

involved a great deal of work and a great deal of credit must go to the government, although I am not saying what government because pressure was put on the government for many years to have these cattle imported.

The former minister said that these cattle would help the development of breeding stock for the benefit of Canadians. I ask the minister to consider the matter in that light. The association is only asking for what the former minister said was the intention.

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, I thank the hon. member for drawing this very important matter to my attention and to the attention of the government. First of all I would point out that in my view there is a very considerable difference respecting those cattle which were imported last year, apparently without restriction. No restrictions were made at the time the importations were made and the permits were granted.

Last year was the first year these cattle were ever imported and I think it took a considerable amount of effort on the part of the past minister who introduced this program to effect this importation. In so far as the terms that were granted are concerned, there was no restriction as to what could be done with these cattle with regard to them remaining here or being dealt with as the owner saw fit.

I may point out that other kinds of cattle are imported without restriction as to what may be done by the importer once they are clear of the station. The hon. member has made some valid points and in respect of this year's program I will take them into consideration. I do not think we can or should legislate retroactively. We on this side of the house, like other hon. members, are concerned that we do not interfere with the satisfactory arrangements we have at our border. We now have a very happy situation in that we have in essence established a North American market in respect of our cattle. Other types can be sold in the United States and vice-versa, and we would be very chary about doing anything that would interfere with this situation because I think this kind of market is in the best interests of our cattle producers.

In respect of this year's operation I quite concur that it might be made a condition of the right to bring cattle in that the cattle remain in Canada for as many years as deemed advisable. The members remarks in this regard are worthy of consideration and I assure him that when we are evolving this year's policy we will give consideration and take cognizance of them and the two precedents he brought to my attention with which I was not familiar. I thank him for that information.

Motion agreed to and the house adjourned at 10.30 p.m.

HOUSE OF COMMONS

Tuesday, June 14, 1966

The house met at 2.30 p.m.

• (2:40 p.m.)

HOUSE OF COMMONS

PRESENCE IN GALLERY OF DISTINGUISHED VISITORS

Mr. Speaker: Order. May I bring to the attention of hon. members the presence in the Speaker's Gallery of a distinguished delegation of parliamentarians from Czechoslovakia.

Some hon. Members: Hear, hear.

Mr. Speaker: The delegation is under the leadership of Mr. Lastovicka, who is the president of the Czechoslovak national assembly.

Some hon. Members: Hear, hear.

[*Translation*]

Mr. Speaker: On behalf of my colleagues of the House of Commons, I wish them a pleasant and successful trip in Canada.

[*English*]

I would also like to bring to the attention of hon. members the presence in the Speaker's gallery of His Highness Ras Mengasha Segoum and Her Highness Princess Aida Desta of Ethiopia.

Some hon. Members: Hear, hear.

COMMITTEES OF THE HOUSE

FINANCE, TRADE AND ECONOMIC AFFAIRS—CONCURRENCE IN NINTH REPORT OF STANDING COMMITTEE

Mr. H. E. Gray (Essex West) presented the ninth report of the standing committee on finance, trade and economic affairs, and moved that the report be concurred in.

Motion agreed to.

INDIAN AFFAIRS, HUMAN RIGHTS AND CITIZENSHIP AND IMMIGRATION—CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. Milton L. Klein (Cartier) moved that the first report of the standing committee on Indian affairs, human rights and citizenship and immigration, presented to the house on Thursday, June 9, be concurred in.

Mr. Speaker: Is it the pleasure of the house to adopt the said motion?

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, for the reasons already stated and since we object to the reduction of quorum, we ask that the report be concurred in but on division.

[*English*]

Motion agreed to on division.

LABOUR RELATIONS

QUEBEC—ANNOUNCEMENT OF SETTLEMENT OF LONGSHOREMEN'S STRIKE

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I am pleased to be able to inform the house that the optimistic forecast which I gave on motions yesterday was fully justified.

Some hon. Members: Hear, hear.

Mr. Grafftey: After months of pussyfooting.

Mr. Nicholson: The committee of the cabinet which has been working with the bargaining committees of the unions and of the employers involved in the longshoremen's strike resumed their discussions yesterday afternoon and, as a result, a basis of settlement was agreed upon very early this morning. The minutes of settlement have been drawn up and signed by the bargaining representatives of the parties.

The bargaining committees have agreed to strongly recommend acceptance of the proposals incorporated in the minutes, and these will be laid before the unions represented and the shipping federation not later than tomorrow. If, as I confidently expect, the proposals are accepted, it is hoped and expected that the longshoremen and other workers will return to work in all three St. Lawrence ports on Thursday morning.

I might say, Mr. Speaker, that several of the bargaining agents on both sides are in the gallery. They asked to come to hear the announcement of the settlement.

The fact that such a settlement has come about as a result of hard bargaining between the parties concerned in my opinion justifies

the confidence expressed by the government that such a result is possible when the parties really wish to settle, and when they have the advantage of the services of an able, patient and experienced mediator. I am sure both parties would want me to express their appreciation to Judge Rene Lippe for the great contribution he has made to the successful outcome of the negotiations.

Some hon. Members: Hear, hear.

Mr. Nicholson: His patience and tact over a trying period of several weeks contributed greatly to the settlement, and the thanks not only of the parties but of the Canadian public are due to Judge Lippe for his invaluable services in this dispute. The parties also have asked me to express their sincere appreciation of the significant contribution made by the right hon. Prime Minister, whose intervention late last night made possible a solution of the last two major points of difference.

Some hon. Members: Hear, hear.

Mr. Nicholson: I think the house and the Canadian public generally would be interested to know that some of the difficulties in this case have arisen out of the technological and other changes in the stevedoring industry which have taken place during recent years. The workmen felt they were entitled to substantial increases in remuneration for their services, and the employers were prepared to agree to substantial increases in return for an assurance of greater productivity in line with the changes to which I have referred.

It was difficult if not impossible for the parties to agree on the nature and extent of possible increases of productivity. When this situation developed I, as Minister of Labour, several weeks ago announced that I intended to set up a commission of inquiry under the Industrial Relations and Disputes Investigation Act to inquire into the possibilities of improving productivity, yet at the same time ensuring job security for any members of the unions concerned who might be directly affected by new methods of operation and technological changes.

I now wish to confirm that I intend to set up such a commission within the next few days. I will have more to say on that subject when I announce the appointment of the commissioner.

• (2:50 p.m.)

Hon. Michael Starr (Ontario): Mr. Speaker, we on this side of the house appreciate how these negotiations can drag on without intervention by the government in a collective bargaining process, crippling the economy and harming the country. Consequently the announcement we heard last night that the strike had been settled pleased us just as much as it must have pleased the government. We hope the settlement arrived at after negotiation is satisfactory to both parties, and we are pleased that the agreement has now been ratified.

Let me point out that this was not an ordinary situation, but a situation that dragged on from November of 1965, when a breakdown in negotiations between the two parties took place. The government sat around hoping this situation would go away and that some miracle would be performed by someone other than themselves to bring about the settlement that was so vital to the economy of our country.

On May 9, 1966 the longshoremen walk-out was called illegal by the employers, and it was not until May 24, 1966 that it was considered to be legal; yet during all that time the government sat around waiting and hoping, in spite of the urgings on this side of the house in a serious vein, that it would somehow settle itself. It was not until last night that the advice we put forward was accepted by the government.

Some hon. Members: Oh, oh.

Mr. Starr: Attempts were made by a number of ministers without any past experience in negotiation to settle this strike, but their efforts were futile and unsuccessful. At nine o'clock last night they were still facing failure, and it was only when the Prime Minister stepped in, as we suggested he should, that a settlement of this dispute was brought about.

It is to be hoped that this serious situation has taught the government a lesson in negotiation, so that in future the government will accept its responsibility and act as mediator between two parties in a legal process of collective bargaining.

Some hon. Members: Hear, hear.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, there will be a sigh of relief across this country that the longshoremen's strike has now ended. I can assure the Minister of Labour and the Prime Minister that the members of this party are very happy that a solution has been found without the necessity of parliamentary intervention. Perhaps the proposal we made last week for

parliamentary intervention without compulsory arbitration may have had some bearing on bringing the parties together. This house and the country ought to express appreciation to Judge Lippe and the Minister of Labour, both of whom worked very hard in search of a solution.

I hope we will receive from the minister very soon some details as to the terms of the settlement. The minister mentioned, for instance, that he is going to set up a commission of inquiry to look into the question of the reduction of work gangs. While the minister uses the term "productivity", I take it from the statements made by the shipping federation that when they refer to productivity they are talking about getting the same amount of work done with smaller work gangs.

I certainly have no objection to the idea of setting up a commission of inquiry to look into this matter, providing the decisions and recommendations of that commission are not binding upon both parties but are simply for the purpose of providing a basis upon which collective bargaining negotiations may continue. I hope the minister will give us some more information about that, perhaps when the orders of the day are called.

The government are very happy at the outcome, as we all are; but may I suggest to the government that they need not be too happy. This strike has been a costly affair; it has cost this country millions of dollars, and there must be some lessons which can be drawn from it. One of the lessons is that our methods of conciliation are outmoded, that we are appointing mediators only days before a strike deadline is upon us. We have now been negotiating the longshoremen's strike on the basis of an agreement which was supposed to commence on January 1 last. Surely with the rash of labour disputes which are now before us we cannot have the cabinet sitting up half the night for several days in order to settle each of these disputes. There must be some better way and some more up to date method of conciliating these labour disputes.

I suggest to the government that this strike ought to convey to them the fact that there are deep underlying causes not only for this strike but for the other strikes that are threatened in Canada. The two underlying causes are first, the increasing cost of living which gives rise to a demand for increased wages. We will continue to have labour disputes and labour discontent until the government grapples with this problem of the spiralling cost of living. The second of the basic causes of this strike, as of other strikes, has to do with the effects of automation or, as the shipping federation have called it, increased productivity. Increased productivity and automation inevitably mean the displacement of men. Unless the government are prepared to set up the necessary machinery whereby the men who are displaced, if they are young enough are retrained or if they are old enough are retired on a pension to which the employer will make the major contribution, we will continue to have labour disputes.

We in this party believe that the benefits of technology do not belong exclusively to management and that the workers, especially the workers who are displaced by automation, have a right to some of the benefits or the savings through technology. Therefore, Mr. Speaker, while we are delighted that this strike has now been ended, in view of the prospect of many other labour disputes and probably some other strikes we hope the government will now begin to tackle the root causes, rather than always picking up the pieces of the crises which they have so long neglected.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, we have heard with considerable interest the statement of the Minister of Labour to the effect that the strike of the longshoremen had ended this morning at two o'clock, following a direct intervention by the Prime Minister of Canada (Mr. Pearson).

Mr. Speaker, this strike had been going on for 36 days and the government could do nothing before 36 days, according to the statement of the minister. A cabinet committee was appointed, made up of the Minister of Labour, the President of the Privy Council, the Minister of National Health and Welfare and the Minister of Transport (Messrs. Favreau, MacEachen, Pickersgill).

Now, if there is within the cabinet one member who is conversant with labour relations, with labour questions, it is surely the minister of manpower who should have been invited to sit on this committee, because he knows all about strikes. He has been directly involved in strikes and has organized some of them. To my mind, he should have been a member of the cabinet committee and the strike would have been settled earlier.

Now, we are faced with another prospective strike, because a strike by the workers of the seaway is being announced for Friday of this week. Why does the government not take position now and intervene at this point, before the employees of the seaway go out on strike which is scheduled for Friday, just as the Prime Minister did last night for the longshoremen's strike?

Mr. Speaker, the workers need security. A while ago the hon. member for Burnaby-Coquitlam (Mr. Douglas) was saying that automation is becoming a grievous problem which will bring about more strikes eventually in any province of Canada.

There is a solution to those strikes, which are disastrous not only for the Canadian people, but for the strikers themselves, because they lose thousands of dollars.

Mr. Speaker, the solution the government should consider would be to meet with management and the unions, so as to discuss with both parties the possibility of enabling, for instance, the workers to share in the profits of the undertaking. This would be the ideal solution: when a person is a partner in an undertaking, he feels more responsible. This solution would prevent disastrous strikes for the Canadian people in general.

In order to prevent strikes I suggest that the government should urge management and labour leaders to consider jointly the advisability of allowing all employees, all workers, the entire Canadian labour force to share in the profits of business concerns.

Then Canada would grow, Canadian productivity would increase and the administration of the country's business would be spared a great deal of trouble.

• (3:00 p.m.)

[*English*]

Mr. R. N. Thompson (Red Deer): Mr. Speaker, it is obvious that much satisfaction has been expressed by the Minister of Labour on the settlement of this very serious strike which has had far reaching national implications. It is equally obvious that there are many who would like to share in the credit for the settlement. Whether we believe the government should have taken more initiative earlier, and whether the negotiations could have been shortened, we are glad that an agreement has been reached to the satisfaction of both employers and employees, as well as to the relief of the people of Canada.

Perhaps we should draw attention to the fact that we are already on the threshold of another strike, that of Air Canada employees. We are also faced with threatened strikes of the seaway workers, the C.N.R. employees and the international woodworkers on the west coast. It is obvious that foresight and advance planning are needed to help labour and management cope with the new problems which are raised by automation and by the continuing increase in the cost of living.

In this regard it is gratifying for those workers who were involved in this strike that some measure of justice has been brought to help them meet the increase in the cost of living, but there are literally hundreds of thousands of people living on fixed incomes, in particular pensioners whose pensions were set on a cost of living lower than it is now and who cannot resort to a strike. We see this problem in its proper perspective when we realize that it affects all Canadians, not only those involved in the strike action or the threatened strike action.

I believe the government must take the lead to assist labour and management in such matters as retraining, job security and unemployment. Manpower mobility assistance is not enough. If we wait until management is forced to instal new processes to increase productivity and enable it to compete for markets, then labour has no choice but to exert pressure to protect its workers. It is therefore imperative that joint labour-management-government committees be set up to study these problems before they are upon us. I believe it is now necessary, as we express our gratitude for what was done last night and this morning, to move forward and deal with those strikes which face us now.

I wish to add, Mr. Speaker, that we join in the expression of appreciation for what has been accomplished. We also wish to voice our appreciation to Judge Lippe together with the members of both negotiating parties for the final agreement.

SHIPPING

On the order:

Introduction of bills: Mr. Howard—Bill intituled "An Act to provide for the resumption of the loading and unloading of vessels at the ports of Montreal, Trois-Rivières and Quebec".

Mr. Frank Howard (Skeena): Inasmuch as this bill had the effect of a catalyst in motivating government action, I wonder if I might ask permission of the house to withdraw the notice.

Some hon. Members: No; keep it.

Mr. Nielsen: Just change the title.

Mr. Speaker: Is it agreed that the hon. member shall have leave to withdraw the said bill?

Some hon. Members: Agreed.

Order discharged and motion withdrawn.

EXCISE TAX ACT

Hon. Mitchell Sharp (Minister of Finance) moved for leave to introduce Bill No. C-198, to amend the Excise Tax Act.

Motion agreed to and bill read the first time.

LABOUR RELATIONS

RECOGNITION BY BOARD OF REGIONAL BARGAINING

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Can the Minister of Labour say whether during the course of the discussions between the shipowners and the longshoremen, the longshoremen's officers asked for an assurance by the government that no consideration would be given to having the Canada Labour Relations Board directed to alter its long established policy and recognize regional bargaining in industries under federal jurisdiction, as requested and demanded by the C.N.T.U.?

Hon. J. R. Nicholson (Minister of Labour): I am not aware of any such request having been made.

Mr. Diefenbaker: Can the minister give us the assurance that he did not have in mind the recognition of regional bargaining agencies such as the C.N.T.U.?

Mr. Nicholson: Whenever government policy is made or changed an announcement is then made. However, no change in policy is contemplated at this time.

[*Translation*]

SEAWAY DISPUTE—INQUIRY AS TO NEGOTIATIONS

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, may I put a question to the Minister of Labour?

Can the minister tell us whether the strike of the St. Lawrence seaway employees which will begin on Friday is being considered by his department and whether he hopes to find a solution before the beginning of the strike.

[*English*]

Hon. J. R. Nicholson (Minister of Labour): I had an interim report last night from the mediator, Hon. Norman MacKenzie. He was in session yesterday with the parties in Cornwall, and proceedings were to continue there this morning. The mediator is expected back to resume his discussions in Ottawa later today, and I will be getting a further report at that time. I can only report some progress.

[*Translation*]

Mr. Grégoire: Mr. Speaker, I have a supplementary question for the right hon. Prime Minister.

Does he propose to set up a committee made up of four ministers so that negotiations pertaining to the strike of seaway employees may be successful before the strike begins?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): The negotiations are being carried on satisfactorily at the moment.

AIR CANADA

INQUIRY AS TO PROGRESS IN SETTLING LABOUR DISPUTE

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): In view of the fact that the strike deadline for Air Canada personnel has been set for tomorrow, I wonder whether the Minister of Labour can give the house any report on how the negotiations between Air Canada and its employees are proceeding, and what success the mediator has had in bringing the parties together.

Hon. J. R. Nicholson (Minister of Labour): As I announced yesterday, the mediator brought the parties together and they met yesterday, in the morning and afternoon. This morning the mediator joined them. I have not received any reports since this morning, as I have been engaged in this other matter. If any news should come in later during the day, I shall be glad to pass it on to hon. members.

Mr. Douglas: May I ask a supplementary question. Have Air Canada employees indicated a willingness to postpone the strike deadline date while negotiations continue?

Mr. Nicholson: I will take that question as notice, Mr. Speaker.

Inquiries of the Ministry

EXTERNAL AFFAIRS

ZAMBIA—REQUEST FOR AIRLIFT FOR COPPER EXPORTS

On the orders of the day:

Mr. R. N. Thompson (Red Deer): I should like to direct a question to the Secretary of State for External Affairs. Can he say whether President Kaunda of Zambia has appealed to Canada for help in setting up an airlift for copper exports from that country?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, there has been no request.

GRAIN

REQUEST THAT EXPORT SHIPMENTS BE EXPEDITED

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): I should like to direct my question to the Minister of Finance, under whose jurisdiction the Canadian Wheat Board comes. Will the minister urge upon the Canadian Wheat Board that special efforts should be made now to export more grain than is usually exported during the short period of time before the crop season ends, in order to make up the loss of the 37 million bushels of grain we expected to ship?

Hon. Mitchell Sharp (Minister of Finance): I am quite satisfied that the Canadian Wheat Board, which acts solely in the interests of the western farmer, is very conscious of the need to expedite grain shipments. Indeed, it is engaged upon that very task today.

Mr. Lawrence Watson (Assiniboia): I should like to address this question to the Minister of Finance. I wonder whether the wheat board would consider extending the crop year beyond the end of July in order to compensate for the inability to get grain off the farms.

Mr. Sharp: I discussed this matter with the wheat board when the board was in Ottawa attending meetings of the agriculture committee. As I understand the position of the board, they do not think this would be in the interests of the western farmer.

INQUIRY AS TO PLANS TO EQUALIZE QUOTAS

On the orders of the day:

Mr. Jack McIntosh (Swift Current-Maple Creek): My question is for the Minister of Finance, Mr. Speaker. In view of the present disparity in grain quotas on the prairies resulting from the recent longshoremen's strike, has the Canadian Wheat Board any special plans to equalize quotas in the prairie areas before the end of the present crop year?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, since the settlement was only worked out in the small hours of this morning I have not had an opportunity of speaking to the board about this question. Those who attended the agriculture committee will recall that it is the determination of the board to equalize these quotas if possible.

[Later:]

Mr. R. R. Southam (Moose Mountain): Mr. Speaker, I have a question supplementary to the one asked by the hon. member for Swift Current-Maple Creek concerning the need for special attention to be paid to the quota situation on the western prairies following the longshoremen's strike. It is addressed to the Minister of Transport. Has the minister been assured by the Canadian railroads that they are paying special attention to relieving the congestion in some of these areas in western Canada?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, if the hon. member will consult the records, which I will be glad to send him, he will find that the Canadian railways have moved more wheat in the current year than ever before, and I am sure they are moving it as fast as possible from those areas where the congestion is greatest. But, as the hon. gentleman knows, the railways do not determine these priorities of themselves.

HEALTH AND WELFARE

REQUEST FOR REPORT ON NEW CANCER TREATMENT

On the orders of the day:

Mr. Heath Macquarrie (Queens): I should like to direct a question to the Minister of National Health and Welfare. Is the minister now able to report on the results of clinical tests of the anti-cancer hormone developed by the Doctors Mirkovich, and whether such findings now open the way to the medicinal use of this drug in Canada?

Mr. Speaker: Order, I suggest this question should be placed on the order paper.

Mr. Macquarrie: Ten o'clock, sir.

[*Later:*]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wonder if Your Honour would reconsider your ruling on the question asked by the hon. member for Queens. The reason I ask you to do so is that on at least two occasions you permitted me to ask a question about the Doctors Mirkovich and their work. As a matter of fact the Minister of National Health and Welfare promised to make a statement on the matter at a later date. Usually there are complaints about discrimination going the other way. In this case you favoured me and I do not think you should disallow the question by the hon. member for Queens.

Mr. Speaker: Of course if the minister is prepared to make a statement in answer to a question which was asked previously there can be no objection to his doing so.

Mr. Knowles: Is the minister not ready to answer?

An hon. Member: Mr. Speaker—

Mr. Speaker: Order, please. The Minister of National Health and Welfare.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I have already made a statement in reply to the question asked some time ago by the hon. member for Winnipeg North Centre. Because of the real interest in this matter I should like to reply to the hon. member for Queens by saying that my department has received an interim report of a confidential basis from the Ontario cancer treatment and research foundation with respect to this drug. However, additional information is being provided and I would expect that when this additional information is available the provincial authorities will be making a report about the matter.

MEDICARE—REPORTED SPEECH BY MEDICAL ASSOCIATION PRESIDENT

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I do not know whether the Prime Minister is in a position to answer this question right away, but yesterday Dr. Jones, president of the Canadian Medical Association, said there were still very sharp fields of disagreement between the medical profession and the government in regard to the principles connected with medicare. Will the Prime Minister say what is the nature of those fields of disagreement? There had been no suggestion, until Dr. Jones made his remarks, that there was disagreement; indeed, the contrary has been the attitude taken by the government.

Right Hon. L. B. Pearson (Prime Minister): The principles which in the opinion of the government would warrant assistance to the provinces in any scheme of medicare have been made public and have been discussed with the medical association. As my hon. friend knows, the medical association met the Minister of National Health and Welfare and me last week. The uneasiness of the medical association representatives was more with the nature of the application of these principles than with the principles themselves. Since any medicare scheme would be administered by the provinces completely, undoubtedly they will be discussing their uneasiness with regard to application with the provinces. We have had very constructive talks with them, and some of their difficulties have been removed as a result of these talks.

Mr. Diefenbaker: Would the right hon. gentleman say what are those fields of sharp disagreement? If I may be permitted, I should like to say that Dr. Jones said that despite the optimistic reports in the press after meetings between C.M.A. officials, the Prime Minister and the Minister of National Health and Welfare, there are fields of disagreement. I am not asking for particulars, but in general what are they?

Mr. Speaker: Order, please. I suggest to the right hon. gentleman that it is not in order to ask detailed questions of this nature at this time.

Mr. Diefenbaker: Mr. Speaker, when rulings like that are made I am usually most deferential. However, this is a matter of importance. The president of the association, Dr. Jones, indicates that there are serious disagreements. I felt that the Prime Minister would be most anxious to explain to the house the views of the government.

Mr. Speaker: The Prime Minister does not appear to be that anxious.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question, Mr. Speaker. One of the principles which the Prime Minister laid down for a medicare plan was public administration. Is it true that following the discussion which has been held with the

Canadian Medical Association the government is now proposing to reduce this to public auditing rather than public administration?

Mr. Pearson: Mr. Speaker, I do not think I should go into details on the question of public administration. We have discussed it with the doctors but it would, I think, be inappropriate of me to talk to the house about the doctors' views as to what public administration means. Our views are well known.

Hon. Michael Starr (Ontario): A supplementary question, Mr. Speaker. Since the Prime Minister went into detail in answering the last question, I wonder whether he would not answer the question posed to him by the right hon. Leader of the Opposition.

Mr. Pearson: Mr. Speaker, there will be an opportunity when the medicare resolution is before the house to go into all these matters in great detail.

INDUSTRY

HEAVY WATER—REQUEST FOR STATEMENT ON SECOND PLANT

On the orders of the day:

Mr. R. R. Southam (Moose Mountain): I should like to direct a question to the Minister of Mines and Technical Surveys. Can the minister advise the house whether Canadian General Electric has yet made a determination as to the location of Canada's second heavy water plant, and when construction may be expected to commence?

Hon. Jean-Luc Pepin (Minister of Mines and Technical Surveys): I was hoping, like everyone else, to learn the decision of Canadian General Electric today or tomorrow. However, Canadian General Electric has advised that the exhaustive study of the relative economic advantages of different sites offered has not yet been completed, and has asked for a time extension for the site selection to June 30. Canadian General Electric has given assurances that since receiving the letter of intent from Atomic Energy of Canada Limited on April 7, it has been proceeding without delay with its building plans, and that this work would not be held up by a short delay in the decision regarding the site. In the circumstances Canadian General Electric has been told that the extension to June 30 for site selection has been granted.

[Mr. Douglas.]

Mr. J. R. Keays (Gaspé): May I ask the minister if Gaspé is one of the sites being studied? If so, does he expect the deep concern which the future government of Quebec is going to have for this region will lead to its acceptance as a plant location by Canadian General Electric?

Mr. Pepin: I think it would be unwise for me to announce the different sites Canadian General Electric is considering at this time.

Mr. Southam: In view of this extension of time that has been announced by the minister, can he assure us that Estevan, which was the original site chosen for the second heavy water plant, will be given consideration?

Mr. Pepin: My previous answer stands.

AIR TRANSPORT

INQUIRY AS TO REPORT ON MAIN LINE DOMESTIC SERVICES

On the orders of the day:

Hon. E. D. Fulton (Kamloops): I should like to ask the Minister of Transport whether he or the government has received a report from a specialist in air transport of the United Kingdom, whose name I believe is Dr. Wheatcroft, following his study of the possibility of Canadian Pacific Airlines operating a second trans-Canada route. If so, can the minister report to the house the conclusions in the report, and whether the government has reached a decision on the recommendations?

Hon. J. W. Pickersgill (Minister of Transport): I can say the report has been received. I can say also that the government has not reached any conclusion about it as yet.

Mr. Fulton: Is the minister able to tell the house what the report recommends?

Mr. Pickersgill: The report contains advice to the minister, and it would seem prudent for the minister and the government to consider that advice and reach their own conclusion before making the advice public, if indeed they decide to make it public.

Mr. Fulton: When may we expect the government to reach a conclusion and announce a decision?

Mr. Pickersgill: With the usual expedition.

Mr. Fulton: May we not hope for better than that, Mr. Speaker?

Mr. Pickersgill: Nothing could be better.

[*Translation*]

POST OFFICE DEPARTMENT

TROIS-RIVIÈRES—COMPLAINTS RESPECTING OVERTIME PAY

On the orders of the day:

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, I wish to put a question to the Postmaster General.

In view of the fact that a few days ago I asked a question of the minister in connection with a dispute developing between the Association of Letter Carriers of the Trois-Rivières area and his department, has the minister yet received the report that he had announced he would ask for, and what are the findings of that report?

Hon. Jean-Pierre Côté (Postmaster General): Mr. Speaker, further to the telegram I had received from the Association of Letter Carriers of Trois-Rivières to the effect that they had been deprived of overtime pay in 1965, I had asked my departmental officers to look into the matter, and I am glad to announce that, further to that study, wages for overtime will be paid to the Trois-Rivières letter carriers.

[*English*]

COMBINES

GASOLINE—REQUEST FOR INVESTIGATION INTO PRICING, MARKETING, ETC.

On the orders of the day:

Mr. Max Saltsman (Waterloo South): Mr. Speaker, I wish to direct a question to the Minister of Justice. In view of the widespread discontent over the pricing and sales policies of gasoline companies in many parts of the country, and in view of the recent report of the royal commission on gasoline price structure in the province of British Columbia indicating the existence of unfair trade practices, would the minister not give serious consideration to conducting an immediate investigation under the Combines Investigation Act into the pricing, marketing and production practices of the oil and gasoline products industry?

Mr. Speaker: Order, please. This question is of a very general nature. I suggest that it should not be asked at this time.

Mr. Saltsman: I rise on a point of order, Mr. Speaker. I respectfully point out that there is an emergency arising in this regard and an answer from the minister would be most helpful. A number of gasoline dealers are closing their stations. Some have done so today and others did so yesterday. There is an indication that this trend will continue. An answer from the minister indicating his willingness to conduct an inquiry into this matter would go a long way toward ensuring the peace of mind of those in this industry. Might I have an answer?

Mr. Speaker: Does the minister wish to make any reply to this question?

Hon. Guy Favreau (President of the Privy Council): All due consideration will be given to the question posed by the hon. member, Mr. Speaker.

PUBLIC WORKS

DAYSPRING, N.S.—REQUEST FOR REPAIRS TO WHARF

On the orders of the day:

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, on Friday last the hon. member for Queens-Lunenburg asked me, as appears on page 6246 of *Hansard*, for information about the wharf at Dayspring, Nova Scotia.

This structure, which is used chiefly by those involved in the repairing and outfitting of vessels, is not in good repair. Yesterday, in answer to written question No. 1584, I stated that repairs can be carried out this year provided satisfactory arrangements can be made either for the leasing of the wharf or for the payment of wharfage fees. I can now add that last week the company making the greatest use of the wharf agreed to lease it. When the rental agreement has been signed we will proceed to make the necessary repairs.

[*Translation*]

SHIPPING

MONTREAL—PRIORITIES IN UNLOADING OF VESSELS

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I have a question for the Minister of Transport.

As concerns unloading of the large number of ships waiting in Montreal harbour, will priority be given certain items and, if so, will materials intended for Expo '67 be among them?

[*English*]

Hon. J. W. Pickersgill (Minister of Transport): I think, sir, that before I can give any useful answer to that question I ought to communicate with the National Harbours Board, and I shall do so at once.

Inquiries of the Ministry

EXTERNAL AFFAIRS

U.S. REACTION TO SPEECH BY PRIME MINISTER

On the orders of the day:

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I have a question for the right hon. Prime Minister. During the last day or so has there been any communication by telephone or other means between the President of the United States or the secretary of state of that country and the Prime Minister indicating a reaction to the Prime Minister's refreshing speech in Illinois last week end?

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

HIGHWAY SAFETY

INQUIRY AS TO POSSIBLE GOVERNMENT ACTION

On the orders of the day:

Mr. P. V. Noble (Grey North): Mr. Speaker, I wish to direct a question to the Prime Minister. Does the government intend to take prompt action on any of the aspects of highway safety which have been constantly brought to the attention of the government?

Mr. Speaker: Order. This is a question of very general policy and cannot be asked at this time.

PILOTAGE

INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I would ask the Prime Minister a question relating to the royal commission on pilotage about which I asked him a few days ago. The right hon. gentleman said he would make inquiries about the possibility of that royal commission reporting at an early date.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, my inquiry indicates the somewhat depressing news that it will not be before the end of the year.

NORTHERN AFFAIRS

ALASKA HIGHWAY—SUGGESTED PAVING IN EXCHANGE FOR MARITIME CORRIDOR ROAD

On the orders of the day:

Hon. J. A. MacLean (Queens): Mr. Speaker, my question is addressed to the Secretary of State for External Affairs. I regret I did not give him notice but perhaps he could take the question as notice. Has the United States government suggested to the Canadian government that it might bear the cost of building an east-west express highway through the northern New England states, more or less a corridor road joining the maritimes with the Montreal region, in exchange for an undertaking by the Canadian government to pave 1,000 miles of the Alcan highway in Canada?

Mr. Speaker: Order. That is a question of a general nature involving general policy, and I suggest the hon. member cannot ask it now.

THE CANADIAN ECONOMY

STUDY OF PRICES BY ECONOMIC COUNCIL

On the orders of the day:

Mr. Reid Scott (Danforth): Mr. Speaker, I wish to direct a question to the Prime Minister. In view of the urgent need for action to control the spiraling cost of living, as evidenced today by comments on the longshoremen's strike, would the right hon. gentleman contact the Economic Council of Canada with a view to speeding up the special study on prices which he requested it to make in March, 1965?

Right Hon. L. B. Pearson (Prime Minister): I will be glad to do that, Mr. Speaker.

PENSIONS

INQUIRY AS TO LEGISLATION REGULATING PRIVATE PLANS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I hope this may be the last time I shall have to ask this question. I address it to the Minister of Finance. Will the legislation regarding the regulating of pensions which come under federal jurisdiction now be placed on the order paper?

Hon. Mitchell Sharp (Minister of Finance): Yes, Mr. Speaker; I expect it to be placed on the order paper very soon.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. J. R. Keays (Gaspé): Mr. Speaker, I have an urgent question for the Minister of Forestry, and I should like to ask the Prime Minister when he expects the hon. gentleman will return to the house so I may direct it to him.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the minister is attending, as he should be, the international forestry conference in Europe.

INDIAN AFFAIRS

SASKATCHEWAN—PRESERVATION OF INDIAN SHRINE

On the orders of the day:

Mr. L. M. Brand (Saskatoon): Mr. Speaker, some days ago I directed a question to the parliamentary secretary to the Minister of Northern Affairs and National Resources. It concerned the report of the historic sites and monuments board on the Indian shrine Mistaseni, and the hon. member took the question as notice. May I ask when a reply may be expected?

Mr. Stanley Haidasz (Parliamentary Secretary to Minister of Northern Affairs and National Resources): Mr. Speaker, I wish to assure the hon. member that I have brought this question to the attention of the minister who is now considering the matter.

HEALTH RESOURCES FUND

ASSISTANCE TO PROVINCES FOR HEALTH TRAINING AND RESEARCH FACILITIES

Hon. A. J. MacEachen (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 provide for the establishment of a health resources fund to assist provinces in the acquisition, construction and renovation of health training facilities and research institutions and for the appropriation in conection therewith of the sum of five hundred million dollars to be credited to the fund in such amounts as from time to time are required and to provide for contributions therefrom to the provinces; to provide further for the establishment of a health resources advisory committee consisting of eleven members and for the payment of reasonable travelling expenses of its members.

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

Mr. MacEachen: Mr. Chairman, I am pleased to begin the discussion on this resolution setting up a health resources fund. As hon. members are aware, the government proposes to introduce shortly legislation under which it will be possible to give financial support to the provinces for the provision of medical care benefits. Such a program will undoubtedly help to create a professional climate which will attract increasing numbers of able people to the study and practice of medicine and related professions and will thereby improve still further the quality of care available to our people.

We are well aware that this would involve large investments in training and research facilities. Furthermore, the strengthening of such resources requires time, and planning must be initiated at an early date. It was in this context that the Prime Minister announced last July the proposal of the government to establish a health resources fund. At the same time, the Prime Minister promised that the terms of reference for the fund would be developed only after consultation with provincial governments through a conference of ministers of health which he proposed should meet at an early date.

In September, therefore, a federal-provincial conference of ministers of health was convened in Ottawa. Prior to this meeting departmental officials had visited the provinces to confer with their counterparts in order to acquire some of the necessary background data to assist the government in giving consideration to the appropriate size of a health resources fund. When the provincial ministers of health met, therefore, the Prime Minister was able to announce in more specific terms governmental proposals with regard to the size of the fund. At that time he announced that the government proposed to establish a fund in the amount of $500 million to be available over a 15-year period. The basic purpose of the fund is to help meet the greater need for trained people to provide medical care services and to endeavour to catch up where possible in areas where adequately trained personnel are in short supply. The moneys to be made available through the health resources fund will support the construction and equipment of facilities for health research and training. Capital grants will be available for the construction, renovation and basic equipment for research establishments, teaching hospitals, medical schools, as well as training facilities for essential health personnel. It is not proposed that the funds provided through this program will be available to meet the operating costs of such establishments.

At the September meeting of the ministers of health it was agreed that since it is the provincial governments which are responsible for the types of facilities which will benefit from the fund, the allocation of the fund moneys obviously would require a considerable degree of consultation with the provinces. In conformity with this view it was decided to appoint an ad hoc technical committee

charged with the task of establishing estimates of immediate and foreseeable needs for health and research establishments, medical schools, teaching hospitals, schools of dentistry, schools of nursing, and training facilities for other health personnel. In the light of these estimates the committee was requested to make proposals for the general regional distribution which might govern the allocation of funds through provincial governments. This committee was also requested to make proposals for the method of allocating funds having regard to a desirable degree of consultation.

The ad hoc committee which met in October consisted of a representative from each of the provincial governments as well as representatives from the Medical Research Council and several of the large national professional associations representing doctors, dentists, nurses and hospitals. The committee submitted to the conference of ministers a report which I tabled in this house on February 2, 1966.

The conference of ministers had by this date completed its consideration of the report. It had dealt with proposals relating to preliminary estimates of provincial needs, the need for long-range projections, principles recommended for identifying certain type of facilities, the basis for allocation of funds, and the establishment of a health resources advisory committee for which were set out suggestions concerning composition and functions.

• (3:40 p.m.)

The conference of ministers accepted for the most part the proposals set out by the technical committee in its report although the proposal relating to the composition of the advisory committee was not supported by the ministers of health. The ministers suggested that such an advisory body should consist of representatives of the federal and provincial ministers of health and they recommended that the committee call upon professional bodies for advice on technical matters.

It was agreed that requests for assistance from the health resources fund would emanate from provincial governments in whose field of jurisdiction matters of health reside.

It will be noted that throughout the planning of the health resources fund the federal government has stressed the importance of close consultation and continuing liaison between the federal and provincial governments at all levels. Over the years the department has maintained the closest possible relationship of this sort with the provincial departments to the mutual benefit of all concerned. I should like to take this occasion to express a word of public appreciation to provincial health authorities who at all levels have always worked very closely with my departmental officers.

Although planning has been carried out over many months in connection with the health resources fund, there are still many details to be worked out. As soon as the necessary legislation has been passed by the house the advisory committee authorized by this resolution will be established, and it is my hope that it will be possible to convene a meeting of this body as expeditiously as possible.

In closing, Mr. Chairman, I should like to repeat the words of the Prime Minister when he first announced the intention of the government to launch this program. He said that what is now under consideration is among the most important investments in the human resources of Canada that have ever been planned. While there will be many difficulties to overcome and much careful preparation will be needed, he expressed confidence that the federal and provincial governments could go forward in this matter with a high sense of common purpose.

Mr. Rynard: Mr. Chairman, I should like to congratulate the minister for introducing the health resources fund measure but I can only say that in my opinion it is far too little and too late to cope with the future plans upon which the minister will be embarking. Those plans will require an increase in personnel to look after the health of the people of Canada. We shall require more doctors and more technicians, radiologists, physiotherapists, nurses, dentists and psychiatrists.

A sum of $500 million is to be set aside for this fund, but as far back as October, 1964, Mr. Robarts, the premier of Ontario, said that his province was launching a $114 million blitz program to train doctors, nurses and dentists. Further, in a report in the Toronto *Star* J. T. Allen has indicated that 70 to 75 doctors per year will be trained in a new medical science centre and that this will require an expenditure of $500,000 per year per doctor and for 500 first year doctors this will mean that a total sum of $250 million per year will be expended.

This is a matter of simple mathematics. Although $500 million sounds like a lot of

money the Hall commission report states that we must graduate 500 new doctors per year. Four new medical schools must be built by 1970 but it must be remembered that to start with we shall need 500 new doctors per year. Ontario is expecting Ottawa to pay a third of the cost per student which would mean a total of $46 million instead of the $33 million that has been mentioned.

I understand that Ontario alone will need $75 million for university capital costs. Given all these figures I want to say to the minister that if there is any part of education that can be made universal and national it is medical education. Every doctor graduating from a medical school takes the Canadian Medical Council examinations. The standard is uniform and therefore the minister need not worry about stepping into a national medical education policy. It is already there.

I would like to ask the minister whether under the provisions of the health resources fund there is any remuneration incentive for graduates. Last year close to 800 doctors crossed the Canadian border into the United States. To train each of them required a minimum of $25,000. If each stays in the United States he will earn approximately $500,000 during his lifetime, and 800 times $500,000 amounts to $400 million. There is an annual loss to Canada of $400 million, which shows the insufficiency of this $500 million health resources fund. The same is true of other professions.

I would also like to ask the minister whether anything is being done to increase incentives for doctors who stay in Canada. Taxation is a federal matter. Has the minister considered tax incentives for students after graduating and for postgraduates which will tend to keep them in Canada rather than lose them to the United States at a cost to Canada of $400 million per year?

At present there is a great shortage of physiotherapists and other technicians. By July my own hospital will be down to two technicians although we need five. We hope to import two from the Philippines but we will still be short.

• (3:50 p.m.)

Last year federal funds covered just 40 per cent of our research projects. How then can this $500 million be stretched to cover all the things we need? If there is one thing that will keep good teachers and people interested in research in Canada it is fine research centres. Without proper facilities we cannot keep these people here and without the research itself we will not develop the doctors and trained personnel we need.

In 1958 the Conservative government doubled the per capita hospital grant. The minister will say we are continuing these grants for the next two years but I wonder whether he realizes that costs have gone up and up and up. I believe that costs per bed were around $6,000 but today they are around $20,000. In 1958 we doubled the grant from $1,000 to $2,000. In addition we gave $750 per bed for nurses and internes' quarters, radiologists' rooms and so on. But here we are in this parliament in 1966 not doing one solitary thing to remedy the situation. Here we are doing the same old thing we did in 1958. Yet we have accepted one-third, or one-half if you wish to put it that way, of the responsibility for hospitalization for the people across Canada. I should like to ask the minister why the federal government has not accepted a third of the cost shared with the provinces and the municipalities. In construction costs the municipalities are now holding the bag with the provinces. If I remember the statistics correctly, last year the federal government paid exactly 12 per cent of capital construction. This is not good enough when we consider municipal taxes, the cost of living and all the other things that weigh heavily on the municipalities. Yet they are asked to carry a disproportionate load.

The health resources fund is a good thing but I do not think it is half enough. We lose $400 million through doctors going to the United States but the government still comes up with a fund of only $500 million. This does not make sense to me. I should like the minister to take a good look at the problem to see whether or not the grants should be increased and whether they should accept one-third of the cost of construction. Several times when this matter has been mentioned to me I have felt like shrinking down and getting out of sight when I see the federal government asking the municipalities to carry the load which we should be carrying here. Mr. Chairman, I will have other questions to ask at a later time.

Mr. Howe (Hamilton South): Mr. Chairman, we in this party welcome the advent of the health resources fund, at least in its resolution form. However, like the hon. member who has just spoken I am afraid it is going to be much too little too late. An aircraft crashed last week in California and its value

alone was $500 million. So it looks as if we are placing our health resources fund at a level equal to the value of one aircraft.

I should like to limit my remarks to the medical situation. In the Hall commission publication, "Medical Manpower in Canada", Judek shows that our medical manpower is inadequate and that in the ratio of population to physician we compare unfavourably with such countries as the United States, Germany and Italy. He estimates that as of 1961, 3,900 more doctors would have been needed in private practice to fulfil unmet demands for medical services. We can be sure that the gap has widened since.

Even if we leave the possibility of medicare aside, and we seem little closer to it now than we were 45 years ago, our requirement for medical personnel will increase sharply. Our population is growing fast and by 1990 can be expected to be over 35 million. Within our population there is a greater awareness of and demand for medical treatment. At the same time, old diseases are succumbing to research while new diseases appear.

Strong and immediate action is necessary to fulfil the needs of the present and to prepare for the future. This situation, like Gaul, resolves itself into three parts. We must solve the problems of schools, teaching facilities, teaching staff and, perhaps most of all, of students themselves.

In the field of construction and equipment for teaching facilities we welcomed the announcement in July of a $500 million fund to cover such expenses. We are glad now that something is being done. It is interesting to note that if Ontario carries out its proposed $300 million construction expenditures in the next seven years, with the federal government paying the recommended 50 per cent, it will run out of its share of the fund quite early in the program. We hope that the government will make provision for a periodic review of the sums available so that they may be increased.

In the field of nursing the Hall commission has demonstrated our acute shortage of personnel. It has recommended the expansion of existing university schools of nursing and the establishment of at least ten more in the next four years. At least 50 per cent of these construction and equipment costs should be borne by the federal government.

To cover our shortage of dentists the Hall commission calls for the expansion of our five existing dental schools and the construction of five new schools in the next ten years.

[Mr. Howe (Hamilton South).]

Here again, 50 per cent of the cost must be the responsibility of the federal government. To keep up with medical education we must expand and improve our existing schools and build seven more in the next ten years. For these and for associated teaching hospitals the federal government should pay 50 per cent.

In the field of medical research the Farquharson committee of 1959 stressed the urgent need for research buildings and facilities and estimated that $25 million would be needed from the federal government. The Hall commission publication, "Medical Education in Canada", has repeated the recommendation. While medical research is of enormous importance in itself, it has an important bearing on medical and dental education. Almost all university medical teachers engage in research, and for most of them this is their chief interest. If research funds are not readily available, we will not be able to attract good teachers nor keep them when we get them.

In the 1964 report of the Medical Research Council Dr. Ray Farquharson wrote as follows:

> The most important investment in medical science is to educate students well, and to train gifted young graduates in the art and practice of research. This can only be accomplished when the teachers themselves understand medical science and have practised it. Many more teacher-scientists are needed now, both because of the expansion of our medical schools and because of the rapid growth of medical science. Some of these teachers will not continue to carry out intensive medical research, but all should have a research approach to their teaching if they are to give their students the necessary instruction and practice in critical thinking and in the evaluation of evidence . . . Without . . . active research, covering a very wide range, the care of patients sick with related disorders would certainly suffer.

He pointed out the lack of funds for salaries for teachers and scientists and the lack of funds for facilities. He went on to say:

> The loss of our competent medical scientists to the United States would be greatly reduced if we had the funds needed to support them personally, and if the facilities necessary for their work were provided in Canada.

The Hall commission has recommended that the Medical Research Council be changed into an independent health services research council and that funds available to it should be increased by $2 million per year. The Bladen commission of 1965 went even farther. It recommended a grant to the Medical Research Council of $20 million in 1966-67,

with a 20 per cent increase each year thereafter. It recommended further that research grants to universities should carry an unconditional 30 per cent supplement to the university concerned, to come from the fund just mentioned.

A new report, prepared for the Canadian Society for Clinical Investigation and presented to the Prime Minister early this year, has called our present level of medical research inadequate. They have said that the federal government must become the chief source of expanded funds and they estimate that at least $140 million will be required before 1970 to build and equip facilities for an appropriate standard of research. They say:

> Unless support to medical research is provided at the suggested levels as rapidly as possible, a deterioration in the standards of Canadian medical schools and in the quality of health care provided to the Canadian people is in prospect.

They conclude the report thus:

> —it is imperative that a research environment be established which will encourage individuals to enter medical science as a career, which will induce leading teacher-scientists to stay in Canada, and which will attract back to Canada those who have gone elsewhere for lack of opportunity in their own country.

• (4:00 p.m.)

It is interesting to note that this report has been endorsed by the deans of our 12 medical schools, by voluntary health organizations and by hundreds of Canadian medical scientists. Certainly a greater responsibility for research on the part of the federal government will be necessary to develop and maintain good medical teachers.

In nursing it has been found that 75 per cent of hospital instructors and 56 per cent of university instructors are not even minimally qualified. When one considers the salaries paid one can only be surprised that so many are qualified.

To bring the present situation to proper standards and to provide for future needs the Hall commission recommended that the federal government contribute to greatly increased salaries for these teachers comparable with salaries in similar fields.

In medical and dental teaching qualification is not now a problem but salaries are a continuing deterrent to teaching as a career. The average income of a doctor engaged in research is less than half that of his colleague in private practice. In order to provide the medical teachers we need we must make available many more postgraduate opportunities simply to train teachers in the increasingly complex and diversified fields of medicine. Research funds and operating funds must be greatly increased to attract and to hold competent people within our educational structure, and in this the federal government must carry its share of the load.

We come now to the problem of the students themselves. No educational system will work if it fails to attract students and there has been a distressing decline in the number and quality of young people seeking education in the health sciences.

In order to attract more nursing students we must first consider their financial position. Student nurses earn little or no money and those without financial help cannot consider training. The Hall commission has recommended that assistance be provided for student nurses in the same manner as for other hospital students. It has also been recommended that hospital nursing courses be shortened to two years, eliminating much of the free labour which nurses exchange for their training. This would increase the operating costs of teaching hospitals but we can ill afford to continue using trained nurses to do char work.

For medical students availability of money is of paramount importance. The medical course is the most expensive in any university and the one, paradoxically, where the fewest scholarships are available. In the 1961-62 school year the average student expenditure was $2,250. Of the few scholarships and bursaries available the median value was $325.

The Hall commission has recommended scholarships of $2,000 a year in the last two years of the course, depending only on satisfactory progress. We must also make arrangements whereby the cost of postgraduate training is at least income tax deductible, if not directly subsidized. Once a medical student has completed his degree he still has a period of poverty before him as an interne and resident. In 1960 the average income of an interne was $1,740 and for a resident, $3,360. This obviously constitutes a barrier in the recruitment of students and salaries must be raised to provide proper compensation for these doctors.

During the post-war years total university enrolment in the 20-24 year age group rose from 7.1 per cent to 8.9 per cent. Medical student enrolment during the same period fell from 3.5 per cent to 3.2 per cent.

Even assuming no improvement in our physician to population ratio and assuming the present rate of increase in the number of doctors, we will not produce enough to serve Canadians. To quote Judek again:

> It appears that existing educational facilities and the present output of our medical schools will not be able to satisfy our future needs for doctors.

J. A. MacFarlane in the Hall commission book, "Medical Education in Canada", has recommended that the output of Canadian medical graduates be increased to 900 per year at once and to 963 in the next four years.

All the suggestions I have made involve a large expenditure of federal funds but I feel most strongly that this is money we cannot afford not to spend. A great many young people are turned away from medical careers each year for lack of funds while at the same time Canadians are getting inadequate medical attention.

Another criticism may be the charge of federal interference in the provincial field of education. It can certainly be used as an excuse by governments unwilling to act. In this connection it is interesting to examine what the United States has done in the field of health education. We should bear in mind that their constitution, like ours, gives the responsibility for education to the individual states and that these states are just as insistent on these rights as our provinces.

In the period between 1960 and 1963 the United States government increased university medical research funds from $250 million to $1,100 million, enabling a tremendous increase in qualified teaching staff. In 1963 the health professions educational assistance act was passed. This provided for a three year program of grants for new teaching facilities and repairs to old ones amounting to a total of $175 million. It also provided for a large program of student loans. In 1964 this act was amended to include a four year grant of $24 million for mental retardation research facilities. Also in 1964 a $2 million public health traineeship program was set up as well as a $50 million five year nursing scholarship program and a $35 million fund for construction of nursing schools. In 1965 the health professions educational assistance act was amended again to provide a new four year grant for improvement of teaching programs and a new four year series of scholarships for needy students. The original building grant program was extended for three years as was the student loan program. In 1965 the medical library assistance act was passed, another way of improving educational facilities.

All these measures were taken without contravention of the United States constitution and without objection by the states themselves. Many of these funds are state administered and some of the statutes contain provisions for non-interference by the federal government in state educational policies.

The Canadian government could just as well provide these kinds of aid to Canadian medical education without infringing on provincial rights. Indeed, we must provide such aid before the shortage of medical personnel becomes too acute.

[*Translation*]

Mr. Laprise: Mr. Chairman, at this stage of the resolution I wish to take only a few minutes to tell the hon. Minister of National Health and Welfare (Mr. MacEachen) that we welcome with a certain satisfaction this resolution, which reads in part as follows:

> That it is expedient to introduce a measure to provide for the establishment of a Health Resources Fund to assist provinces in the acquisition, construction and renovation of health training facilities and research institutions—

Mr. Chairman, this resolution meets a pressing need, since we have been aware for quite some time already—and almost everywhere—of a shortage of doctors especially in the sparsely populated areas of our country. We lack doctors, and above all, specialists in areas remote from the large centres; this forces those who need special care to travel over relatively long distances from their homes to receive the required medical attention.

We also have an urgent need for hospital orderlies and nurses to care for the sick and I think that the purpose of the resolution, that is to assist the provinces in building and restoring facilities for the training of personnel, will meet this rather general need.

I have also noted that this resolution deals with research institutions, and I think that in the past we have largely failed in that respect and we still have much to do in the future to prevent illness and contagious diseases, or at least to control an outbreak. I think that those research institutions can be quite beneficial to the Canadian public and will meet an ever increasing need in countries with a similar standard of living.

Mr. Chairman, on the whole I think that this resolution deserves all the attention of

hon. members and we are impatiently awaiting the bill which will give us the very essence of the proposed resolution; at that time, we will take a greater part in the consideration of this bill, item by item, and we shall have other remarks to make at that time.

The resolution also refers to the establishment of a $500 million fund, that is half a billion dollars, to be taken out of the Consolidated Revenue Fund of the country; this, then, means new taxes which the taxpayers will have to bear.

Mr. Chairman, I do not know to what extent the provinces have been asked to express their views on this subject, but I surmise that if the provinces are given half a billion dollars to meet public health requirements, it seems to me that they will greet the prospect with satisfaction. It is quite apparent that once again, the taxpayers will have to pay for this new fund and this new service, and I think that the minister should have consulted the Minister of Finance (Mr. Sharp) to find another means to finance this new development, these studies and these requirements of the country.

I think that the Bank of Canada would have been the proper institution to meet this new requirement, and to facilitate the operation of this new Health Resources Advisory Committee which will be responsible for the distribution of this half a billion dollar fund. I think the Bank of Canada would have been the ideal institution to meet such need without burdening the budget of the small taxpayer because, as in all other funds, all other deductions, the small taxpayer will again foot the bill.

So, Mr. Chairman, on the whole, we accept this resolution that meets a need, but the fact remains that the substance of the problem should rather be incumbent upon the government itself and I think that the minister would have been well advised to use the facilities of the Bank of Canada to implement this need as claimed by all.

• (4:10 p.m.)

[*English*]

Mr. Patterson: Mr. Chairman, for a while this afternoon it appeared that this was going to be a doctors' debate, but although I am neither a doctor nor the son of a doctor I want to make a very few observations in regard to the resolution now before us. In presenting the resolution the minister indicated the importance of attracting capable personnel through additional and adequate training facilities. I believe this is a fact that is well recognized across the country because unless there are adequate facilities available to those who wish to enter these service vocations people will be hesitant to do so. Therefore we agree that the provision of additional facilities is vitally important if we are to build up an adequate and effective corps of workers in the medical field who will take care of the health needs of the Canadian people.

A great deal has been said about automation, retraining and so on. I believe that the freeing of a larger number of people from other vocations and activities will make them available for participation in the service fields. Not only will this take place but I believe the expansion of facilities will increase the demand for trained personnel. We are talking in terms of national medical plans, etc. If the government is proposing to proceed along that line attention will have to be given, of course, to the matter of trained personnel to fit into these programs and provide the services that are required.

The great question is: If there is now a shortage of doctors, nurses and technicians in various fields, what will the situation be like when some of these other plans are put into operation? It seems to me that the need is urgent and there should be a crash program to train people to take their places in these activities.

The resolution points up some of the areas of concern and some of the facilities that will be required. The minister referred to training hospitals, research institutions, medical schools and so on. I see in the resolution a recognition of the fact that there must be an all-inclusive program which will meet the medical and physical needs of the people of this country.

A short time ago some of us had the opportunity of attending a meeting at the University of British Columbia and seeing there a diagram of what is contemplated in regard to what might be called an integrated course in health services instead of spreading them out and having one in the medical field, another in dentistry and another in something else. In this way all the courses are going to be brought together in an over-all program covering the medical services that are required and must be provided for the Canadian people.

Reference has been made to the ad hoc committee which was set up to study this particular matter and to several of the terms of reference of that committee, such as the question of regional distribution of funds and several other matters. I believe these are very important because when we think of some of the federal plans that have been implemented in other areas we realize there has been a very inequitable allocation of funds to the various parts of Canada. I believe it is most important that this matter be resolved in an equitable manner so that all parts of the country will be able to benefit from this program.

Reference was also made during this debate to the proposal to allocate funds to the various areas of concern. This also is a matter of real importance. I believe that constant and close consultation with the provinces is absolutely essential because this is one of the fields where responsibility primarily rests with the provincial administrations. In view of the fact that we are moving into another area and perhaps into another era, I think it is vitally important that close co-operation be established between the federal and provincial authorities in regard to the development of our health services.

The question has been raised of the adequacy of the amount of $500 million established for this program. It appears that it is far below what is required to provide what I have referred to as the crash type program which is needed to meet the challenge in the health field. However, Mr. Chairman, these are matters that can be discussed when the bill is before us. We will reserve further comment until we have the bill and are able to discuss it intelligently on the basis of its various provisions.

Mr. Allmand: Mr. Chairman, the resolution before us asks the house to approve a fund which will help to finance health training facilities and medical research institutions. As a member from Montreal this proposal has great interest for me and for the people of Montreal. Montreal has long been known as one of the great medical centres of the world. Among its great training and research hospitals are the Royal Victoria Hospital, the Montreal General, the Montreal Neurological Institute and many others. There are also extensive research facilities at McGill University, the University of Montreal and many nursing schools.

• (4:20 p.m.)

I mention these things, Mr. Chairman, not to promote my own city but to remind all hon. members of the national medical institutions which are located in Montreal. I use the word "national" because these institutions, in contrast to other hospitals and research centres, serve the medical needs of all Canada and not merely of the inhabitants of the Montreal area. There is no doubt that there are several other national medical centres in Canada about which similar comments could be made.

It is because of the national function of such institutions that the government has seen fit to set up this fund. Medical science and technology have developed to such an extent that they can no longer be carried on by small privately financed teams. It is not even possible for the required facilities to be provided by provincial financing. As other hon. members have said, many of our provinces are too small to provide the large resources necessary to give their people the proper medical personnel and research. In a country of barely 20 million people it is essential that such facilities be shared and financed on a national basis.

A further reason for setting up such a fund is to provide capital in Canada for the most up-to-date research facilities. In an age when change takes place so quickly and discoveries are soon outdated after they are put in production, it is necessary that finances be made available to keep pace with these changes. Although Canada is presently producing many fine young doctors and research scientists, a good number of them are obliged to leave the country to find facilities and programs which will allow them to do advance research and study. If we are to keep these highly trained citizens, then we must give them the opportunity to work here in Canada.

It is to be noted that this resolution has been mentioned in conjunction with the proposed medicare bill and the proposed Canada Assistance Plan. It is obvious that if we are to establish a plan to provide medical care to all Canadians we will have to provide hospitals and personnel to give this care. Some Canadians have argued that the shortage of hospitals and medical personnel are foremost reasons for not introducing medicare. This is not valid. If we were to follow that reasoning we would still have a system where health depended on wealth and where many would go without proper medical care.

We need a system of medicare; we also need the development of health resources. The members of any modern society are interdependent. The economic, social and political well-being of any citizen will depend to a great extent on the good health, education and industriousness of his neighbours. If a large segment of the society is in poor health, this will affect the whole society. I remember a few years ago when we had the Asian flu epidemic and I was shocked to learn of the large scale economic loss to the country due to absenteeism and other side effects which resulted from it.

I hope, Mr. Chairman, that this initiative of the federal government will be followed by a greater effort on the part of corporations and individuals who can also do much to help in this area. No matter how great the contribution of the government there will always be a need for private action.

In conclusion, Mr. Chairman, I would like to refer briefly to a subject which was mentioned by other hon. members, the situation with regard to nurses. I do not think that any other group, trained professionally for many years, is treated so poorly. There is no doubt that these young women perform a great service for Canada and it is unfortunate that they are often not paid as well as those who are far less deserving. I hope that this plan will also provide assistance to preventive medicine and mental illness. In all, I think this resolution is a commendable one and deserves our full support.

Mr. Brand: Mr. Chairman, I also would like to make a few brief remarks on this resolution. I will start by joining my colleagues on both sides of the house in commending the minister and the government for bringing forward such an important resolution at this time. However, I am afraid I must echo the words of the hon. member for Simcoe East that it is too little, too late. When the idea was first suggested it was welcomed by the medical profession and by educators across Canada as a great step forward in the provision of medical education and facilities. It is still welcomed but unfortunately, as we all know, not much study has been given to the amount of money which will be required.

I presume the minister is aware that the Association of Canadian Medical Colleges has estimated the amount of money which it feels will be needed not in the next 15 years but in next four years from 1965-66 to 1969-70. It believes that the cost of building programs envisaged will come to a total of $514,250,000. I was assured by the Association of Canadian Medical Colleges that at present this figure would be much higher because of the increase in current costs.

I would be very interested to hear what the government intends to do in view of this projection carefully prepared by the deans of medical colleges in this country, people who understand the tremendous need for physicians in Canada. Some mention has been made of the ratio of doctors to the population of Canada. There are 20 countries in the world which have a more favourable ratio of doctors to the population. We do know that a very large number of our physicians are overworked and do not have time to keep up to date with medical progress. In order to take care of our present needs and to maintain the present ratio, which is one doctor for every 859 Canadians, we must register 1,300 new physicians every year. At present our medical schools produce 850 physicians a year. I think it is very significant that were it not for the fact that we enjoy the immigration of 400 to 600 physicians from countries all over the world we would be in a very serious position indeed. As a matter of fact, the immigration of doctors could very well be reduced significantly. As we know, there is a serious shortage of doctors in Great Britain and attempts are being made to persuade them to stay there instead of emigrating to other countries.

We in Canada have received many very well trained physicians from the Philippines, but the government of the Philippines is attempting to refuse, and I think succeeding, permission to doctors to emigrate from that country because of their own great need of physicians. We need 1,300 new physicians a year and between 400 to 600 immigrant physicians are coming here.

• (4:30 p.m.)

What about the other side of the question? What about those who are leaving the country? I believe there is a significant report in the *Gazette* of January 20, 1966, in which Dr. Barrie Pierce, who is about 40 years old and a Canadian professor at the University of Michigan, makes these statements:

—the brain drain of top-flight medical and scientific men is growing worse and presents a great threat to the country. If you think you have a problem in medical education today, you can rest assured it will become worse. Competition for these high quality men is increasing all the time, especially in the United States where a drastic expansion will take place in the coming years.

He pointed out that the United States is importing some 1,500 physicians per year and Canada is one of the main sources of supply.

The minister said, and he seemed to state this unequivocally, that the health resources fund would result in improved medical care and the attraction of people to the medical profession. I wish that were true. I could point out to him the situation in Saskatchewan. The University of Saskatchewan established a medical school for the definite purpose of trying to obtain more physicians for Saskatchewan. The major purpose was to increase the doctor supply in our province. The results of this program were studied carefully by Dr. Samuel Wolfe, whose name will be familiar to the members of the New Democratic Party, I am sure. His report in the Canadian Medical Journal of a year ago contains a detailed analysis of this matter and demonstrates that as a result of setting up our medical school we have 40 per cent fewer Canadian graduates practising in Saskatchewan today than there were before. I believe there must be other measures at which the minister and the government must look to ascertain if we can encourage people into the profession of medicine.

I was disturbed by the minister's suggestion that the introduction of medicare would automatically attract people to medicine. I suggest that the minister is not at all familiar with some of the happenings in the province of Saskatchewan in 1962. I have said that I believe this measure is too little and too late. We feel it will take anywhere from two years to eight years to catch up on the number of medical schools and the number of graduates necessary to maintain the status quo. I heard the minister say that immediately following the passage of this resolution and the bill based upon it the government would introduce the medicare resolution. What we are trying to do is provide services with inadequate resources, and this disturbs me a great deal.

As hon. members will recall, the United Kingdom attempted to introduce this sort of plan before they established medical care in the United Kingdom. It was a plan to increase the strength and number of medical schools. However, the funds were not provided at once and before they knew it medical care was upon them. The medical journals of the United Kingdom and the records of the House of Commons and House of Lords are full of reports that indicate the United Kingdom made a major mistake in not providing facilities before they provided comprehensive medical care.

There must be a great deal of attention paid to the idea of having the facilities before you can provide the care. It is all very well to say that we are going to have a plan under which everybody is going to be covered. What will happen if there are no doctors, nurses or physiotherapists to provide this type of care? I believe this is a most important aspect, and I sincerely hope it is not the intention of the government to allow this $500 million and the wonderful idea behind it to be side-tracked and the funds used for something else. I think you must provide sufficient funds and you must provide them now. I know it is going to cost the Canadian people money but I believe all Canadians will understand that we need these facilities and need this type of care.

I support most earnestly the pleas for increased funds for research which I have heard from every corner of the house. I am sure we will hear more about that. The government increased the funds available for medical research this year, for which I thank them, but the amount is still very small compared with the amount that should be provided for research into the various types of disease.

So far as immigration is concerned, I have pointed out that there will be a considerable drop in the number of immigrant doctors coming to this country over the next few years. I wonder whether the government realizes that by 1986, if our immigration policies about which we have heard so much are successful, we will need somewhere in the neighbourhood of 41,000 doctors in Canada compared with the 24,000 we have now. These figures are based on the ratio of one doctor to every 800 people.

I could go on and discuss other matters that have been covered today but I do not believe any useful purpose would be served. I should like to plead again that the government reconsider the amount of money that is going to be available. They should take a realistic look at the proposals received from the Association of Canadian Medical Colleges, the people who will be most concerned with this problem, to ascertain whether or not the amount of money available can be increased tremendously.

I should like to say a brief word about medical research, to which I referred a moment ago. I point out that in the United

States there are 88 medical colleges and 12 in the process of being built. In 1958 the federal government of the United States decided to institute a crash program to strengthen its medical schools by increasing the amount of federal funds available for medical research. As hon. members realize, most medical research is conducted in medical schools. For some years the government of the United States had been providing $250 million for support of medical research. This amount was divided amongst the 88 medical schools. The amount of money available was rapidly expanded until in 1965 that government provided $1.5 billion for research. As a result it has been possible for them to increase rapidly their full-time staff in medical schools. Since they did not have sufficient academically trained individuals in the country it was inevitable that they would look to Canada and the United Kingdom, and that is what they did. As a result we have lost doctors.

• (4:40 p.m.)

Our answer to this must be to provide the facilities for doctors. We must provide them with the medical schools here and we must do so in sufficient quantity so that the brain drain, to use a well known term, does not continue in this country and so that the medical schools and the doctors graduating from them will continue to provide the very highest possible standard of service to the people of Canada.

Mr. Harley: Mr. Chairman, I am very pleased to participate in this debate. First I want to say a few words about the brain drain that is concerning many people in the country.

Looking at the figures from various departments and from the Dominion Bureau of Statistics we find that 117,000 immigrant professional workers came to Canada between the years 1946 and 1953. Graduate nurses formed the largest proportion, numbering one in every six persons who came to Canada as immigrant professional workers.

I shall relate my figures to four classes of people with whom we are dealing. They can all be classified as health personnel. I shall quote statistics with regard to dentists, laboratory technicians and assistants, graduate nurses, and physicians and surgeons. In the years 1953 to 1963, 420 dentists, 4,428 laboratory technicians and assistants, 15,359 graduate nurses and 5,032 physicians and surgeons came to Canada as immigrants. It is interesting to note that the doctors and dentists usually came from countries other than the United Kingdom or the United States while laboratory technicians and nurses came mostly from the United Kingdom.

Moving to the question of emigration, which concerns people in Canada even more than immigration, we find that of the professional workers leaving Canada one-quarter are graduate nurses. Using the same four groups of people and the same years, 1953 to 1963, we find that 104 dentists, 3,390 laboratory technicians and assistants, 13,963 graduate nurses and 2,630 physicians and surgeons emigrated from Canada. Therefore, out of the total number of professional emigrants from Canada almost 25 per cent were graduate nurses, 6.1 per cent were laboratory technicians, and almost 5 per cent were physicians and surgeons. We see from the figures the gradually increasing numbers of doctors who are emigrating to the United States. In 1953 doctors represented 4 per cent of professional emigrants and in 1963 this figure had risen to 7 per cent.

Comparing the figures of immigration to Canada and emigration from Canada one sees that there was a net outflow from Canada to the United States in all of the above occupations. Therefore Canada has been losing to the United States but fortunately, as was mentioned by the hon. member for Saskatoon, Canada has been gaining back these groups in that more have emigrated from other countries in the world at large. If one takes the net inflow of these occupations to Canada and subtracts the people in these groups who leave this country to go to the United States, it will be seen that in those years Canada has actually gained 316 dentists, 1,038 laboratory technicians, 1,396 graduate nurses and 2,402 physicians and surgeons.

It is interesting to note that the figures show that one out of every five doctors practising now in Canada is a foreign born, post-war immigrant, as is one dentist out of every 20 and one graduate nurse of every eight. Bringing the value of all this education down to dollars and cents, the figures would indicate a value in the neighbourhood of $450 million.

The brain drain is of great concern to the people of Canada and to the government. I can only reiterate what the hon. member for Saskatoon has already said, that without immigrant doctors coming to Canada our medical profession would have been stretched very far and thin.

Interestingly enough, the educational level is higher among the people coming to Canada than among those who are leaving. It should also be noted that Canada gains a great deal from Canadians who are studying abroad as more Canadians study abroad than people from abroad study in Canada. This situation, however, is rapidly reaching a balance.

One of the things we must concern ourselves with is why Canadians with professional training emigrate to the United States. Generally speaking, if one delves into the reasons why people wish to emigrate to the United States one finds that the reasons given are, first, the climate, second, larger incomes in the United States and, third, the fact that some immigrants use Canada as a stepping stone to get into the United States because that country will not allow them to come in directly from their own countries.

For the professional groups the reasons for emigrating are somewhat different. The first reason is the better opportunity in the United States, both in terms of salary and the research facilities which are available; second, because of the free flow of skilled people between Canada and the United States it is often easier for those people to move north or south than it is to move east or west and remain in Canada and, third, again there is the question of climate. Unfortunately we do not have very much control over that. The brain drain is very serious and we all hope that the provisions made by the government in the measure before the house will tend to reverse the trend.

I now want to talk about doctors who are trained in Canada. The medical association is greatly concerned with problems related to this matter and a short time ago published two special editions of their journal which were devoted to medical education. I should like to quote an abstract from "Medical Education, Part I", found in the Canadian Medical Association Journal dated April 2, 1966.

> Enrolment in the 12 Canadian medical schools in 1965-66 reached a new high of 4,023, an increase of 3.8 per cent over 1964-65. The percentage of women among medical students (11.4 per cent) was close to that for the preceding two years. The decline in the numbers of students from outside Canada continued into the present year; in 1965-66, 9.1 per cent of medical students were non-Canadian. This decline has been primarily in the number of students from the U.S.A. The number of students from commonwealth countries has shown a steady increase over the seven year period under review; in 1965-66 they make up nearly one-half of all non-Canadian students. It was noted that 27 per cent of overseas students came to Canada under governmental or intergovernmental sponsorship. Of the Canadian students, 95 per cent came from the "home" provinces of the medical schools.

• (4:50 p.m.)

It is interesting to compare standards of training in Canada with those of the United States. It is apparent that one of our needs is a better staffing of medical faculties. A comparison between the student-faculty ratio in Canada and the United States reveals a sharp contrast. In the United States there are 6.6 faculty members for every student while in Canada the ratio is 1 to 2.2. Thus the United States has roughly three times as many full-time faculty members for every student.

It has been said in various publications that a student taking a medical course should have an I.Q. of between 120 and 125. This would encompass approximately 6 per cent of Canadians. I should like to refer to another interesting statement in the Medical Journal. It is from an article entitled "Canadian Applicants For Medical Schools in Canada, 1965-66". The conclusion reached by the author of the article is that it is erroneous to believe there is a surplus of well qualified Canadian applicants at the present time.

I find his conclusion surprising because I had thought there were more well qualified Canadians wishing to take up medicine than were able to do so in the light of our limited facilities. Approximately 10 per cent of all medical students drop out before graduation. There are now 12 medical schools in Canada and two are in the course of construction, in Sherbrooke and Hamilton. It is estimated that we need 440 new doctors each year in order to keep pace with our population growth. We need another 400 to replace doctors who die, retire or fall ill. This means we must find a total of 840 new doctors each year, and we graduate approximately 850 a year. This number is, therefore, only sufficient to keep pace with events, which is not good enough for a country that boasts of an extremely high standard of medical practice, especially bearing in mind recent developments in technology.

Another difficulty which is becoming apparent concerns the role of the general practitioner. In Canada the general practitioner seems to be disappearing. Some people predict he will eventually disappear completely. General practitioners now account for approximately 40 per cent of the total number of doctors, the remainder being specialists of some kind. However, I am glad to say that

general practitioners usually spend more than one year at the present time in postgraduate training. In fact, the average is two years.

This brings me to the special concern felt because of the shortage of doctors in rural areas. Not only are more specialists being trained today but general practitioners are increasingly being drawn to practices in well established urban localities rather than in rural areas as was the case years ago. It was common to find efforts to attract doctors to rural communities. A community would provide rent-free facilities and other benefits of a fringe nature to encourage doctors to come to the area.

In 1960 the ratio of doctors to patients in Canada was approximately one to 904. Some people think this ratio should be one in every 750. The ratio of dentists to patients is roughly one to 3,000 and most dental authorities think it should probably be one to 2,000. There is one nurse for every 260 of the population and most authorities think the proportion should be one to every 200. So there is a need to train more and more people in these fields and we certainly welcome the grants which the federal government intends to make available to help provide training facilities.

It has been estimated, I hope accurately, that with the help of the increased facilities provided by the medical schools the medical student population should double by 1970. This should be the aim, and if it means the spending of even more money by the federal government then I would certainly support it.

One important aspect of this whole subject concerns wages and salaries. In the last Civil Service Commission circular, a copy of which goes to members of parliament, I noticed an advertisement for an elevator maintenance and inspection officer for which post the salary offered was $9,000 a year. But for chemists, bacteriologists and pharmacists the salary offered was approximately $7,000 a year. I am not against paying a reasonable wage to an elevator inspector or maintenance officer but I suggest that a qualified chemist, bacteriologist or pharmacist should certainly command a higher salary than persons in that category. I am sure the hon. member for Simcoe East could give even more surprising examples. When I graduated from the University of Toronto in 1951 the salary paid to junior internes by the Toronto General Hospital—it was not even called a salary; it was called an honorarium—amounted to $100 a year, the price per day of a pack of cigarettes for a person in a highly responsible position and on call 24 hours a day.

I am glad to say that the situation has altered. Nevertheless, salaries have still not reached a level appropriate to the work these doctors are doing, the hours they must put in and the responsibility they carry. The same is true of nurses and other trained personnel.

Before closing I should like to make six recommendations. I am aware that most of them do not fall within the jurisdiction of the federal government but I put them forward, in the hope that those concerned will take cognizance of them and follow them up in order that sufficient health personnel may be available in Canada when we put a full medical care scheme into effect.

My first suggestion, to which I have already referred, is that higher salaries be paid to doctors and nurses in their training period. Though Canadian hospitals may pay $100 a month, one can pick up journals carrying advertisements for positions in the United States where internes are paid $5,000 and more. If we are to have Canadian doctors we must encourage them to stay in Canada.

• (5:00 p.m.)

My second suggestion is that refresher courses be made available for general practitioners. More and more general practitioners are taking advantage of such facilities as now exist. In fact, it is now insisted that doctors in general practice should devote a certain amount of time to training each year. I should like to encourage the further training of general practitioners in the practice of medicine before they actually go out into practice, and this again means giving these people a reasonable wage while they are taking this extra training.

The third point I wish to mention is that I notice that in the Hall commission report and in other reports there is reference to dental and nursing aides or assistants. Certainly in the field of dentistry a dental aide could buff teeth and do other jobs that take up so much of a dentist's time, and many of the duties of nursing could be performed by a nursing aide. I would like to see medical technicians trained to do the relatively simple medical tasks that are time consuming for a doctor or a graduate nurse. I speak of such things as vaccination procedures, taking blood pressures and blood samples. These could be done equally well by trained aides as by graduate doctors and nurses.

My fourth point is that we should encourage more postgraduate training in medical science. In this connection I would like to read from a Medical Journal abstract under an article headed, "Canadian-Trained Basic Medical Scientists", in the issue of April 9, 1966:

> Questionnaire returns from doctoral degree holders revealed that citizenship status at the time of graduation is positively related to migration; migration rates were lowest for Canadian-born and highest for landed immigrants and foreign students. Geographic mobility during training was also found to be a significant factor which increased the propensity to migrate.

The Chairman: I must advise the hon. member that the time allotted to him has expired.

Some hon. Members: Carry on.

The Chairman: Has the hon. member unanimous consent to continue?

Some hon. Members: Agreed.

Mr. Harley: I shall end shortly, Mr. Chairman. The abstract continues:

> One-half of those who took further postdoctorate training in the United States are currently living in the United States, compared to 15 per cent of those who received all their training in Canada.

In other words, if we train these people in Canada they will remain in Canada. This brings me back to the idea of providing facilities for postgraduate training in Canada and providing these people with better wages while they are here.

The fifth point I want to make is that we have been talking a great deal about the provision of federal money for medical research. We are always told in this chamber that health facilities and health care are a provincial matter. Therefore I suggest that the provincial governments give consideration to providing funds for medical research in addition to the funds provided by the federal government.

My sixth point is that I agree with previous speakers that we in Canada should provide more federal and provincial funds for medical research in keeping with the findings of the Woods-Gundy report recently tabled in the house. Mr. Chairman, I thank the committee for allowing me extra time to conclude my remarks.

Mr. Orlikow: Mr. Chairman, I join with the hon. member for Hamilton South who spoke first for this party in giving general support to the proposals contained in this resolution, but I do so only in the sense that we consider this to be the first payment toward meeting a tremendously urgent problem.

The minister indicated that this fund would be administered jointly and in co-operation with the provincial governments involved. I wish that co-operation had begun before the government plucked this $500 million figure out of thin air because I can find no report, no recommendation, no study by any group of experts which would indicate that it is realistic.

The sum of $500 million sounds like a large amount of money until one realizes that the government is talking about spending it over a period of 15 years. This means that the expenditure in respect of medical colleges, medical education and research will total only $33 million a year. The provincial minister of health from the minister's own province of Nova Scotia, after this program was announced, indicated that Nova Scotia could use $33 million each year itself. Therefore I suggest that the $500 million figure is completely inadequate. I am satisfied that when the government has an opportunity to look at the matter again and pays attention to the representations made to it year after year by the most qualified people in this field it will realize that it will have to double or quadruple this amount.

I want to deal just with the subject of medical research. Through its national institute on health the government of the United States is spending over $1 billion a year on medical research. Canada has approximately one-tenth of the population of the United States and to come anywhere close to the United States we should be spending $100 million a year on medical research alone. Yet the government proposes an annual expenditure of $33 million to cover not only medical research but also the building of medical colleges, the training of medical students and everything else in this field.

It is no wonder that the experts who work for the government have been saying for years that what we are doing is completely inadequate. I am not going to go back to the report made by the special committee headed by Dr. Farquharson which was submitted to the former government in 1955, having been presented to the hon. member for Winnipeg South Centre when he was the minister in charge, and which was almost completely ignored by that government. But I do want to refer to the report made by the late Dr.

Farquharson on behalf of the Medical Research Council in 1964 and presented to the present government, in which he said:

> The other limiting factors are the longstanding shortage of medical research laboratories and the expensive facilities they involve. The shortage now is far more critical than ever before and no research-granting bodies have the funds with which to meet it. It is vital, however, that some way be found to do so in the near future.

He went on to speak about the medical brain drain to the United States and said this would be greatly reduced if we had the funds to support the personnel and the facilities necessary for their work. Up to now we have not been providing sufficient funds. The program envisaged by this resolution does not provide sufficient funds and the brain drain of doctors to the United States is not only continuing but accelerating. Over the last five years never less than 500 of the best doctors in Canada, including some of the best research doctors, have left annually for the United States. As usual the government's proposal is too little and too late.

• (5:10 p.m.)

The government did not have to consider the somewhat outdated recommendations made by Dr. Farquharson. In December, 1965, a report was prepared by Mr. Gundy of Woods-Gundy on medical research in Canada, an analysis of immediate and future needs which was subscribed to by close to 200 of the most respected medical teachers and researchers in Canada. If one reads that report and compares it with the picayune proposals included in this resolution one can conclude only that the government, as past governments, is determined to ignore the advice, recommendations and entreaties of the best medical brains in this country. I am not being critical, Mr. Chairman, but this country will continue to be able to find money to build projects such as Expo. We will continue to be able to find literally billions of dollars to build highways so that the people of this country can drive from one city to another faster than ever before. I am not being critical of the expenditures on roads. However, we are not prepared to find the money which is required to build and maintain the medical colleges and medical research facilities without which the health of the people of this country can go only from bad to worse.

Let us look at some of the findings in the Gundy report. I am not going to spend a great deal of time reading it. I am sure the minister has had an opportunity to read it and I wish he had paid some attention to it. I can find nothing in the resolution and nothing in the introductory remarks of the minister to indicate that the government has taken at all seriously the report of the Gundy committee, which report, as I said earlier, has been endorsed by the leading medical educators and research people in Canada. Here is what the report says in part:

> Although financial support has been increasing, medical research in Canada today is being conducted on an inadequate scale.
>
> A substantial increase in capital and operating support for medical research in Canada is needed at once. The key consideration is the creation of conditions which will encourage teacher-scientists to remain in Canada and in teaching and research; which will encourage Canadian teacher-scientists and graduates now in the United States to return to work in Canadian universities and hospitals;

When the United States government is spending $1 billion a year on medical research and this country is spending—I will let the minister give the figure—not much more than one-hundredth rather than one-tenth of that amount, I ask the minister how the objective set forth by Mr. Gundy can be met. How can one expect medical researchers to stay in Canada or expect medical researchers from Canada who now are in the United States to come back here when it is obvious that in any field in the United States in which they are interested they can write their own tickets, work out their own programs, set their own objectives and the money will be there. This is not the time to discuss this matter in detail but when we have the estimates of the minister before us I can assure him that we will go into it. The fact is that not more than 70 per cent of the requests made to the Medical Research Council in the last few years have been met.

Persons doing medical research in Canada know there is a shortage of funds. When they have ideas and want funds for projects they know they have to be careful to pare their requests to the bone or they will not be met. Yet, Mr. Chairman, despite that 30 per cent of their requests are turned down. More serious still are the newer requests. After all, to some extent the young, eager and newer graduates are the ones who wish to get into this work. Of the new requests 90 per cent are turned down in whole or in part. The figures and the evidence are here in the Gundy report. Is it any wonder that the O.E.C.D. Observer, which had a special issue recently on science, reports that 48 per cent of the scientists and engineers who graduated in Canada from 1956 to 1961 left Canada for

the United States? Who can blame them? Can one be critical of them? The British, the French and the Germans are worried about the brain drain.

I should like to pause here for a moment, Mr. Chairman, to make a correction. Forty eight per cent of the engineers who graduated in Canada left for the United States. The figure for scientists and engineers is 32.3 per cent. The figure in respect of western Europe, which is concerned about the drain, is just 7.4 per cent. In other words, almost four times as many scientists, engineers and doctors are leaving Canada compared with the number leaving western Europe. Western Europe is worried about this. As the hon. member for Saskatoon and the hon. member for Halton said, they are doing something about it. But we, on the basis of what the minister is proposing today, in effect are continuing to ignore the very serious problem which has been with us and is continuing.

The report of the Gundy committee spells this out in great detail. What do they say about the position of medical research in Canada at the present time? Let me quote one sentence:

> The 1959 report to the Privy Council recommended that the government of Canada provide in the next three to five years $25 million for the erection of new research laboratories in the medical schools and $12 million for the installation of research facilities in the affiliated teaching hospitals. No response was forthcoming.

That was the result in respect of the recent recommendation. They go on to speak of extramural research support by the federal government to medical research. The funds available for 1965-1966 from the federal government were $14.9 million and the deficit compared with the requests was $5.2 million. Almost one-third of what was requested was refused or ignored by the federal government in the last fiscal year. I am not going to blame this government for the sins of past governments or even for its errors of omission and commission in earlier years, but for the year 1965-1966 there were requests for $10.5 million for medical research and the amount granted by the federal government was just over $7 million or 67 per cent. There were requests for payment to personnel of over $2.5 million.

• (5:20 p.m.)

The minister by ignoring these needs is saying in effect to the medical research people of this country: We do not need you, we do not want you and we invite you to make

arrangements to go to the United States as quickly as possible.

Mr. Churchill: Would the hon. member permit a question?

Mr. Orlikow: Certainly.

Mr. Churchill: Perhaps the hon. member would repeat the figure he mentioned for 1965-66 which I understood to be in the neighbourhood of $7 million. The book of estimates for the fiscal year ended March 31 shows that the expenditure was $9,250,000 under the Medical Research Council for scholarships and grants in aid of medical research.

Mr. Orlikow: I was using the figures which appear on the table opposite page 36 of the Gundy report, and it is indicated that the source of the information was the Medical Research Council and that the figures for 1965-66 were not final. I quoted exactly the same figures that appear in the table or at least used the round figures. If they are wrong or the hon. member wishes to argue about them I suggest he argue with the experts who prepared the Gundy report.

Mr. Churchill: I was just accepting the figures provided by the government in this book of estimates.

Mr. Orlikow: The Medical Research Council states that the figures were not final for that year and it may be that there were some later grants which increased the amount. In any event, whether one accepts the figures I mentioned or the slightly higher figures mentioned by the hon. member for Winnipeg South Centre, the amount is inadequate. The amount is in the neighbourhood of $10 million and, as I indicated, if we were to spend as much per capita on medical research as is being spent in the United States we should spend ten times that much or roughly $100 million.

What will happen in the future? In this area the Gundy report again has stated some specific requirements which I must assume the minister and the government have completely ignored.

The Chairman: Order, please. The time allotted to the hon. gentleman has expired. Is it the wish of the hon. member to ask for unanimous consent to extend his time?

Mr. Orlikow: Yes, Mr. Chairman.

The Chairman: Does the committee give its unanimous consent?

Some hon. Members: Agreed.

Mr. Orlikow: I appreciate the extra time and I assure hon. members that I will not abuse their consideration.

I should like to quote briefly from page 49 of the Gundy report:

> —we have indicated the scale of medical research in Canada that we consider necessary for a high standard of medical education and health services in the expansionary conditions now being experienced and that are anticipated in the immediate future. Hence our projection is designed not only to overcome present inadequacies but to move medical research in Canada onto a level which will permit these expansions to be realized successfully.

The report then goes on to refer to needs and points out that we will need by 1969-70 an additional 1,200 full-time staff members in the medical colleges which are now in existence or which will be built. That is a tremendous number and the amount of money required certainly will not be provided by the picayune $33 million per year which the government proposes to spend.

At page 55 of the report the recommendations are summed up as follows:

> In combination then, the capital requirements of the projected expansion in medical research in the five years to 1969-70 are estimated at $93 million for buildings and $46 million to $57 million for equipment.

Compare the approximately $150 million needed just for medical research, buildings and equipment by 1970 with the $33 million per year the government proposes to spend and you will see how far short of the need we actually are.

The report then states:

> It would appear that some assistance from the government of Canada toward such capital is in prospect in the form of the health resources fund. However, this fund is for a wide range of purposes, including teaching hospitals, medical schools, dental schools and training facilities for other health personnel, as well as for research establishments, and its announced size of $500 million is for use over a 15-year period. It would seem that the capital requirements of medical research today and in the future—and, it would appear, of health facilities as a whole—may not have been fully appreciated.

Mr. Chairman, when the most eminent group of medical scientists in this country states in these careful words the needs for the future one can assume not only that we have not achieved what we should have but that we certainly have come nowhere near achieving the objective.

Let me conclude by saying that we support this proposal as a first step forward meeting one of the most important needs of this country. We hope and expect that the government will have second thoughts, consult with the medical colleges and medical scientists and study carefully the recommended needs because unless it does so the health standards of the people of this country will and must deteriorate. These are tremendous needs in the field of medical education and medical research, as outlined by my colleague the hon. member for Hamilton South.

I do not join completely with the hon. member for Saskatoon who seemed to be saying that we should not begin a health services plan until we had a sufficiently trained staff of doctors to carry it forward. If we wait until that time I do not believe we will ever accomplish our purpose. Surely we will not be successful in obtaining a sufficient number of trained personnel to operate an efficient health services plan until such a plan is put into operation in Canada so that the people who need to consult the medical profession will do so without worrying about the fact that they may not be able to afford to do so.

If we do not make some beginning in this field, Mr. Chairman, I am sure a tremendous problem will develop which will place a terrific strain on health services in this country. I urge the minister to give serious consideration, once this bill is passed by the house, to increasing the funds available so that the health needs of the people of this country will really be met.

• (5:30 p.m.)

Mr. Honey: Mr. Chairman, the debate this afternoon on the need for a health resources fund has been of a constructive nature and I hope that my remarks will follow the general precedent set by those speakers who have preceded me. As mentioned by the minister in his introductory remarks this afternoon, this resolution is a preliminary step to the introduction of a national medicare program. I believe all members will recognize the necessity of moving immediately into the planning stage of this program. I believe that the minister said we should initiate the planning at once by way of the establishment of a health resources fund so we will have to the greatest extent possible—I appreciate that we may not achieve perfection at all times in

this matter—the trained personnel and facilities for training personnel who will be available to service the health plan when it is introduced, I hope next year, on a national basis.

In my remarks, Mr. Chairman, I want to take a general and pragmatic approach to the subject of the health resources fund and discuss, as I have already mentioned, the necessity of moving ahead with this legislation as quickly as we can in order that we will be in a position to implement and carry out the provisions of the medicare program which will be implemented next year. This will be important social legislation and it is important for us in the parliament of Canada to do what we can to ensure that this social legislation will go into operation effectively and smoothly when it is introduced.

I do not subscribe to the argument which I believe was advanced by the hon. member for Saskatoon that we should not proceed with a national medicare program until we have reached the state of perfection where we have all the trained personnel necessary to put it into effect. It is my belief that we are never going to reach a state of utopia where we will have all the personnel and facilities we would like to have but that we should do the best we can in this matter and move ahead as quickly as is reasonably possible.

The resolution we are debating this afternoon proposes the setting up of a $500 million fund to be expended over a period of 15 years. As the minister said in introducing the resolution, the basic purpose is to help meet the greater need for trained people to provide medical care services and to endeavour to catch up where possible in areas where adequate trained personnel are in short supply. This fund will also supply moneys to support the construction and equipment of facilities for health research and training. It will provide capital grants for the construction, renovation and basic equipment of research establishments, teaching schools, medical schools and training facilities for essential health services personnel.

On three or four occasions this afternoon there has been an expression of opinion and regret in this debate from those opposite—I appreciate that it is informed opinion particularly because much of it has come from members of the medical profession—that the legislation which we are now considering will be too little, too late. I think that was the expression of one of the speakers. I am not personally wedded to the proposition that this program will be an end in itself. I think we will have to proceed on the basis of experience. We will have to proceed and see what we can achieve with the money available to us which we are prepared to expend in pursuance of the objectives of this resolution. If it should transpire that we are not graduating the number of trained personnel required to implement our health services program, if we do not have the facilities to ensure that Canadians have the right to take advantage of the program, then parliament will have to look at this proposition again. But for the time being I think we are taking a reasonable and responsible approach to this matter.

In his introductory remarks the minister referred, as did my hon. friend from Halton, to the part the provinces will be expected to play in this program. I want to take a minute or two to deal with this question and particularly with the constitutional aspect of the responsibility of the provinces in the supplying of funds to further the objectives we are trying to achieve in this resolution. I know the minister has been in consultation with the health ministers of the provinces and that this matter has been under discussion. I am a little concerned in this respect. I would feel more at ease if the resolution itself were worded in a little firmer or more definitive fashion. I have reference to the portion of the resolution which says "it is expedient to introduce a measure to provide for the establishment of a health resources fund to assist provinces in the acquisition", and so on. I emphasize the words "to assist provinces". Further, Mr. Chairman, I am concerned about the reference in the resolution to "such amounts as from time to time are required and to provide for contributions therefrom to the provinces".

I appreciate, as my hon. friend from Halton has already pointed out, that constitutionally there are some responsibilities resting on the provinces in this area. I raise this matter now only to say to the minister that it is my hope he will keep in mind in his further negotiations with the provinces that they have a responsibility which they should assume in this matter as we are, I think, assuming our responsibility by the introduction of this legislation. I mention this matter, as I say, because as representatives of the federal authority we are today considering, and I hope will today pass, a resolution which will provide for a substantial contribution to the implementation of health services in this

country, and it is proper that we should do so. I only emphasize the matter to point out that there is a collateral responsibility on the provincial governments.

In concluding my remarks, Mr. Chairman, I recapitulate by saying that it is my personal hope, the hope of members on this side of the house and, indeed, I suppose of members generally throughout the house, that we will see the realization of the expression by the Prime Minister of the policy of this government that on July 1, 1967, Canadians will have in effect as a centenary present, if I may use that expression, a national health program. I commend the minister for moving ahead now—certainly it is not too early to move ahead now—to make a beginning on the provision of the necessary facilities and personnel to staff and implement that program, and I hope we will see the beginning of a very useful and constructive item of social legislation next year in the introduction of the national medicare program.

• (5:40 p.m.)

Mr. Fairweather: I propose, Mr. Chairman, to be very brief but as this is a debate I wish to comment on one or two things that have been said up to now. I also wish to relate my remarks to a problem that we face in New Brunswick.

First of all, I think the hon. members for Saskatoon and Winnipeg North outlined in a very compelling and informed way the urgent need for a much larger allocation of funds than the half billion dollars provided in this resolution. The hon. member for Saskatoon was able to spend this sum in a four year period, I think. I understand the government proposes to spend it in a 15 year period.

I was also attracted, as I think we all have been, by the remarks of the hon. member for Notre-Dame-de-Grâce on the national aspect of the plan. I have never been impressed by the constitutional argument that postgraduate education is the sole responsibility of the provinces. I think that the federal government as well as the provincial governments have recognized that this narrow interpretation of the constitution is not applicable in a world in which medical and other research have no national boundaries. There are no provincial boundaries to the need for doctors, nurses and others trained in this field.

However, in a more provincial vein may I say I was struck by what was said by the hon. member for Durham that the provinces have a collateral responsibility in this field. I should like to point out that provinces of the size of New Brunswick which have a relatively narrow economic base cannot possibly provide a meaningful sum of money for medical research or for the provision of medical schools. Therefore it has been recognized long ago that special consideration should be given in this regard to provinces of the type of New Brunswick.

Two briefs have been presented to the Minister of National Health and Welfare by a group of medical people in New Brunswick emphasizing the need for a medical school in that province. I have to be careful in what I am about to say because of the presence of the parliamentary secretary to the Minister of National Health and Welfare, who, I presume, also has a view on this subject. I feel that in providing for medical schools we should be very careful not to be influenced by any parochial considerations. I think that if, for instance, a thoughtful and careful survey backed by facts were to be made which would say in a convincing manner that New Brunswick did not require a medical school and that a better use of the money could be made in expanding Dalhousie University, I, as a member of parliament, would have to support the expansion of the medical school at Dalhousie. However, I do not think that any survey would show this to be the case.

I should like to read part of the brief which I have mentioned. It reads as follows:

> Registration of physicians in New Brunswick for the decade 1946-1955 was 135, for the decade 1956-1965 it was 80. This alarming drop, despite an increase in population, is mainly because of inability of eligible students to gain admission to medical schools other than Dalhousie University.

Undergraduates from New Brunswick have great difficulty in gaining admission to Dalhousie which has a quota system favouring students from Nova Scotia. Of course, I do not mean to criticize that university but their quota system is weighted against those young men and women from outside Nova Scotia who wish to enter that university, and this situation will be made more acute by the institution of medicare.

The brief states further:

> There is little hope that this situation will be relieved by the provision of increased medical school facilities in other provinces. The situation has become even more acute during the current year—

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May I point out that this brief is dated December 24, 1965, but it is relevant in June of 1966. It goes on to say:

> —very few students from New Brunswick having been admitted to medical schools other than the ten first year students at Dalhousie. This feature applies to both French and English speaking students, although it may be relieved for the former by the proposed erection of a fourth French speaking medical school in the province of Quebec.

Fortunately the government of New Brunswick has requested a survey to determine the best location for the proposed medical school. It is to be conducted by Dr. Ross Flemington, former president of Mount Allison and well known in federal circles because of his work in the university service for the Department of External Affairs. I think that New Brunswickers are anxious to learn what Dr. Flemington will say about the location of the medical school. We are hopeful that the grave situation which faces our province will be solved in the near future.

Some comments have been made by hon. members about medical research in Canada. There are people here who are much better acquainted with the situation in the academic field than I am but I wish to relate to the house an experience which my brother had when he tried to take up medical research either in Canada or in Great Britain. The advice he received from British authorities was to send £ 50 and they might find some interesting experience for him. I think the British will soon get over this rather old-fashioned way of seeking candidates. I do not want to go into his experience in Canada other than to say it was not satisfactory. At the time he undertook these studies he had three children and the expense of keeping a family. His experience in the United States was quite different. They provided him with a reasonable amount of money during his undergraduate days and they seemed to be interested in having him. They asked him if they could be of any help in providing living accommodation and they also asked what he would need in the way of textbooks and other equipment in order to to pursue his studies. Perhaps these are comments of a personal nature but I think Canada could learn a lot from the interest that is displayed in candidates for research by the U.S. universities.

• (5:50 p.m.)

I believe that housing facilities for research people are a must in this country. We should also provide an adequate budget, with very little red tape attached, so that they can pursue their research in a helpful and meaningful way.

[Mr. Fairweather.]

I support the resolution, Mr. Chairman, and I suppose everybody does. Like the others who have spoken I feel that the fund will soon be exhausted. I believe the government will have to increase the amount of money available. I see the Minister of National Defence sitting here. I could find a very quick way of increasing the amount by $100 million. I do not know whether the minister would want to do that. This is a note we would not want to inject into what has been a most interesting debate on a problem that has reached alarming proportions in this country. I very much hope that the study that will lead to the establishment of a medical school in New Brunswick, or wherever it will do the most good for the maritime provinces, will soon be completed. I hope too that the philosophy behind this resolution will mean that Canada, like a good many other countries in the world, will finally upgrade its medical schools and its medical research.

Mr. Grafftey: Mr. Chairman, like many other members who have risen this afternoon I, too, rise to support this resolution in principle. It is extremely interesting to me, sir, to realize that we are debating this issue at a time when the question of medicare is foremost in our minds. I also support the principle of medicare just as I support the principle of this resolution. I speak, I think, for many members in all corners of the house when I say that I am sick and tired of seeing people have their life savings wiped out after a few months of illness. I believe that the program of medicare which the minister is putting before the house, coupled with provincial action, will go a long way toward alleviating the situation in which so many Canadians find themselves today, namely, seeing their life savings dissipated overnight as a result of sickness.

I thought I should like to bring this point to the attention of the house. Intention and reality are two different things. When the British brought in their national health plan years ago they really had to wrestle with what we recognize now as a shortage of medical manpower. In bringing this problem to the minister's attention today and in looking back at the British experience, I think we will realize we have a great lesson to learn. Whether or not the officials of the Canadian

Medical Association who conferred with the Prime Minister and the Minister of National Health and Welfare last week indicated they were effectively supporting the principle of medicare, I think they indicated to the minister that even independently of medicare our nation is facing an imminent crisis related to a shortage of medical manpower.

What I am going to say could be debated but I will make this declaration: What we are dealing with today is a long-term measure but even as a long-term measure I do not think it goes far enough to deal with the situation. But if we are not going to be faced with a real dilemma we need an emergency crash program today, immediately, in order to avert the imminent crisis relating to the shortage of doctors in this country. Last year, as the hon. member for Simcoe East has continually pointed out, 800 doctors went to the United States. Their earning power annually represented $400 million and it cost this country on the average $25,000 to educate these doctors. I reiterate that Canada is losing these doctors, this medical manpower, and unless immediate action is taken we shall be faced with a real crisis within two years. The long-term measure we are discussing today does not take that into consideration.

As many of us know, when the family doctor in the smaller centres passes on he is not replaced. Last year hundreds of qualified applicants were turned down at our medical schools. In 1965 these schools turned out approximately the same number of doctors as they did ten years ago. About 4 per cent of all the doctors who graduated in 1965 left the country. Some time ago many doctors were coming to our country because of dissatisfaction with working conditions in their native lands. This situation no longer exists. Not only do we lack medical schools but some of the existing schools have recently been found to be below proper accreditation standards. Before we embark on a medicare program we need to give consideration to the fact that Canada ranks only twentieth in the world in relation to the doctor to population ratio.

Today we have 1,000 teachers in our medical schools. If we want to maintain present standards, excluding all the doctors involved in medicare we must by 1970 have at least 2,000 teachers in our schools. Yet our teachers continue to move to the United States. Why is this so. The major reason lies in the fact that there are improved research facilities there. As has been stated this afternoon, improved research is being done in the United States medical schools. The United States federal government is responsible for 90 per cent of the financial support for research in these schools. Federal assistance in the United States last year in this regard amounted to $1,300 million, while in the same year the federal share in Canada amounted to approximately $15 million. Who can wonder at the fact that our medical teachers continue to go to the United States? This exodus must be stopped, Mr. Chairman. The long-term measure we are discussing today will not stop it.

I shall try to finish before six o'clock, Mr. Chairman. Our medical schools should reevaluate their position. They have a job to do in connection with this situation. The federal government could greatly increase its assistance to medical research in Canada. This should be done right away, independently of the measure we are discussing, if this crash emergency program is going to avert a crisis. The province of Ontario, for example, has a five year plan under which they will spend $500 million to enlarge existing medical schools and construct new ones. These schools will be mere shells unless we have teachers to staff them. We must remember that research attracts teachers. The difference between having sufficient excellent teachers and having none is medical research.

The government in Ottawa must announce a drive on medical manpower. The crisis is nearer at hand than we think. I commend this resolution to members of the house and I commend the principle of medicare. When we look back at the British experience we should recall that the real crisis existed in connection with medical manpower, the shortage of doctors. I think the minister must announce to the people of Canada that the government will undertake an emergency program in order to avert this crisis. I hope he will do so during this debate. May I call it six o'clock?

• (6:00 p.m.)

The Chairman: Perhaps I should advise the hon. gentleman to read provisional standing order 61-A. This debate will continue until it is completed.

Mr. Grafftey: I appreciate being able to hold the floor under those circumstances. I was under the impression that it was six o'clock and that we were going on with private members' business.

May I read into the record something very germane to this debate. I do not usually like doing this but I think some of the facts

contained in the article I have before me ought to be put on record. What I am about to read was prepared by J. F. McCreary, M.D., president of the Association of Canadian Medical Colleges. What did we know about medical education in Canada in January, 1966? He said:

> Canada had one doctor of each 859 of its population in 1961. No one knows what the proper ratio of physicians to population is. Obviously it will vary from country to country depending upon the manner in which health services are provided. We do know that there are 20 countries in the world today that have a more favourable physician population ratio than does Canada and we know that a very large number of our physicians are overworked and do not have time to keep themselves up to date. We also know that there are rural areas in Canada in which health services are not provided because there are insufficient physicians.

Many members represent rural areas. As I said before, the family physician who is passing is not being replaced and rural people—I bring this to the attention of the minister—are finding themselves in dire straits. I continue quoting:

> In order to maintain the physician population ratio as it is Canada must register 1,300 new physicians each year. Our own 12 medical schools only produce 850 new physicians each year.

Mark you, Mr. Chairman, this discussion is taking place without considering the advent of medicare, which I support. I continue reading:

> Had it not been for the fact that we have enjoyed an immigration of between 400 and 600 physicians per year during the past 15 years Canada would have been seriously short of physicians at this time. Members of the Association of Canadian Medical Colleges, representing those responsible for the education of physicians in Canada, have been seriously concerned about this matter for some years. They are more particularly concerned at this moment because the advent of universal health insurance is now imminent.

That is something I have already mentioned. He continues:

> Universal health insurance will certainly increase the work required of the doctors in Canada. No one knows the degree to which utilization will rise. It has risen as much as 30 per cent in some countries with the introduction of universal health insurance, but is unlikely to reach that level in Canada since health services are widely used at the present. It is unlikely that the introduction of universal health insurance will directly reduce the number of immigrant physicians. However, improving economic conditions in western Europe and the United Kingdom may produce this result.

In brief we cannot count in the future as we have in the past on the influx of physicians from other countries. That is why I think the minister ought to make a statement in the near future with respect to an emergency crash program independent of the resolution now before the house. Continuing:

> It is of interest to examine the reasons why Canada's medical schools have not kept pace with the country's growing needs. Until approximately 15 years ago Canadian medical schools were in a similar situation to medical schools in the United States and in the United Kingdom, the two major countries with whom we are in competition for health personnel. Medical education was slowly changing from the days in which it was entirely provided by part-time unpaid physicians toward a system utilizing full-time paid teachers such as are used in other professional training areas. Although such a move had been clearly as necessary in medical education as in other types of education it had been slow to evolve because it was costly. Medical education should not be undertaken with very large groups of students in didactic teaching exercises. It is better done with small groups of students using seminar type teaching methods largely around the bedside of the patient. To provide full-time staff to undertake all of this teaching is a costly process and movement in this direction is slow. Despite this fact Canada, in the main, had kept pace with other countries in the western world. Several of the medical schools had produced excellent examples of clinical teaching and research facilities in their teaching hospitals. These hospitals were not owned by the universities but good rapport had been established between hospital and university as a result of mutual interdependence. The hospitals had patients who could not afford physicians. The university had medical staff of high quality who provided the care for these patients and in so doing provided the environment in which medical students, internes and residents could be taught. The hospitals were required to raise funds because the charges to the patients could not cover their total operating costs. They found that they could make a successful plea to the community on the basis of their teaching and research activities. They were therefore pleased to put funds into teaching and research developments. As a result of this strong attachment between medical schools and teaching hospitals Canada produced some superb teaching hospitals, particularly in Montreal and Toronto.
>
> During the past 15 years three forces have entered the picture which have weakened medical education in Canada relative to that in other related parts of the world.

Increased support for medical education in other countries has made it less likely that in future there will be the influx of doctors to this country that we saw in the last 15 years. Furthermore, subsidization of students in physical sciences, especially in research work conducted in state and non-state operated agencies, has had the effect of attracting men into areas of scientific research, leaving fewer to go into medicine. It is in areas of research and undergraduate work that the medical student needs the most help in terms of subsidies but does not get it. That is why I think the minister ought to pay particular attention to the Hall report and especially to

those sections that propose ways of attracting more medical personnel. I quote from appendix 1 of that report, section 144 and following:

144. That to attract more medical personnel, the professional training grant be increased to provide for an annual grant, on application, of $2,000 to each Canadian medical student with satisfactory performance in his third and fourth medical years at a Canadian school of medicine.

145. That in respect of foreign medical students enrolled in Canadian medical schools at the request of federal departments, a grant be made to the university over and above the regular fees, calculated to represent the amount of university subsidy of the student. (The amount should be negotiated between federal officials and the Canadian Universities Foundation.)

146. That the remuneration of part-time clinical teachers be increased to realistic levels.

147. That the salaries paid to interns and residents in teaching hospitals approved for internship and resident training be increased to more reasonable levels.

148. That the health sciences research council be encouraged to increase the number of research associateships at medical schools and, in addition, make provisions for scholarships to recent medical graduates not yet qualified for research associateships.

149. That to train sufficient personnel required for faculties in basic and pre-clinical science departments the present grants to graduate students from the National Research Council be continued and increased to more reasonable levels.

150. That to help ensure that physicians in practice maintain their level of competence, medical schools inaugurate or expand their programmes of continuing medical education, and that fees, travel, and living expenses for attendance at such courses be regarded as deductible expenses for income tax purposes.

• (6:10 p.m.)

151. That to reduce our most serious shortages of specialists in areas in which we are recommending rapid expansion of services, medical schools and teachng hospitals introduce or expand their programs for postgraduate study in psychiatry, physical medicine, ophthalmology, anaesthesiology, pathology and radiology.

152. That as part of a seven year crash program—

That is what they are talking about, a crash program which recognizes that a crisis is near at hand unless we act immediately, independent of this legislation. I will read the whole recommendation again:

152. That as part of a seven year crash program, special professional training grants of $5,000 per year be allocated to medical graduates undertaking postgraduate studies in psychiatry, physical medicine, ophthalmology, anaesthesiology, pathology and radiology.

153. That funds be made available to medical schools to provide adequate remuneration in order to increase the ratio of full-time to part-time staff.

Recommendation No. 154 states:

That funds be made available to those schools that wish to convert to year-round operations for the purpose of improving the quality of instruction and/or reducing the total length of time required to qualify for graduation or licensure to practise.

I am sure many of these recommendations will be encompassed by the legislation which will follow this resolution. The main purpose of my rising today is to suggest to the government through the minister that the crisis is nearer at hand than we think and that we need pinpointed action on these recommendations coupled with vastly increased research grants from the federal treasury to research units in universities and other organizations in order to keep teaching personnel here in Canada to teach our own doctors who in turn would and should stay in our nation.

Let us not pretend for a moment that this will not cost lots and lots of money. Let us not pretend for a moment that anybody can pay for it except the taxpayer. But I think this is something in which the taxpayer is keenly interested and something he is willing to pay for. Let us be frank with the people and put the cards on the table. I am sure that if the public were aware of the crisis which looms before them in terms of medical manpower they would be appalled, and that any action the minister might be willing to take would be well received.

The shortage of medical staff involves doctors, teachers, research workers and trained nurses. My family had a visit yesterday from a trained nurse who was telling us that many young nurses were moving to the United States where they received better salaries. Many of the young doctors with whom I went to college I see only on those occasions when I visit them in the United States where they have removed themselves sometimes to take advantage of better research facilities and sometimes attracted by what they feel to be a more realistic level of remuneration.

That is the situation. Let the minister announce a short-term crash program in order to cope with it.

Mr. McQuaid: Mr. Chairman, I do not wish to delay the passage of this resolution unduly but there are one or two observations I should like to make on this important measure.

Most hon. members have been critical of the fact that only $500 million has been allocated to this project. I agree that the

amount should be larger, but in all fairness I feel that the minister and the government should be congratulated on the start which has been made. We agree that $500 million will not be sufficient but it is a start and I have a notion that once this project is under way additional money will be made available as required.

I am concerned about the division which will be made of this sum when the time comes to divide it. Several times I have had occasion to sit around a conference table when federal funds were being divided and my experience has been that unfortunately in many cases it is a case of "dog eat dog".

I am especially reminded of what happened in 1957 when the federal government of that day made a substantial grant available to the Atlantic provinces. It was decided that the division of the grant should be arranged by the provinces themselves, and the premiers or their financial advisers met to divide this adjustment grant. The result was very unfair so far as the province of Prince Edward Island was concerned. The money was divided on the basis of 30 per cent to Nova Scotia, 30 per cent to New Brunswick, 30 per cent to Newfoundland and only 10 per cent to Prince Edward Island. I hope that when the time comes to allocate this $500 million among the provinces it will not be done on a per capita basis but rather on the basis of fiscal need which is the only fair system of allocation.

I have a suggestion which I shall make to the minister for what its worth. It is that when the time comes to divide this money a certain amount be set aside to be divided on a per capita basis. I agree that this should be done. Having done this, a further sum should be set aside to be divided on the basis of fiscal need. I think we have a friend in court because the Minister of National Health and Welfare comes from the Atlantic provinces. I believe, too, that an additional amount should be set aside as a special grant to the Atlantic provinces.

It is in the Atlantic provinces that the fiscal need really arises. We do not have the tax potential which exists in other parts of Canada and unless some recognition is given to our special fiscal need we shall not be able to share in the benefits of this legislation as fairly as we ought.

I was interested in the statement of the minister that the objective of the fund is to catch up in places where supplies of adequately trained personnel are not presently available. This is most important and I hope something can be done by means of this program to encourage doctors to settle in sparsely populated areas such as country districts. I have in mind particularly my own district where we are served by only one medical doctor. It is frightening at times to think that a district of such a size is served by only one medical doctor. Efforts have been made by the people themselves to encourage doctors to come there but for some reason or other doctors do not want to settle in these sparsely populated places.

• (6:20 p.m.)

I do not know what the incentive can be. Possibly it could be in the form of a tax incentive. We offer tax incentives to industries to settle in areas in which ordinarily they might not be inclined to settle. Something in the form of a tax incentive over a five year period might be made available to doctors to encourage them to settle in areas in which otherwise they might not be inclined to practise.

Such a program would have to be clearly defined. There would have to be a definition of an area suffering from the lack of medical service and some arrangement would have to be made whereby doctors would enter into contracts to stay there for a stated period of time, say five, six or ten years. The time is coming when the government will have to consider providing an incentive of some kind to encourage young men leaving medical schools to settle in areas not properly serviced by doctors.

We in our small province do not hope to benefit from this fund by the setting up of medical schools. The size of our province does not warrant a medical school. We are adequately served by Dalhousie and by the medical school at McGill for those who choose to go there, but something could be done in our province in the field of medical research.

One of the reasons doctors are not inclined to settle in areas less thickly populated than cities is that they have no research facilities at their disposal, and a young man coming out of medical school wants to continue to improve his status and education. Unless there are facilities available to do so he will not settle in isolated areas.

I hope an adequate share of this $500 million will be given to our province for assistance in research. In recent years we have made encouraging advances in Prince Edward Island in research into mental health and mental retardation. Such research could

be encouraged by the allotment of some of this fund.

In our province, as in others we are suffering from an inadequate supply of trained nurses. I believe some consideration is being given in Prince Edward Island to the setting up of a central nursing school to be operated in conjunction with our university. I would hope that some of this fund could be made available to us for such a purpose so that young girls could train in their home province. Having trained there I suggest they will be more inclined to settle in the province and work in it.

I commend the government for introducing this measure and I give it my full support. When it comes time to divide the money I hope the minister will consider the peculiar circumstances we are in financially in the Atlantic area and see that we get an adequate share of the $500 million.

Mr. Schreyer: Mr. Chairman, I do not intend to speak at length on the resolution. I am sure this measure will receive the support of most people across the country. I suppose that in introducing this legislation the government was motivated by several factors, one no doubt having to do with the intention to implement a public medicare plan within a relatively short period of time and a second no doubt having to do with the fact that there exists an ever-increasing problem concerning the shortage of doctors, dentists and other paramedical services.

In some provinces even to this date medical schools and teaching hospitals directly connected with university administration do not exist. It is felt that the quality and efficiency of medical training in Manitoba would be better if the medical school came closely under the purview of the university administration.

The teaching hospitals in Winnipeg have high standards in many ways, but nevertheless it is felt it would be better if they and the services they provide were to be coordinated more closely with the university and its administration. I hope the government in using this fund will utilize every opportunity to expedite the construction of more university teaching hospitals.

The hon. member for Brome-Missisquoi mentioned the pressures on the quality of medical services and skill in this country. Most members would agree, and consequently there could be no good reason for opposing the establishment of this health resources fund. Of course one could argue about the adequacy of the sum of $500 million but as a beginning it seems impressive enough. Much will depend upon the co-operation and the contribution put into this effort by the provinces.

We have a far way to go. Our medical education and research are far behind those of other advanced countries and, unless a special effort is made to catch up, in a very few years time we will have real reason to despair. It has been pointed out that the ratio of Canadian efforts and expenditures on medical research compared with those of the United States is somewhere of the order of one to 100. Compared with our respective populations and wealth ratios, it seems inexcusable that we have allowed ourselves to lag so far behind. In keeping with my undertaking not to speak at length I conclude by again telling the minister that I hope this program will assist in the construction of more university teaching hospitals directly co-ordinated with university administration.

Mr. MacDonald (Prince): Mr. Chairman, I do not plan to prolong the debate but I would like to make two or three observations which may be helpful during consideration of this fund. Prince Edward Island, being small in population, has not had an opportunity to deal with the large issues of medical endeavour and research. But there is one area in which Prince Edward Island has made a significant contribution, that of mental retardation and mental health generally. I believe all this is due to the leadership of some of our people who over the past few years have established an excellent mental health program. Inasmuch as we have free mental health services in Prince Edward Island I think this is a significant pioneering move in this country. When consideration is being given to adding both extra resource and research facilities in this country, I feel that strong consideration should be given to the province of Prince Edward Island in view of its lead in the field of mental health. I think both the men working there now and others who may join them have made and will make a significant contribution in the area of research in the field of mental health generally in this country.

• (6:30 p.m.)

When I mention the problem of mental retardation I must be very careful. There is a slight conflict of interest here because the members of my family have been very concerned about the problem of mental retardation over the past few years. My father is

director of a Sheltered workshop in Charlottetown. I say to him that whatever success he is having is due to the experience he had when his children were growing up. One of the things which has been discovered here is that there is a whole general area in the field of retardation which has been untouched until the past decade. I believe we have been fortunate in having a number of people on a volunteer basis who have provided leadership in this area throughout the province.

I think there is an important area in terms of the social integration of these young people, because it is both a health and vocational problem and it very well may fall in the lap of more than one department. I think the contribution made by many people in Prince Edward Island has been very significant, and I hope that under the terms of this resolution such work can be encouraged and moved forward.

I should like to build on the remarks of the hon. member for Kings with regard to the difficulty today in obtaining the services of a doctor in the rural areas of Canada. He confined his remarks generally to his area and although I might do the same I know it is true that more and more it is becoming a problem for small towns, villages and rural areas to obtain the services of a general practitioner. I realize the reasons are many. One very obvious one is the fact that more and more men who graduate as general practitioners go on to become specialists and therefore their services are too specialized for them to serve in a rural area. Of course others are anxious to serve in areas where there may be research facilities and where they will have opportunities to consult.

I think one of the fundamental problems is that which concerns education itself. Unfortunately because of our own experience and training we are very much of the opinion that when a man graduates from medical school by and large he has completed his education and goes forth to serve wherever he is called upon to do so. The problem, particularly today, is that medical knowledge is expanding at such a rate that what a man may be equipped to do this year may be completely out of date four or five years from now; so much will have been added that he may feel almost unable to exercise his practice successfully. When a man goes to a rural area it becomes a real problem for him to keep in touch with the latest developments. He is not meeting and talking every day to people who are in touch with all the recent changes. He is not caught up in the kind of intellectual milieu which will assist him to keep up with medical practice. Therefore he feels he really is putting himself behind the eight-ball, not just financially but in terms of his own effective service, by going out into a rural practice.

Therefore when we are thinking of expanding our medical training I would encourage the minister and members of this house to consider this along the line that we should offer free refresher courses and encourage doctors to take sabbatical years just as university professors do now so that the doctors in rural or isolated areas will not feel they are sacrificing their own intellectual ability or quality of service by serving in these fields. If we make a real attempt to encourage the rural doctor to keep his training up to date, I think we will find a very competent service being administered medically to all parts of this country.

[*Translation*]

Mr. Mongrain: Mr. Chairman, before commenting on the bill introduced this afternoon by the Minister of National Health and Welfare (Mr. MacEachen), I should like to congratulate the minister—we, in the official or unofficial opposition, are rather inclined to criticize the government and emphasize its deficiencies—for I think that occasionally it is a good thing to recognize the merits of the government.

I think that, as far as the bill before us is concerned, the minister justly deserves our commendation and that we underline his dynamism. I am glad to do just that, Mr. Chairman.

As I am no expert in this field, I will confine my remarks to questions which, I think, some hon. members and the public would like to have answered.

The resolution reads as follows:

> That it is expedient to introduce a measure to provide for the establishment of a health resources fund to assist provinces in the acquisition, construction and renovation of health training facilities and research institutions—

I presume, of course, that the most urgent needs will be met first.

I am thinking especially of the field of psychiatry which has become more important in recent years, taking into account, in particular, the quicker pace of our modern life and the more recent discoveries regarding what is commonly called stress. Such findings reminded us that preventive medicine rather

than curative medicine is of prime importance in that field; in addition, there seems to be a deficiency throughout the country in this respect. I suppose this resolution will make it possible to provide those willing to specialize in the most recent developments with regard to psychiatric care with a fairly high amount of money.

And I should like to add to psychiatry, since to my mind—and I repeat it is the mind of a layman—it is a field related to psychiatric services, the question of chronic alcoholism. I mention this because I am now thinking of two persons in my riding who, for the past few years, have been making a thorough study of the alcoholic problem.

Formerly, alcoholism was considered a vice; today, it is looked upon as an illness and it is felt that there are means not only to prevent it but also to cure it. I have in mind more particularly a young member of the Roman Catholic clergy who has so far spent at least two years of his life in advanced studies of various areas in order to plumb the depths of the problem of alcoholism, to find out what is being done in other countries, so that it may be helpful in solving the problem here, and who obviously will not be in a position, with his own means, to carry on his studies indefinitely. He will have to rely on the assistance of governments.

Having said this, Mr. Chairman, I should now like to put a few questions to the minister and, at the outset, beg his indulgence if they seem naïve, for he is probably more conversant with the problem than we are. But I shall put them nevertheless, because I am aware that my electors would like to have the answers.

For instance, I note the following in the resolution now before us:

> —to provide further for the establishment of a health resources advisory committee consisting of eleven members and for the payment of reasonable travelling expenses of its members.

Now then, I should like to ask the minister by whom are the members of the advisory committee going to be selected.

I presume, without being sure—and I regret if it was said before I came into the house—that it will be the provinces, but will the federal government have to approve them because their qualifications will have been checked? Be that as it may, I shall be interested to know who will be making the selection and what standards will be used in the selection of the 11 members of the advisory committee.

I should also like to put another question to the minister. How will these amounts of money be distributed? The resolution mentions $500 million. Will these amounts be distributed on a pro rata of the population or will some top priority requirements be taken into account in certain cases and in certain areas?

This is surely a question which deserves an answer, so that the proposed project may be fully understood.

Now, I have in mind a third question concerning my province. Suppose someone from my province, from Quebec, wants to specialize in an area related to health and who is in need of assistance, must he apply to the federal Department of National Health and Welfare or to the provincial Department of Health?

In the case of the province of Quebec, and this is another of my questions, will such sums of money be simply distributed "en bloc", without any control on their use, or will the federal government, through the Department of National Health and Welfare, occasionally make the check I feel is required to determine what use is being made of the share of the $500 million which will be allocated to the province of Quebec?

Mr. Chairman, I shall close with this remark: I am one of those who believes that this is a proposition deserving of the support of the whole house, and I think it is timely for us to tell the minister that we appreciate the practical work he has been doing in this field, and when he has replied to the few questions I have put to him, I think all the members will wish to pass this resolution.

• (6:40 p.m.)

[*English*]

Mr. Churchill: Just before the resolution carries, Mr. Chairman, I should like to say a word or two about this proposal because of the remarks made by the hon. member for Winnipeg North. It is a bad mistake on the part of members of this house to draw attention to other members who are rather peacefully listening to remarks with just one ear. As I heard the words of the hon. member for Winnipeg North a little earlier he brought my name into the debate, not at my request, and had something to say which I understand was not very complimentary to the aid to medical research provided by the former government. As I had responsibility for about five years as chairman of the Privy Council committee on research including medical research, I naturally want to say to the hon. member that he was unduly critical of our activities.

We took a great deal of interest in the field of medical research and it was during our term of office as the government that the Medical Research Council was set up separate and apart from the National Research Council under which it had functioned for a great many years. I was prepared to bring forward a bill to establish the Medical Research Council in its own right just as the National Research Council is established by statute. Unfortunately the people of Canada had ideas which differed from ours and they changed the government of the country. That step has not yet been taken.

Nevertheless the Medical Research Council for the last several years has been administering its own budget and special funds which have been allocated to that council. These amounts are now shown separately in the estimates each year whereas in the years prior to 1961 they were not easily discovered because they were combined with those of the National Research Council.

May I point out to the hon. member for Winnipeg North that in the 44th annual report of the National Research Council of Canada, 1960-61, page 33, will be found the report of the Medical Research Council given by the late Dr. Farquharson. Just to indicate the development may I read one or two paragraphs from his report:

> In the last two decades also, government support of medical research has been increased greatly in an attempt to meet expanding needs. In 1938 the first associate committee on medical research of the National Research Council had a budget of $53,000.

We have come a very long way since 1938. I continue to quote:

> After the war a division of medical research was established, with an initial budget of approximately $200,000. With the rapid growth of medical research in our universities, the budget was gradually increased to some $900,000 by 1957.

That was the year that the Progressive Conservative party took over the government of this country. Then the learned doctor stated:

> A sharper increase in the last three years brought it to $2,300,000. Virtually all these funds have been used in the training of scientists and the support of medical research in the universities and their associated institutes and hospitals; the National Research Council maintained no medical laboratories of its own.

Surely that quotation meets the unfounded statement of the hon. member for Winnipeg North that we did not give attention to the field of medical research. I am not suggesting for one minute that the funds were adequate at that time and I do not think they are adequate now, but we support the resolution presently before us because we recognize the need, within the limitation of funds available, to provide for medical research.

[Mr. Churchill.]

The funds made available were more than doubled in three years and the amount has been increasing steadily ever since. The present government continues to recognize the need. We must not overlook the fact that over and above the funds voted in this way there are other funds made available and I should like to quote again from page 34 of this annual report to indicate the increase. It is stated there:

> By 1959-60, the total government funds for support of extramural research had risen to approximately $5,000,000—

The chairman of the council then went on to deal with other matters and future needs.

Within government circles it is well known that medical research has been carried on by the Department of National Defence, the Department of National Health and Welfare and the Department of Veterans Affairs, so the total amount available is not simply the figure in respect of the Medical Research Council.

• (6:50 p.m.)

A special committee was appointed to review support of extramural medical research by the government of Canada and a report was submitted to the government of the day in November, 1959. That valuable report was a guide to us as we made an attempt to increase the amount of money available for medical research and it was available as a guide to set up the Medical Research Council separate and apart from the National Research Council. This report asked for very large sums of money for capital expenditure to set up medical research laboratories and research facilities in the affiliated teaching hospitals. I shall not attempt to go into all the details of that report this evening, but we were quite aware of the demands and requirements of medical research and took appropriate steps at the time.

At that time, 1959, the report showed that Canada was not lagging too far behind other countries such as the United States and Great Britain in the field of medical research. The comparative figures were related to the gross national product of various countries. The situation has changed since 1959. Seven years have gone by and there is an increasing interest and requirement in Canada for a great expansion of our medical services. With the adoption of hospitalization, the proposal

of medicare and the greater public interest in all matters pertaining to health there must be very large, increased expenditures for these purposes.

Various people who have spoken today, particularly the hon. member for Simcoe East, have pointed out—and the same information was available last year—that if we are to cope with public demand and public requirement for hospitalization and medical care we have to make a really great effort. That brings the matter down to priorities with regard to the expenditure of money that becomes available through taxation. Having had some experience in government circles, I know the problem that faces the present government in establishing priorities, but I would suggest to the government that the field of health and medical care should rank high on the list of priorities and certain other projects that they may have in mind should take second place or be deferred in favour of health services in this country.

Certain expenditures that have been suggested to us and appear in the estimates for the current fiscal year deserve more careful scrutiny and perhaps suggestions from the house to change them in favour of applying money toward health and medical services. I wonder whether the government should not take a second, hard look at the expenditures they are suggesting for this fiscal year, cut back on some of them and apply the money to the field we are talking about.

I also realize the problem of establishing priorities when you have the responsibilities of government. I had sufficient experience dealing with Treasury Board to know of the present ministers' problems in dealing with that body. The hard facts of life become known to ministers of the crown when they put their proposals before Treasury Board. Members of Treasury Board in any government, I suppose, are hard-faced men who are not easily swayed by emotional appeals and they can quite readily strike down proposals put forward by their more enterprising colleagues. I have had that experience and I bear the scars, sir, and sympathize with members of the present government who have similarly appeared before Treasury Board and have been turned out to pasture. But the nub of the problem in regard to priorities lies with Treasury Board. I know that the Minister of Finance and the Minister of National Revenue have this problem in setting, with the approval of the Prime Minister and the cabinet generally, priorities of expenditures.

Take, for instance, the suggestion that millions of dollars should be spent on a building for national defence. I am not attempting to be overly critical of the Minister of National Defence but I raise this as an example where a pause would perhaps be helpful and the money proposed for that enterprise might more usefully be shifted to this field—

Mr. Hellyer: There has been a 20-year pause.

Mr. Churchill: —for the establishment of health and medical services. I think that if the government would take a second look at their expenditures for this year they might be able to meet the demands and requirements that have been so carefully set out today by various members who have spoken on this important problem, because in this field we are touching the lives of everybody in the country and government's job is to look after the people of the country. One of the most acceptable methods of looking after the interests of the citizens of this country is in the area of health and medical services.

Unless we have the trained medical staff and provide plenty of money for research facilities we cannot give to our people the services they desire. The economy of the country suffers accordingly because if there is great sickness or illness within the country we do not get the productivity that we are always talking about as being essential for the advancement of our economy. This, of course, has been proven time and time again in our military forces. Money is well spent that goes toward maintaining the health of those who are serving in the military field, particularly in time of war. I think the same thing applies in time of peace with regard to the population generally and that money is well spent that saves the health of the people and makes it possible for them to give their full effort to the advancement of their country.

I am saving the committee a longer address, Mr. Chairman, because I had not intended participating until the hon. member for Winnipeg North aroused me. Any blame should be attached to him.

• (7:00 p.m.)

Mr. McCleave: I realize the committee has had a long and interesting debate on the subject but perhaps it will listen for five more minutes. There are only a couple of comments I wish to make.

First, I wish to endorse the excellent reasoning of the hon. member for Simcoe East who spoke first from this side of the house on the resolution presented to us by the Minister of National Health and Welfare. The hon. member, basing his observations on his long experience, pointed out the pretty obvious fact that, however impressive the amount of money proposed for this fund might be, it will not be sufficient to carry out all the purposes that have been envisaged by the hon. member and by others who have taken part in the debate.

The hon. member for Royal made a point about the difficulty experienced by students from New Brunswick in seeking admission to the Dalhousie medical school in Halifax. Of course he did not present his argument in such a way as to suggest that there was discrimination against them, nor is it so; it is simply an evidence of the fact that a great expansion in medical training facilities is needed in this country.

I hope that when this bill is passed the minister will take appropriate steps in presenting the supplementary estimates so as to make money available for the building of the Sir Charles Tupper Medical School at Dalhousie University which will require a few more millions of dollars. No doubt, the construction of medical institutions elsewhere in Canada is on the planning board, and they could also use the first $33 million that is promised to us.

Mr. Knowles: Mr. Chairman, before the resolution is passed, may I ask the Minister of National Health and Welfare to make one further comment. He did not use up his 20 minutes when he spoke at the beginning of the debate. I am sure he realizes that most of the observations made by hon. members have centred around the inadequacy of the sum of money proposed for this fund. We all approve the principle of backing up medicare with these resources, but there seems to be some concern about the inadequacy of the amount of money. Can the minister comment on this, with a few well chosen words?

Mr. Haidasz: Before the minister rises to answer the question, may I ask him to state in the house today what he thinks about the representations that were made by the members of different medical associations of Canada and medical educators about those who are to be included in the advisory committee on the health resources fund. Perhaps the minister knows already that at the Canadian Medical Association meeting held yesterday in Edmonton, the executive of that association was advised by the council to press for membership in the advisory committee.

[Mr. McCleave.]

Mr. MacEachen: The size of the fund is in the amount of $500 million as stated in the bill, and the federal contribution to any particular project represents up to 50 per cent of the cost of each particular project; so that in effect the federal and provincial treasuries are assuming an obligation for $1 billion in the expenditure on capital facilities for the training of health personnel. The single purpose of the fund is to provide capital facilities for the training of personnel in the health field. I believe it is true to say that with the best planning that is possible it is not likely that in the early years the amounts available can be properly utilized in this field.

Mr. Knowles: May I ask the minister a question? Will it be possible to use this money at a faster rate than the yearly amount that is assigned?

Mr. MacEachen: Yes, Mr. Chairman, it will be possible. The expected life of the fund is 15 years, but there will be no obligation to spend equal amounts each year during that period. When we get into a discussion of the clauses of the bill, hon. members will be able to ensure that adequate funds are made available for the provision of capital facilities. That is the purpose of the resolution.

May I make a brief comment on requests from professional associations to be represented on the advisory committee. This point can be dealt with more adequately when the bill is before hon. members, but let me say that this matter was considered by a conference of ministers of health held this year and full consideration was given to the representations made by professional associations that they be represented on the advisory committee. According to my recollection the ministers of health of all the provinces unanimously decided that membership on his committee should be confined to the representatives of the provincial ministers of health.

However, it is understood that the views and advice of professional associations can be made available through subcommittees which will be set up in connection with the advisory committee. A decision on this particular aspect has been made as the result of consultations with all provinces and as a result of the decision made by the conference of the ministers of health.

Mr. McCleave: May I ask the minister another question? Will this money be available this year? I have in mind the problem related to the Sir Charles Tupper Medical School in Halifax.

Mr. MacEachen: Here again we are anticipating the bill. Money will be made available for projects for this current year retroactive to January 1.

Resolution reported and concurred in.

Mr. MacEachen thereupon moved for leave to introduce Bill No. C-199 to provide for the establishment of a health resources fund to assist provinces in the acquisition, construction and renovation of health training facilities and research institutions.

Motion agreed to and bill read the first time.

Mr. Deputy Speaker: When shall the bill be read a second time? Next sitting of the house.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED UNDER ADJOURNMENT MOTION

Mr. Deputy Speaker: It is my duty pursuant to standing order 39A, to inform the house that the questions to be raised at ten o'clock this day are as follows: the hon. member for Danforth (Mr. Scott), housing—request for C.M.H.C. financing for older buildings; the hon. member for Brantford (Mr. Brown), old age security—consideration of increase in amount of pension; the hon. member for Gaspé (Mr. Keays), northern affairs—construction of replica of "Grande Hermine" for Expo '67.

• (7:10 p.m.)

CANADA ASSISTANCE PLAN

ESTABLISHMENT OF PROGRAM TO ASSIST PERSONS IN NEED

Hon. A. J. MacEachen (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 be known as the Canada Assistance Plan, to establish a program for sharing with the provinces in the cost of assistance, including health care and welfare services, provided to or in respect of persons in need, including mothers and children, older persons, disabled persons and unemployed persons who are in need, and in the cost of developing and improving assistance and welfare services programs including child and youth welfare programs throughout Canada; to provide for the making of arrangements for extending provincial welfare programs, with the approval of Indian bands, to Indians with reserve status, and for the making of payments to the provinces with respect to the cost of so extending those programs; to provide for the making of payments to the provinces with respect to the cost of specialized projects for assisting and rehabilitating persons in need or likely to become persons in need who have unusual difficulty in obtaining or holding employment; to provide for amendments to the Old Age Assistance Act, the Blind Persons Act, the Disabled Persons Act, and the Unemployment Assistance Act that are incidental to or consequential on the introduction of the Canada Assistance Plan; and to provide further for the extension of the Established Programs (Interim Arrangements) Act to the Canada Assistance Plan.

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

Mr. MacEachen: Mr. Chairman, I am pleased to be able to speak to the resolution dealing with the Canada Assistance Plan. In doing so, I can say that the resolution deals with an area that has been the subject of extensive federal-provincial discussions over the past few years. It is also an area in which there is a remarkable degree of agreement on the need for action and the essentials of the approach that should be taken.

The basic features of the Canada Assistance Plan, as set out in the resolution, were outlined in the house by the Prime Minister on April 6, 1965 when he described the various measures being proposed to increase opportunity and reduce poverty.

The Prime Minister referred at the time to the discussions that had been held with the provinces up to that point in developing proposals. Since then the plan has been considered at two federal-provincial conferences of ministers of welfare.

Briefly stated, the Canada Assistance Plan will provide: a basis for co-ordinating public assistance programs in Canada; federal sharing for the first time in mothers' allowance programs; federal support for the strengthening of administration and welfare services related to social assistance programs; emphasis on developing, improving and extending services designed to lessen the amount of dependency; federal aid for buttressing child and youth welfare services; federal sharing of health care costs for social assistance recipients; no federal ceilings on benefits under this new program and full sharing of payments made on the basis of need to improve the level of benefits now being paid to the aged, the blind and the disabled.

Canada Assistance Plan

The Canada Assistance Plan will mean an additional cost to the federal treasury in this fiscal year of $85 million, bringing federal outlays on public assistance and welfare services to more than one quarter of a billion dollars. This is a program which carried the endorsement of all provincial governments at the federal-provincial conference earlier this year.

I do not propose to review the background of this measure in detail. It is worth noting, however, that the federal government and the provinces have been working co-operatively for 40 years in the provision of public assistance to persons in need. These joint efforts began with the old age pensions program of 1927 and were followed by pensions for the blind in 1937, the old age assistance program of 1951, and the disabled persons allowances program of 1954. These we have come to refer to as the categorical allowance programs. With the adoption of the unemployment assistance program in 1956 and its amendments in 1957, the federal government undertook to share in responsibility for the provision of general assistance to a broader group of employable and unemployable persons.

As a result of this sequence of events, the federal government is now sharing with the provinces in assistance to persons in need under four separate programs, three of which—those for the aged, the blind and the disabled—base eligibility on a means test. The fourth, unemployment assistance, employs the needs test.

The logic of moving toward an integrated approach to public assistance has been widely recognized. This step has been recommended by many welfare organizations, including the Canadian Welfare Council. It has also been advocated by the Auditor General and, in 1964, by the public accounts committee which recommended "that consideration should be given to including with unemployment assistance other existing programs to assist the needy so as to provide better co-ordination of federal-provincial efforts in this field."

The movement away from special or categorical assistance toward general assistance programs began in some provinces in the early 1950's and has continued at differing rates since then. In some, it has taken the form of integrating all provincially administered measures for persons requiring assistance on a long term basis because of age, disability or family responsibility in the absence of the principal breadwinner.

[Mr. MacEachen.]

While encouraging the movement toward comprehensive programs based on need, it is the government's intention to continue to provide for contributions under the existing categorical programs for the aged, the blind and the disabled. This will enable provinces to retain these measures if they wish, or to phase them out on a gradual basis. I should also point out that under existing agreements the federal government must give ten years notice if it wishes to discontinue its contributions under any of these categorical programs.

In addition to providing for the integration of existing programs, the plan will provide for the payment of assistance on the basis of need. The needs test considers the actual requirements of individuals and families, as well as their resources, in determining the amount of assistance to be provided. This is in contrast to the means test which relates assistance to income and assets.

A major limitation of the unemployment assistance program was that it excluded one of the largest categories of persons in need, namely mothers with dependent children. The Canada Assistance Plan corrects this anomaly by providing for federal contributions toward the costs of assistance to some 200,000 mothers and children who have not previously been covered under a federal measure. Through this extension, the federal government will be providing an estimated $27 million of new funds to the provinces and will further support the integration of mothers' allowances programs into comprehensive assistance measures. In the past year, some provinces have already increased rates of benefits for needy mothers, and I believe that the anticipated introduction of the Canada Assistance Plan was helpful in encouraging this action. We are hopeful that the addition of federal aid will do much to assist needy mothers and children both now and in the years to come.

I would like to refer briefly to the other areas to be covered under the Canada Assistance Plan. Coverage of health care services for persons in need is an essential feature of the plan and constitutes federal recognition of the importance of such services in any program that seeks to alleviate or prevent poverty. It is intended that the plan will cover any range of medical and associated health services, including drugs and dental and optical care, that the provinces choose to offer. The cost of this extension will, of course depend on the nature and extent of

the programs adopted by the provinces. Our present estimate of federal contributions to the provinces for such services is some $22 million for the current fiscal year. The medical care costs under this program will, of course, be reduced with the coming into effect of the medicare plan.

The plan will provide for federal contributions toward the costs of improving and extending welfare services, including services provided either through public welfare departments or, under certain conditions, by voluntary agencies. Welfare services are intended to include those services that have as their object the lessening, removal or prevention of the causes and effects of poverty, child neglect or dependence on public assistance. Examples of such services include casework, counselling, assessment and referral services, adoption services, homemakers and day care services, and community development. The federal contribution to the provinces under this part of the plan is expected to be several million dollars for the current fiscal year.

• (7:20 p.m.)

An important consideration in developing a measure with strong preventive emphasis is that it should make appropriate provision for the needs of children and youth. With this in mind, the plan has been extended to cover maintenance costs for children in the care of child welfare authorities. Health care and welfare services will similarly be extended to such children. The estimated cost of this item for 1966-67 is some $16 million.

The plan—that is the Canada Assistance Plan—will provide for separate agreements with provinces for the extension of provincial welfare programs to Indians who are now living on reserves, crown lands, or in unorganized territory. Provincial programs will be extended only with the consent of the Indian bands involved and the agreements will be along the lines of the draft agreement tabled in the house by my colleague, the Minister of Northern Affairs and National Resources, on January 19, 1966.

This measure is intended to provide Indians, for whom services are now largely provided by the federal government, with the same access to provincial assistance and welfare service programs as is available to other provincial residents. As such, it represents a significant step toward enabling Indians to take full advantage of the community services available to the general population. Since the incidence of need for Indians is greater than for the balance of the population, the agreements will contain a special sharing formula to enable provinces to assume responsibility for Indian assistance and welfare services without incurring burdensome costs.

An agreement of the type contemplated by the plan has recently been entered into with the province of Ontario, and I hope that with the assurance of an appropriate federal contribution toward their costs, other provinces will undertake to extend their welfare programs to Indians.

Another feature of the plan which emphasizes its rehabilitative approach is its provision for work activity projects. These are projects designed to provide socially useful activity to help persons in need move toward self-support. The projects would be for persons who are apparently fit to work, but who, because of environmental, personal or family reasons, are unable to obtain or retain employment or to take advantage of the various vocational rehabilitation and training measures designed to help improve their work capacities. These work activity programs will also be for persons, such as the severely retarded, who have limited employment potential which can be developed if they are given opportunity for some form of meaningful activity.

This part of the plan is experimental in its approach and will require close co-ordination with other measures having to do with employment and vocational rehabilitation. Thus reimbursement will be on a project basis.

In the course of my remarks, Mr. Chairman, I have referred to five areas—assistance for needy mothers, health care, welfare services and child welfare and work activity—in which new federal funds will be made available to the provinces. While these additional funds are largely directed to programs now being provincially financed, and may be thought of as savings to the provinces, it is the hope of the government that the provinces will use these funds to make improvements in their assistance and welfare service programs. I am happy to see evidence that this is already being done in several provinces.

We estimate that these new federal contributions, when taken with the additional outlays that are anticipated as a direct result of improvements made by the provinces, will amount to some $85 million in 1966-67. The full impact on federal expenditures will be

felt as provinces are able to strengthen and improve their programs in accordance with the purposes of this plan.

Another feature of the plan is that it will make funds available to the provinces to supplement those cases where existing social welfare benefits fall short of budgetary needs. It should be noted that improvements can be made not only through more adequate cash benefits, but also through more ready access to health care and welfare services. The value of such services cannot be overrated in enabling the recipients of these programs to maintain the fullest possible degree of independence in the community.

The resolution refers to amendments to the Old Age Assistance Act, the Blind Persons Act and the Disabled Persons Act. Under the amendments, the provinces will be able to discontinue these programs, either wholly or in part, and to assist persons who would otherwise qualify for allowances under these acts through general assistance measures coming under the Canada Assistance Plan. I should make it clear that where persons now receiving such allowances are transferred, provision will be made for them to receive assistance in amounts at least comparable to their present benefits.

The resolution also refers to the extension of the terms of the Established Programs (Interim Arrangements) Act to the Canada Assistance Plan. This means that a province that has taken advantage of the contracting-out provisions of that act may take the same step in relation to the Canada Assistance Plan. This provision is consistent with existing arrangements under the Established Programs (Interim Arrangements) Act which cover old age assistance, blind persons allowances, disabled persons allowances and unemployment assistance.

To sum up, legislation is being proposed to provide for a comprehensive program of assistance and welfare services for persons requiring public support for one reason or another. This plan complements social insurance measures such as unemployment insurance and the Canada Pension Plan and it provides an underpinning for our whole social security structure. It is a matter of great satisfaction to me that the plan, as announced, has received general and enthusiastic support from public authorities and voluntary agencies across Canada.

[Mr. MacEachen.]

Mr. Winkler: May I ask the minister a question for clarification, before proceeding with the debate? He mentioned the sum of $85 million for the fiscal year 1966-67. Will that be the total cost to the federal government for the five programs?

Mr. MacEachen: Additional.

Mr. Winkler: Additional?

Mr. MacEachen: Yes, additional.

Mr. Winkler: Thank you.

Mr. Rynard: Mr. Chairman, may I say first of all that I think the plan before us is a good plan. I feel, none the less, that its framework was started some years ago by the hon. member for Perth when he was minister of national health and welfare. It is true that we had means, one way or another, of helping, with the exception of the 200,000 mothers, all those persons fitting into the categories that the minister mentioned. Including the mothers in this manner is well worth while.

I am disappointed that the minister has not seen fit to raise the old age pension to $100 a month. Pensioners are the forgotten people. If all the promises made during the last election about a Canadian assistance act and the war on poverty came true, there would be no poverty—and there would be no money to look after it. There are many aspects of this question—old age pensions, disabled persons pensions, various kinds of welfare programs, the training and retraining of young people and welfare programs affecting mothers and children. Then, of course, the decline in the value of the dollar has brought about the erosion of the value of savings of all pensioners and other people.

• (7:30 p.m.)

I will deal first with old age security. The Senate committee in its report said no means test should be applied to old age pensioners. They brought this out dramatically. It has definitely been proven that 70 per cent of women and 60 per cent of the men have no other income than old age pension at the age of 70. This leaves only 30 per cent of the women and 40 per cent of the men as possible subjects for a means test.

If hon. members look up the figures relating to the incomes of these pensioners as they are to be found in figures produced by the Dominion Bureau of Statistics I think they will be persuaded that it is not worth while submitting these people to the humiliation of an inquiry into their affairs. Or is there some

economic reason for it? This is one of the statements made in the Senate report on aging. One of the submissions in that report was—and the committee was most emphatic on this point—that the old age pensioner must not be subjected to the humiliation of a means or needs test. I believe most of us in this chamber, including the minister, will say the Senate was right.

How can we propose to apply a means test to these people whose savings have been taken away from year to year by the erosion of money values? I would like to think that this government wishes to make amends. I am not excusing the Conservatives, but a Liberal government has been in power for 25 of the 31 years in which the savings of those who are now pensioners were being eroded—and Liberal erosion was always higher.

Let us bear in mind that those who are pensioners today had completed half of their working lives by 1940 when wages were about 40 cents an hour, if you had a job, and that the dollar they earned then has now a purchasing power of only 37 cents.

I wonder why we are so dilatory and derelict about doing something for these people whose money we have eroded year after year—a hidden form of taxation which is a terrible form of taxation for persons living on fixed incomes. It is impossible to gauge the amount. One year it is 2 per cent. Another year it is 4 per cent, or 5 per cent. It takes its toll every year of their savings, of the value of their government bonds, of their life insurance policies and so on. It is our duty to see that justice is done to these people.

I wonder why the government did not pay more attention to the Senate report on aging. I think it was a very fine report. These pensioners are proud people. Many of them have been through two world wars. They do not want to come begging for their rights to this House of Commons. Many are too proud to come and ask. They would not want to suffer the humiliation. They would just go on tightening their belts, eating a little less and spending a little less on clothes and the other things they need so badly.

I do not see how this government can have the audacity to face the old people of this country with a means test or a needs test —because there is no difference. Why have hon. members opposite discarded their Liberal principles? You were in the house, Mr. Chairman, when Mr. St. Laurent brought down the old age security bill which was made to apply universally. There was no means test or needs test. Why? Simply because he understood the feelings of those who would benefit and their wish to avoid humiliation. In the second place the parliament of that they day knew that income tax would apply to those who were getting more than they should. He made the benefits available to everyone. Why have hon. gentlemen opposite departed so far from Liberal principles? I wonder whether the government realizes that the pensioner of today went through one of the great depressions of this world from 1928 to 1940. These are the people who are now being denied $100 a month.

There is another principle involved. These people are growing older. There is more sickness among them, more degenerative processes requiring treatment by drugs—and today's drug prices bear no relation to what their earnings were.

There are rays of hope occasionally, and we do see a ray of hope. There is some indication that the government is beginning to listen to the opposition. An article in the *Globe and Mail* last Monday says this:

> The government had resisted efforts by the opposition parties in the Commons to raise old-age pensions to $100 a month. But an increasing number of Liberal members, led by cabinet ministers, are arguing that something must be done to aid old folk.
>
> Next it argued that there should be no increase in the pension while attempts are being made to place a lid on wage increases which would add to inflation.
>
> But now the construction workers in Montreal, the Quebec longshoremen and the seaway workers are heading toward pay raises exceeding 30 per cent.
>
> Many Liberals feel it is unjust that economic groups with political muscle should be able to improve their economic position by striking, or threatening to strike, while old persons are denied an increase in the admittedly inadequate pension.
>
> Legislation to implement the Canada Assistance Plan will be introduced shortly.

Well, we have arrived.

> This will provide that pensioners proving need will be able to draw benefits raising their total allowance to more than $100 a month. But old persons have told the government bluntly that they are not interested in this plan; they want their pensions as a right and without having to show need.

Surely they should not be required to do so, when, looking back over the record, we can see that the working years of so many of them were spent before 1940, when wages

were 30 or 40 cents an hour. The article ends by saying:

> But ministers recognize that something may have to be done in the meantime to assist persons who are already too old to benefit from the C.P.P. This has led to consideration of the proposal to establish a special ten year declining fund.

• (7:40 p.m.)

Twinges of conscience are getting through. I am sure that individually members of the government do not want the old age pensioner to live so miserably, and I am sure also that the minister will work out something. I would like to know about this fund that they have been mentioning, because I am certain it would get full support from everyone on this side of the chamber, and that government backbenchers, if they were allowed a free vote, would favour it. So why the obstruction?

I now want to speak about pockets of poverty. The first thing to do in this war on poverty is to have social workers go into the poverty stricken areas and dig up these people. But there is a shortage of social workers, and so more will have to be trained. Let us get them and put them into these pockets of poverty.

If it is a slum area, the people in it have to be rehabilitated and taken out of it. Some families may have lived in it for generation after generation. In some cities as many as six generations of one family have lived on welfare. This is a difficult problem, and if we are to solve it we have to discover what causes it.

In a slum area the head of a household living on welfare must be trained. That functional illiterate must be transformed into a functional literate. If that is done the plan will pay dividends on our initial expenditures. It is estimated that during a lifetime it costs $100,000 to keep a family on welfare. Therefore there will be no criticism of the expense envisaged by this measure because the end result will be a saving if slum families are rehabilitated.

Then there is the home environment to be considered. The mother must be properly looked after. Then comes the problem of the children. Generally, slum children are a little backward. One experiment in the city of Boston was designed to take the children out of slum areas and send them to preschools. Within a few short months their I.Q. had been raised from 8 per cent to 10 per cent, and the children developed a full year beyond the stage they had reached while still living in the slum. This is something that must be done because our young boys and girls are the men and women of tomorrow.

We borrowed the phrase "war on poverty" from the Americans and we can learn much from studies and experiments undertaken south of the border. In the Boston experiment it was found that a third of the children were physically disabled or had physical ailments. Medical examination of such children should be the first priority, because physically ill children obviously are not able to go to school and do what they should do. It was found that 75 per cent of these children had dental caries, and many had eye diseases.

The minister did not say anything about the problem of our older people. Today in Canada 50 per cent of our people are 25 years of age or under, but nevertheless according to the accepted guide line we are considered to be an old nation. The guide line norm is 7 per cent, and we are 7.8 per cent. Some European countries have a figure of 10 per cent or 11 per cent, while countries like India and Pakistan run at around 4 per cent. Countries with strong economies are those which have the older populations. The reason is obvious. The average life span in Canada is 70 years. In India it is about 35 to 40 years.

In Canada we shall have more and more people living longer. Control of the population explosion will also mean that we shall have more older people, and it is only good economic sense to have them doing creative work after age 65, or after the time they retire. It should be the government's responsibility to provide creative work for them because, first, this will mean an increase in the number of people carrying the economic load and, second, it will keep the older people from becoming cripples, mentally and physically, thus lessening the burden on our hospitals and the necessity for nursing care. This is a most important feature, but we do not seem to be doing anything about the problem either at the provincial or federal level.

Older people should be assisted to stay in their own homes as long as possible. Care should be taken to provide them with daily hot meals, where necessary. Social workers and even nurses should visit them in their homes one or twice a week, where necessary. This should all be part of the Canada Assistance Plan. In the war on poverty one should proceed from the young to the old, and nowhere will bigger savings be made per capita than by keeping the older people well, working, out of hospitals and in their own

homes. I shall have more to say when the bill is introduced.

Mr. Knowles: Mr. Chairman, as the Minister of National Health and Welfare reminded us, it was in April, 1965, 14 months ago, that the Prime Minister sounded the trumpet and told us about the Canada Assistance Plan. At long last we have the legislation for this plan before parliament.

• (7:50 p.m.)

The Minister of National Health and Welfare has a very winsome voice. He has also a capacity for picking words; and when you add that capacity to that voice it makes us feel we have something. But when one looks at the package which has been outlined tonight he wonders whether it was really worth the sound of the trumpet. I have been looking through some of the speeches made about the Canada Assistance Plan by the former minister of national health and welfare, by the present Minister of National Health and Welfare, and by no less a person than his parliamentary secretary. I should like to draw attention to one sentence in a speech made by the parliamentary secretary in Fredericton on June 2 of this year. Speaking of the Canada Assistance Plan she said:

> ...I would like to make two general points; the first is that the plan does not involve any grand new programs.

How right she was.

> It is, rather, an attempt to re-organize and redirect existing programs and fashion a comprehensive social assistance system that will reflect the needs and problems of today.

Later she said:

> The second point is that although the plan will operate under the umbrella of a federal statute, and will receive substantial financial support from the federal government, the specific details of the various programs and the responsibility for administering them will rest with the provinces.

Even after one says the nice things that can be said about this legislation—and I am going to say them—the fact is that we have just shuffled the deck a bit; we have just done a little re-organizing of our services. We have not come through with any "grand new programs"—and I quote my hon. friend from Westmorland. As a matter of fact even the amount of money that is involved—and the hon. member for Grey-Bruce pinned the minister down on that—indicates that there really is not as much to this program as we have been led to believe there was.

Now, Mr. Chairman, I said there were some good things in the Canada Assistance Plan and I wish to take a minute or two to emphasize the things about this legislation which I think are good. I think it is most encouraging to learn there has been a wide measure of federal-provincial agreement on what is being done. I think the more federal-provincial co-operation we can have in the welfare field, the better for Canada as a whole. I think also it is very much to be commended that the federal government is prepared to share financially in a number of programs in which up to this point there has been no federal financial participation. I do not know yet—and we will not know until we have the details—how this $85 million breaks down, or how much federal money is going into these various fields. But even if it is only the beginning, I welcome the fact that there will be federal participation in such things as mothers' allowances, the administration of social welfare services, work in the field of dependency, homemaker services, day care, Indian welfare programs, rehabilitation, and so on.

I think the more we weld together these programs and have federal-provincial co-operation and federal financial participation in these programs, the better for all concerned. I listened carefully, when the minister was referring to things to be done for children, to hear whether or not he would have anything to say about some of the information which recently has reached us about the problems of mentally disturbed children. Right in this province of Ontario we have learned some things which have been disturbing to us. I would hope that at a later stage the minister might be able to tell us whether any of this federal money that is to be used in our participation in these various programs will be available for assistance in this general area.

So I say, Mr. Chairman, it is good that we are going to get our social welfare programs on some sort of a basis of wider co-operation. I welcome that; but I am afraid, as one who had looked forward to the Canada Assistance Plan very hopefully, that I do not feel as encouraged or as optimistic about it as I might have been. I hope the minister will accept that as a challenge.

He says that sometimes I probe his social conscience and give him sleepless nights.

Mr. MacEachen: I have had several in the last few days.

Mr. Knowles: The minister says he has had several sleepless nights in the last few days. I hope he will have one tonight and come back with a great deal more substance to this measure when we get to the bill. Also I should like to say that to the extent we are moving from means tests to needs tests, with regard to programs which now have means tests, this is all to the good. Sometimes people wonder whether a change of name makes for any real difference, but in the field of social work it does make a difference. A needs test is more humane and more realistic than a means test. I am glad to know that in programs such as old age assistance, blind persons allowances and disabled persons allowances we are going to move from a means test to a more advanced approach, namely the needs test.

Having said that I want to say something pretty specific and forthright about the position of our older people. The first thing I wish to say, I have to say without having heard much from the minister tonight as to what the plan is going to do for older people. I do not want to see any kind of test brought back with regard to our older people. It took us a long time to get rid of the means test. With all respect to my good friend from Simcoe East, Mr. St. Laurent did not give that legislation quite as generously and easily as my hon. friend suggested tonight. He was not here but I was. I remember Mr. St. Laurent standing up and saying he could not conceive of the idea that he at the age of 70 would get a pension without a means test; but in 1950 we did bring in the kind of report to which the government had to pay some attention. We got rid of the means test from the pension payable to people at age 70 and over.

Now we have the Canada Pension Plan which provides pensions from age 65 on for people who have been employed. They can take the pension between the ages of 65 and 70 or at age 70. In connection with pensions under the Canada Pension Plan there is no means test. I think it is progress that today we have got to the place where people, when they retire, receive their pensions as of right without any means test. I do not think we should take the backward step of imposing any kind of a test, call it a needs test or what you will, so far as old people are concerned. If we start saying the way to provide extra money for our older people is under some kind of a needs test, then the pressure will be on to leave the $75 old age security level where it is for all time, whereas I think what we should be doing is pushing up that $75 level to at least $100 a month now, and indeed still further later on.

What troubles me tonight, Mr. Chairman —and perhaps this is the reason I cannot get up and give the minister a soporific and complimentary speech—is the way in which he skated around this question of what is going to be done for our older people. Is it that there is something in the legislation which he is ashamed of? Once or twice he made reference to this legislation as having in it something for the aged. He referred to the Old Age Assistance Act, but did not once refer to the Old Age Security Act and did not once give us any details.

• (8:00 p.m.)

I find this passing strange in view of a number of speeches that have been made by Liberals on the subject of what the Canada Assistance Plan was going to do for our older people. All of us who went through the last election campaign remember what the Prime Minister replied to those of us in other parties who were calling for an increase in old age security pensions to $100 a month. He said that if you voted Liberal you might get $125 a month; there might be a needs test, and it might be given under the Canada Assistance Plan; but you would get more money if you managed to meet the test under the Liberal program than under the programs of any of the other parties.

Not only was that the kind of thing the Liberals said during the election campaign, but they made similar statements in several speeches. I have not got them all with me but I do have four of them. The rest are in my files upstairs, but I have been saving them.

The former minister of national health and welfare, the present Secretary of State, set the pattern by a typical speech she made on May 20, 1965, at Charlottetown. She said this, among other things:

> One of the things that is often forgotten when the Canada Assistance Plan is being discussed is that it can provide additional assistance for people who are already receiving old age security.

Where was that remark tonight in the minister's statement?

Mr. MacEachen: It was there.

Mr. Knowles: The minister says it was there? Why did he not read it?

Mr. MacEachen: I did, but your comprehension is not as acute as it used to be, I guess.

Mr. Knowles: I was listening very closely. There were references to the aged and to the Old Age Assistance Act, but there was no reference that I heard to extra money being made available to people who are in receipt of old age security. Let me quote from a speech the present minister made to the Ottawa Welfare Council on May 4, 1966. He said in part:

> The basic aim of the Canada Assistance Plan is to remove the anomalies from present programs. As a result, the federal government will share in payments higher than the present $75 a month limit in cases where more help is needed. And, needless to say, the assistance will be available in addition to the present $75 a month old age security pension.

I have another speech which seems to be the same as the one made by the former minister and by the parliamentary secretary. This speech was made at a meeting of the Victorian Order of Nurses here in Ottawa on May 6, 1966, at 12 noon. The Minister of National Health and Welfare stated at that time in part:

> One of the most important features of the Canada Assistance Plan is that it will make funds available for supplementary payments over and above payments made under such programs as old age security and the Canada Pension Plan. This will be particularly important during the early years of the contributory pension plan, when its benefits are building up.

Just in case the minister himself was not speaking with the authority of the government, I should like to quote again from the speech made in Fredericton, New Brunswick, on June 2, 1966 by the parliamentary secretary, the hon. member for Westmorland. She said in part:

> The basic aim of the Canada Assistance Plan is to close the gaps in the present programs. As a result, the federal government will share in payments higher than the present $75 a month limit in cases where more help is needed. And, needless to say, the assistance will be available in addition to the present $75 a month old age security pension.

And so I could go on.

We have all read in the papers recently, and the hon. member for Simcoe East referred to this, some interesting reports as to anxiety among Liberal members as to whether this kind of a program is going to meet the demands and the needs of our older people. I think the minister should have been at least frank and told us tonight what the government has in mind in this field.

I should like to say this again, and I hope I have made it clear, that we think where there are at the present time means test programs it is a mark of progress to move to needs test programs, but in the field of assistance to our retired and older people where we now have two programs, namely th old age security program and the Canada Pension Plan, without any means test—plans under which people get their pensions as of right—I believe we would be doing our older people a disservice by bringing back any kind of test. We would be discriminating against those people as to the amount of pension they could get.

I know the line that is sometimes peddled, that any increase in pensions across the board will give extra money to people who do not need it; but I think this is one of the greatest pieces of fiction ever devised in this particular field. If I were a wealthy person I would know that the tax I have to pay during my working years, the tax I would have to pay as a retired person on my income as such and in social security taxes, the extra taxes I would have to pay on my old age security pension and the taxes I would have to pay because I was spending money on goods subject to sales tax, and the tax I would have to pay as corporation tax, would amount to more in the total package than what I would be getting back. Raising the pension for everyone does not amount to giving something to people who do not need it. They may get extra old age security money, but it is offset by taxes on income, sales taxes and as a result of the corporations tax structure now in existence.

We went into this whole question thoroughly during the meetings of that excellent committee on old age security in 1950, and I think we came up with a good plan. I think the Canada Pension Plan along with the old age security plan is good and that the combination of them will help the retired people of this country in the future, but I think this good picture and the good steps we have taken will be nullified and cancelled out if we now build into our old age retirement picture a means or needs test. Once we provide a plan which gives $10, $25 or $50 in assistance on a means test. then the pressure of that test will remain for a long time. Older people will only be able to meet their needs in that way and we shall be back where we were. There could even be pressure to reduce the $75 old age security pension on the basis that we could provide assistance in this other way.

I believe that the most important part of this whole Canada Assistance Plan, or the

whole problem it is supposed to deal with, was unfortunately only skated around by the minister, when he made the briefest allusion to it. He told us all about many other things but did not refer to this, and I hope before the debate on this question is over that some Liberals, like my good friend the hon. member for Brantford, will have something to say about it, along with some others on that side, which will cause the minister to realize that he cannot sell this piece of goods to the older people of this country.

The older people in Canada are aware of how close we came at the beginning of this session to passing a measure that would call for an increase in the old age security pension to $100 a month. They now wonder what happened, having got that close, to prevent our getting over the hump. I suggest that now is the time for this issue to be brought squarely out into the open; now is the time for the government to face up to the fact that we have to do something positive in this area.

I do not know why the minister skated around this issue tonight. Perhaps he did not have enough to eat and was too weak to cope with it. After all, he has had to sit here all day during one piece of legislation after another, and he has had little or no chance to go out and eat. Perhaps he was just ashamed of this program for our older people. I am sure there are others of his supporters sitting on that side of the house who are likewise ashamed, and I hope we will get a different view of this subject before the debate on this resolution concludes.

In spite of the sharp and critical things I have said about the failure of this legislation so far as the needs of our older people are concerned, I repeat that I welcome the progress being made in federal-provincial co-operation in the social welfare field. I welcome the idea of the federal government's moving into financial participation in these fields, but I hope that we will crown these things that are good with something really worthy of this parliament so far as our older people are concerned.

• (8:10 p.m.)

Mr. Klein: Mr. Chairman, I support this resolution as being part of the program in the war on poverty. The expression "war on poverty" has been used throughout the ages, and if it is to have any meaning now I would think it has to be measured by the number of battles that are won; because I do not think the war on poverty will ever end.

[Mr. Knowles.]

Mr. Herridge: Not according to scripture.

Mr. Klein: In order to wage a successful war on poverty several things must be done. The hon. member for Simcoe East was speaking about seeking out the pockets of poverty and then educating a member of the household so he could become a worth-while citizen. I think what we have to do in a war on poverty is educate the affluent society. I believe that the only way we can do this is by an honest approach on the part of all political parties.

Every shade of political opinion in this house favours welfare legislation, and if we are to be honest with the electorate we cannot increase welfare action and reduce taxation. If the people of this country were to realize that from here on out all these programs will require additional taxation, I think there would be a greater chance to win the war on poverty. Particularly in election campaigns or prior to election campaigns it has become the custom of governments to reduce taxation in order to entice the support of the electorate. I think that every political party from here on out that supports welfare legislation should be honest enough, not opportunist, to tell the public that it cannot reduce taxation.

I believe that the campaigns of welfare organizations such as the Red Feather campaigns do not solve the problem of poverty. I do not condemn them but I think they never solve the problem of poverty; they only postpone its solution. I think that welfare organizations such as Red Feather, and so on, ought to vacate the fields in which they are now engaged and let government assume responsibility in these areas.

We have a system now in which we allow tax deductible philanthropy and it has arrived at the stage where in many cases the philanthropist seeks the advice of his accountant in order to determine how far his philanthropy can go. In this particular area it means that there are a lot of people who are able to support philanthropic endeavours, but do not do so, whereas if a program were provided from time to time, whether it be under an excess profits tax or whatever kind of taxation it might be, it would place everyone within the ambit of being a taxable contributor to the form of welfare programs upon which we are now embarked.

I think the question arises, where does prosperity end and where does inflation begin? An hon. member spoke about the depression in 1929. The United States of

America in trying to meet the problems that they faced in that era embarked upon what they called pump priming. Any sums of money that are going to be given under the headings mentioned in this resolution will be money that will be put back into the economy. Speaking particularly about the old age pensioner, or sums of money that he receives will be put back by him immediately into the economy.

I deal now with one other question, Mr. Chairman, namely that raised by the hon. member for Winnipeg North Centre who preceded me. He condemned the means test and said that the increase in the old age pension should be to $100 a month across the board without a means test. I would think that under this particular scheme it is not inconceivable that an old age pensioner, with the means test, will in certain instances be receiving more than $100 a month. If this be the case we would be making contributions to the old age pensioner who needs the money most.

If the increase is to $100 a month across the board, of course there will be people who will be receiving the extra $25 a month when they do not need it. But I think we at least ought to see how this legislation is going to work, because the old age pensioner who is now receiving $75 a month, and who in many instances has to supplement that pension by going to some welfare organization and receiving dole of some kind, will not be at all scandalized by going before a proper board, explaining his position and receiving in certain instances perhaps $125 a month. I believe that to attack this legislation on the basis of the arguments just made by the speaker who preceded me is to deny the very things that the hon. member seems to want to accomplish.

Mr. Knowles: Do you remember the means test?

Mr. Klein: I know that many of the old age pensioners living in my area would far rather be in a position in which they received more than $100 a month, with a means test, than would be the case in eliminating the means test and giving everyone $100 a month, to the detriment of the man who might be receiving $125 a month.

Mr. Winkler: Mr. Chairman, I cannot agree with the closing remarks of the previous speaker, who is obviously making a case for the means test which the government is going to use, even though they may call it a needs test. His argument falls away short of the mark when he says that a man's income may be high enough to be taxable, no matter what age he may have reached. Certainly the hon. member was taking this position to protect the government in regard to this piece of legislation. I do not make this statement, Mr. Chairman, to indicate that I am opposed to this piece of legislation at all. Certainly I do not think there is any question in the mind of any member of the house, including all the backbenchers on the government side, that had it not been for the position of the Conservative party in the last election campaign this government would not be acting as quickly as they are today. I call as my witness —unfortunately I have not the exact quotation in front of me—Hon. Watson MacNaught who made this statement following his defeat at the polls in the last general election. He said it was the promise of the Conservative Party of $100 a month that defeated him.

• (8:20 p.m.)

I believe, Mr. Chairman, that this proposal for co-ordinated plans is a reasonably wise one. I believe that the proliferation of plans that have existed until now might well be brought together and dealt with on an integrated basis. I think the minister put the case very clearly, and I wonder if he will allow me at this time to use the information that was made available to me. I believe that when this plan is approved it will be made retroactive. That is why I asked the minister what is the sum of money which will be spent in the current fiscal year, and whether it will include the money which will be paid retroactively.

It is obvious from the minister's explanation that this is to be a shared program. I believe that the provinces will be expected to contribute 50 per cent of the increased cost. I have some interesting observations to make in that regard.

May I also say at this time that many of the interested organizations across the country have lauded the logical integration of the plans in existence. I think it would be wise for the minister to set forth at this juncture a new and clearer definition in regard to disability pensions. This is one of the phases of our social program which seems to be applied from time to time on a discriminatory basis and, in many cases which I have personally seen, without good reason.

It has also been indicated that the government is planning this scheme for a period of 10 years so as to allow for a phasing out during the transitional period before full payments are made under the Canada Pension Plan. So far as the older people are concerned, it is rather difficult to forecast their financial circumstances at a later time. At the end of the 10 year period our thinking in this field may well be completely changed if the status of our economy is not projected into the future. I do not think the minister should deceive us on the difference between a means test and a needs test, and I think the older people will agree.

We on this side of the house will not oppose this plan and we think that the sooner it is put into operation, the better. As I said previously, I appreciate the fact that the plan will be put into operation on a retroactive basis.

I was also interested in what the previous speaker has said in regard to additional taxation with reference to this and other plans in the future. I think if he were to examine the statistics regarding the present status of the old age security fund he would realize his error of judgment. I believe that the previous speaker was speaking in socialistic terms when he indicated that the government should take over all plans administered by the Red Feather and associated organizations and when he indicated he is not willing to allow anyone the right to do as he pleases with the money he has been able to earn. I think that his eyes would be opened if he realized the total cost in this regard.

Let us look at the existing figures. On page 5164 of *Hansard* of May 16, 1966 the following question which I put to the Minister of Finance appears:

> What was the balance on account in the federal old age security fund as of December 31, 1965?

The Minister of Finance replied that the amount at that time was $139,974,933.15.

Yesterday I received a reply to a further question of mine which reads as follows:

> What was the balance on account in the federal old age security fund for the fiscal year ended March 31, 1966?

The answer reads $216,982,834.44.

The next question which I asked the minister was:

> What is the anticipated balance for the fiscal year ending March 31, 1967?

[Mr. Winkler.]

I received a fascinating answer relating the rate of growth of this fund. It amounts to $455 million.

On the basis of the figures given to us by the Minister of National Health and Welfare I think we should do our utmost to protect the way in which this particular fund is raised. I think we should be careful to consider this fund in the light of what it will actually cost the government. It is very clear that over the years, at the rate specified by the minister, this fund might well take care of all charges under this scheme without additional taxation and even without additional contributions from other sources. I know the minister will disagree with me, but that might be so in the future. Such plans usually cost more than we bargain for initially, and therefore I do not believe that the provincial governments which will be dealing with the administrative disposition of this plan should be totally exempted from some responsibility. I think that the provinces will be so grateful to receive the benefits of such a scheme that they will offer to contribute to it if they have not already done so. The minister will know that much better than I. It is obvious to me that this plan will be of benefit to the recipients of this scheme without any additional increase in the income tax either now or later.

As I have said before, when my notice of motion was under discussion, and as I believe other hon. members have said in the past, I believe that a flat increase across the board should have been applied. However, if this is the program, we will take it as it is, in the hope that it will bring some benefit to Canadians in this category.

• (8:30 p.m.)

Mr. Scott (Danforth): Mr. Chairman, I wanted to say just a few words at this stage on the measure now before the committee, because of its importance to a great many of the people in this country. I want briefly to support the views of my colleague who spoke earlier and who argued against the provision in this resolution, or the bill to follow, which will in effect impose a means test upon the citizens of the country who are now in receipt of old age pensions. It is in my opinion a regrettable backward step that the minister proposes. It is one which we would not really have expected from him. The senior members of the house who, over the years, have fought the battle to remove the means test know that it was not an easy thing to do. We have read the debates and are aware of the

proposals put forward by my friends opposite that you must discriminate amongst these people, you must subject them to baring all their finances. These people will have to go through the degrading spectacle of opening up their personal affairs. Make no mistake about it, whether you call it a needs test or a means test, it is the same thing in the long run, no matter what the intention behind it is.

Let anyone go to the old age pensioners, as all of us in this house did during the election campaign, and ask them how they feel. It is all very well to get up in the house and talk sanctimoniously about old age pensioners as though they were a group of numbers, a group of a million or a million and a half people. You can say they are a group set apart, that we are not so much concerned with what they think, but this is what we are going to do. We are going to have a means test. We are going to go back to the old degrading attitude that prevailed many years ago. What you are going to end up with is an army of snoopers who are going to be commissioned to interview all these people. Whether you call it a needs test or a means test, it means individual investigation. You are not setting a standard basis at all. It means individual investigation of every old age pensioner to establish his need. This seems to be a retrograde step.

Perhaps before this debate ends, Mr. Chairman, we will have an opportunity of going into the final report of the special committee of the Senate on aging. I wish my friend opposite, if he has not already read it would read it. The report is a great tribute to the chairman of that committee, Senator Croll. The foreword to the report, and the report itself, adopts what I feel is probably the most humane and reasonable approach to the whole problem of aging in Canada. If the philosophy contained in this report were carried over into the legislation before us now, I think the measure would meet with a far greater response. This committee sat a great length of time, heard numerous witnesses and numerous briefs. One of its conclusions is set out on page 17 of the report. After investigating the whole problem of the old age pensioner and his needs, and the ways to meet these needs, the committee made this recommendation which is found on page 17 of the report:

> Any suggestion that these older people, when the $75 pension is not sufficient, should be expected to depend for supplementation on public assistance after a needs test is utterly unacceptable.

The committee made proposals to meet the problems of old age pensioners. I would not expect the government to announce right now their acceptance of the new concept of a guaranteed income program for these people. However, the one thing the committee did conclude after hearing these old age pensioners, associations and so on, after travelling all over the country, was that you must not supplement the $75 old age pension with any program based upon a needs test. In the view of the committee, this would be totally unacceptable. I would have thought this suggestion would have had some influence on the thinking of the government and the minister. Apparently it has not.

I want to make it clear, as I am sure other members will, that this is a retrograde step. The proposal is going to mean humiliation for pensioners. They are going to be individually investigated and asked to show all their affairs. All the degrading things that it took generations to do away with in this country are being reintroduced in one fell swoop. Who is introducing this? It is not the Conservative party, but the members of the Liberal party, the new, left Liberal party, the party of progress and leftism about which we have been reading in the newspapers. You are the people who are taking this retrograde step. I think it is most regrettable. We intend to fight it as strongly as we can.

There was one other aspect of this subject about which I wanted to make suggestions to the minister, Mr. Chairman. The Senate report makes it clear that you cannot ever really deal with the needs of our old age pensioners by dealing only with the amount of the pension you are going to give them. Even if we raised the pension to $100 a month tonight, as we would like to do, and even if that were acceptable to the government, we would not really be solving very much in the long run. Raising the pension is a relatively futile step unless you are prepared to deal with all the other things with which the pensioner has to deal in his daily life.

We have been asking, for example, for some program to deal with the rising cost of living in this country. If you go out and talk to old age pensioners, you will understand what they go through. You give them a $25 increase in pension and prices keep going up. Within a year this increase in the pension is lost and they have to come back and ask for more. If you are really going to help the old age pensioner, you have to do so by some sort

of integrated approach which will deal with the whole community in which he lives. One of the main things would be some action to try to deal with the high cost of living. This would be more advantageous, almost, than continuing to bump up the pension every time we have an election. This is the most important feature, and you hear it from every old age pensioner you meet.

Then there is the problem of the lack of proper housing for pensioners at rents they can afford. I am thinking for example of some countries in Europe where pensioners can rent accommodation for $5 or $6 a month. Here in Canada our pensioners are paying just whatever can be gouged out of them, except for the very few cases where we have any sort of low cost apartment units. If we were able to inaugurate proper housing proposals whereby old age pensioners could rent accommodation at low rates, this would be more useful than continuing to jack up the pension at every election.

If you are really going to help these old age pensioners, then another important matter is the payment for drugs and medical care. In my area we have old age pensioners who are paying more for drugs than they are for rent. They require a great many drugs, and the drugs are expensive. As I read the medicare proposal, it does not include drugs for pensioners. In any event this is another aspect of the problem with which we have to deal. As I have said, a mere increase in the monthly amount we give these people is not, in the long run, going to be that beneficial.

• (8:40 p.m.)

These are the main points I wanted to make. I want to re-emphasize again our absolute opposition to the retrograde aspect of the means test and the corps of snoopers it is going to create, because this is not the type of forward looking proposal that we would have looked for from the minister or the government. It is not a proposal that will meet with widespread support among the old age pensioners.

Mr. Enns: Mr. Chairman, the Canada Assistance Plan, as a statement of intent, will commend itself readily to members of the house and to all Canadians. At this stage it is simply a statement of intent, and until we see it becoming actually operative, in co-operation between the provinces and the federal government on a cost-sharing basis, we really cannot say that we have anything at all, because there is no directive on the part of the federal government toward the provinces as to what they must do.

On the other hand this measure can be an exciting, revolutionary step, perhaps the most revolutionary among the whole group of public welfare acts, so that in this we are moving away from the concept of public welfare administered through a patchwork quilt of legislation covering different categories.

We shall have to define again need, and move away from the means test, as other speakers have said. It is of course true that the main question to be considered will be the benefits to Canadians as the result of this legislation.

We talk about the adequacy of intended benefits. I am sorry that I missed the first portion of the minister's statement, because I believe that he dealt to some degree with services to children. I am not clear whether the cost sharing features of the Canada Assistance Plan will be extended to children served by Children's Aid Societies. I raise this because one of the difficulties in the welfare structure is the inadequacy of the provision for children.

Child welfare agencies, whether they are private or public agencies, or branches of welfare departments, are covering the services to children across the country. Those agencies are providing the rehabilitative services concerned with the basic unit in Canadian society, namely the family. I must point out that child welfare services have been understaffed all across the land. They lack the professional supervisory and administrative staff necessary for their operation, but they have still managed somehow to maintain a service, salving the public conscience in relation to child neglect.

It has become accepted that the program responsible for ensuring the provision of child welfare is a government responsibility. For this reason the exclusion of child welfare services from the Canada Assistance Plan is a very disturbing oversight.

I think that definitions which have been entered into are also very disturbing. You see, I do not think any other country in the world has introduced this kind of legislation where the "sky is the limit". One municipality or one province may decide that need within its area is minimal. For example, we all know that some people have said in the past that a washing machine for a family on welfare is a luxury, and not necessary. We have come a long way from then in our

definition of need. Similarly the attitude was that a refrigerator for some people might be considered a luxury; yet many of us have come to recognize a refrigerator, for some families, as an absolute need. In the same way a television set can be a very useful and needed item because it may help to keep the family together in the home. The definition of need becomes crucial in this legislation.

In recent years a good deal of attention has been given to the means test versus other approaches to the right to public assistance. The inference it is hoped would be drawn was that the means test procedure would automatically result in a proper benefit rate for recipients. I quarrel with that. I say that in many communities there is a quite different philosophy respecting the definition of need. The term is valid only, I say, if need is rationally defined and seen to include a number of requirements that are available outside the so-called welfare program. To be included in the definition of need should be the right to an adequate education, for example, and proper clothing, decent housing, and recreational facilities. All these factors, in my view, ought to be taken into account when defining need. Certainly we ought to think of more than marginal, bare existence when we define need. In short, all those things which contribute to the social usefulness of the citizen ought to be included in definitions of need if we are to make this an adequate program.

This is very unusual legislation because no standards are set. We may see great variations in programs across this country, where programs vary extensively between provinces because needs are differently defined.

If I understand the intent of the legislation correctly, it simply means that the federal government will share in the cost of the administration of these welfare services. Well, I can see that in some cases the provision of benefits will be much more generous than in others, because rather than the federal government's setting standards, or raising standards, this will not necessarily be done. This legislation adheres to a wide open door policy and does not seem to enforce on the provinces, or to suggest to the provinces, any similarities of standards that must be adhered to.

I am hopeful that the standards will be included in the legislation, when we see the act before us, or perhaps it can be done by regulation. Surely there must be minimum requirements for a province to live up to, before it can benefit from cost sharing arrangements; otherwise this is the "sky is the limit" legislation. I am worried about that aspect of it.

The Canada Assistance Plan seems to suffer from the defect of assuming that the dollar figure to be applied to need is always rising, whereas the dollar figure to be applied to resources seems to be constant. Let me clarify what I mean. We see the position of pensioners—and many hon. members have spoken of the need of increasing the minimum pension to $100 a month. In the broad concept, need is defined in terms of constant dollar value, whereas the rest of the members of the community enjoy motorcars, washing machines, refrigerators, and an ever increasing standard of living. To the needy, some people say, "Doing without such things was good enough for my grandfather, therefore it must be good enough for you".

I believe in the concept that where members of the community live on an ever increasing standard, that those persons who are dependent on public assistance and on public programs of support should also be entitled to increasing needs. It is very discouraging, and detrimental to those persons who are left with fixed standards of living, to see other members of the community enjoying ever more affluent standards of living. I say that this whole concept must be carefully looked into, in order to make this a useful plan.

• (8:50 p.m.)

Another question that must be raised has to do with the adequacy of staff. Staff, not structure, will determine the adequacy of any legislation on this subject. However carefully legislation is formulated, if there is not adequate staff the families who are to be served will probably be more frustrated than ever and may even be harmed. For this reason I urge that every effort be made to increase opportunities for staff training. I find it difficult to express in strong enough terms my apprehensions regarding the manning of the welfare services. I draw attention to the need for large numbers of ancillary workers for the many responsible but comparatively uncomplicated tasks in welfare establishments. I agree that there should be excellent training programs to prepare workers for such tasks. I am a member of the social work profession and I have great sympathy for the tremendous needs of the profession itself. I agree we may not be using our resources adequately, and possibly are not finding ways of correctly

dividing our time between the more uncomplicated chores and those for which a higher degree of professional training is necessary. For these reasons I strongly urge the importance of a determined program of social work recruitment and education. In the absence of well qualified personnel, the availability of additional funds and ancillary personnel will create immediate confusion and may end in damage to the families concerned.

The organizations which are closest to families in want have always known that often families might have been strengthened and breakdown prevented had there been sufficient income, with assurance of its continuance for the duration of need and with administrative arrangements and methods which enable family members to maintain their self-respect. Family crises such as unemployment, or prolonged misfortune such as widowhood, would not then have had such power to destroy family happiness or have held so many threats to family unity. The Canada Assistance Plan, if utilized responsibly and generously across Canada, will mean a long stride toward goals which welfare agencies have coveted for Canadian families.

Mr. Chairman, that is the core of the remarks I intended to make at this stage. I look forward to seeing the legislation when it is finally introduced.

Mr. Otto: I am pleased to support this legislation wholeheartedly. Nevertheless I hope it is a temporary measure. I take it that the purpose of this legislation is to rehabilitate those whom it will assist—to enable them to earn a living and run the race we all run, without extra help.

I am not much in sympathy with those who say it does not matter how much help we give these people, that they will always be in the same place. The reactionaries who express this view would themselves be aghast at the suggestion that a physical cripple should run a race in competition with a perfectly healthy man. They do not realize that those who need the assistance to be provided by the measure we are considering are cripples, just as much as if they were physically crippled.

Nor can I accept the statement that Canada cannot afford such a program as this. We can certainly afford it. We are the wealthiest nation in the world—not the second wealthiest but the wealthiest. It was recorded in November last year that Canada is now the wealthiest nation in the world.

[Mr. Enns.]

Yet with all our affluence there is still evidence of poverty of a kind which is a discredit to this nation. Only a couple of weeks ago I was reminded that in the town of Bancroft there are children who attend school without having eaten for two days; there are families where none of the children have shoes. I had a long talk with a lawyer in Bancroft and with a high school teacher there, and I verified the facts which they related to me—that half the energy of high school teachers there was spent in an attempt to feed and clothe their students. They buy clothes for them. One high school teacher, now retired, spent at least half his salary buying clothes for students so that they could go to get jobs. It does not matter how few these pockets of poverty are: As long as one family is in difficulty of this kind, it is a matter of great concern for this nation.

I am, as I said, very much in favour of this legislation, but I wish to express certain apprehensions in connection with the question of provincial co-operation. I realize that this program has to be administered provincially, and possibly locally; it cannot be done federally from Ottawa. I would remind the minister that there is a tendency in the smaller areas where the successful burghers of the town are usually elected to the council, to preserve the status quo and to save money—even though it may not be their own money—rather than spend it usefully on programs of the kind now envisaged. This legislation would be of no value if we do not succeed in rehabilitating most of the families who will be taking advantage of the legislation.

As the hon. member for Portage-Neepawa has pointed out, extensive training programs for social workers will be required. It is not enough for a social worker to be merely a distributor of money; he has to be trained to help a family back on its feet, an important and difficult job.

I read recently that a welfare worker could not handle more than 17 or 18 cases a year with any success. Obviously then we shall need a great number of trained workers in this field and the minister might well consider whether some of this money should not be spent on their training.

• (9:00 p.m.)

Now I should like to say a word about assistance to older people who will come under this program. I hope that if they are to be included it will be only temporarily. I do

not believe that the pensioner thinks of himself, nor should we think of him, as a welfare case. He is not a welfare case. He is entitled to a pension as of right, the same as a veteran. The person now receiving the old age pension went through the depression years when normally he could have accumulated something to provide for his older years. He is now 65, 70 or 75 years old. He was the one who suffered and could not accumulate a nest egg during the depression.

Then the war followed the depression, and immediately after the war industry and business stratified their age limits so that when he expected to be employed profitably he found himself too old at age 45 or 50. Add to that the burden of educating his children much more expensively then he ever anticipated, and you will find he has a very good argument that he is a special case and is not a welfare case.

Therefore, as I suggested in my private members bill, I believe the old age pension should be merged with the Canada Pension Plan. The elderly person should be allowed to pay in a lump sum to that plan if he has the money, and if he has not got it he should be allowed to borrow it at a reasonable rate so that he may be enabled to join the plan. It is not his fault that the Canada Pension Plan was introduced when he was 70 years of age. This is the type of legislative change I would like to see.

Mr. Winkler: Since the hon. member has mentioned the old age pensioner's entitlement by right, would he agree that the means test, and even the needs test should not be applied?

Mr. Otto: I will say yes, I agree with that. However, Mr. Chairman, that does not detract from the legislation which has been presented, and which I am sure will not be the only legislation introduced to help the old age pensioner. The hon. member for Danforth said we have to be concerned about the inflationary pressure of this, but I am sure the government will not for long stand idly by before introducing amendments providing greater benefits for the old age pensioner. This legislation should not be regarded as a permanent solution to his problems.

Mr. Dinsdale: Mr. Chairman, I do not think it is necessary at the resolution stage to go into great detail regarding the proposed Canada Assistance Plan. We shall have ample opportunity to do that when the bill is before us. I have followed the debate throughout the afternoon and evening and it seems most hon. members who spoke regard this measure as an attempt to fill gaps that have been left by already existent plans.

Canada has a fairly comprehensive program of welfare, and in terms of expenditure it has gone up rather astronomically in recent years. But, as pointed out by other hon. members, the postwar development was a rather hodge-podge if not confused approach to the total program.

The pattern of social welfare progress has been similar in most western countries, with slow development up to the depression period, rapid development during the depression years and the war years, postwar adjustment and, more recently, as I have already mentioned, a certain air of uncertainty and confusion. The lack of specifics in this legislative proposal, the Canada Assistance Plan, would suggest that the government is going to endeavour to fill some of the awkward gaps not provided for in existing public schemes and voluntary programs.

Hon. members have issued a warning that it is going to be extremely difficult to standardize programs of this kind on a national basis. The hon. member for Portage-Neepawa, who is a professional in the field, has thoroughly covered problems with respect to the needs test. My hon. friends in the N.D.P. seem to take great exception to this phrase, a needs test, and are apparently equating it with a means test, which deals entirely with financial criteria. I would rather think in terms of the ideas that have been presented to us tonight by the hon. member for Portage-Neepawa, that the needs test is an attempt to deal with total needs, not only the financial and fiscal needs of the person requiring this sort of assistance but also the cultural, psychological and even the spiritual needs.

A person can be affluent so far as material goods are concerned, yet still be in need in terms of his total participation in society. I hope this is the definition and interpretation behind the proposals that will be placed before the house.

With respect to the matter of getting some sort of national co-ordination in social welfare programs, I would point out that in the initial stages it would appear that such programs were pioneered by provincial governments. Under the constitution they have responsibility for welfare, and some of the

earliest schemes, such as workmen's compensation, mothers allowances, and even old age pensions were initially brought forward by provincial authorities. In more recent times, due to the expanding idea and influence of the welfare state, the national government has moved more and more into the field of welfare.

I would direct the attention of the minister to some excellent pioneering that has already taken place in the provincial sphere with reference to the proposal now before the committee. In 1959 the government of Manitoba passed an act known as the social allowances act which, so far as I can gather from the minister's introductory remarks, was designed to cover much the same area as the Canada Assistance Plan.

• (9:10 p.m.)

I presume there has been a very close consultation with the provincial governments; but just to indicate how comprehensive the Manitoba legislation is, certainly as I read the act it is endeavouring to fill all the gaps and loopholes in existing welfare legislation. Perhaps I should draw to the attention of the minister the fact that section 3 of the social allowances act indicates that the purpose of the legislation is as follows:

> Subject as herein provided, the government of Manitoba and each of the several municipalities in the province may take such measures as are necessary for the purpose of ensuring that no resident of Manitoba—

This is all comprehensive.

> —including an Indian as defined in the Indian Act (Canada), lacks
>
> (a) such things, goods, and services as are essential to his health and well-being, including food, clothing, shelter, and essential surgical, medical, optical, dental, and other remedial treatment, care, and attention;

Now, I think the minister will agree that is all-embracing and comprehensive. I presume this particular piece of legislation has been the pattern for the Canada social allowances act. Let me point out one or two gaps which have prevailed in existing legislation. One could refer in this conviction to wives deserted by husbands, a wife where the breadwinner has faced imprisonment, and the problems which arise where the breadwinner is institutionalized for a long period of time. I am just drawing examples from the Manitoba social allowances act, which covers all these important areas of social and welfare need.

If we are going to have a program which will be co-ordinated on a national basis and which will be reasonably standardized for each of the provinces, as the hon. member for Portage-Neepawa pointed out it is going to require rather comprehensive study. We already have a shortage of trained personnel. The proposal has been made that there is a need to train ancillary personnel. This has been found necessary in the province of Manitoba, and such a program has been in operation under this legislation for the past six years. Both in the city of Winnipeg and the city of Brandon, for the past winter at least, there have been special training programs designed to meet the shortage of personnel. If you are going to operate a needs test in the broader concept you are going to require people who can train others to appraise and appreciate all the aspects of the social problem.

My final comment at this stage, Mr. Chairman, would be that I trust the government is not using this legislation as a substitute for the urgent necessity to increase the old age pension. A member of parliament gauges the needs of his constituents by the volume of correspondence he receives. Recently my correspondence has contained a growing number of letters from senior citizens who are faced with the financial pressure imposed by the rapidly rising high cost of living and who find they are being placed in a difficult financial position. Obviously there is a need for a basic pension of $100. I know the comment has been made that this problem will be resolved when the Canada Assistance Plan is implemented. I trust the minister has no such notion, and that as we proceed to approve this plan he will also take into consideration this immediate and pressing need of our senior citizens.

[*Translation*]

Mr. Latulippe: Mr. Chairman, I am happy to have this opportunity to say a few words on the effects of the Canada Assistance Plan.

Involved in the bill now before us is a plan to share the cost of assistance between the federal government and the provinces. According to the minister, the cost of such program will amount to approximately $85 million.

In this case, improvements are sought in public assistance and welfare services for the unemployed, the disabled, the orphans, the needy mothers and other persons in need, in a word, to all the have-nots of the present system. The question is to help them by various means.

What are the means to help all these categories of outcasts of society? Are there any? The minister did not suggest many. He talks of improving this and that, but he has no practical solution. All those who have spoken following the minister have not suggested any practical solution to the problem either, it seems to me.

There is a tremendous social and economic problem to resolve and it relates to all areas of the economy; it is a problem that no one, until now, has been able to solve. It was partly solved by robbing those who were working to help those who were unemployed; by emptying the pockets of one who was working to give to an other who was out of a job, so that he could exist but not live.

At the present time, if you look at all the old people, all the old-age pensioners, all those who receive subsidies and if you listen to their requests and complaints, you will realize that they barely exist. Not one of them can say that he has enough. The cost of living keeps on increasing and all those pensioners, all those outcasts, are not getting any relief. The needs of those citizens have not been adjusted to the cost of living. In the case of children, we are asking that family allowances be increased because life is getting unbearable. People are living only by piling up debts. They live on credit, on money borrowed from finance companies.

The present economic system in Canada limits credit. It is no longer possible to live on borrowed money. The citizens are forced to pay back what they have borrowed already and they cannot borrow again.

• (9:20 p.m.)

The situation is more serious than you think, Mr. Chairman. Reforms are needed in Canada, even in the field of production. Can one say that production is lacking in Canada? Are there citizens who are afraid that the land will not produce tomorrow? Are there members in this house who are afraid that the cow will not give milk tomorrow or that there will be a shortage of butter tomorrow morning in Canada? Not a single one. On the other hand, the people in general are not favoured by the system. They are afraid and worry about tomorrow. They are terribly afraid for tomorrow. They do not know if they will be able to get three meals tomorrow. That is serious, Mr. Chairman.

Why is there so much poverty in Canada when the land does not refuse to produce, when we have a production surplus? I read here in a newspaper that the Secretary of State for External Affairs stated in 1965, 1966, 1967 we will give $75 million worth of food to various countries.

If we can help foreign countries, surely we can help Canadians in need. It is not money that Canadians want—you cannot eat dollar bills—it is production, something to feed the inner man. Nothing else. And if we have a surplus of products in Canada, why can we not manage our economic system, balance our economy so as to distribute this surplus? Why can we not take advantage of all the products with which our warehouses are bulging? Why can we not distribute them to meet everybody's needs? It is because our economy is topsy-turvy, unbalanced, and nothing has been done to correct that. Well, Mr. Chairman, the volume of money must be balanced with the volume of products. There must be as much money as there are products, and if we do that, business will run well, people will work and we will have what is necessary for our needy citizens. Production has surely been made to fill needs and not to be destroyed. It has not been made to let it deteriorate, it was meant to fill needs.

I ask the minister to assume his responsibilities in that regard. We must work towards meeting the needs in a country bursting with wealth, where we do not know what to do with our riches and our products. That is what we must do.

There are seven million producers in Canada; on the other hand, there are three million people who do not work half the time, who do not earn enough money to pay income tax. Something is wrong in the distribution system. We must look after that. We can surely make arrangements with the provinces but they have no money. The provinces cannot distribute the surplus of products in Canada. Well, if we would co-operate with the provinces, it would certainly be possible to find some solutions to the different economic problems with which we have to cope.

Those social problems are more serious than we think. Sad to say, a bomb was thrown in this parliament and others will follow, if we cannot settle the problem of daily bread, satisfactory housing at a proper rent in Canada. If we cannot do that, we will be destroyed and so will parliament. I wish I were wrong but I know I am not. Now for those reasons, it seems to me that we should pull ourselves together and see to it that this abundant and unfailing production is distributed in Canada. But we seem unable

to solve that problem and those who speak about it are laughed at.

Mr. Chairman, that problem should have been settled a long time ago in Canada. For a long time, those who have been suggesting solutions lay themselves open to ridicule. A day will come, Mr. Chairman, when they will be vindicated. I know that war settles many problems and indeed the Second World War has proved it, but I know that it also emptied warehouses and stores in Canada. Warehouses were bulging with goods when the war broke out in 1939. Well, there is still a surplus of goods now; yet, the war has been over for 20 years. Every year, we have a surplus production worth anywhere from $10, $12 to $16 billion. We had surpluses worth 16 billion in 1965-66. What shall we do with those surpluses, Mr. Chairman? Is the minister doing anything to try to distribute these goods, to meet the needs in Canada? Not much is done directly, but efforts are made to distribute scarcities, which is unusual. We eat according to the money we have, and dress, and house ourselves depending on our means—not according to our resources, our production—but according to the money we have. And the money we have in Canada is controlled by three or four financiers who make it terribly scare and prevent production from being distributed.

They prevent production from meeting the needs that exist.

Mr. Chairman, we certainly will not solve the problem by approving such abuses as exist in Canada.

Our democratic system, our capitalist system, is the best system in the world, but there are abuses and it is these that we must fight. We do not condemn the system at all, but we do condemn its main abuses. That is where we must work: to destroy the abuses within the system. We do not want socialism, nor communism; we want freedom, free enterprise, and that is what we must fight for, so that enterprise and men may be free, as God made them. We must work toward that goal, and men will be free to the extent where we can finance ourselves freely.

Finance is the reflection of all there is on earth. We cannot have a single potato without finance. Let the government take over the control of credit, of money, let it make sufficient credit to distribute the abundant production we have in Canada.

Mr. Chairman, I have many other things to say on unemployment, on production, on old

[Mr. Latulippe.]

age pensions. Stinginess precludes increases in old age pensions; stinginess prevents money being made to produce. One member was saying a while ago that 70 per cent of our oldsters have only their old age pension to live on. When inflation is being felt in the country, when money is no longer worth anything, when the dollar is worth about 25 cents, how can one live?

How can you expect that demands will not be made for higher wages, higher pensions, higher everything? And when pensions, salaries, when everything is increased all over, this increases the costs of production. When the costs of production are increased, everything is increased. There is no way out. It is like a dog running after its own tail: there is no solution, Mr. Chairman, because it will never catch up with it.

• (9:30 p.m.)

Mr. Chairman, this problem has to be solved and I am asking the representatives of the people here in this house, to open their eyes and to look at things other than the old formulas of days gone by, formulas that are obsolete and inadequate and that must be made over. I ask them to open their eyes and to make over what needs to be made over. And whatever is going well, let it be. But what is going wrong must be corrected. The financial system is the only thing wrong with Canada. There is nothing wrong with production; there is an overabundance of products. If the government were to put to work all the unemployed, all those receiving social welfare allowances, all those who could work but are not working because they cannot be forced to under our system, how much would the country produce? Canadian production could be trebled if our physical forces were put to work.

Mr. Chairman, this cannot be done at the present time, but it could be done if we opened our eyes instead of keeping a diabolical system under which our people are starving in the midst of plenty.

[*English*]

Mr. Brand: Mr. Chairman, I should like to make a few remarks on the resolution before us and speak specifically to two, or perhaps three, points. I should like to say that I agree in great part with the remarks of the hon. member for York East, particularly with his statements about the use of these funds for rehabilitation. I must say that when I read the resolution on the order paper I was concerned about the repetitive references to providing assistance for welfare services and

welfare service programs. I sincerely hope—and in this connection I echo the sentiments of the hon. member for York East—that the idea will be to provide rehabilitation if at all possible as the prime concern of this proposed plan, because I think it is so much more important to human dignity to give people the opportunity to fend for themselves and to provide for themselves. This surely should be paramount, and we should not be concerned with just handouts to help, perhaps for political reasons, meanwhile paying only lipservice to the needs of so many people across Canada.

I do not speak lightly when I talk about lipservice in this measure, because we have heard a great deal from many members of this house—and I agree with them—about the old age pension and the need to raise the amount to $100 a month. Surely it has become evident, not only in this house but across the country, that there is an immediate need for such a program to be carried out. Surely the number of letters we are all receiving and the number of interviews we have had with the old folk have made us realize the fantastic numbers of these people across the country who do not have sufficient to keep body and soul together.

In answer to a question put by the hon. member for Grey-Bruce, I believe the minister stated that the moneys to be appropriated in 1966-67 for this plan would be $85 million. I will leave that aspect of the matter for a moment. I listened to the hon. member for Cartier, and I must say I have heard similar observations from the Prime Minister as well as the minister, when he put forward the argument that the government cannot increase the old age pension across the board because it will cost somewhere in the neighbourhood of $800 million. They say that we cannot afford it. I heard the hon. member for Cartier make the statement that the means test, or the needs test, whatever you want to call it—I do not think we should deal in semantics this evening—would be very beneficial to some because through the Canada Assistance Plan those who really need assistance may receive $125 a month instead of $100, or perhaps $150 if there is real need present. But let us look at this statement, in view of the amount the minister said would be required to increase the old age pension, namely $800 million. This matter has not been raised by myself but was raised by the Prime Minister and members on the other side of the house.

If we look at the Senate report on the aging I think it is said quite clearly—I do not have the report with me but I am sure we could clarify this point at any time—that 15 per cent of those in receipt of old age pension are actively needing and receiving welfare service, social aid or whatever you want to call it. If you take 15 per cent of $800 million—and I believe the figure is actually more than that, but I will use the figure of $800 million to allow for my poor mathematical progress—you come up with a figure of $125 million. In other words, to raise to just $100 the old age pension of the 15 per cent who are in need now and are already receiving welfare service will cost $125 million, and the Canada Assistance Plan provides only $85 million.

What sort of legerdemain is this, that we can try to fool the people that we will give them $125 a month or $150? Surely this sort of thing is absolute nonsense. Surely the need is there, that we must now provide for the old age pensioners who need assistance, and we must provide adequately across the board for them as has been said so many times this evening.

I would ask the minister to heed the remarks of the hon. member for Cartier—and I am sorry he is not in the chamber—a member of his own party, who said that we should not be afraid to tell people that it is going to cost them money. I agree that we should not be afraid to tell them when we have to raise taxes, perhaps, in order to provide for these elderly people in Canada who are so desperately in need today. I agree with the hon. member for Danforth when he refers to the increase in the old age pension as being only part of this problem. Certainly integration of such things as the provision of adequate housing for the aged is important. This is clearly laid out in the Senate report on the aging.

It came as a great surprise to me to find that, despite the assertions of the Minister of Labour with regard to the tight money policy that there would still be money available through C.M.H.C. for the provision of homes for the elderly, nowhere in the National Housing Act is there any reference at all to homes for the elderly—none whatsoever. There is only reference to low cost rental housing on the basis of economics. There is nothing to take care of the elderly, as has been suggested in the Senate report on the aging.

To come back to the question of rehabilitation for a moment, Mr. Chairman, I wonder

whether, when we see in the resolution the words "specialized projects for assisting and rehabilitating persons in need or likely to become persons in need", this will be extended—I sincerely hope it will—by the minister and the government to old age pensioners and others, such as the chronically ill. I refer to the facilities for rehabilitation through physiotherapy, occupational therapy, and so on, in our nursing homes.

Surely there must be integration in this respect with the nursing homes. We need more nursing homes. I ask the minister, how much money will be provided for such things as increased home care, which has been recommended so many times across this country? I do not see anything in the resolution to indicate that such a provision will be included in the program. I believe these are extremely important matters to which the government should direct their attention and pay heed to the desires and wishes of groups which have already approached the government and presented briefs pleading that they do something along this line.

I congratulate the minister on one thing, namely the inclusion in the program of assistance for the rehabilitation of the mentally retarded. This is a matter that the Canadian Association for Retarded Children has for many years been advocating to the government in briefs and every other possible method. I believe it is extremely important that we do something to increase the rehabilitation of the mentally retarded, particularly those who do not fall under the educational acts of the provinces, are not considered educable and therefore are not included in the educational programs of those provinces.

• (9:40 p.m.)

I did wonder, however, with all the amendments to the various acts in this resolution, about the omission of one. Perhaps some time toward the end of this discussion the minister could comment on it. On February 21 of this year I asked a question of the ministry. It appears at page 1499 of *Hansard* and as follows:

> Does the government plan to introduce legislation this session to provide capital and operational assistance to sheltered workshops for the mentally handicapped throughout Canada?

The answer was:

> Operational assistance is already being provided to a number of sheltered workshops for the mentally handicapped under the federal provincial vocational rehabilitation and vocational training programs.
>
> [Mr. Brand.]

Of course we are all well aware of this. However, I wonder whether the act will contain amendments governing vocational rehabilitation to allow for the improvement of those of the mentally retarded who could be trained to work in industry in sheltered conditions. It seems to me that it would be well worth the government's time to look into this matter. I do not care what makes a person handicapped, whether he is paraplegic, mentally retarded or blind; the important thing is the rehabilitation, and the keynote of this matter is that they are handicapped.

As the minister may know, there is at present a crusade for Canada's mentally retarded. The organizers of this crusade plan to raise over the next five years $15 million by public subscription to take care of several programs that have been set up. There are 13 such projects across Canada. I will mention one in the rehabilitation sphere which is taking place in Edmonton, Alberta, for the training to independence through the application of the latest industrial technology, which demonstrates that the retarded can work on a competitive basis although in sheltered conditions.

In his remarks the minister made reference to the fact that he will provide aid for these types of projects. Was he suggesting that he will help this particular crusade through the Canada Assistance Plan? This year this crusade will require $5 million and it is estimated that it will require $15 million over the next five years.

If such is the minister's intention, then I think those people across Canada who are vitally concerned with this problem will be most pleased to hear this from him. I might point out that the lives of over two million Canadians, which is a greater number than those inhabiting some of Canada's largest cities, are directly affected, being members of families who have someone stricken by retardation. This is not a small matter. Surveys have shown that special care for the retarded by institutions, agencies and families costs close to $100 million a year, enough to build the monument to the Minister of National Defence to which reference has been made in the last few days.

I wonder if there is enough in the $85 million that is being suggested to provide the kind of help that is so vitally needed. I would just like to point out that the Canadian Association for Retarded Children has shown that by carrying out these projects and other similar projects for the mentally retarded,

Canada's economic health can be improved in several ways. May I list them briefly. The program helps to improve Canada's economic health in the following ways:

By integrating necessary services for the retarded with regular health, welfare and educational resources;

By continuing and extending methods for cutting down costs of long-term institutional care;

By transforming more tax consumer retardates into self-sufficient members of the community;

By moving toward maximum efficiency in development of the nation's manpower;

Commercial and industrial interests are improved in the following ways:

By reducing the emotional burdens upon tens of thousands of families who are consumers of goods and services;

By improving the morale and productivity of employees who are from homes stricken by mental retardation;

By adding new people to the ranks of the gainfully employable;

By making new techniques of training and rehabilitation available to commerce and industry for application among normal workers.

Let me say in summary, Mr. Chairman, that when we discussed the health resources fund I echoed the statement that it was too little and too late. Now I would like to say about this plan that perhaps it is not too late, but it is certainly too little.

The minister said that the government would attempt through the Canada Assistance Plan to provide at least a comparable amount to the sum contributed by the provinces to some of the assistance programs. May I point out to the minister that in the province of Saskatchewan old age pensioners receive through old age assistance an average of $2.50 a month over and above their $75 a month. I wonder what they will think when they hear that perhaps the government will give them $5 instead of $2.50 a month. Is this enough? I think a clear answer has been given by many speakers. It is far too little, and something must be done to increase the aid to our old age pensioners. This is something which should be done as quickly as possible, not some indefinite tomorrow or next week. Assistance is needed to lift these people out of the degradation in which we, the parliament of Canada, have allowed them to stay. We must do something to lift them to the level of decency that they most certainly deserve as pioneers in this great country of ours.

Mr. Clancy: Frankly I think that this resolution can be compared to No. 8 birdshot. If you shoot with a No. 8 you have to hit something within five feet. There is nothing we can say about this resolution. The minister knows and I know that welfare is administered by the provinces. If we increase our welfare grants, the provinces are left with the decision of whether to pass them on or to shrug their way out of their responsibilities. For instance, let us take my own province, which was mentioned by the previous speaker. Every time the federal government raised their grant in my province, the provincial government reduced theirs. In the end the old age pensioner is left with a supplementary pension of $2.50 a month.

There is nothing in this resolution at all. We all know that everything that is mentioned in the resolution has to be administered by the provinces. This is just straight buckshot. Why is not the minister more practical? Why does he not raise old age security to $100 a month? Why is he talking about a means test? It is the provinces that put on means tests and not the federal government. What is the minister trying to tell us—absolutely nothing.

[*Translation*]

Mr. Ricard: Mr. Chairman, I would not want to delay the house very long, but I would make a few remarks in connection with the legislation under consideration. Having taken a careful look at the resolution before us, we cannot but support it, at least in principle. It is a brilliant statement of intentions, but it will surely be necessary to wait for the details of this legislation before deciding whether it is actually worth as much as the minister wants to make us believe.

Looking at this legislation, Mr. Chairman, one gets the impression that the government would want to settle all the problems of the needy at once, but we may entertain doubts about that, since we have striking examples of the lack of foresight or of the lack of enthusiasm in meeting the needs of the destitute.

• (9:50 p.m.)

For instance, I would simply point out the refusal of the government to accept our proposal to raise old age security pensions to $100 per month. Mr. Chairman, if there is one group in our society which surely deserves our gratitude and our financial support, it is the state pensioners.

I agree that we should improve the plight of the needy, but we must go further. There are numerous other sectors of society which

must be assisted. The program put forward is explicit and also refers to a great number of measures which are shared cost programs, under provincial and federal jurisdictions. In fact that will give rise to several problems, and I have no doubts that, while exercising his rights, the minister will not want to infringe upon the rights of the other parties to those programs.

Mr. Chairman, I do not think I am mistaken in saying that this measure is part of the big war, in words rather than deeds, against poverty. Apparently, as soon as this government intends to take steps to reduce poverty, poverty increases in Canada. This is no doubt due to the increasingly high cost of living and the constant danger of inflation which threatens all of us from day to day.

Well, it seems that in both fields, that is the high cost of living and inflation, the government could take steps to wage a real war against poverty and win the admiration of the people. The population is fed up with promises that the situation will improve; they want to see the government take action. As I do not want to take up any more of the time of the house and in order to afford the government the opportunity to implement its various programs, I will say no more, and await the introduction of the bill, reserving the right to criticize it if need be.

Before I resume my seat, I should like to remind the minister that he could surely do a lot to improve the fate of thousands of people who deserve it by raising as soon as possible the old age pension to $100 a month without a means test.

[*English*]

Mr. MacEachen: I wonder if I could raise a point of order, Mr. Chairman? I do not expect to be in the house until next Tuesday, and I wondered if it might not suit the committee to pass the resolution tonight so that the bill would be available. There would be several days during which hon. members could look at the bill. Naturally any hon. members who might wish to speak tonight would have a full opportunity to speak on second reading or in committee.

Mr. Nowlan: I was not going to speak tonight on this resolution, and in view of the minister's remarks I shall only take a few minutes, so perhaps his wishes will be fulfilled. I was provoked into speaking on this resolution for three reasons. The first one is the multitude of speeches on the problem that I have heard and the fact that there have been few voices from the east. This subject is of concern in the east because of the age groups there, to say nothing of the political implications as a result of the last election on November 8.

Another reason that I have been provoked into saying a few words lies in the two fundamental faults which I submit are contained in this resolution. I am not like the hon. member for Yorkton, who was going to use buckshot but decided there was no point in firing. I say you can use two broadside attacks on this plan, as it is presently drawn.

Then, Mr. Chairman, I am somewhat surprised at the minister from my own province, who is well known for his liberal tendencies not only politically but in social welfare programs, advocating and sponsoring such a resolution which perpetuates the means test on two levels. First, I should like to discuss the means test at the dominion-provincial level. As I understood the minister's opening remarks, the purpose of the bill which is to follow this resolution is that the federal government will contribute to the provinces on the basis of what those provinces can pay. I submit that if this is the intent of the measure then, instead of this legislation unifying Canada in the fashion of the concert of voices on the government side either on a one nation or two nation basis, this measure is going to divide Canada into ten different provincial areas. It will do so on the basis that one province can pay so much and another province can pay so much; the various provinces have different abilities to pay. I submit that whether you call it a means test or a needs test, you are driving a wedge between provinces rather than unifying the provinces under this particular program which, potentially, is a unifying program.

I submit on that ground alone, this resolution should be amended at the bill stage so that assistance is given to the provinces without discrimination on the basis of the ability of those provinces to pay for assistance in the way indicated in the resolution. Whether you call it a means test or a needs test, you are merely getting into a debate on a psychological distinction in semantics. I submit that whether or not the minister or the government like the words "means test", they cannot find solace in the confusion of trying to interpret needs or means. You will define means by defining needs, and vice-versa. You

cannot change the thing by calling it a different name; you cannot change a goose to a gander or a goose to a chicken, merely by a change in name.

• (10:00 p.m.)

I have mentioned two reasons for my disagreement with this resolution. The first is that it is going to perpetuate the differences between the provinces. We have a minister sitting here on the government side tonight who claimed he was going to integrate the services. This plan has a potential for helping to integrate assistance to all the provinces. Yet, by having different levels of payments based on the ability of the provinces to pay you will have disintegration. You will have old age pensioners and people like that in Saskatchewan, Ontario or British Columbia wondering perhaps whether if they had been born under any other star, or in any other province, their benefits which would be based on the province's ability to pay might not have been somewhat different.

The minister of course is familiar with the legislation the government has brought down. His views are exemplified in the measures providing for assistance in education, which were commendable, and in the health resources program which he manoeuvred through the house today or yesterday. There is an adjustment in those measures with respect to certain parts of the country which have not the ability to pay as much as other parts.

In this legislation there is no such adjustment. The fact is that the inability of some provinces to pay will be perpetuated, and you will have not one nation, or even two nations, of which people have been talking for some time, but ten nations, each one of which would have different levels of assistance.

Because of that, and the fact that there is a means test—and hon. members will remember all the things which have been said about the means test—I am surprised at the minister. He deserves much credit for much of the recent legislation he has piloted through the house, but he is to be somewhat reprimanded, in my view, for trying to pilot this resolution through the house, a resolution running counter to most fundamental welfare programs that the present government and the past government brought in.

As far as assistance is concerned, Mr. Chairman, you do not have assistance. This legislation should try to stimulate a person, rather than stagnating his personality. If you are going to have handouts, with means tests and all that that means, you are going to stagnate personalities. We have heard members speaking of the need to help, rather than to give handouts. For these reasons I must register a strong protest against the resolution as it presently stands. I hope that in the bill stage some of the major defects that you could hit with a broadside might be rectified so that the bill could sail through, and be the kind of bill to fulfil the minister's wishes, and satisfy the urgent needs of many Canadians.

The Chairman: Shall the resolution carry?

Mr. MacEachen: I wonder if you could pass the resolution so that hon. members would have the bill for the next few days—

[*Translation*]

Mr. Grégoire: Mr. Chairman, we will support the resolution in order to come sooner to the bill, because we believe we can consider the matter more seriously with the bill before us than at the resolution stage. That is why, as far as we are concerned, we will let the resolution be passed tonight.

[*English*]

Mr. Douglas: Mr. Chairman, members of this party have been expressing their opposition to the means test. We think the minister and the government ought to have a little time to consider the objections which have been made, to see whether or not they could not improve the bill before it is brought in again.

Some hon. Members: Oh, oh.

Mr. Douglas: We should like to call it ten o'clock and give the government an opportunity to re-examine the position it has taken, a position which we think is fundamentally unsound.

Mr. MacEachen: Did the hon. gentleman hear the speech made by the hon. member for Winnipeg North Centre, who described this measure as humane and advanced?

An hon. Member: Not on the old age pension.

Mr. Knowles: That is a libel.

An hon. Member: It is a speech.

Mr. Winkler: We would be prepared to carry the resolution, or to sit until hon. members finish expressing their views.

An hon. Member: Ten o'clock.

Progress reported.

Proceedings on Adjournment Motion

BUSINESS OF THE HOUSE

Mr. McIlraith: Tomorrow we shall be considering estimates. The first will be those of the Department of Veterans Affairs, and then, depending on the progress we make, the Department of Labour, unemployment insurance, the Department of Citizenship and Immigration, Legislation, the Privy Council and the Department of Finance.

On Thursday we propose to return to the consideration of legislation, taking first item 64 on the order paper, the bill to amend the Bankruptcy Act; then item 55, the bill to establish The Company of Young Canadians; item 65, second reading of the bill to amend the Canada Student Loans Act, and item 61, the bill to establish a corporation for the administration of the National Arts Centre. Afterwards we would proceed with item 62, the resolution on the Canadian Film Development Corporation.

On Friday we will again be considering estimates.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

HOUSING—REQUEST FOR C.M.H.C. FINANCING FOR OLDER BUILDINGS

Mr. Reid Scott (Danforth): On June 1, I addressed a question to the Minister of Labour (Mr. Nicholson) in his capacity as the minister answering for Central Mortgage and Housing Corporation. I asked when we could expect legislation implementing the government's election promise that National Housing Act financing would be extended to older homes.

In reply, the minister said:

> I do not recall any such election promise, but I can assume that when government policy in this matter has been settled, it will be announced in this house.

I thought that for the record I might refresh the minister's memory. I have in my possession a document called "The Policies of the Liberal Party". This was put out in 1963 and on the opening page it stated:

> These are the policies of the Liberal party of Canada. The purpose of this document is to give the voters of Canada a clear statement of what they will be doing if they entrust the country's affairs to a new Liberal government.

[Mr. Winkler.]

A great deal of self-congratulatory comment follows. Later on the document says:

> The proposals that the Liberal party puts before you are not election promises, cooked up for the occasion to attract support from this group and that. They are nation-wide policies developed during five years of careful study and intensive discussion among Liberals all over the country.

Then the document says: "We put these policies forward for the next four years."

In another section, dealing with community services and housing, there is a paragraph which promises to—

> extend national housing legislation to provide insured mortgages for the purchase of existing homes as well as for building new homes.

I took that to mean that this is the Liberal party policy, and I think it is a good one. It is one for which we have been asking for several sessions. It works a hardship on young people if they must move to the suburbs to take advantage of C.M.H.C. financing provisions.

For several years I have asked when the government would be prepared to present this legislation to us. The only reason I raise the matter tonight is because of the minister's answer that he did not recall any such election promise. But from our experience with this government we all know its propensity for honouring its commitments. We heard much talk about that on previous occasions, and knowing the views of the government in that regard I wanted to draw this election promise to the attention of the minister.

• (10:10 p.m.)

I am sorry that I have had to keep the minister in the house so late tonight, after his arduous efforts on the labour front, but it only enforces our argument that we should have two ministers, one to look after labour and the other to be in charge of housing and who could answer questions of this type. Now that I have refreshed the minister's memory on this election promise, I ask him when these commitments will be honoured?

Hon. J. R. Nicholson (Minister of Labour): First, Mr. Speaker, I would like to thank the hon. member for refreshing my memory. I had thought that he had in mind a promise that had been made during the election campaign last fall and I could not remember any such promise at that time. As the minister responsible and answerable to this house for activities in the housing field, and for the work of C.M.H.C., I am sure I would have remembered any such promise.

However, I do recall the commitment that was made in 1963 and I can assure the house that in the short time that intervened between the election of 1963 and election of 1965, the government went a long way to implement the promise which was contained in the 1963 election platform to which the hon. member has referred.

I am sure he will recall the symposium that was held in Toronto when the amendments made in 1964 to the National Housing Act were discussed at length. It was a very useful exercise and one that I am sure will have beneficial results. On that occasion reference was made to the point raised by the hon. member tonight.

It was then pointed out that in the amendments which I introduced to the act in 1964 we had made a first and important step toward implementing the promise that we gave in 1963. We included in our new urban renewal program provision for loans to embrace houses that were included in any urban renewal area. It was explained at that conference, and at others which were held across Canada, that this was but the initial step, and those 11 conferences were important for the ideas that were raised at them by municipalities and others all across the country.

After the first symposium I was not surprised that at almost every one of these conferences a suggestion was advanced to the effect, "Well, now that you have made your experimental run, will you give consideration to extending or amending the National Housing Act to include loans for the repair or for the modernization of existing houses"? Quite frankly I doubt if at any of these conferences any problem received more attention than the one mentioned by the hon. member.

I am not making any commitments because the government policy has not been decided, but I can assure you that when amendments to the National Housing Act are introduced, I hope later this year—and this is included in the government's legislative program—provision may be made to take care of the situation which has been raised by the hon. member for Danforth (Mr. Scott).

OLD AGE SECURITY—CONSIDERATION OF INCREASE IN AMOUNT OF PENSION

Mr. J. E. Brown (Brantford): Mr. Speaker, on Wednesday June 8 I asked the following question of the Minister of National Health and Welfare (Mr. MacEachen):

Is the government still giving consideration to increasing the old age pension?

I asked this question on the eve of the bringing before the House of Commons by the government of the resolution in connection with the Canada Assistance Plan. Tonight this resolution has been brought forward. The resolution proposes legislation to establish a program for sharing with the provinces the cost of assistance to persons in need. Among those mentioned in the resolution as being in need are the older persons, as well as mothers of children, disabled persons and the unemployed. A provision is forecast providing amendments to the Old Age Assistance Act, among other acts.

My question is asked because I, as a member of parliament, believe that benefits to old age pensioners and senior citizens should be benefits which will accrue to such persons as of right rather than of need.

Mr. Knowles: Hear, hear.

Mr. Brown: The Old Age Assistance Act, as presently administered in Ontario and other provinces, is antiquated. The means test as provided in these provinces is not an up to date provision for the health and welfare of older citizens.

A year or two ago I endeavoured to obtain assistance for a man between 65 and 70 years of age who no longer, because of his physical condition, was able to earn a proper livelihood. His wife was employed part time at a household in Brantford and her annual income was not quite $1,000 a year. At her age she could not work for longer hours or more days than she did. They owned their own home. When their assets, including a small bank account and their house, as well as his meager income and her meager income were added up, this gentleman could not qualify for assistance. They were told to spend what they had in the bank and then this man could re-apply. It was a shocking thing to me that this person could not qualify. Since that time I have not thought much of the means test under the Old Age Assistance Act. I told him never to dispose of their home, no matter what they did.

There are older persons, without even a home of their own, living in old attics in Brantford and paying high rents, whose only income is $75 a month under the old age pension. I want to see an end to this situation

which exists in Canada; I want to see an end to the idea of a means test for old age pensioners in Canada who desire more income than the present old age pension. I should like to see Canadian citizens who no longer can earn an income, because of age, be able to live in dignity in their retirement. Therefore, I want to see an increase in the old age pension and I want senior citizens to be removed from the class of welfare cases once and for all. I am far from sure that the implementation of the Canada Assistance Plan will have this effect, particularly from what I have heard in the debate tonight.

• (10:20 p.m.)

In the Ottawa *Citizen* of today, Tuesday, June 14, there appears an editorial from which I should like to quote. The Ottawa *Citizen* has always been very close to the government, and this editorial adds to the rumour that something additional might be done for the benefit of old age pensioners. The editorial states in part:

> There are reports that the Pearson government is considering special action to assist elderly persons who stand to get little or no benefit from the Canada Pension Plan. The idea would be to supplement by up to $25 a month the present $75 old-age security pension.
>
> Perhaps the stage has been reached where such a move is required.

Then after referring to a surplus of $240 million in the fiscal year ending March 31 in receipts under the old age security fund the editorial states:

> If the federal government decides to supplement the old-age security pension, and if the economy does not grow sufficiently to make this possible under the present arrangement, then it should raise the contribution rate under the special formula.

I should therefore like to hear from the minister as to what is being considered by the government to alleviate the income problems of all persons 65 years of age or more, and to provide a remedy for all those persons who will never be able to obtain benefits under the Canada Pension Plan because of their age and the date when they were born.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, just a few evenings ago, in connection with a similar question, I pointed out that in the current fiscal year, 1966-67, federal expenditures in respect of old age security will amount to $1,035 million. It should be pointed out also that in 1963-64 the federal government was spending $755 million on old age security payments. Thus in a period of three years outlays have been increased by $280 million, or 37 per cent. During this period of three years the level or rate of benefit has been raised and the number of persons covered has been increased by 100,000 through lowering the age to 69.

I want to say that more should be done, and I am sure that more will be done to improve the lot of our old age security pensioners; but I also want to point out that the record over the past three years in this field has been one of achievement. We have in effect today a substantially more generous and much broader program in support of old age security recipients than was in effect when this government took office three years ago.

These improvements have not been confined only to old age security. A steadily increasing level of retirement benefit will be payable under the Canada Pension Plan commencing next January. The lowering of the age under old age security to 68 in January will also extend protection to another 100,000 persons heretofore not covered.

The medicare registration, which will soon be before this house, will be especially important to older people in Canada. The incidence and duration of illness is greater in older people. With the combined benefits of hospital and medical care our older people will have a greater sense of security, knowing that these health needs will be met. Along with this there will be provision under the Canada Assistance Plan for other health care services such as drugs, nursing services and prosthetic appliances, and for income supplementation for those whose budgetary requirements are insufficient.

These are but a few of the things the government is doing or has done for Canada's senior citizens. I want to express my personal appreciation to the hon. member for Brantford (Mr. Brown) who has maintained a keen and humanitarian interest in this question of providing income support for Canada's older citizens. That interest is shared by the government of Canada and will be demonstrated as we develop further programs of support for Canada's older citizens.

Mr. Knowles: When?

NORTHERN AFFAIRS—CONSTRUCTION OF REPLICA OF "GRANDE HERMINE" FOR EXPO '67

Mr. J. R. Keays (Gaspé): Mr. Speaker, I must first of all apologize to those members who are still in the house for having to listen to me come back to the question of the *Grande Hermine*. However, I wish to state to the parliamentary secretary who is here tonight that I intend coming back to this question as long as it is necessary. I will insist on raising the question until justice is done to history, and there is by the government an acknowledgement of the historical events of this country, and they are placed in their proper order.

I think it would be very illogical if we thought of celebrating our centennial year in 2049 because Newfoundland joined confederation in 1949, rather than having it in 1967 to commemorate the beginning of confederation. I am sure we would not have done this after the western provinces, British Columbia, New Brunswick or Prince Edward Island came into confederation, but rather would have celebrated our centennial from the signing of the British North America Act, which was its beginning. Next year is the time to celebrate our centennial, namely 1967. However, in this case we seem to want to celebrate the second voyage of Cartier to Canada. We have forgotten that he came here a first time.

The other night after the parliamentary secretary listened to my plea, all I got from him was a prepared statement which was an exact replica of the announcement made by the minister on March 18. There was no rebuttal but simply a statement. I think we can expect more than this from the department. There must be reasons for their action in this regard and I believe those reasons should be made known to those of us who have spent many years working on this project and have now seen it, as I have said, taken over or expropriated by the department, without any consultation with those who first thought of the idea.

All I received at that time was a weak, defenceless and worthless reason to justify the actions of the government. No mention was made of the work accomplished over a period of four years. There was no mention of the worth based on the value of this project, its place in our history and the economic values which develop from its exploitation.

What is happening now, as I said the other night, is that we have planned to do something that will cost this country much more money. The decision was made without the proper studies being first of all carried out. We are now faced with the problem of having to dismantle this ship after it has been built and after spending many, many thousands of dollars to get it under two single bridges and one double bridge. The next thing that arises is that we discover the bed of the St. Charles river is federal property and that the province is asking that it be ceded over to them in order to develop the Cartier-Brebeuf park. I think these things are serious and the government should not proceed with its plan until all the studies are completed. In my opinion these studies will definitely prove that it is not rational in any way whatsoever to proceed with placing this ship in the Cartier-Brébeuf park.

• (10:30 p.m.)

It is only recently that the city of Quebec has asked the federal government to return to it the scale model belonging to the city of Quebec as constructed by surveyor Duberger in 1806. This model now rests in the Daly building here in Ottawa, and anyone who wishes to see what the city of Quebec looked like in 1806 must make a trip to Ottawa and take a photograph of this model. I do not know what this adds to Ottawa, but if this city insists on being the proprietor of the model, why should it not at least loan this scale model to the city of Quebec so that they also can have their memento of 1806? I think Quebec has the right to demand it, and if Ottawa lends them the model then Quebec might not insist on our ship being berthed there permanently.

For this reason and also because we have made a statement that we intend to proceed with these plans, it is evident that no study whatsoever has been made and that there is only one logical place where this ship should be berthed permanently, and that is in the birthplace of Canada. I think that the department should at least give some consideration to this request and, as I have already stated, ask representatives of the national Historic Sites and Monuments Board to appear before the standing committee so that we will have a chance to question them and try to justify our claim.

Mr. Stanley Haidasz (Parliamentary Secretary to Minister of Northern Affairs and National Resources): I wish to assure the hon.

member for Gaspé (Mr. Keays) that I appreciate the interest he is showing in the history of Canada and to remind him that in 1934 the Historic Sites and Monuments Board caused a cross to be erected in Gaspé where in 1534 Jacques Cartier landed.

I also understand his concern in view of the many representations that have been made to him from his constituents to retain locally as much as possible the association of Jacques Cartier with the Gaspé region. However, I would like to take this opportunity to reassure him that the Minister of Northern Affairs and National Resources (Mr. Laing) has given the representations of the hon. member and those of his constituents very serious consideration. In so doing he was also guided by the Historic Sites and Monuments Board advisory committee which advises him on the historical importance of events that have occurred in Canada.

In considering the site where the *Grande Hermine* should be located after Expo '67 we should recall that the *Grande Hermine* was not part of Cartier's fleet at the time of his landing in Gaspé in 1534. I am informed that the *Grande Hermine* was only used in 1535 when it took Cartier to the junction of the St. Charles and Loiret rivers where he spent eight months, including an eventful winter.

The site where Cartier wintered is the area where the Cartier-Brebeuf National Historic Park is being developed. According to the present plan, I understand that the *Grande Hermine* will be relocated in this park after Expo '67 and it is there that it will be displayed as a prominent feature.

Motion agreed to and the house adjourned at 10.35 p.m.

HOUSE OF COMMONS

Wednesday, June 15, 1966

The house met at 2.30 p.m.

[*Translation*]

COMMITTEES OF THE HOUSE

SEVENTH REPORT OF STANDING COMMITTEE ON TRANSPORT AND COMMUNICATIONS

Mr. H. Pit Lessard for Mr. Macaluso presented the seventh report of the standing committee on transport and communications.

FOURTH REPORT OF STANDING COMMITTEE ON VETERANS AFFAIRS

Mr. Gérald Laniel (Beauharnois-Salaberry) presented the fourth report, in English and in French, of the standing committee on veterans affairs.

[*Note: Text of the foregoing reports appears in today's Votes and Proceedings.*]

[*English*]

NATIONAL DEFENCE—CONCURRENCE IN THIRD REPORT OF STANDING COMMITTEE

Mr. Walter F. Foy (Lambton West) moved that the third report of the standing committee on national defence, presented to the house on Thursday, June 9, be concurred in.

Motion agreed to.

• (2:40 p.m.)

CUSTOMS TARIFF

Hon. Mitchell Sharp (Minister of Finance) moved for leave to introduce Bill No. C-200, to amend the Customs Tariff.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

RONALD B. RAMSEY—SECURITY RISK

Question No. 1,143—**Mr. Laprise:**

1. Does the presence in this country of Ronald B. Ramsey represent a security risk for Canada?

2. Has Ronald B. Ramsey made a request for asylum in Canada and, if so, will his request be granted?

[*Translation*]

Hon. Jean Marchand (Minister of Citizenship and Immigration): 1. The question is hypothetical. Mr. Ramsey did not apply for landed immigrant status and I therefore was not called on to decide whether he was admissible as a landed immigrant under the Immigration Act.

2. Mr. Ramsey left Canada after submitting a request for asylum, which was not granted.

[*English*]

C.B.C. COVERAGE OF VISIT OF POPE PAUL

Question No. 1,160—**Mr. Allard:**

1. How much did it cost the C.B.C. to produce a special program in the United Nations, during the visit of His Holiness Pope Paul VI in the fall of 1965?

2. What was the amount of additional and special expenses, either as salary or travel allowance, that the C.B.C. was required to pay to its regular or special employees in order to produce such a program?

3. Did the employees of the C.B.C. try to obtain an interview with His Holiness Pope Paul VI, which would be recorded on film?

4. If so, did they meet with a refusal and for what reasons?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the C.B.C. as follows:

1. Basic English radio and television coverage was available from the UN through U. S. networks at minimal cost. Special French radio and television network coverage cost approximately $56,000.

2. Approximately $200.

3. The English network public affairs department approached Vatican authorities with a view to obtaining a film interview with the Pope.

4. The request for an interview was not granted. No reasons were given.

[*English*]

CENTENNIAL PROGRAM OF FOLK ARTS

Question No. 1,305—**Mr. Herridge:**

1. Will the Secretary of State and the centennial commission consider the plans and projects adopted by the National Conference of Ethnic Organizations and Community Folk Arts Councils, held in Ottawa on November 8 and 9, 1964, as an integral part of the centennial program for 1967?

2. Was a feasibility study for a national conference and centennial folk arts program conducted in the early months of 1964 and, if so (a) what was the total cost (b) was a portion of these costs covered by moneys from the grant of funds by the centennial commission or any other government source and, if so, how much (c) were

the salaries of the conference organizer and of other staff members, during the period of the feasibility study, paid out of funds granted by the centennial commission or from private sources?

3. Is the salary of the recently appointed executive director of the Canadian Folk Arts Council, and other staff members, paid out of revenues provided by government grant, or out of private sources of revenue?

4. What were the total costs of the national conference on the folk arts, held in Ottawa in November, 1964, including payment for the transportation and accommodation of delegates?

5. Was a portion of these costs covered by appropriations from the government grant and, if so, what portion?

6. Is the Secretary of State planning to provide free headquarters accommodation to the Canadian Folk Arts Council in Ottawa, as indicated at the national conference in November, 1964 and, if so (a) to what extent—wholly or partially (b) will the headquarters staff be financed out of funds supplied by the centennial commission or any other government source?

7. Were certain cultural groups in the ethnic communities excluded from participation in the national conference at Ottawa in November, 1964, and are any cultural groups of long standing barred from the national program of folk arts in the centennial celebrations?

8. Does the government have plans regarding the participation of all Canadians in the official celebrations of Canada's 100th anniversary in 1967 and, if so, what are they?

9. Have any groups of Canadians been excluded from participation in the centennial projects of the Canadian Folk Arts Council and, if so, will the government provide grants to these groups to assist in major cultural programs?

Hon. Judy V. LaMarsh (Secretary of State): 1. Yes.

2. Yes. (a) $7,002.35; (b) Yes. The sum of $3,114.35 was paid from a centennial commission grant; (c) Salaries of the conference organizer and his staff members were paid from other sources during the period of the feasibility study.

3. The salary of the executive director of the Canadian folk arts council and the salaries of his staff members are paid out of revenue provided by a centennial commission grant.

4. $8,115.66.

5. Yes. $5,865.65 of a grant by the centennial commission was used.

6. There are at present no plans for the Secretary of State to provide free headquarters and accommodation to the Canadian Folk Arts Council in Ottawa.

7. The Canadian Folk Arts Council advises that no cultural groups were barred from the conference at Ottawa in November 1964, nor are any cultural groups of long standing barred from the national program of folk arts in the centennial celebrations.

8. By its varied program, which includes promotion in all media, the centennial commission seeks to bring about involvement and participation in centennial activities by as many people as possible throughout Canada.

9. See answer to 7.

[Mr. Herridge.]

SALE OF C.N.R. PROPERTY, REGINA, SASK.

Question No. 1,355—**Mr. Douglas:**

1. Has the C.N.R. sold property formerly occupied by the C.N.R. freight sheds on the northwest corner of Dewdney and Albert in Regina, Saskatchewan?

2. If tenders were called for the sale of the property (a) when and in what publications (b) who submitted bids (c) what was the amount of each bid (d) who purchased the property (e) what amount was paid for it (f) on what date was purchase made?

3. If the property was not sold by tender (a) on what basis was the property sold (b) who submitted offers to purchase (c) what was the amount of each offer (d) who expressed an interest in purchasing the property?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The management of Canadian National Railways advise as follows:—

1. Yes.

2. (a) (d) (f). During the months of October and November 1963, the property was advertised for redevelopment on a long term lease basis. Several replies were received; however, none considered acceptable. In June and July 1964, the property was again advertised on the basis of a long term lease or outright sale. One of the proposals submitted was considered acceptable to the railway but the tenderer later withdrew its offer.

Advertisements re this property appeared in the following publications: Winnipeg *Tribune*, Winnipeg *Free Press*, Saskatoon *Star Phoenix*, Regina *Leader Post*, Calgary *Herald*, Edmonton *Journal*, Vancouver *Sun Province*, Toronto *Globe and Mail*, Montreal *Gazette*, Montreal *La Presse*, Vancouver *Journal of Commerce*, *Financial Post*, *Financial Times*, *Canadian Realtor*, Montreal *Le Devoir*.

2. (b) (c) (e). It is not the practice of the company to disclose the names of firms or persons submitting tenders nor to disclose information respecting proposals received.

3. (a) Subsequent to the withdrawal of the tender referred to above, another party expressed interest in the property and following negotiations, a right of first refusal expiring May 15, 1965, was granted by the railway. On April 13, 1965, that firm advised the railway that it would not exercise its option

rights. On May 8, 1965, an offer was submitted by Mid-West Motors Limited and following consideration a sale was made to that firm at a price, which in the opinion of the railway officers concerned was in keeping with the market value of the property.

3. (b) (c) (d). Information respecting the transfer of this property from the railway to Mid-West Motors Limited is available in the registrar of titles office, Regina, where the documents have been registered.

CANADIAN LOAN TO JAMAICA

Question No. 1,381—**Mr. Godin:**

1. Did the government of Canada borrow to grant its latest loan to Jamaica?

2. If so (a) what is the interest rate on the amount borrowed by Canada (b) what is the interest rate on the amount lent by Canada (c) if there is a difference between the rates of these two transactions, (i) who covers the difference (ii) in what capacity?

Hon. Mitchell Sharp (Minister of Finance): 1. Two development loan agreements have been signed with Jamaica, one for $700,000 and the other for $925,000. Disbursements against the loans are made from the consolidated revenue fund under authority of Appropriation Act Number 10 of December 2, 1964. If the receipts of the federal government from all sources are sufficient in any one year to finance total federal disbursements from the consolidated revenue fund, the government does not need to borrow funds for financing disbursements. To the extent that federal receipts are insufficient to meet total disbursements, the government must meet this excess cash requirements by borrowing in one form or another. In addition, borrowing may be necessary to repay debts or make loans.

The total borrowing requirement is attributable to total budgetary and non-budgetary disbursements and cannot be related to any one program approved by parliament such as development loans.

2. Not applicable. See answer to 1, above.

NATIONAL CAPITAL CENTENNIAL PROJECTS

Question No. 1,441—**Mr. Isabelle:**

1. What are the names of the eight municipalities taking part in preparing the national capital centennial projects, as mentioned in the centennial commission's report dated February 1, 1966?

2. What firm of consultants has been retained to conduct a feasibility study on the national capital program for 1967?

3. Who are the members of the centennial commission's advisory committee on events scheduled for the national capital area?

4. What boundaries have been set to the area in which national capital events will take place?

[*Translation*]

Hon. Judy V. LaMarsh (Secretary of State): 1. The names of the municipalities taking part in preparing the National Capital Centennial projects as mentioned in the Centennial Commission's report dated February 1, 1966 are the cities of Ottawa, Hull and Eastview; the towns of Aylmer, Hull East, Point Gatineau, Gatineau; the municipalities of Lucerne and Deschênes; the villages of Templeton, Templeton East, Templeton West, Rockcliffe and the townships of Nepean and Gloucester.

2. The firm of consultants which was retained by the Centennial Commission in 1964 and 1965 to conduct a feasibility study of the National Capital program for 1967 was the Centennial Celebrations Consultants Ltd. of Toronto.

3. See attached list.

4. The boundaries which have been set to the area in which the National Capital events will take place are those of the fifteen (15) municipalities listed above.

Advisory Committee, National Capital and Surrounding Area Program for 1967.

Chairman: Mr. Robbins Elliott, Director of Planning, Centennial Commission.

Vice Chairman: M. Lionel Marleau.

Members: Eric Thrift, National Capital Commission; C. J. Lochnan, Dept. of Secretary of State; John Dunn, Canadian Broadcasting Corp.; Brig. C. A. Peck, Dept. of National Defence; Mr. Lionel Marleau, Hull; M. A. Grégoire, Pres., Chambre de Commerce, Hull; Ass't Commissioner, C. Kirk, R.C.M.P.; Mr. Don McClymont, Ottawa Board of Trade; Mr. Geo. T. Jackson, Ass't Deputy Minister, Public Works and Chairman, Sub-committee on Centennial Activities on Parliament Hill; Mr. Terry Kielty, Gen. Mgr., Radio Station C.F.R.A. and Chairman, Sub-committee on Ceremonial Inaugurations and Parades; Mr. Roger Dion, Director, Fitness and Amateur Sports, Dept. of National Health and Welfare and Chairman, Sub-committee on Sports and Athletic Events; M. l'abbé Brunelle, Diocèse de Hull, and Chairman, Sub-committee on Centennial Religious Activities, The Chairman, Sub-committee on Hospitality, Receptions, Banquets and Publicity[1]; Mr. Lawrence Freiman, Chairman of

Questions

Executive Committee, Canadian Society of the Arts and Chairman, Sub-committee on the Performing and Visual Arts; The Chairman, Sub-committee on School Programs and Youth Groups[1]; Mrs. H. C. L. Ransom, Past Pres., Local Council of Women and Chairman, Sub-committee on Community Improvement and Beautification; Mr. J. A. Brockie, Province of Ontario; Mr. Simon-Pierre Rainville, Province of Quebec; His Worship Mayor Don Reid, City of Ottawa; His Worship Mayor Marcel D'Amour, City of Hull; Reeve Aubrey Moodie, Twsp. of Nepean; His Worship Mayor G. Grandmaître, City of Eastview; Reeve Earl Armstrong, Twsp. of Gloucester; His Worship Mayor Jacques Poulin, Town of Gatineau; His Worship Mayor Daniel Lafortune, Town of Gatineau Pointe; His Worship Mayor Eric Acland, Town of Aylmer; Reeve Allan O. Gibbons, Village of Rockcliffe; His Worship Mayor Georges St. Jacques, Town of Hull East; His Worship Mayor Roger Traversy, Templeton; His Worship Mayor John Kearns, Templeton West; His Worship Mayor Jean-Paul Poirier, Municipality of Deschénes; His Worship Mayor Joseph O. Couture, Templeton East; His Worship Mayor Gilbert Nadeau, Municipality of Lucerne; Mr. D. C. Evans, Chief, Ceremonial Div., Centennial Commission; Mr. Arthur Mann, Proj. Off., National Capital Program, Centennial Commission.

[1] Not yet appointed.

[*English*]

NATIONAL GALLERY SALES OF REPRODUCTIONS

Question No. 1,475—**Mr. Stanbury:**

1. How many reproductions were sold by the National Gallery of Canada during each of its past five fiscal years?

2. Are reproductions sold by the gallery priced to produce a profit, loss, or recovery of cost?

Hon. Judy V. LaMarsh (Secretary of State): Reproductions of the National Gallery are sold through the Queen's Printer's sales facilities. There are no figures for the year 1961-62. Transfer to the Department of Public Printing and Stationery of the control and supervision of the distribution of National Gallery publications was made that year.

1. No breakdown in numbers is available of the various items sold, which consist of small study reproductions, large color reproductions for framing, postcards, Christmas cards and catalogues. Inventories of National Gallery publications are under the jurisdiction of the Department of Defence Production. Figures for reproduction purchases are as follows for the past four years:

1961-62, No record; 1962-63, 1,738; 1963-64, 6,625; 1964-65, *13,660; 1965-66, 1,700.

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* 10,000 of these were a low cost item sold as an advertising piece.

2. Selling price of reproductions is based on recovery of costs.

[Miss LaMarsh.]

NEWFOUNDLAND FERRY "JOHN GUY"

Question No. 1,478—**Mr. Scott (Danforth):**

1. When was the ferry that operates between Bell Island and Newfoundland, the *John Guy*, built?

2. By what company was this ferry built?

3. What was the proposed cost of construction and what was the amount of final cost of this ferry?

4. What is the total amount to date spent on the ferry terminals for the *John Guy* since the take-over from the Newfoundland government?

5. Has the federal government had any inspection of the books of the company operating the *John Guy* since 1960 and, if so, what amount of income or profit was made by the company?

6. Was the *John Guy* ferry leased or chartered to any company, if so (a) to what company and what is the address of its head office (b) what were the terms of lease (c) what were the terms of payment?

7. Is there any insurance on the *John Guy* and, if so, (a) what amount (b) what government or company holds the insurance policy (c) who paid the first premium and amount of same (d) are the insurance premiums paid up to date (e) what is the name of the agent of the company insuring the *John Guy* when new?

8. Were federal government subsidies paid on the *John Guy* for the years 1960-61-62-63-64-65 and if so, what amounts?

9. Was the federal government reimbursed each year from 1960 to 1965 on indebtedness and, if so, in what amounts?

10. What has been the income for ferry service of the *John Guy* for 1960, 1961, 1962, 1963, 1964 and 1965?

11. What is the total amount of indebtedness to date to the federal government from the company operating the *John Guy* ferry service from Portugal Cove to Bell Island, Newfoundland?

12. Has the government paid for repairs on the *John Guy* since she was built, and if so, what amount to date?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. 1960.

2. Ferguson Industries Ltd., Pictou, N.S.

3. (a) $1,200,000. (b) $1,171,580.

4. $43,439 as at March 31, 1966.

5. The company is required to furnish the Canadian Maritime Commission with a copy of the audited financial statement each year and these statements are reviewed by the

commission. The books are also inspected by officers of the commission when annual physical inspections are carried out. No profit is retained by the company; profit, if any, is recaptured by the government.

6. Yes; (a) Newfoundland Transportation Coy., Ltd., P.O. Box 5626, St. John's, Nfld., (b) annually on a bare-boat basis, (c) charter hire is based on 4 per cent depreciation on actual cost of construction and interest at 5¾ per cent per annum on the unrecovered cost of construction.

7. Yes; (a) Hull and machinery—$1,200,000, P. & I.—$1,000,000, (b) Hull and machinery—Marine Office of American Underwriters, P. & I—Lloyds Group, (c) Newfoundland Transportation Coy., Ltd., Hull and machinery—$13,980, P. & I.—$6,512, (d) Yes, (e) Fred W. Evans & Coy., Ltd., Montreal, Que.

8. Yes. 1960-61, Nil; 1961-62, $274,385; 1962-63, $150,200; 1963-64, $223,285; 1964-65, $275,869; 1965-66, $273,307.

9. The company has no indebtedness to the federal government.

10. Nil. All profits have been refunded under the recapture clause in the contract.

11. Nil.

12. No.

COLLECTION OF WHARFAGE, BAIE COMEAU AND SEPT-ÎLES, QUE.

Question No. 1,516—**Mr. Blouin:**

Did the government of Canada collect money for wharfage in 1965 in the following seaports administered by the Department of Transport (a) Baie Comeau, Quebec (b) Sept-Îles, Quebec, and, if so, in each case how much?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): Yes; wharfage collected for year ended March 31, 1965: (a) Baie Comeau, Quebec, $60,954; (b) Sept-Îles, Quebec, $55,159.

LOSS OF WORKMEN, DOCKYARD, HALIFAX

Question No. 1,556—**Mr. Forrestall:**

1. Have any skilled or semi-skilled tradesmen left the employ of the Department of National Defence at Dockyard, Halifax since January 1, 1966 and, if so, how many?

2. Have any unskilled men left during this same period and, if so, how many?

Hon. Léo Cadieux (Associate Minister of National Defence): 1. Yes. Twenty-five have left voluntarily. In addition there have been 76 separations due to retirements because of age, completion of term of appointment, death, etc.

2. Yes. Six have left voluntarily and 69 have separated for similar causes to those indicated in question 1.

* JOHN C. DOYLE—INCOME TAX ASSESSMENTS

Question No. 1,559—**Mr. Brand:**

1. What is the present position in the proceedings taken by the Department of National Revenue against John C. Doyle in respect to income tax assessments for the years 1950, 1953 and 1954?

2. Under an Exchequer Court order in December 1965, were shares in Jubilee Iron Corporation seized on account of income tax indebtedness and, if so, how many shares, and what was the value at the time?

3. Were any of the said shares sold after seizure, and (a) if so, when (b) if not, what is the market value of the said shares as of this date?

Hon. E. J. Benson (Minister of National Revenue): Mr. Speaker, the answer is as follows:

1. The income tax assessments issued to John C. Doyle for the years 1950, 1953 and 1954 are presently under appeal to the tax appeal board and the amount of tax payable has not been finally determined. In order to secure payment of the ultimate tax liability, the Department of National Revenue filed a certificate of tax liability and took out a writ of extent in the Exchequer Court of Canada on July 8, 1963 for the income tax assessed for those years. Shares of Jubilee Iron and of other companies were seized under this writ.

2. From the date of the writ of extent, 220,000 shares of Jubilee Iron were taken into the custody of the Exchequer Court. The Exchequer Court order of December, 1965, permitted Mr. Doyle to convert the shares into cash at not less than $3 per share, the proceeds to be retained in the custody of the court pending determination of the amount of the tax liability. The value of the shares at the date of the order was $3.30 per share.

3. None of the seized shares of Jubilee Iron Corporation have been sold. Their present quoted market value is around $2 per share.

CANADIAN COMPANIES FILING RETURNS IN U.S.

Question No. 1,570—**Mr. Hamilton:**

Has the securities exchange commission of the United States provided the government of Canada with a list of companies that have voluntarily filed returns to Washington under the "American guide lines" and, if so, what is the list of companies?

Questions

Hon. Mitchell Sharp (Minister of Finance): The securities and exchange commission on April 21, 1966 extended for one year the temporary exemption for foreign issuers from section 12(g) of the Securities Exchange Act of 1934. During this period the S.E.C. has contacted those Canadian companies which it believes would qualify under section 12(g), inviting them to provide available information on a voluntary basis.

Although this request of the S.E.C. is being made with the government's knowledge we do not have a list of the Canadian companies who have voluntarily filed returns with the S.E.C.

The United States balance of payments guide lines do not request Canadian companies to provide information.

QUEEN'S PRINTER BOOK STORES

Question No. 1,573—**Mr. Allmand:**

1. How many government of Canada (Queen's Printer) book stores have been established in Canada?

2. What are their locations?

3. Are these stores used for the distribution of films produced by the National Film Board?

4. Do these stores produce enough revenue to cover their costs?

5. Is there any plan to increase the number of these stores?

Hon. Judy V. LaMarsh (Secretary of State): 1. Five.

2. Ottawa, Toronto, Montreal, Vancouver, Winnipeg.

3. No.

4. Yes.

5. Yes. Halifax book store planned to open in the fall of 1966.

C.B.C. TELEVISION STATION, SAINT JOHN, N.B.

Question No. 1,593—**Mr. Douglas:**

Has any decision been made as to when construction will begin on the proposed C.B.C. television station in the Saint John-Fredericton area of New Brunswick?

Hon. Judy V. LaMarsh (Secretary of State): No. Immediate plans are for construction in Fredericton of a building to house studios and offices for existing radio stations at Saint John and Fredericton.

[Mr. Hamilton.]

JERICHO BEACH, B.C.—RECREATIONAL USE

Question No. 1,594—**Mrs. MacInnis (Vancouver-Kingsway):**

1. Is it the intention of the government to open Jericho national defence lands in Vancouver for public recreation purposes?

2. If so, when?

3. Will the government consult the Vancouver park board regarding plans for developing Jericho Beach lands before any plans are made public?

Hon. Paul Hellyer (Minister of National Defence): 1. A consultant has been engaged to provide a land use plan which might form the basis for future redevelopment. The plan envisages making some property along the ocean front available for public recreation purposes.

2. No date has been set.

3. Consultation will be conducted with the appropriate city officials.

POST OFFICE CONSTRUCTION, CAPE BRETON NORTH AND VICTORIA CONSTITUENCY

Question No. 1,597—**Mr. Muir (Cape Breton North and Victoria):**

Has the government any plans for the construction of any new post office buildings in the constituency of Cape Breton North and Victoria, Nova Scotia and, if so (a) what are they (b) in what areas will these buildings be constructed?

Hon. Jean-Pierre Côté (Postmaster General): The Post Office Department has requested the Department of Public Works to erect a building at Ingonish, Nova Scotia during 1967-68. There are no other post office building projects in the constituency of Cape Breton North and Victoria.

CENTENNIAL, N.S.—RECOGNITION DURING CENTENNIAL YEAR

Question No. 1,599—**Mr. Muir (Cape Breton North and Victoria):**

1. Does the government have any plans to give special recognition to Centennial post office, Inverness county, Nova Scotia, during the celebration of Canada's centennial year?

2. Are there any other post offices in Canada by that same name and, if so, where are they located?

Hon. Jean-Pierre Côté (Postmaster General): 1. No.

2. No.

*CENTENNIAL YEAR PARKING, PARLIAMENT HILL

Question No. 1,652—**Mr. Irvine:**

Are any plans being made to provide sufficient parking facilities on or near Parliament Hill for the

great influx of visitors expected in Canada's centennial year and, if so, what are they?

Mr. J. B. Stewart (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, the answer to the question is yes, but the planning is not sufficiently advanced to permit an announcement at this time.

QUESTION PASSED AS ORDER FOR RETURN

FOREIGN LOANS

Question No. 1,198—**Mr. Caouette:**

What has been the nature of the loans or of the other debts incurred by foreign nations, individuals or foreign organizations with the government of Canada since 1960?

Return tabled.

MOTIONS FOR PAPERS

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, notice of motion for papers No. 143 is acceptable to the government.

Notice of motion for papers No. 140 is acceptable to the government, subject to the usual reservations concerning official documents and the authorization of the government of British Columbia.

Mr. Speaker, I ask that the remaining notices of motion be allowed to stand.

DEVELOPMENT OF GARIBALDI PARK, B.C.

Motion No. 140—**Mr. Davis:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all letters and documents since February 2, 1966, exchanged between the Minister of Northern Affairs and National Resources and ministers of the province of British Columbia in connection with federal participation in the development of Garibaldi park in British Columbia and all relevant official press statements of the federal government during this period.

Motion agreed to.

PILOTAGE SURCHARGES ON ST. LAWRENCE

Motion No. 143—**Mr. Bell (Saint John-Albert):**

That an order of the house do issue for a copy of all correspondence, papers, or any other documents concerning the negotiations since January, 1966, with respect to the surcharges affecting pilotage on the St. Lawrence waterway system that resulted in the passage of orders in council P.C. 1966-777, -778, and -779, and any others in the same context.

Motion agreed to.

Inquiries of the Ministry

EXTERNAL AFFAIRS

VIET NAM—PRESENCE IN HANOI OF CHESTER RONNING

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, asking him whether the presence of Mr. Chester Ronning in Hanoi means that there is hope of a return to the negotiation table, as between the Hanoi government and the United States, or a reconvening of the Geneva conference?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I would ask my right hon. friend to permit me to reply to his question in this way. It is correct that our former high commissioner to India, Mr. Chester Ronning, is visiting Hanoi at this time. His visit is taking place on the initiative of the Canadian government, and beyond that I am sure the right hon. gentleman would not want to press me at this time.

Mr. Diefenbaker: Mr. Speaker, I do not wish to press for any unnecessary information, and in any event I would be unsuccessful in such an attempt, but I should like to ask the minister whether he can say that the presence in Hanoi of Mr. Ronning, a most esteemable and knowledgeable diplomat, has been approved of in any way through previous consultation with the United States.

Mr. Martin (Essex East): Mr. Speaker, I have indicated the extent to which I wish to answer at this time.

LABOUR RELATIONS

INQUIRY AS TO POSSIBLE AIR CANADA AND SEAWAY STRIKES

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I should like to ask the Minister of Labour to indicate what success he is having in seeking to avert the strike of Air Canada employees which is scheduled for tonight at midnight. Would he also indicate the extent to which mediation has been effective in order to prevent the strike of the St. Lawrence seaway employees which is scheduled for the day after tomorrow?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, within the last half hour I have heard from the mediator in the Air Canada dispute, and have been informed that the parties were in close session, which in these

days seems to be the order of the day, until after two o'clock this morning. I understand that the individual parties met again this morning with the mediator and that negotiations are to be resumed this afternoon. It is no overstatement on my part when I say I am highly optimistic that a settlement will be reached before six o'clock today.

In regard to the second part of the question, I received an interim report early this morning from the mediator, Senator MacKenzie, informing me that progress is being made, that relations between the two parties are good and that negotiations are proceeding in a good spirit and in a relaxed atmosphere. He is hopeful that a settlement will be reached, and I expect a further report from him later this day.

Mr. Douglas: A supplementary question, Mr. Speaker. May I ask the Minister of Labour whether there is any hope that he and the Minister of Transport will personally intervene if some solution is not found before midnight, in view of the fact that this dispute is between a crown corporation and its employees and the Minister of Transport, who is responsible for Air Canada, might be able, along with the Minister of Labour, to effect a settlement?

Mr. Nicholson: Mr. Speaker, I can assure the hon. member that the Minister of Transport is following the situation just as closely as I am, and we are both confident that it will not be necessary for either of us to intervene. I have nothing further to say at this time.

Hon. D. S. Harkness (Calgary North): A supplementary question, Mr. Speaker. I wonder whether the Minister of Labour could give the house any assurance that if the air line strike is not settled satisfactorily tonight, the aircraft will continue to fly.

An hon. Member: Safely.

Mr. Nicholson: That is a hypothetical question, Mr. Speaker.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I would ask the Minister of Labour, in view of the growing need for experts in mediating labour disputes in which automation is a major cause of controversy, whether there is any plan under way in order to train and recruit people who would be able to provide such service.

[Mr. Nicholson.]

Mr. Nicholson: Mr. Speaker, the hon. gentleman must have been listening to my broadcast last night. The government has been considering such a course for some little time.

[*Later:*]

Mr. Erik Nielsen (Yukon): I should like to ask the Minister of Transport if he has received assurance from officials of T.C.A. that the pilots and other operating personnel will continue operating, notwithstanding any other labour situation.

Hon. J. W. Pickersgill (Minister of Transport): I have not put any hypothetical questions to Air Canada. I have been concerned about getting this strike averted.

Mr. Nielsen: It is not a hypothetical question, may I submit. I am asking the minister whether he has received assurances from T.C.A. that operating personnel will continue to operate regardless of any other situation.

Mr. Speaker: Order. I submit to the hon. member that the point of order raised by the Minister of Transport was well taken. I recognize that the question is hypothetical.

Mr. Nielsen: May I ask the minister if the statement made by the president of T.C.A. has been communicated to the minister, and if it is a fact?

Mr. Pickersgill: I have read the newspapers, just as the hon. gentleman has done. As for any communications, apart from things that are in the press, that may have passed between me and the president of Air Canada, I think in these circumstances the less said about them the better; because almost any statement that anyone could make is apt to affect the negotiations.

Mr. Heward Grafftey (Brome-Missisquoi): May I ask a supplementary question. Do you not think it would have been wise if the Minister of Labour had followed the same procedure during the recent strike that was just settled?

Mr. Speaker: Order.

FISHERIES

BRITISH COLUMBIA—DAMAGE TO SALMON SPAWNING GROUNDS BY LOG RUN

On the orders of the day:

Mr. Ron Basford (Vancouver-Burrard): Mr. Speaker, I have an urgent question for the

Minister of Transport in his capacity as Acting Minister of Fisheries. My question arises from a report in this morning's newspaper that British Columbia is defying Ottawa by running logs down the Stellako river, thereby constituting a danger to the salmon spawning grounds in that area. Will the minister take all appropriate, immediate and urgent action to prevent this danger to our salmon resources?

Hon. J. W. Pickersgill (Acting Minister of Fisheries): Mr. Speaker, the hon. gentleman was good enough to tell me he was going to ask this question. This morning I have been perhaps more closely engaged in my capacity as Minister of Transport than as Acting Minister of Fisheries. I have a brief, cursory report on this matter, but I think it would be wise for me, before attempting to give any answer, to make further inquiries, which I shall do at the earliest possible moment. Meanwhile I can assure the hon. member that the government will of course take appropriate action.

Mr. Basford: A supplementary question, Mr. Speaker. I appreciate the minister's difficulty, and would ask whether in dealing with this matter he would consider asking the province, nicely and politely—

Some hon. Members: Oh, oh.

Mr. Bell (Saint John-Albert): What an implication.

Mr. Basford: —to stop the running of logs at least until the situation can be clarified as to the legal jurisdiction and the possible damage to the salmon run.

Mr. Pickersgill: Mr. Speaker, I have never made a request that was not polite.

TRADE

SUGGESTED ESTABLISHMENT OF U.K.-CANADIAN PROMOTION GROUP

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I should like to direct a question to the Prime Minister. Could the Prime Minister give the house some information about the British-Canadian trade promotion group which the Minister of Trade and Commerce spoke of establishing while in London yesterday?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, this matter is being discussed in general terms in the ministerial committee that my hon. friend knows about. Perhaps when the Minister of Trade and Commerce returns he will be able to make a further report.

INQUIRY FOR RETURN

On the orders of the day:

Mr. H. Russell MacEwan (Pictou): Mr. Speaker, I should like to address a short question to the Minister of Transport in his capacity as Minister of Transport. I wonder whether the minister would check with his department regarding motion 115, which was passed by this house on April 6, in which I asked for papers, documents, and so on regarding television coverage from Halifax. I would ask that he exhibit the usual expedition to which he referred in the house yesterday.

Hon. J. W. Pickersgill (Minister of Transport): I would be glad to look into this matter, Mr. Speaker, and draw it to the attention of my colleague the Secretary of State.

[*Translation*]

AIRPORTS

WABUSH, QUE.—REQUEST FOR DEVELOPMENT

On the orders of the day:

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I wish to direct a question to the Minister of Transport.

Does the minister intend to comply with the urgent request made by the Quebecair company and take the necessary steps so that the work done by his department at the Wabush airport will be completed in such a way that Quebecair's flights will leave according to the schedule set up to serve 30 localities in northern Quebec and Labrador. I think that the minister has already received two telegrams from Quebecair which wants to find out his attitude on that matter.

[*English*]

Hon. J. W. Pickersgill (Minister of Transport): I have received the message from Quebecair, but I have not received it with very much satisfaction. They knew perfectly well that we are trying to pave this airport to give better service to the community. They knew exactly what arrangements were being made, but they are trying to upset those

arrangements and delay the work. I am happy to say that the other air line which is serving that community is a great deal more co-operative in the development of the airport.

[*Translation*]

Mr. Asselin (Charlevoix): I wish to ask a supplementary question, Mr. Speaker.

Does the minister know that the work now carried out at the Wabush airport is affecting approximately 80 flights daily as well as 500 passengers and 100 industries in that area? Therefore, could the minister remedy that situation and do something so that the work will be completed to allow—

[*English*]

Mr. Speaker: Order, please. This question is argumentative.

LABOUR RELATIONS

RECOGNITION BY BOARD OF REGIONAL BARGAINING

On the orders of the day:

Hon. Michael Starr (Ontario): I wish to direct a question to the Minister of Labour. Can the minister tell us whether a meeting was held this morning between Mr. Jodoin and representatives of the Canadian Labour Congress and the cabinet committee on the question of nationally established bargaining units?

Hon. J. R. Nicholson (Minister of Labour): Not exactly, Mr. Speaker. A meeting was held with C.L.C. officers this morning. The hon. member for Ontario together with other members of the house no doubt will recall that several weeks ago I announced that representations were being made to an ad hoc committee of the cabinet regarding certain views that were put forward by the C.N.T.U. and their associated unions suggesting changes in the Canada Labour Relations Board. This morning the cabinet committee met with the president of the Canadian Labour Congress and several of its executive officers and with the heads of the railway unions to discuss that matter in line with the assurance given a month or so ago.

Mr. Starr: Mr. Speaker, I have a supplementary question to ask. Was any decision reached at that meeting or was any promise given by the government of any action on this matter?

[Mr. Pickersgill.]

Mr. Nicholson: No decision was reached. Actually further representations will be made by another group later this afternoon.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Will the minister say whether the views he expressed yesterday in this regard still stand; that no change in policy is contemplated at this time, in other words, that no consideration will be given to having the Canada Labour Relations Board directed to alter its policy and recognize regional bargaining in industries under federal jurisdiction?

Mr. Nicholson: I will be glad to repeat what I have said previously. The matter has been put before the minister but it has never come before the government for action or decision.

[*Later:*]

Hon. Michael Starr (Ontario): I want to direct a question to the Minister of Labour. In view of his answer, in which he stated that at this meeting this morning there was a decision reached—does the minister want to correct that statement?

Mr. Nicholson: I may be overly tired, because I am sure that I said no decision had been reached. We are to hear a further delegation this afternoon.

Mr. Diefenbaker: Will the minister say what that further delegation is?

Mr. Nicholson: The teamsters council.

WATER RESOURCES

PURPOSE OF OTTAWA VISIT BY U.S. INTERIOR SECRETARY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to address a question to the Minister of Mines and Technical Surveys. Will the minister inform the house if Mr. Stewart Udall, secretary of the interior of the United States of America, intends to visit Ottawa on June 23 to have an Arnold Heeney type of discussion with the minister with respect to Canada's national water policy?

Hon. Jean-Luc Pepin (Minister of Mines and Technical Surveys): I can confirm the fact that Mr. Udall is coming on June 23 and that the discussion will be a polite and fruitful one, and also say that our discussions will not deal with Canada's water policy but only with the pollution of the waters of the great lakes.

Mr. Ron Basford (Vancouver-Burrard): I wish to put a supplementary question to the minister. If the discussion should get round to the subject of water, will the minister assure us that Canadian water is not for sale?

Mr. Speaker: Order, please. The question is hypothetical.

UNITED NATIONS

ATTENDANCE OF MAINLAND CHINA AT NEXT SESSION

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): The question I wish to address to the Secretary of State for External Affairs is based on some recent reports that have reached me. Is it now the view of the government that a satisfactory procedure can be arranged whereby mainland China will be permitted to attend the next session of the United Nations general assembly?

Mr. Speaker: Order, please. I consider the question to be of a very general nature involving matters of policy and therefore it cannot be asked at this time.

[*Translation*]

Mr. Asselin (Charlevoix): Mr. Speaker, I rise on a point of order. The Prime Minister has even helped the Secretary of State for External Affairs to answer. Would the minister now be ready to answer the question?

Mr. Speaker: Order. He did not help him quick enough.

[*English*]

HEALTH AND WELFARE

MEDICARE—PAYMENTS TO PROVINCES OPTING OUT

On the orders of the day:

Hon. E. D. Fulton (Kamloops): In the absence of the Minister of National Health and Welfare may I direct this question to the Prime Minister. Is it the intention of the government to pay to the provinces which decline to accept the federal medicare plan the fiscal equivalent of the payments out of the federal treasury, on the same basis as the arrangement generally known as opting out approved with the province of Quebec in recent years?

Mr. Speaker: Order. Again I would not think this is the type of question that can be asked at the present time. It is a matter of general policy, and I do not think the question can be posed now.

SHIPPING

CHURCHILL—REQUEST FOR EARLY COMMENCEMENT OF GRAIN SHIPMENTS

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): I should like to direct a question to the Minister of Transport and ask him whether any thought is being given to advancing the opening date for shipments out of Churchill so the backlog of wheat which has resulted from the strike may be moved to importing countries.

Hon. J. W. Pickersgill (Minister of Transport): I would be glad to look into that possibility and any other possibility for advancing the shipments of wheat.

ADMINISTRATION OF JUSTICE

MEDICAL ASSOCIATION REQUEST FOR COMPULSORY BREATHALIZER TESTS

On the orders of the day:

Mr. Barry Mather (New Westminster): I should like to ask the Minister of Justice if he is aware of the action taken yesterday by the Canadian Medical Association in calling for compulsory breathalizer tests for imparied drivers in view of the urgent national problem involved in the slaughter on Canadian highways?

Mr. Speaker: Order, please. The question as asked cannot be accepted now.

Mr. Mather: Ten o'clock, Mr. Speaker.

COMMONWEALTH RELATIONS

WEST INDIES—REQUEST FOR STATEMENT ON CUSTOMS UNION

On the orders of the day:

Mr. David MacDonald (Prince): I should like to direct a question to the Minister of Transport. I wonder if the minister can tell the house whether he has given some assurance recently to the heads of government of some of the British West Indian islands that shortly there may be a customs and monetary union between those islands and Canada?

Mr. Speaker: Order. The question should be placed on the order paper.

Inquiries of the Ministry

LABOUR CONDITIONS

ST. CATHARINES—REPORTED LAY-OFF AT McKINNON INDUSTRIES

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): I have a question for the Minister of Citizenship and Immigration, the urgency of which arises from the fact that, as he knows, there are some 400 jobs in jeopardy at McKinnon Industries Limited in St. Catharines as a result of the discontinuation of certain production lines. I want to ask the minister whether his department has been asked to make a complete investigation of the situation, and when such an investigation will begin.

Hon. Jean Marchand (Minister of Citizenship and Immigration): I received a report on this situation this morning, and we will do all we can for these people who are going to be laid off at the end of June, if my recollection is correct. I know that some of the men who are going to be laid off will be rehired at the beginning of September. Perhaps tomorrow I will be in a position to make a more complete report on this situation.

Mr. Douglas: Will the minister be able to tell us today or tomorrow, when he reports, whether those who are displaced for the summer months will be eligible for TAB payments?

Mr. Marchand: I believe the employees have to apply for this type of benefit, and I am not aware that they have done so as yet.

Mr. A. D. Hales (Wellington South): May I ask a supplementary question. Will the minister say whether this lay-off results from the Canada-U.S. car treaty?

Mr. Speaker: Order. This question is argumentative and cannot be accepted.

AGRICULTURE

QUEBEC—REQUEST FOR TRANSPORTATION SUBSIDY ON FEED GRAIN

On the orders of the day:

Hon. J. R. Nicholson (Acting Minister of Forestry): On Friday, June 10, in the absence of the Minister of Forestry the Prime Minister took as notice a question that was posed by the hon. member for Portneuf. In my capacity as Acting Minister of Forestry I should like to reply to that question, which dealt with a supplementary subsidy to Quebec farmers for feed grains. On June 7 the Minister of Agriculture announced that the federal government would subsidize the transportation of feed grains from ports in Ontario, that is Prescott, Georgian Bay and Fort William, to Quebec farmers.

I am happy to say that the subsidy can be discontinued. The strike votes which were taken today have resulted in unanimous agreement on a settlement, and at the ports of Montreal and Quebec, the longshoremen will resume work tomorrow morning, and possibly work will be resumed this afternoon at Trois-Rivières.

HOUSE OF COMMONS

PRESS GALLERY MEMBERS ATTENDING NATO COUNCIL MEETING

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I apologize for interrupting again, but this is more or less my welcome home question to the Secretary of State for External Affairs. It arises from a certain sensitivity on the part of older members of the press gallery. Will the minister inform the house whether, on his recent trip to the NATO council meeting in Belgium, he invited particular members of the Canadian press corps to attend, and were these press men provided transportation at public expense?

Mr. Speaker: This question should be put on the order paper.

Hon. Paul Martin (Secretary of State for External Affairs): Yes.

• (3:10 p.m.)

SUPPLY

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

DEPARTMENT OF VETERANS AFFAIRS

1. Departmental administration, $6,732,100.

Mr. Teillet: Mr. Chairman, it is not my intention to make a statement this afternoon, because I did make one earlier before the standing committee. However, I thought I should say that the estimates of this department have been given a thorough examination by that standing committee. The committee spent several days on that task, and therefore it is not necessary for me to make any remarks.

I should like to express my admiration and commendation for the manner in which the members of that committee from all parties

conducted their work. I want to express, on behalf of the staff of the department, their thanks for the words of commendation and for the co-operation they received from the members of the committee.

I also want to assure the committee that all of the recommendations and suggestions which have been made not only by veterans organizations but, perhaps more particularly, by members of the House of Commons will certainly be given serious consideration. I include in this of course the repeated recommendation of the hon. member for Swift Current-Maple Creek, who has requested that the 365-day overseas limitation for war veterans allowance be removed. I want to assure the committee that if there is any further information which it might be possible for me to provide I will be glad to do so.

Mr. Fane: Mr. Chairman, I am pleased to note that the estimates for the Department of Veterans Affairs have now come up for consideration in the committee. As a member of the standing committee on veterans affairs I want to express to the minister the pleasure of the committee in having had him present at some of its meetings, and for making the extensive statement he did make. I also wish to tell the minister how unhappy was the committee that he was not able to attend more of its meetings. However, the committee was pleased to note the attendance of representatives of the Department of Veterans Affairs, who were available to answer questions. I refer to such officials as the deputy minister, the assistant deputy minister and the various heads of departments. These officials were available at all times and they conducted themselves in a very fine manner, answering all our questions and assisting us in every way.

Representations were made to us by the Hong Kong veterans and the Royal Canadian Legion. We also discussed the report of Dr. Richardson of the Department of Veterans Affairs on the situation of the Hong Kong veterans.

It is very gratifying to note that statements have been made by the minister and by members of his department to the effect that at last the Hong Kong veterans are about to receive certain considerations for which they have been asking ever since they were discharged from the services.

Mr. Teillet: Mr. Chairman, I do not want to interrupt the hon. gentleman but I think for the sake of clarity, when we speak of the officials of the department, perhaps in that context the hon. member means the officials of the Canadian Pension Commission. There is a distinction.

Mr. Fane: Yes, Mr. Chairman, that is very true. I qualified what I said by saying "certain considerations". I did not say that they were getting all they asked for.

While I am speaking about the committee, Mr. Chairman, I should have said that I should like to commend the co-operation of all members of the committee as well as the chairman of the committee for controlling its meetings in the proper manner.

The Royal Canadian Legion did not make any representations to us this time, other than to back up the claims of the Hong Kong veterans, to which consideration was given. It did not want to submit a larger brief covering more subjects until the report of Mr. Justice Mervyn Wood, who is carrying out an investigation into pensions at this time, is submitted. When his report is received the committee hopes that it will be referred to the committee for discussion.

I think, Mr. Chairman, there is very little more that has to be said about the Department of Veterans Affairs estimates, because this is one department that really is not very provocative. There is great unanimity of interest among our veteran members of all parties, and we feel that these estimates should be accepted with very little discussion. Therefore, I should like to bring my remarks to a close in the hope that these estimates will be approved very shortly.

Mr. Ormiston: Mr. Chairman, I have no wish to hold up the estimates of the minister's department. With the personal reassurance of the minister that all aspects of the problems which have been discussed will be thoroughly examined, I wish only to remind him that when the previous estimates of his department went through earlier this year we made representations regarding the Pension Act, bringing to his attention some of the sections that we would like to see reviewed. Up until this time the minister has given us no assurance that this review has taken place. However, knowing his interest in, and the notice which was taken of, the sections in question I hope that at some time in the near future the minister will give us some idea of what attitude he is taking in connection with this matter.

Another matter is this. I understand that some reorganization of the veterans welfare

services branch is taking place, and I think it would be appreciated by members on this side of the house if the minister gave us some idea of what exactly is taking place. I know that Mr. Woods, the superintendent of veterans welfare services in Regina, is in Ottawa doing some preliminary work, but I think we should like to know exactly what is taking place. Are the facilities going to be improved, and what extension of services is anticipated?

I should also like to remind the minister that we understand that some consideration will be given to examining the War Veterans Allowance Act, as he mentioned previously. It is expected and anticipated by veterans on this side that a review of the act will take place at an early date. Other than that, Mr. Chairman, I can only say that we appreciate the efforts the minister has made in the past; and we hope he will give our recommendations active consideration and prepare some statement in relation thereto at an early date in the future.

Mr. Herridge: Mr. Chairman, I have a certain amount of pleasure rising to say a few words on these estimates. It is nearly 21 years since I was first appointed a member of the committee on veterans affairs, which is now known as the standing committee on veterans affairs.

I wholeheartedly support the remarks of the hon. member for Vegreville, who said that our committee carries on its work in a distinctly non-partisan spirit. The hon. member for Vegreville and the hon. member for Kootenay West are miles apart in philosophy and seldom agree on other questions; but we do manage to submerge our differences during the two hours or so that we are at the meetings of this committee. I think it is based on a common war experience which superimposes itself on our otherwise crabby natures.

• (3:20 p.m.)

I wish to say to the minister that I appreciate the courtesy with which he has dealt with the questions I have brought to his attention, and his willingness to try to do what he could for certain veterans in my constituency who have faced particular problems arising from a certain development which is taking place in that area, and about which I shall say nothing further. All members of the committee gave the chairman credit for his excellent work.

I wish, also, to pay tribute to the senior officials of the department in Ottawa who appeared before the committee. As usual they were extremely willing to explain aspects of the work of their branches of the department, aspects of legislation, and so on. We appreciate the work they are doing in Ottawa. I am sure too that all members of the committee appreciate the work of the officials in the field, wherever they may be located. I may say that in all my experience of the Department of Veterans Affairs I have only had one occasion on which to make any criticism of an official of the department.

Mr. Teillet: That proves they are human.

Mr. Herridge: Yes. The minister says it only proves they are human. Well, that applies even to the hon. member for Kootenay West. A lot of people think he is a saint, but he is not really.

It has come to be recognized that the Department of Veterans Affairs has pioneered several fields in the administration of pensions and social legislation. A great deal of the work which has been done by the Canadian Pension Commission over the years has been studies by workmen's compensation boards across the country, and in some cases their methods have been patterned on the experience and practices of the commission. I think it is right to give credit where it is due, though on some occasions of course we differ from the views of the commission.

The Veterans Land Act was a pioneer measure in the field of supervised credit. For a number of years this work was undertaken by the department, and the results were watched. It is because of the experience of the administration of the Veterans Land Act with respect to the supervision of farm credit that the Farm Credit Act was brought into being.

The department has also pioneered research into the development of artificial limbs, not only to the advantage of veterans but now, because of recent arrangements, to the advantage of all Canadians who require this service.

The standing committee on veterans affairs has some things to its credit. There is no question about this—it has the best attendance record of any committee of the House of Commons. I am sure every hon. member who is present will support me in that assertion. We do not have to wait for half an hour for a quorum to turn up. I believe this is a tribute to the members of the committee and it indicates their interest in the subject with which they are associated.

I wish to make a few comments on the committee's report. I am dealing now with the third report of the standing committee on veterans affairs and I wish to refer to three paragraphs.

Pursuant to its order of reference from the house dated May 3, 1966, your committee has made a thorough examination of the main estimates (1966-67) of the Department of Veterans Affairs and has agreed to recommend same to house for adoption.

I wish to emphasize in this connection that it was indeed a thorough examination. All the officials from the department answered the questions put to them to the satisfaction of the members of the committee.

Your committee was most pleased with the high degree of efficiency and understanding which mark the administration of all branches of the Department of Veterans Affairs. The committee commends the minister, the deputy minister and the officials of the department for their co-operation and assistance and for the manner in which they supplied detailed answers to questions posed by members of the committee.

Finally, I would like to read the following paragraph:

Your committee would greatly appreciate having the opportunity of examining the Woods report on the work and organization of the Canadian Pension Commission after the said report has been tabled in the house, as well as being granted the authority to study the general problem of pension rates.

That was a recommendation to the house. I want to say the committee was very pleased, as I believe most members of this house were, when the Prime Minister authorized a study to be made of the organization of the Canadian Pension Commission to be conducted under the chairmanship of Mr. Justice Wood. I know that a number of members of this house went down to give the benefit of their views and experience before that body with respect to amendments which might improve administration.

Then we heard from the Hong Kong Veterans Association, and from representatives of the Royal Canadian Legion. We also heard from Dr. Richardson, one of the medical officers to the Canadian Pension Commission, and studied his report. All members of the committee were very pleased at the detailed study which he had given to this question of the Hong Kong veterans, and with his answers to the many questions which were raised. The committee spent a considerable time in preparing a report to the House of Commons based on the representations made on behalf of the Hong Kong veterans.

I think we were very fair and acted with responsibility. I believe our report contains recommendations which should be readily acceptable to all members of the house. It takes all aspects of the question into consideration, so that we may be fair to the Hong Kong veterans themselves without falling into the trap of creating precedents or administrative difficulties for the Canadian Pension Commission in other directions.

From April 17 to April 22, the 21st convention of the Royal Canadian Legion was held in Montreal. I, together with some other members of the committee, attended as members of the standing committee on veterans affairs. We were very interested in the organization of this convention and in its conduct. Let me say without any hesitation that it was a demonstration of democracy in action. There was no question, there, of delegates lining up at microphones and being cut off without having an opportunity to speak. I heard of another convention where delegates lined up at three different microphones, but they were cut off and the question decided by a show of hands without all the delegates wishing to speak being heard.

At this convention, any delegate coming from any part of Canada, whether five miles from Montreal or 3,000 miles away, was given an opportunity to present his views on any resolution which came before the assembly. This is what was done, and I think it was a demonstration of the functioning of democracy which might well be copied by some other organizations in Canada.

An hon. Member: No guillotine there.

Mr. Herridge: No guillotine whatever. And, on occasions, when you get some of these older veterans before a microphone they take a little time to express their views. They can be a little trying on occasions. I am sure I am trying to some of my colleagues on occasion.

Mr. Churchill: Oh, frequently.

Mr. Herridge: I am glad to know it. It shows I am effective.

But these men were listened to—sometimes apparently, with little sympathy from the delegates around them. But the chairman said: Everybody is going to be heard. And apparently everybody was heard, before the question was put on any resolution.

• (3:30 p.m.)

Now, Mr. Chairman, resolutions arising from that convention will in due course be presented by the Royal Canadian Legion to the standing committee on veterans affairs.

There were resolutions with respect to amendments to the Pension Act, the Veterans Land Act, the education assistance act, the administration of D.V.A. hospitals, the armed forces and civil defence, the latter being a very constructive one, and also proposals with respect to a history of Canada for our centennial year. All members of the committee present at the convention were impressed by the serious approach taken to these matters by the representatives of veterans and their dependants, who total approximately 4 million people.

With those few remarks I shall conclude, and trust that later on this year we will have an opportunity to hear representations from the organizations I have mentioned, and others, so that we will be able to make a report to the house that the government will feel inclined to accept.

Mr. Patterson: Mr. Chairman, the Social Credit party was not able to have a member on the veterans affairs committee this session. Therefore I wish to make a few remarks on this occasion and indicate our support for some of the statements made this afternoon, and to present several proposals that we feel should be emphasized.

I want to join with those who have expressed confidence in the Minister of Veterans Affairs and his officials, and in their sincere efforts to eliminate some of the inequities that still remain in veterans legislation. I have heard many veterans say that this Canadian legislation is among the best in the world. They appreciate that fact; yet there are several problems that still need to be resolved. This is not in any way to question the sincerity of the minister or his officials, or of those who served in like capacities in days gone by. It is just a recognition of the fact that problems arise and that new information comes to hand which points out the need for additional remedial action.

I first wish to mention the question of disability pensions. There has been considerable discussion in the house on this problem. It was raised on many occasions in past years when I had the opportunity to serve on the veterans affairs committee, but to date the government has not been able to come up with a satisfactory solution. I appreciate the reference that has been made to the commission that is presently studying this matter, and I hope in the near future action will be taken on it.

[Mr. Herridge.]

Due to the increased cost of living and other factors which enter into the matter, all hon. members are aware of the need to pay constant attention to the requirements of pensioners in all categories. I would draw attention to a resolution on this subject which appears at page 24 of the June edition of *The Legionary*, and which reads as follows:

> Therefore be it resolved that the Royal Canadian Legion renew its request for an immediate increase in the basic rate of disability pension to bring this in line with the salaries of civil servants, which can only be done by increasing the basic rate without further delay to $3,880 per annum.

We in this group heartily support that resolution and ask that attention be given toward providing an immediate increase in the disability pension. Just yesterday I received a letter from a veteran in my own constituency calling this problem to my attention once again.

Another matter which has been brought to my attention by veterans and their organizations in my area has to do with war veterans allowance recipients and their eligibility for old age security benefits. At page 26 of the same issue of *The Legionary* there appears this resolution:

> Therefore be it resolved that old age security be considered as exempt income under the War Veterans Allowance Act.

There is a lengthy preamble to the resolution, setting out the basic reasons why the Legion feels justified in making this request. Once again we in this party give it our support and ask that it be given favourable consideration.

Another matter which I have mentioned in this house from time to time is the application of the benefit of doubt clause. The feeling exists in the minds of many veterans that this clause actually works in reverse, and instead of the commission placing the interests of a veteran first and foremost, many people feel the clause is being used to try to get out of meeting the needs of various veterans. I trust this will be taken into consideration by the department.

I am glad to note the special attention that has been given to the Hong Kong veterans during the course of the veterans affairs committee proceedings. These are in a class by themselves, with particular needs and particular problems, having suffered conditions that were worse than those which many other veterans were called upon to endure.

I know the committee has recommended the adoption of the report and passage of the estimates. We agree with this procedure, but we are glad to have this opportunity to bring these matters to the attention of the minister at this time.

Mr. Diefenbaker: Mr. Chairman, I wish to join in general with the observations that have already been made, which in every way have been characterized by that freedom from political considerations that has always been a rule in the house when dealing with veterans affairs.

When the hon. member for Kootenay West made reference to the convention of the Royal Canadian Legion it came to my mind that it was during the lifetime of the administration of which I had the honour to be the head that I was able to recommend to Her Majesty the addition of "Royal" to the name of the Canadian Legion. That was accepted by Her Majesty, and this was the first time among the Legion organizations that this high and honourable designation had been permitted and allowed.

• (3:40 p.m.)

When I look back over the years, from time to time I am reminded that it was 50 years ago that I had the honour of joining His Majesty's forces. Throughout the period, since the time of the foundation of the Canadian Legion, I have been an active member, until, as is the case with all who have been prime minister of this country, that great body of Canadians conferred upon me the honour of a life membership.

Today, instead of dealing in general with many of the matters which have been considered so thoughtfully by the committee, I am going to restrict myself to just one thing. It is of course known that my views do not coincide with those of others in this house who have an inexorable urge to bring about the committees system. Throughout my period of office, and also while in opposition, my experience has been that the committees system does not operate effectively under parliamentary government. There are exceptions. Those exceptions have to do with matters which are not of a partisan nature and which therefore command the general support of members of the committee. There were those with stars in their eyes in this parliament, as in previous parliaments, who have strongly advocated the committees system.

I am one of those who do not accept the committees system as being effective under parliamentary government. I think the experience of the last few months at least might be cited, for, on several occasions, committees have found it necessary to apply to the house for a reduction in their quorum, those reductions being of such a nature as to reduce the committees to virtual inoperation. According to reports, committee after committee has had to adjourn because of lack of a quorum. I should like to point out again that one major exception is the veterans affairs committee, which brings together the members of this house in that fraternity of comradeship which gives them a desire to contribute their best each year during the meetings of this committee.

During the days of the last war those who were ex-service men and ex-service women used to meet together from time to time at dinners and other social functions. I can tell you that those functions were clear evidence that members of this house, however divergent their opinions may be politically, lose all sense of condemnation of one another because of the fact that they have been partners in the service of their country.

The particular item to which I wish to refer has to do with the injustice, as I see it, that is suffered by the veterans who receive the war veterans allowance, better known as the "burnt out" pension. Those who served in the first world war, with the exception of members like the hon. member for Winnipeg South Centre who served at the front line in both world wars and who seem to have found the elixir of everlasting youth, are showing their age. Today only a few are under 70 years of age, the hon. member for Winnipeg South Centre being one of the exceptions. Many of these veterans are in financial difficulties and straitened circumstances. It is only because they are in financial difficulties in so far as their income is concerned that they receive the war veterans allowance.

I believe Canadians as a whole would support action to remove what many of them believe to be an injustice, namely that, when they become entitled to the old age pension, their war veterans allowance is reduced, the pension being considered as income. Therefore they are denied full privileges in respect of payment under the War Veterans Allowance Act. These men feel a sense of deep injustice. If they had not served, they would receive the old age pension, old age security, or whatever you may designate it. It is theirs

by right; every person whatever his or her financial position is entitled to the payment of the old age pension. They have a very logical argument. Why should they as men and women who served, and whose income otherwise is below the level for entitlement to the war veterans allowance, be discriminated against in the manner in which they now are?

The hon. member for Vègreville, as well as hon. members in all parts of the house, has mentioned this on more than one occasion. Surely this is one change which we could make. The argument is that if we do so, some time long in the future, when young men like the Minister of Veterans Affairs, who served with distinction in the second world war, will have attained the age of qualification for the old age pension, the charge against the public treasury will be a very considerable sum. When we were in office we were faced with this. When parliament passed the last increase in the old age pension, the $10 increase, we specifically provided that the amount of that increase should not be taken into consideration as income which would result in a reduction of the war veterans allowance.

• (3:50 p.m.)

It has been said that it will cost the country something to take this stand and make it of general application, but let us not forget to count the cost to those who served and are entitled to war veterans allowances. This cost is something that still causes irritation and annoyance, and sometimes the expression of words that are not completely parliamentary.

The minister in his position, like his predecessors, has administered the department in a way that assures a high degree of responsibility and justice to those who served. While I do not often inject myself into these debates on estimates I am making an appeal to the minister to do something effective in this regard. Dr. Richardson went fully into the contemplated action that is to be taken with regard to Hong Kong veterans. There is no limit, as I see it, to the favourable reaction that would come from those old soldiers who, today, cast their longer shadows toward the east, and it would be a wonderful thing in our centennial year of confederation for Canadians as a whole to express their thoughts of appreciation to those who served by removing from them what they feel so often is an injustice and unfairness.

[Mr. Diefenbaker.]

It is in that spirit that I give the strongest possible support to action being taken. These people are nearing the end of their road and they have given everything. We spend tens of millions of dollars on other things, yet those things would never have been in existence but for the services of those men and women who served. I know that the minister, all who have served, and, indeed all Canadians, would look with favour on action in this regard.

Mr. Carter: Mr. Chairman, I do not intend to make any extended remarks at this time because, as other speakers have pointed out, these estimates have been examined very thoroughly by the standing committee, which was unanimous in recommending that they be given speedy approval by this house.

I should, however, like to associate myself with the compliments that have been paid to the chairman of the committee on veterans affairs by those who have preceded me, for the manner in which he carried out his duties and for the fair and impartial way in which he presided over its deliberations. I have been a member of that committee now for 17 years and I do not think I have ever attended any meetings of a former committee at which the zeal of members to safeguard the welfare of veterans and give sympathetic consideration to their problems surpassed that of the members of the committee which has just rendered its report.

I want to express my appreciation also to the minister, the officials of his department, the heads of the agencies of that department including the Canadian Pension Commission, the war veterans allowance board, the Veterans Land Act Administration, the veterans bureau, and the chairman, vice chairman and directors of those agencies for the warm and sympathetic consideration they have always given to the problems of veterans. These people are uniquely fitted to deal with human problems and they are the members of at least one department to which people are more important than material things.

It is evident from representations made by various veterans organizations, members of the standing committee and members of this house that the present basis upon which veterans pensions are determined is no longer adequate, but still a modification of the original basis which was related to salaries or wages paid to unskilled labour. The spirit in which the veterans charter was presented to and passed in this house many years ago was

that the veteran was entitled to special treatment over and above the average citizen because of his service to this country, his willingness to serve and risk everything so that the rest of us might be free. That spirit has pervaded our approach to veterans legislation, and nowhere has this been more evident than at the meetings of the present parliamentary committee on veterans affairs.

The time has arrived when we must seek a new basis on which to calculate veterans pensions. I have given some thought to this matter and I should like to put forth the suggestion that we explore the possibility of using the median of civil service salaries as the basis. I have not had time to find out how that median of the last three or four years would compare with the present scale of pensions, but at least it would be a constant basis to be used year after year and would tie up with the cost of living increment calculated over several years.

• (4:00 p.m.)

Let me point out to the house that I am referring to the median and not the average civil service salary. The median salary is the salary where the number of salaries below is equal to the number of salaries above it. That is the possible basis upon which I suggest veterans pensions might be calculated.

Many other things could be discussed in relation to the Pension Act and the operation of the Pension Commission, but since there is a committee under Mr. Justice Wood examining these matters I think it would be wise to defer any further comment in this regard until he has presented his report.

There are several other matters which I should like once again to bring to the attention of the minister. When I was sitting on the other side of the house I advocated certain things, and I want to go on record now as being still as strongly in favour of them as I ever was in the past. The first of these matters is perhaps a local affair because it has to do with the Newfoundland foresters who served overseas in world war II. We have been advocating for many years that the foresters and seamen be brought under the veterans charter. I do not think this would cost very much in terms of dollars, because they would not receive very much monetary benefit beyond what they are now receiving under the Civilian War Pensions and Allowances Act, but I think it would be a recognition of their service which they have been seeking so long to attain. While I am talking about the Civilian War Pensions and Allowances Act I should like to bring to the minister's attention the fact that there is a clause in it which discriminates between merchant seamen and foresters. A merchant seaman can qualify for a civilian war allowance provided he served for a period of six months and during that time made at least one trip in dangerous waters.

There are many foresters of world war II who served overseas for six months but are debarred from receiving the civilian war allowance because the act contains a clause which requires them to have signed on for the duration. The first contingent of foresters recruited in Newfoundland was signed up under a contract for six months. They had no option to sign any other contract at that time and no option afterwards, except to renew their contract for a further period. It thus happens that many who served overseas for four years are still debarred from receiving the allowance just because of the technicality that they did not sign up for the duration. When they see a merchant seaman living next door in their own village who served six months and qualified for this allowance they feel, and I think justly so, that they have been discriminated against. I would ask the minister to look into this matter and try to find some way of eliminating this "duration" clause from the legislation.

I should like also to support the representations made by my hon. friend from Vegreville on behalf of the removal of the 365-day clause in the War Veterans Allowance Act with respect to veterans of world war I. There are not very many veterans of world war I left. We learned in committee that their average age now is 72. I have been informed by the chairman of the War Veterans Allowance Board that if this clause was eliminated and every veteran who might possibly qualify automatically became eligible, the total cost would be somewhere around $7 million. Of this figure $4 million would be for the increase in allowance and the other $3 million would be for the cost of treatment services, because a recipient of war veterans allowance is automatically entitled to free treatment.

I should like to point out to the minister and the committee that this figure of $7 million is based on the assumption that every single veteran left would qualify. We know this would not be so because the War Veterans Allowance Act has a means test and I

doubt very much whether half of these people would qualify; I think half are well enough off that their financial circumstances would not permit them to qualify under the act in any case. This means that the total cost in one year would be somewhere around $3 million, perhaps $3½ million, of which $2 million would be for the payment of the allowance and the other $1½ million would be for treatment. Since they are 72 I think we can safely say that in 10 years time, by the time they reach the age of 82, the amount expended on these veterans would be negligible.

This means that the average total cost over 10 years would be only around $2 million a year. Time is running out for these old veterans, and in view of the rising cost of living many of them now need additional help. In view of the desire of the people of Canada to give the veteran a little special treatment above that afforded the ordinary citizen, to keep him from going on public relief, I think this 365-day requirement could very well be eliminated from the legislation. The cost to the treasury, when compared with our huge budgets covering expenditures of $7 billion, would be practically negligible.

The only other point I wish to bring to the attention of the minister and the committee also has to do with the War Veterans Allowance Act. This matter concerns the clause which requires a veteran under 60 to be totally and permanently unemployable before he can qualify for war veterans allowance. I think when the War Veterans Allowance Act was introduced we had in mind the old veterans of world war I. We have not paid much attention to the fact that there are now many veterans of world war II who are under 60 and because of their physical condition are no longer able to work. These veterans and their families are suffering real hardship and there is no way in which they can obtain relief because there is in the act this clause requiring that they be totally and permanently unemployable and incapable of maintaining themselves. With the advances that have been made by medical science in recent years it is almost impossible for anyone to be classified as totally and permanently unemployable. If a veteran is unable to work for a period of six months or a year this causes very real hardship and distress to himself and his family, and I believe he is entitled to expect some relief under the veterans charter.

[Mr. Carter.]

Therefore, Mr. Chairman, I would ask two things: First, that we modify this requirement of being totally and permanently unemployable and, second, that some other means be provided in the War Veterans Allowance Act to supplement the war veterans allowance. The old war veterans who qualify can have extra income up to $220 a month. In addition they can go out and earn $900 a year in casual work. But the young veteran, the veteran of world war II who is unemployable, who is practically an invalid, cannot do this. He cannot work; he cannot supplement his allowance by casual earnings—and very often he has more obligations than those of the world war I veteran because he probably still has children attending school.

He can get only the maximum allowance, which is $161 a month. I believe some method should be devised of supplementing the maximum allowance for the veterans of world war II. I would be very grateful if the minister could give favourable consideration to that request.

• (4:10 p.m.)

I have taken more time than I intended, but I feel very strongly about these three items and I could not afford to miss the opportunity of placing them before the house and the minister for consideration.

Mr. Winkler: I only wish to take a few moments to raise a couple of points. Although I have been a member of the veterans committee, I have not been able to participate in their meetings in the last few months. Nevertheless I would like to place these suggestions before the committee of the whole. First of all, I wish to speak on veterans allowances. It might be that my contribution will prove to be somewhat irrelevant, except for the fact that it concerns veterans and the allowances to which they are entitled.

Before I begin, may I extend my sincere appreciation of the services rendered by the departmental authorities present with us this afternoon. This matter which we are considering is usually beyond the area of those things which we as politicians consider to be important, but I believe that these officials are doing a good job in the area of the policy before them.

I will not speak in particular about the veterans who are eligible for a larger veterans allowance but I wish to speak of veterans who are in receipt of a small service pension and are unable to earn a livelihood, but cannot obtain other assistance because of the

veterans allowance they are receiving. I feel the minister should use his good offices to influence the government to ensure that such a pension income will not prevent war veterans from receiving additional benefits under the War Veterans Allowance Act. I know of several cases in the province of Ontario where welfare payments are made according to the elegibility clauses currently effective in the provincial welfare plan. As I said, this may not be immediately relevant to the war veterans allowances, but it is relevant in regard to veterans who find themselves in the position I have described.

My next comment, Mr. Chairman, regards the matter of the Hong Kong veterans. I fully agree with the policy which has been adopted in this regard, that is that such benefits would be extended to all ex-prisoners of war. I may point out that both the minister and I have knowledge of this matter because we both found ourselves in exactly similar circumstances. I do not wish for one moment to detract from the need of the Hong Kong veterans; nevertheless I wish to point out that I have information on cases that are equally important and demand equal consideration to that which was given the Hong Kong group. Only last Saturday I received a telegram from the wife of a front gunner with whom I had the privilege of serving, and who died of arteriosclerosis very quickly and unexpectedly.

A series of such occurrences has taken place in the last ten years. I also know of another case of a very close friend of mine from Port Credit who has suffered from the illness, and I could name some other cases in the minister's province of which he knows. I should like to point out that one does not usually find such an advanced stage of arteriosclerosis in people of this age, so these are unusual cases. I therefore wish to ask the minister to give every consideration to this group as well, as I am sure he will.

Mr. Cowan: I was also a member of the veterans committee which has approved these estimates in principle and in detail. As a member of that committee I wish to join the previous speakers in extending thanks for the industry and fairness of our committee chairman, the hon. member for Beauharnois-Salaberry.

However, I rise today with the express purpose of paying tribute to the Minister of Veterans Affairs and also to comment on a situation which was uncovered during our investigation of the operations of his department. Some time ago I personally congratulated the Minister of Veterans Affairs, Hon. Roger Teillet, because about two years ago hospitals within the purview of the Department of Veterans Affairs introduced a shift differential rate of pay in their operation procedure. This advanced method of treating employees was one that could have been a mountain peak in labour negotiations, conciliation and arbitration for the dominion. However, in our examination of the operations of the medical services of the department an amazing situation disclosing interference by the Civil Service Commission was uncovered, and I wish to draw it to the attention of the house.

Although we are now considering item 1 in the estimates I wish to refer to an item under vote 30 which deals with overtime for the fiscal year 1966-67 which is estimated at $800,000 while in the year 1965-66 it amounted to $630,000. The sum of $800,000 to the uninitiated seems to be a tremendous amount of money to be paying for overtime, but I am advised that it also covers shift differentials. However, it seems to me that the situation which was uncovered in our investigation of the various details of the operation of this department is amazing, and I would go so far as to say it is alarming.

The department is paying a shift differential to the nurses working in the evening and night shifts. We were told that the evening shift starts at 4 p.m. and runs until midnight, while the night shift starts at midnight and runs until 8 a.m., and that the shift differential amounts to 8 cents an hour on the evening shift and 12 cents an hour on the night shift. But what really shocked us was to be told that the Canadian government only pays these nurses a shift differential of 8 cents an hour on the evening shift between 6 p.m. and midnight and 12 cents an hour on the night shift between midnight and 6 a.m. This means that we do not pay these nurses a shift differential from 4 to 6 p.m. nor do we pay them a shift differential from 6 to 8 a.m.

• (4:20 p.m.)

If I may be allowed to refer to another department of government when we are discussing the estimates on the Department of Veterans Affairs, I should like to point out that I am also a member of the committee on health and welfare. Under that department we find a number of hospitals for Indians and

Eskimos. When I made inquiries as to whether or not shift differentials were being paid in the hospitals falling under the Department of National Health and Welfare, I was surprised to find that some of the highly placed officers of the department were not too certain whether shift differentials were being paid. We reminded them of the shift differentials that were being paid by the Department of Veterans Affairs, and they advised they would make a report the following day.

It was only yesterday that we received a typewritten report from the Department of National Health and Welfare with regard to shift differentials in these hospitals. I must read part of it to you because it also covers shift differentials in the Department of Veterans Affairs. This statement is entitled, "Clarification of procedures relating to the payment of overtime and shift differentials in the Department of National Health and Welfare". I quote:

> During the committee's review of vote 20, questions were raised concerning the payment of overtime and shift differentials to employees in medical services. These procedures are governed by the civil service regulations—

We are told, however, that in the matter of overtime, operating classes under exempt staff regulations may be granted leave or compensated in cash at the rate of time and one half. In so far as shift differentials are concerned the report states:

> A shift differential is paid to employees who work regular shifts between the hours of 6 p.m. and 6 a.m. The shift differential for the evening shift, i.e., between 6 p.m. and midnight is 8 cents per hour and between the hours of midnight and 6 a.m. is 12 cents per hour.

Now, I asked the highly placed authority in the Department of National Health and Welfare if he knew of another employer anywhere in Canada who did not pay the full shift differential for each hour in the shift, that is the evening shift or the night shift. The gentleman, and the several assistants he had with him, nodded their heads in great surprise and said no, they did not know of a single other employer who refused to pay the shift differential for each hour of the shift, as was being done by the government of Canada. When I asked them only yesterday who would be responsible for such a ridiculous situation as a shift differential being paid only for certain hours of a shift, I was told that this aspect would come under the Treasury Board, by authority of the Financial Administration Act.

[Mr. Cowan.]

I intend to follow the matter further because I think it is ridiculous for the government of Canada to be paying these wages under a shift differential heading, when people expect the government to be a model employer and to treat the employees in the civil service with decency, and with regard for the prevailing wage practices throughout the nation as a whole.

When I congratulated the Minister of Veterans Affairs two years ago—and I congratulated him with a sincere and full heart—for having established shift differentials in the payment of nurses in the 11 hospitals, I felt confident that the establishment of shift differentials for nurses in these 11 hospitals right across the Dominion of Canada would serve as a model to other active treatment and chronic hospitals. I felt it might even serve as a spur to other hospitals to establish shift differentials for their employees. I have been rather distressed by the lack of response on the part of other hospitals to shift differentials. I trust that when the minister is summing up matters just before we pass these estimates, and I sincerely hope they will be passed this afternoon, he will make some comment with regard to Sunnybrook Hospital in Toronto.

Sunnybrook Hospital in Toronto is under the jurisdiction of the Department of Veterans Affairs. We understand that if final arrangements are completed it will be turned over to the University of Toronto as a teaching hospital on July 1. The minister has been kind enough to make a statement to me just now, and he says it will not be July 1. I draw to the attention of the minister, for whom I have the highest regard, that there are reports circulating in Toronto and central Ontario to the effect that one of the stumbling blocks to the transfer of Sunnybrook Hospital to the University of Toronto as a teaching hospital is the opposition in the province of Ontario to shift differentials which prevail in Sunnybrook Hospital at the moment. This hospital of course will immediately come under the wing of the Ontario Hospital Services Commission. It certainly begins to look as if there is active opposition in Ontario at the provincial level toward shift differentials in hospitals. It is felt that if Sunnybrook Hospital is transferred, with the ridiculous shift differentials that are now being paid, it might serve as a precedent to establish shift differentials elsewhere throughout Ontario in active treatment hospitals.

I have referred to this situation because in Toronto we have Riverdale Chronic Hospital in the riding of Broadview, the employees of which were governed by a municipal employees contract. Employment conditions at Riverdale Hospital were certainly much better than in any other hospital in the Toronto area. In fact, at Riverdale Hospital, when the last collective agreement was signed in June, 1964, the starting rate for registered nurses in other hospitals in Toronto was $335 per month and the starting rate at Riverdale was also $335. This increased to $355 after three months of service. In addition to this $20 per month differential there were other certain conditions which were not available in other hospitals such as shift premiums, premium pay for holidays worked, uniform allowance, time and a half for overtime, etc. These conditions made Riverdale sufficiently attractive that it had a full complement of staff for the equipment available in the hospital at that time.

What has happened is that the municipal government in Toronto has now detached Riverdale Hospital from the municipal services and it has been established under an independent board of trustees or governors. It has been placed indirectly under the Ontario Hospital Services Commission, and every step is being taken to eliminate these fringe benefits which the Riverdale Hospital nurses enjoyed, as well as the hospital staff, while they were members of the municipal union. It looks to me as though there is a concerted effort afoot in the province of Ontario to knock hospital wages down to the lowest level from the Ottawa River to Kenora.

Now, in this connection I sincerely hope that the Sunnybrook Hospital, when turned over to the University of Toronto, will continue to pay a shift differential, ridiculously low as it is. I hope the minister will ask assurance it will be maintained as a beacon light in this regard. In January of this year a decision of an arbitration board adjudicating on a dispute between Welland County General Hospital and its service employees was handed down. The mmebers of this arbitration board were Professor H. W. Arthurs, J. David Cromarty and Drummond Wren. In the course of their decision, these gentlemen had some comments that are interesting. They pointed out that in Ontario the employees of hospitals cannot strike, but have to submit to arbitration. Professor Arthurs writes, as recorded on page 6 of the report:

> But arbitration is made to substitute for the srtike and should therefore likewise be considered an exercise in discovering labour market realities. This being so, it is to relevant wage comparisons that we must look...
>
> We would also consider the following factors to be relevant:
>
> 1. Difficulties encountered by the hospital in recruiting and holding staff (some evidence of the hospital's failure to pay a level of wages high enough to attract workers on the local labour market.)

• (4:30 p.m.)

Further on page 10 Professor Arthurs writes:

> This adjustment is important in our calculations because the general labour market obviously affects hospital wages by drawing away hospital workers if substantial disparities in pay levels develop.

There is no question that the wages paid in other industries are affecting the employment of the staffs of hospitals, and these wages should be on a parity. One of the great benefits in the labour market of unionized contracts is shift differentials.

I should like to refer to the question of premium pay for holidays. Why should nurses who are employed in war veterans hospitals be expected to work on Christmas day, Good Friday, civic holidays, Labour day, Victoria day, Canada day and the other national holidays for the same wages as they would receive on an ordinary Monday or Friday in a regular work week? I suggest to the Minister of Veterans Affairs that he should authorize premium pay for the statutory holidays which have been enumerated by this parliament.

I would draw his attention to the fact that in 1964, in manufacturing as a whole, almost three quarters of a million workers, representing 82 per cent of the total, received premium pay for holidays. The source of this information is the Department of Labour's booklet "Working Conditions in Canadian Industry". The proportion has no doubt risen in the two year period since this survey was made, which covers establishments with 15 or more employees.

I should like to give the committee, Mr. Chairman, a breakdown for a few individual industries where over 90 per cent of the non-office employees receive premium pay. In the paper products industry, 67,000 employees receive premium pay. In the pulp and paper industry, 51,000; in the iron and steel products industry, 126,000; in primary iron and

steel industry, 33,000 or 100 per cent of the employees; in the transportation equipment industry, 88,000; motor vehicles, parts and accessories, 52,000; and electrical apparatus and supplies, 49,000.

Here are some additional examples in non-manufacturing industries, local governments, etc. In the metal mining industry, 46,000; railways, non-operating, 72,000; urban and suburban transportation, 15,000; telephones, 32,000; public utilities, 30,000; and municipal public works, 32,000. However, Mr. Chairman, when it comes to the working conditions for hospital employees the story is entirely different.

I should like to speak further on this matter but I am anxious to see these estimates passed today. Therefore I would urge the Minister of Veterans Affairs to institute a system of premium rates of pay for holidays for staffs of war veterans hospitals throughout the dominion. I would ask him to see that shift differentials are paid, and that a decent figure is arrived at instead of the 8 cents per hour for six hours out of eight on the evening shift and 12 cents an hour for six hours out of eight on the night shift. Again my congratulations and thanks to the Minister of Veterans Affairs for a job which is being well done.

Mr. MacRae: Mr. Chairman, I am in the very fortunate position at this point in the consideration of the estimates of having had nearly everything said already for me. However, there are one or two points I should like briefly to cover.

As we know, the estimates have been discussed in the committee on veterans affairs. They have been as thoroughly discussed this year as they were in past years. I should like to add my words of commendation along with those of other hon. members to the chairman of the committee, the hon. member for Beauharnois-Salaberry, and also to the vice chairman of the committee. These two gentlemen were a pleasure to work with, and I am sure that I am echoing the sentiments of other members of the committee when I say that.

The standing committee on veterans affairs is a non-partisan committee, which is the way it should be. There was no partisanship in wartime in this respect. Veterans legislation has been based, and for the most part amended over the years, on non-partisan principles, and it is only right that in the committee there should also be this spirit of non-partisanship.

[Mr. Cowan.]

The right hon. gentleman who is my leader mentioned a few moments ago the number of committees of the House of Commons and the difficulty of getting quorums for them. The hon. member for Kootenay West very rightly said that in this committee there is an especially high record of attendance, and this is all to the good.

I think that one of the faults of our committee system in this house is the fact that we bunch all our committee work into the latter stages of the session. Members who are perhaps deeply interested in four or five subjects find that the whip is after them, trying to get them to attend two or three committees at once which, of course, is just impossible.

I think experience has taught us that it is much wiser for members to serve on only two, or perhaps three, committees at the most, in which event they can attend the committees. Many of those who serve on the veterans affairs committee devote the major part of their attention to it and perhaps one other committee. That is the case as far as I am concerned. Therefore I would suggest to the government at this time that if the work of these committees could start a little earlier in the session, we could devote more time to committees. It did not take the veterans affairs committee very long, once the committee started to consider the estimates, to clear them up.

Another matter which has been touched on is the report on the Hong Kong veterans. I have read many reports made by commissioners and others, but I do not think I have ever seen or read a finer report than that which has been prepared by Dr. Richardson. This gentleman brought sympathy and understanding, and of course all of his medical and administrative knowledge, to bear on this particular subject, and he has presented an exceptionally fine report.

Many members have been deeply interested in this particular problem of the Hong Kong veterans over the years. My colleague from Athabasca has been pressing this matter for many years, as have many others. I have been interested in the subject for a very special reason. The Royal Rifles of Canada, one of the two battalions which served in Hong Kong, were recruited almost exclusively from the eastern townships, the Gaspé area and Restigouche county in northern New Brunswick. This is my part of Canada, Mr. Chairman, and so many of my friends were

in Hong Kong. I saw them before they went there, and I had the opportunity to see them as soon as they arrived home; and there is no question about the maltreatment which these men received while in Hong Kong.

As I said, Dr. Richardson undertook this particular task, to which sympathetic consideration was given by the committee, and he has written a very fine report. Here again I must commend my friend, the chairman of the committee, for the very fine job he did in this regard. I know how hard he has worked; and he has another month's hard work ahead of him before the middle of July.

I omitted at the beginning of my remarks to commend the members of the Department of Veterans Affairs, the chairman of the Pension Commission, the chairman of the War Veterans Allowance Board and all the other officials for the exceptionally fine work they have done. The Department of Veterans Affairs is very fortunate in the calibre of men and women who have served it over the years.

In my own case, my relationship has been an especially happy one. This does not mean of course that all of the cases which I have taken to the Pension Commission, for example, or to the War Veterans Allowance Board, under Colonel Cromb, have been adjudicated upon in the way I had hoped; but I do know that they have given careful and thorough consideration to these cases, and if they could not be ruled upon as I had hoped, then it was not their fault. They must follow the regulations and the act, of course.

Very brief mention, Mr. Chairman, has been made of the commission headed by Mr. Justice Mervyn Wood, who is looking into the organization of the Pension Commission. Again we have here an excellent man. I have known Mr. Justice Wood for many years. We served together on the dominion command of the Canadian Legion many years ago, and I look forward to his report. If I am not mistaken, I understand that this report will also be referred to the standing committee for study, which I gather is a not too common a procedure. Nevertheless if this be the case the report will receive careful consideration.

• (4:40 p.m.)

When my leader was speaking a few moments ago he raised the question of veterans pensions. I believe something must now be done to increase the pensions paid to veterans. What veterans are paid may seem a considerable sum to certain people; but everything is relative. If in the 'thirties they had been getting what a veteran is receiving now, they would have been able to live, if not like millionaires, then almost like them. But we are living in a different age and today we are facing the tremendous problems caused by inflation.

Too many of us in government and elsewhere, are prone to hide our heads in the sand rather than admit the tremendous increase which has taken place in the cost of living. In the United States and in this country I believe we are now on the verge of runaway inflation. The people upon whom the burden falls most heavily are the recipients of war veterans allowances, those receiving pensions under the Pension Act, civil service superannuates, and others on fixed incomes which they can do nothing to increase.

All of us know what organized labour can do; we have had an example of that in the last few days. They can strike, and in many cases they can get substantial increases. Pensioners and those on war veterans allowances have nobody to speak for them but ourselves. We must speak for them, and I urge the minister to consider this question very deeply, now, and to recommend a substantial increase. I realize he will have to face Treasury Board, but I ask him to bring his full talents and energy to this particular matter.

The hon. member for Kootenay West mentioned the Legion convention. This convention was held, as we know, in Montreal in May and some of us had the opportunity of attending. The Legion has had excellent leadership over the years. It is a fine organization dedicated to the welfare of all veterans. In the man who was elected this year to head the legion for the next two years, Mr. Ronald MacBeath, of Moncton, the Legion will have an exceptional leader. Mr. MacBeath has been a personal friend of mine for a long time. I know of his many fine qualities and I think the government as well as the Legion will benefit from his wise counsel.

I will not spend any further time discussing the estimates themselves. They have been examined very carefully by a good committee. I simply commend them to hon. members of this house so that they may now be passed.

[*Translation*]

Mr. Allard: Mr. Chairman, I am not a member of the committee on veterans affairs, but I want to take advantage of this debate

on the estimates to the Department of Veterans Affairs to point out to the minister the discrimination which still prevails against French Canadians in his department and the agencies which come under his jurisdiction.

I understand that the minister is not entirely responsible for such a situation, because he inherited it from his predecessors and the previous governments. But since we will be commemorating the centennial next year, an occasion when life in Canada must be celebrated throughout the country, I think it would be appropriate to remedy as many cases of injustice as possible. To that effect, I ask the minister to make an unofficial inquiry within his department and its various agencies; he will easily find out, if he does not know it already after the numerous complaints made, that French Canadians in his department and other agencies under his jurisdiction, as well as the French Canadians who deal with his department's agencies, do not get justice and are not treated as they should be in this country.

For instance, Mr. Chairman, I refer the minister to page 17 of a booklet entitled: "The last chance" which I wrote in 1963. He can get a copy of it right here in the library. He will find on page 17 that, among the civil servants getting an annual salary of $5,000 or over, there are only 10 per cent of French Canadians. It is the general average in all departments.

If you study the various departments one by one, you will find that the ratio in the Department of Veterans Affairs is lower than that average, that is 9.1 per cent.

Some might bring up the argument, which is sometimes heard, that there are not enough French Canadians in some regions of the country, that the standards of competence are to blame, etc. We are used to such arguments. But I want to point out to the minister a very obvious example which I take in the province of Quebec, more precisely from the Queen Mary hospital in Montreal which comes under his department.

That hospital is located in the province of Quebec, whose population is made up of over 80 per cent of French Canadians. Well, I say that there again we are not getting our fair share and that the minister would be well advised, in the interest of peaceful relations throughout this country and give the necessary directives to the officials of the Queen Mary hospital in Montreal.

[Mr. Allard.]

He can refer to the answer given by his officials and himself to question No. 1,260 I had put on the order paper a few weeks ago.

I asked a first question. It was after many complaints made to me by constituents in Sherbrooke and the province of Quebec to the effect that when French Canadian veterans went to Montreal to be treated, they could not speak in their own language with the physicians there. They wanted to speak, to explain their symptoms to physicians speaking their language, but they could not, and that in the province of Quebec, stronghold of the French Canadian nation. Well, this is not admissible in 1966.

Mr. Chairman, the first part of my question read as follows:

How many French speaking physicians are there at the Queen Mary hospital in Montreal to admit and examine French speaking veterans.

The answer given me was as follows:

Patients at Queen Mary veterans' hospital are examined and admitted from the out patient clinic. This is staffed by 10 part-time general practitioners. Three of these are French speaking.

Well, Mr. Chairman, in the province of Quebec where the great majority of the people are French Canadians, out of these ten physicians, only three are French Canadians. I surely do not want to be told that with all the excellence of its medical body and its physicians, the province of Quebec does not have enough qualified physicians to be able to treat our veterans at the Queen Mary hospital. We should have a majority of French speaking physicians in that hospital coming under the jurisdiction of the department.

Another part of the question was as follows:

What is the total number of medical practitioners or specialists at this hospital, and of this number, how many are French speaking?

The answer was:

There are a total of 148 part-time medical practitioners and specialists at the hospital. Of these, 40 are French.

There again, Mr. Chairman, less than a third. Well, this is unfair, the complaints are well-founded, and supported by official statistics given to us here in the house. We do not complain on a sentimental basis; we complain on matter of representation which should be given to us.

As far as the other parts of the question are concerned, the minister could find answers showing this adverse and discriminatory situation.

In part 5 of my question, for instance, I asked:

> What is the total number of...and other staff employed at this hospital, and of this number, how many are French speaking?

Again, the situation is disastrous. In the case of nurses, for instance, out of a total of 179 only 83 are French speaking, that is less than half.

Mr. Chairman, I do not want to dwell on the matter any longer, but I feel that it is my duty to remind the hon. minister of the situation. I know the minister is favourably disposed, that he endeavours to do a good job, but we would appreciate it greatly if he immediately made an informal investigation, in his department and its agencies, and more particularly at the Queen Mary hospital. Even if, as we are told, there are three doctors out of ten, or 40 doctors out of 148, most of the French Canadian veterans from Sherbrooke and the area come back with grievances, and complain that when they go to Queen Mary hospital they cannot converse in French.

They always have to deal with an English speaking doctor, one who does not understand French. Quite frequently, the veteran comes back—and this affects his health—and his allowance is revised, or decreased or refused precisely because he was unable to speak freely and frankly with a doctor speaking his own tongue, in the province of Quebec.

So these are real grievances. Questions arise in one's mind when discussing the first report of the Laurendeau-Dunton Commission, which report establishes that there is a serious crisis in Canada, a crisis which has its root in Quebec, in spite of what newspapers say in different provinces. Attempts have been made to hush the problem, but it exists, Mr. Chairman. The crisis is serious, but it is not insoluble. That is why French Canadians, in 1966, are asking for a solution from the ministers, from the government, who, in certain spheres, have indicated favourable dispositions, especially the right hon. Prime Minister (Mr. Pearson) through his new policy on bilingualism. Even if it does not extend very far, steps are being taken in the right direction. If we want to solve those problems, French Canadians must at long last be treated as they deserve, so that the centennial to be celebrated next year might truly be of special significance to them.

• (4:50 p.m.)

[*English*]

Mr. Chatterton: Mr. Chairman, I hope to take not more than about two minutes. I want to bring to the attention of the minister, if he has not realized it by now, that the veterans organizations have not had a chance to appear before the standing committee on veterans affairs on the legislation the government has introduced. On September 29, 1964, the minister promised that certain legislation would be brought in, and we certainly understood that this would include amendments to the Pension Act. Possibly through a misunderstanding, the veterans organizations did not appear before the standing committee this year on the Pension Act, or to discuss the rates in any event, except in so far as Hong Kong veterans are concerned.

I urge the minister to try to have the proposed legislation with reference to the Pension Act ready shortly after the summer recess, in order that the veterans organizations may speak on it before the standing committee, because there is great dissatisfaction about the pension rates.

It will be recalled that the minister introduced legislation just three days before the recess last year and there was no chance to submit it to the standing committee on veterans affairs. He should try to have his proposed legislation with reference to the Pension Act, and possibly the War Veterans Allowance Act, ready shortly after the summer recess so that veterans organizations may appear before the committee and have their opinions heard by the committee.

[*Translation*]

Mr. Latulippe: Mr. Chairman, I am glad to take part in this debate. I join all those who agree to the veterans' requests. They ask for many things, but it really comes down to very little. They ask for a better treatment and for a higher pension so as to be able to live decently. They ask that their pension be raised in accordance with the present cost of living.

Mr. Chairman, I should like to tell the minister that I am full of admiration for his good work, his spirit of self-denial and for everything he does for the veterans. The minister is a worthy man. I saw him at work in many places and, in my opinion, he does honour to Canadians and to the department for which he is responsible.

Now, I agree with the hon. member for Sherbrooke (Mr. Allard), who spoke a while

ago, when he says that French Canadians are not sufficiently represented in the hospitals in key positions. I agree with him in that respect. I know that the minister, a man of good will, is going to do something in this regard.

Now, I will come to the veterans. I am from the county of Compton and I was told that Compton contributed more Canadians who took part in the Japanese war than any other riding. It is an honour for me to represent this constituency and I want to honour them. Now, my fellow-citizens have been ill-treated, as we say; they were submitted to an awful treatment. Because of the atrocities they suffered they are entitled to our admiration, our consideration, our spirit of co-operation and fairness. I think they were the victims of injustice in some cases. Indeed, these veterans were not treated with all the dignity and justice they were entitled to. Consequently, I would be remiss in not defending them in that respect.

Mr. Chairman, we were able during these awful wars to provide them with everything they needed. We have provided them with means of transport and with a pension for themselves and for their family; we have treated them very well during the war. We have even promised them that the old days were over in Canada, the dark days, the days of hardship. We have asked them to fight for civilization, for our basic freedoms, for religion, for security, for what is dearest to our hearts. They have agreed to defend all these things. For us Canadians, for the protection of our laws and freedoms, those people did all we had asked them to do.

Mr. Chairman, since we have provided them with all those things during the war, since we have promised them a lot, I believe that now that the war is over we should find it easy to keep our promises.

During the war, Mr. Chairman, men were not working, they were destroying. Many soldiers were busy destroying. They were neither producers nor builders.

They were not engaged in production but in destruction. Canadians who then remained in Canada contributed to this huge destruction.

Now the war is over. The men have returned home and many of them contribute to Canadian production, thus increasing the volume of our products, and are they to believe that there is a shortage of goods in Canada, that Canada cannot afford to provide for their welfare needs?

[Mr. Latulippe.]

Well, Mr. Chairman, it does not make sense. Canada has everything to feed and clothe those people adequately. It did it in wartime and it can do it in peacetime.

A large number of people need security, need us, need justice in this country. Some are sick, though this is denied in certain quarters.

The Deputy Chairman: Order.

[*English*]

Order. In order that the house may proceed to consideration of private members business it is my duty to rise, report progress and request leave to sit again at the next sitting of the house.

Progress reported.

• (5:00 p.m.)

Mr. Deputy Speaker: When shall the committee have leave to sit again; at the next sitting of the house?

Mr. Stewart: Mr. Speaker, on a point of order; I should like to suggest that we dispense with the private members hour this afternoon. The committee has been making progress such as would lead us to believe we might conclude the estimates of this department prior to six o'clock. I believe that would be desirable. Therefore I should like to suggest to the house, through you sir, that the committee now resume its discussion of the estimates of the Department of Veterans Affairs.

Mr. Knowles: We agree, Mr. Speaker, but we would ask that the word be "postpone" rather than "dispense".

Mr. Deputy Speaker: Does the house agree that we defer the private members hour?

Some hon. Members: Agreed.

SUPPLY

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

DEPARTMENT OF VETERANS AFFAIRS

1. Departmental Administration, $6,732,100.

The Deputy Chairman: The hon. member for Compton-Frontenac.

[*Translation*]

Mr. Latulippe: Mr. Chairman, as I was saying, some veterans are sick and need care, others are not sick but doctors claim they have no right to a pension because they are not sufficiently sick.

I think some people, because of the hardships they have endured, are morally sick. Many people would need a pension because they are morally sick.

I would like to convince the minister that many of them are really sick from a moral point of view. But a medical check-up does not show anything physically wrong with them, so they have no right to a pension.

I would say there are a large number who are morally sick and I believe that they should be entitled to the same service as others. I would ask the minister to consider these cases so that justice be done to many of these citizens, as they have been so ill-treated by the Japanese during the war.

Now, Mr. Chairman, the Leader of the Opposition (Mr. Diefenbaker) mentioned those who were getting the old age pension and the veterans who could not obtain the full pension to which they should be entitled. The Leader of the Opposition said that all citizens of Canada were entitled the old age pension. Well with the Leader of the Opposition I say that all these veterans, even though they may be getting another pension, should be receiving the old age pension because, once again, if production is being considered, we know that production is not lacking in Canada.

We know that the only thing we need in Canada is consumers. Well, if more purchasing power is distributed to various citizens, they will consume more, which will help the industry and give work to many citizens. This involves consumers, whether they are veterans or not. Veterans are specially in need of such benefits. So, I am in agreement with the Leader of the Opposition and with the members of all parties in this house who are siding with the veterans.

Well, these veterans must be treated as full-time citizens; we must provide them with reasonable livelihood; we must enable their families to develop, too, in every way, morally and culturally. We must see to it that they are well off.

To conclude, I congratulate the chairman of the committee on veterans affairs for his wonderful work. He has worked hard, he is well informed on the question since he is a veteran and I wish to express my sincere admiration.

[*English*]

Mr. Barnett: Mr. Chairman, I have read with interest the report which the standing committee on veterans affairs has sent back to the committee of supply. Also I have been interested in the comments which have been made today by some of the members who served on that committee. I feel sure that the members of the present committee, both from what they have said and from what I have read in the report, have devoted themselves to the consideration of matters affecting the welfare of veterans in the dedicated and non-partisan way which has characterized the standing committee on veterans affairs throughout the years.

I should like to make just a few comments in respect of one or two matters which I feel should be touched upon in the light of the committee's report and in the light of possible developments in the field of veterans legislation. As a member of this house, on a good many occasions I have heard it stated that Canada's veterans legislation, as embodied in the so-called veterans charter, is among the best in the world. I know that many committees and indeed many ministers—and I am including in that category the present minister—over the years have laboured to improve the provisions for the administration of veterans affairs and the legislation which affects them particularly.

However, Mr. Chairman, I am sure that even the minister would not quarrel with me too much if I were to say that, despite all these efforts by ministers and committees over the years, I am not alone among the members of the house in finding that I encounter, among the veterans of Canada, some of the most distressing and disturbing situations which exist in respect of individual citizens of this country. This would suggest to me that we still have not found any perfect answer so far as our veterans legislation is concerned. I understand it is likely that it will not be until some time considerably later in the year that the house or the veterans affairs committee—as is suggested in the report of that committee—will have an opportunity to examine the Wood report on the work and organization of the Canadian Pension Commission.

• (5:10 p.m.)

In the meantime, as far as I am concerned, I am sure some of these distressing circumstances will continue to exist. It is impossible to forecast at this stage just what changes in Canadian pension legislation may flow from the report, but I join with other members who have expressed hope that legislation will follow clarifying and improving the so-called benefit of doubt provision. That provision in

my experience has made it difficult for some veterans, who undoubtedly were in great need of assistance, to qualify.

The one other aspect of our veterans legislation about which I wish to comment briefly relates to the war veterans allowance legislation which, as we all understand, was introduced purportedly to assist veterans who were directly in need, whether or not their need arose immediately or directly from their war service. Let me suggest to the minister and the committee that in any consideration as to a change in the war veterans allowance administration, deep thought should be given to the implications of the changes that are taking place in our society.

I mention this because of the traditional situation that has been accepted by this and other aspects of assistance legislation, with regard to the family income being considered as an entity. That is to say, in the case of war veterans allowance the income of the veteran and his or her spouse is the determining factor in regard to whether or not qualification can be established under the war veterans allowance administration.

It is my understanding that in the early stages of this legislation there was an intention to provide an additional protection to families—wives and dependant children of veterans. This traditional approach has been taken in respect of other fields of assistance, and I am sure it was taken with the very best of intentions. On the other hand, it does not always work out in the way I expect the legislators had in mind.

I should like to illustrate what I have in mind by reference to a specific situation in which a veteran constituent of mine finds himself. He has become incapacitated to the point that he is completely unable to earn a living. He married a woman who had a child prior to their marriage. She came from a country in Europe following a period during which she and her child had undergone great difficulty, and she was not familiar with Canadian ways. She felt that she had come to a new land of hope and freedom. Subsequently the child became seriously ill and required expensive medical treatment. As I understand the situation, the family could not qualify for assistance under these particular circumstances.

The illness of the child was of a mental nature and at least partly related to the suffering she had experienced during the war years. As a result, the mother felt her first loyalty was toward that child. With the best of intentions, in order to provide medical treatment for her daughter, the wife went out and worked. Very little of her earnings became a part of the total family income as such, but was used to pay medical bills. As a result of this woman's good intentions, her veteran husband was suddenly cut off from war veterans allowance and, in addition, was faced with a demand for the return of several hundred dollars in overpayment of allowance. The last time I discussed this situation it seemed that it was one without solution, short of the woman deserting her husband in order that she could work and pay the medical bills of her daughter—which I am sure every member of this house agrees is an undesirable answer. In this way the veteran husband could eventually again qualify for war veterans allowance.

This example is an indication that for one reason or another there is a very serious flaw in the concept of this legislation. Granted, this type of situation may not occur frequently, but I am sure that everyone will agree it is not the kind of result which is expected to flow from a perfectly well intentioned piece of legislation passed by this parliament.

While I agree that the kind of situation to which I have referred is difficult of solution because of the terms of this legislation, it indicates a part of the total picture that is developing as a result of our approach to the independent right of men and women, whether or not they are involved in a marriage relationship. Obviously there is discrimination against a woman faced with similar circumstances, and this is the kind of thing I hope the minister, his departmental officials and the members of the committee on veterans affairs can come to grips with at an early date.

Legislation such as the War Veterans Allowance Act must be considered in the total picture, just as legislation which provides for medical care, health services and assistance to people who are not veterans.

• (5:20 p.m.)

Somehow or other we have to develop a legislative pattern that will not leave particular individuals, even though they may be few in number, completely out in the cold and faced with a most intolerable and inhuman situation. I am not saying that I have the complete answer to this problem, but I do feel that this kind of situation is worthy of the attention of the minister, the government

and all members of the house in trying to devise our legislative enactments so this kind of situation cannot occur.

Mr. McCleave: Mr. Chairman, I rise simply to endorse a suggestion made to the committee earlier this afternoon by the hon. member for Burin-Burgeo, namely that the minister, his department and the government consider the extension of war veterans' allowance benefits to those under the age of 60. I have in mind several cases from my own riding, one of which I shall relate and which I think backs up the contention of the hon. member.

This case concerns a younger man who served in world war II after entering the army in excellent physical condition, but emerged in a poor physical category. For one reason or another he was not given the benefit of a pension. His condition was an ulcerous one, obviously a nervous condition, and since he applied himself fully to his military duties it is difficult to see how this condition could have arisen from any cause other than military service. But the fact is that he was not given the benefit of a pension and therefore finds himself, after good war service, in the position where he is not able to work at a level he probably would have attained had he not undertaken to serve his country. In short, Mr. Chairman, the income of this man is of a low level, and he has serious responsibilities.

There are other cases like this in my riding but I shall not deal with them in detail. I mention this one as a specific instance and I heartily endorse the suggestion of the hon. member for Burin-Burgeo. I realize that there are difficulties in the way of bringing in a formula which would work. There would be people who would try to take advantage of such a formula. But the fact is that our veterans legislation is supposed to err, if it errs at all, on the side of generosity and giving all doubt to the veteran. This reinforces me in my suggestion that the request of the hon. member for Burin-Burgeo be given great consideration by the department and I ask the minister to do this.

The Chairman: Shall vote No. 1 carry?

Item agreed to.

The Chairman: This completes the main estimates of the Department of Veterans Affairs. The committee will now proceed to the further consideration of the estimates of the Department of Citizenship and Immigration.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

General administration—

5. Payments to carry out the purposes of the Vocational Rehabilitation of Disabled Persons Act and agreements made thereunder, including undischarged commitments under previous agreements; payments to provinces under agreements entered into with the provinces by the Minister of Citizenship and Immigration wth the approval of the Governor in Council for the organization and use of workers for farming and related industries, including undischarged commitments under previous agreements; and to authorize payments in accordance with agreements entered into with the approval of the Governor in Council by the Minister of Citizenship and Immigration with provinces, employers and workers in respect of labour mobility and assessment incentives, $1,625,000.

The Chairman: Shall vote No. 5 carry?

Item agreed to.

Citizenship—

35. Administration, operation and maintenance including grants and contributions for language instruction and citizenship promotion, and grants to organizations as detailed in the estimates, $2,332,400.

Mr. Bell (Carleton): Mr. Chairman, before item 35 carries I wonder whether the minister would give us any indication as to when he will bring forward the long expected amendments to the Citizenship Act. They have been promised in four Speeches from the Throne. Surely if they were ready as long ago as May of 1963 the minister could put the bill on the order paper tonight. I want to say to him that if he does this, we will pass the bill next week. We are anxious to do this. We are just as anxious as was the hon. member for Bonavista-Twillingate, when he sat over here, to pass a bill of this sort. I really do suggest to the minister—and I know he has the bill ready—that he could put it on the order paper before six o'clock tonight. If he does, we will be glad to pass it as one of the prime legislative items next week. Will the minister give us some indication of his plans?

Mr. Marchand: Unfortunately, Mr. Chairman, I do not know what has been going on in the house for the past 10 years. I do not think there have been many delays since I have been here. I still believe that in a very short time I will be in a position to tell the house what kind of amendments we want to make to the law and the regulations. The hon. member believes that I can do it tonight, but unfortunately I cannot.

Mr. Bell (Carleton): What bothers me, Mr. Chairman, is that the minister will probably

cease within a matter of days to have responsibility for citizenship. Then this question will be passed over to a new minister who will be able to plead to the house that she is green in the task, just as the minister has now asserted. Now that the minister has had six months of experience, I think he could bring this bill forward before he passes responsibility for citizenship over to the hon. member for Niagara Falls. That is why I am now pleading with him especially to bring the bill forward as one of the last acts in his responsibility for citizenship.

Mr. Marchand: Mr. Chairman, everything will be very well prepared before this responsibility is transferred to the Department of the Secretary of State.

Mr. Barnett: Mr. Chairman, I think probably the hon. member for Carleton may have—I noticed this from a twinkle in his eye—a certain amount of sympathy with the position of the minister. However, I should like to join the hon. member for Carleton, and without any lack of feeling for the minister's predicament suggest to you, Mr. Chairman, that he happens to be the minister who is before us on this item. Even though he has not been a member of the house for the last 10 years, or even since the present administration took office, neither he nor the government of which he is a member can escape the responsibility for the matter of amendments to the Citizenship Act to which the hon. member for Carleton has referred.

Also, as the hon. member for Carleton has quite rightly pointed out, during the various changes in ministerial responsibility in this particular area we have had some pretty specific assurances on this point by the minister's predecessors. I think the hon. member for Carleton is certainly within his right to raise this question and point out to the minister that the government as a whole has promised such action. Even though the minister may not have held this office for a great length of time and may shortly be relinquishing this particular responsibility, he should be in a position to state to us, while we have this item before us, something pretty clear as to the intentions of the government.

It is a responsibility which he may wear with a little discomfort at the moment, but nevertheless I feel that this situation is not good enough. This kind of thing has happened not only in this instance but in a number of other instances, where because of the switching of portfolios we have in effect had to take this kind of answer in respect of amendments to the Citizenship Act, in respect of amendments to the Immigration Act and on some pressing matters with regard to which we have had quite definitive statements from time to time from the government that such and such a line of action was agreed to in principle and we could expect specific proposals to be placed before the house at an early date.

[Mr. Bell (Carleton).]

• (5:30 p.m.)

I feel, Mr. Chairman, it was quite proper for the member for Carleton to raise this point but I had hoped that we could have received a more definite answer from the minister than the one he has just given to the house.

Item agreed to.

The Chairman: The Legislation estimates having been passed, we will now proceed to the consideration of the estimates of the Department of Labour. I understand that in accordance with an agreement reached on May 27, Item 1 will be called and allowed to stand and we will then proceed to the estimates of Central Mortgage and Housing Corporation.

Mr. Starr: Mr. Chairman, I know that the Minister of Labour is very busy at the moment so I wonder whether we could not go on to the consideration of the estimates of the Privy Council.

Mr. Barnett: May I raise a point of order? As you will recall, Mr. Chairman, it was unanimously agreed earlier this afternoon that we would suspend consideration of private members business. It was also my understanding that we would not be dealing with the estimates of the Department of Labour this afternoon. I realize that the estimates of another department have been passed more expeditiously than was anticipated, but in view of the understanding which we had previously and in view of the fact that other considerations are involved in regard to the first item in the estimates of the Department of Labour, I wonder if we could not agree to let Item 1 of the estimates of that department stand.

Mr. Stewart: May I speak on that point, Mr. Chairman? What the hon. member said is quite correct and in any case the Minister of Labour is very urgently involved in a meeting on public business. I will therefore ask that the estimates of the Department of Finance be now called.

Mr. Starr: Mr. Chairman, may I remind you of my suggestion to call at present the estimates of the Privy Council? I would

suggest that after consideration of these estimates we could go on to the Department of Finance.

Mr. Stewart: In view of the fact that the Minister of Finance is here and ready to proceed, I think it would be more expedient to proceed along the lines I suggested initially.

The Chairman: Is it agreed that the estimates of the Department of Labour shall stand and that the committee will proceed with consideration of the estimates of the Department of Finance?

Some hon. Members: Agreed.

The Chairman: We will now proceed to the consideration of the estimates of the Department of Finance, Vote No. 1.

DEPARTMENT OF FINANCE

Administration—

1. Departmental administration including administration of the Guaranteed Loans Acts and the Inspector General of Banks' Office, and payments to provinces and grants as detailed in the estimates, $4,332,900.

Mr. Starr: I wonder whether the Minister of Finance is prepared to make some remarks on his stewardship of the department and on whether he has had any difficulties with former members of the cabinet?

Mr. Sharp: In response to the invitation from the hon. member for Ontario I want to say that the Minister of Finance is having a hard time, which is usual for all ministers of finance, although I do not think his difficulties are any greater than those of his predecessors.

We are at a time, in our nation's history in which there are financial problems, but I am very glad to say that they are associated with great prosperity. I think we all like to live at a time when the demand for goods and for the services of our working people is not deficient. But if we want to ensure that our prosperity will continue for a good time into the future, policies of restraint are necessary, restraint which applies—as I said in speaking on the Bank of Canada Act the other day—in the field of monetary policy as well as in other fields.

I am therefore very happy to present my estimates for the consideration of the house, and I wait with bated breath for the comments from the opposition.

Mr. Bell (Carleton): I think the minister has made a most inadequate statement in commencing these estimates. He has dealt almost not at all with the important issues which face the economy of this country. I confess I am somewhat surprised that in view of the controversy that has existed between the minister and the hon. member for Davenport he has not sought to bring before the house his own point of view and to express clearly what the policy of the government may be, as opposed to the policy of the grey eminence of the Liberal party.

The fact that the minister has refrained from making any major statement is, I think, an indication that he is permitting the policies of the Department of Finance to drift. Apparently what he has established as the basic economic and fiscal policy of the government is one of drifting. We saw this in the budget which was a stand pat budget. The fact is that since that time there has been nothing at all to indicate that the hon. gentleman has any imagination or any vivid approach to the serious problems that confront the country today.

• (5:40 p.m.)

Now, sir, I had not expected the estimates of the Department of Finance would be called this afternoon. I had intended to make a rather extensive presentation on one particular subject. Twice before at this session of parliament I have mentioned in some detail the question of increases in pensions for retired civil servants. I think the proper time to deal with this subject, and to have it out with the Minister of Finance, is now on item 1. The minister and the Prime Minister, in their negotiations and discussions with various civil service organizations, have been adamant. I say to the minister today that it is not good enough for him or the Prime Minister to take the attitude which they have taken.

There has been only one occasion when there has been any increase in the pensions of retired civil servants, and that was in the year 1958. Initially, it was an estimate and was crystallized in legislation in the pension adjustment act of 1959. I say to the minister that there are many retired civil servants across this country who are suffering grave hardship by reason of his adamant refusal to make the increases which I believe are entirely justified. This is not an area in which policy has not been established already by this parliament. Parliament has set its seal of approval on the policy of increases when they are needed to meet the cost of living. It did so in 1958 and 1959.

It is not as if we alone had done this. This procedure has been adopted, as the minister

well knows, in the United States and the United Kingdom. I think it was on Monday last that I read into the record some of the statements which have been made in the United Kingdom as contained in that *Hansard* for November, 1965. There were at least six pension adjustment increases for retired civil servants in that country. I then put on the record as well what the position is in the United States. These two countries have set a model and an example with regard to pension adjustments, just as this country set a model and an example in the enactment of the pension adjustment act.

I suggest that this is the example the minister ought to follow, and he ought to follow it at this session of parliament. If the minister had received all the representations which I have received from time to time from retired civil servants across this country, he would know the genuine hardships and injustices that there are by reason of the decline in the value of the dollar. Some of these persons have been retired for many years, and when they made their contributions they were in dollars of an entirely different value than the dollars they are taking out of the fund today. In some cases these dollars have a value as low as 50 per cent of the value of the dollars they put into the superannuation account. I do not believe that this country should treat its retired public servants in such a shoddy, shabby way as the Prime Minister and the Minister of Finance have insisted upon doing. I believe if he tested the will of the members of this house he would find they were all in favour of increases, and of an updating of the pension adjustment act to bring genuine justice to these retired civil servants.

I know there is a disposition to get ahead with these estimates. I want to say to the minister, however, that I should like a full answer in respect of this matter. I want the minister to try to vindicate in some way the adamant stand that has been taken. I cannot understand how there could be any vindication of it. However, I hope he will at least try to rationalize the point of view he has taken. I do appeal to him, if he will, to listen to reason, to listen to what I believe is a popular demand to introduce legislation in this respect at this session of parliament.

Mr. Knowles: I was rising only part way in the hope that the Minister of Finance was going to get up and give the answer that ought to be given to the plea that has just been made once again by the hon. member for Carleton. I agree with the hon. member that at some point we have got to have this matter out. I think it is disgraceful, the way in which these people have been pushed around, encouraged and then discouraged, put off and told to wait for this piece of legislation or that; and finally we seem to have reached a point where we cannot get anywhere at all.

[Mr. Bell (Carleton).]

I had hoped that with the amount of attention being paid in this session to civil service matters and civil service pensions, particularly in relation to Bill No. C-193, we would get action. However, the Minister of National Revenue, who is piloting that bill through the house on behalf of the Minister of Finance, has taken the very adamant position that that bill deals only with people now in the civil service, and not with retired persons. We seem therefore to be thrown back upon the tender mercies of the Minister of Finance.

An hon. Member: Tender?

Mr. Knowles: I hope that question is on the record because it will indicate that I am not the only one who wonders just how tender those mercies are. Our purpose in this debate is to try to find out. Frankly, I hope the minister will try to give us his reasoning with respect to this matter. I do not see how the government can stand against this principle. The hon. member for Carleton has referred to the action taken by the Diefenbaker government when it brought in the Public Service Pension Adjustment Act. I suggest that act did establish as a principle the willingness of parliament to deal with this matter. If the present government is sensitive about having Conservative practice thrown at it from time to time, I remind this government that it is the one that accepted the principle of escalation in pensions. This has been done in respect of two pieces of legislation. There is, both in the Canada Pension Plan and in the Old Age Security Act, a provision for escalating pensions. In one case, the escalation can take place both prior to the time one receives a pension and afterwards. In the other case, it applies only after the pensions have been paid.

I believe this was a very good move that the government made in allowing the principle of escalation in at least two of our pension acts. I am sure the reason the government did that, the reason the government

was prepared to ask parliament to do it, was that it had come to the realization that after people retire they still have certain rights as members of the community. Those rights include the right to be able to live on the pensions that are awarded to them on the basis of their service. The right to live in the years after one retires, Mr. Chairman, includes the right to be able to keep up with the cost of living, and also the right to be able to keep up with the rising standard of living. I know that most people who write letters to us appealing for pension increases base their arguments on the increased cost of living, and that is a sufficient argument to make it necessary that something be done.

• (5:50 p.m.)

I think an equally valid argument is the rising standard of living. When conditions of life improve all round, those improved conditions exert pressures on people which are just as real as pressures which arise from an increased cost of living. Because a person retired before there was television, there is no reason that that person should not enjoy television in his retirement. Because a person retired before certain other improvements took place in our standard of living, that is no reason that he should not enjoy these other improvements. We would not say that some members of a family shall enjoy such affluence as the family has, but that other members shall not.

Therefore, Mr. Chairman, because of these two reasons—the rising cost of living and the rising standard of living—I believe that parliament has gladly accepted the principle contained in the amendments to the Old Age Security Act and in the Canada Pension Plan, that there shall be escalation of pensions, yes even after they have been put in pay. If the government has been prepared to do this in general legislation, I submit that the government should do it for its own retired employees.

I insist there is no ground at all, in principle, for opposing that for which we are asking on behalf of our retired civil servants. The argument is sometimes made that they were employed on a contractual basis, and that these people have to accept the terms of that contract. But every year or so we amend the terms of the contract in our various pension acts. We are doing it this session in Bill No. C-193. We are not only doing the job of integration and all the rest of it, but we are taking care of the various anomalies. Every time we do this we admit that as the statute stood before it was not perfect. Why should these people who are retired be forced to be the victims of the imperfections of the legislation, or the formula, or the contract made in years gone by?

The hon. member for Carleton referred to the fact that action in this area has been taken in the United States and in the United Kingdom. It has also been taken in a number of the provinces in this country. I have not the list in front of me, but a number of them have done so. In the province of Ontario I know that arrangements have been made to improve the pensions of teachers after they have retired. In my own city of Winnipeg the municipal administration has provided that pensions of retired civic employees can be increased and that provision is there for those who may retire in the future.

The idea that we have this responsibility to our retired workers when they leave our employ is so widely accepted that I cannot understand why this realization has not impressed itself on the hearts and the mercies of those who sit on the treasury benches. One of the matters which is terribly disheartening to these people has been the way in which their hopes have been buoyed up, only to be put down again.

Even after this government came into power there were times when this matter was being considered. The former minister of finance, the hon. member for Davenport, assured us on a number of occasions that this question would be considered. Representatives of these people came to Ottawa and had interviews with cabinet ministers, I believe an interview even with the Prime Minister, and they were led to believe at one time that when the Canada Pension Plan was passed their problem would be dealt with. They were also led to believe that when the subject of old age pensions was dealt with their problem would be considered. But the recent letters they have received, mainly from the Prime Minister and the Minister of Finance, have given them the impression that this government has closed the door. I do not think that the government is reflecting either the will of parliament or the will of the people of the country in the position it is taking.

As the hon. member for Carleton says, it is apparently this minister with whom we must have it out. I almost said that it is this minister whom we must "have it out with", but I thought I had better be precise in dealing with the Minister of Finance. The

Prime Minister passes the problem to him. The Minister of National Revenue says that it does not come under his legislation. If it is a financial question, then it is this minister who must make the decision, and I think we should hear from him. I hope that what he has to say will be satisfactory; if not we will have to keep at him.

Mr. Richard: Mr. Chairman, ever since I have been the member for Ottawa East I have never let the opportunity pass to make this plea to the Minister of Finance. Almost yearly for the past 20 years I have asked him to do something to escalate the pensions of retired civil servants. Those of us who live in Ottawa know the need for this escalation. When our civil servants contributed to the superannuation fund they expected they would be able to retire with sufficient to afford them a certain standard of living. Instead of that, Mr. Chairman, during the past 10 to 15 years many of them have been living like people who, certainly, one would think from their present standard of living had been engaged in some other kind of occupation.

I would urge on the Minister of Finance at this time, when we come to consider amendments to the superannuation acts, when the Canada Assistance Plan is introduced, and when we discuss legislation for the benefit of those who are in similar situations, to see to it that we look after our own employees even in a better way than those of private industry, other governments, provincial or municipal, or governments of other countries. I hope that the day will soon come when this parliament will be proud to say that our retired civil servants now have the treatment to which they are entitled.

The Deputy Chairman: Shall item 1 carry?

Mr. Starr: Six o'clock.

Mr. Scott (Danforth): May I call it six o'clock, Mr. Chairman?

The Deputy Chairman: Order. It being six o'clock, shall I rise, report certain resolutions and request leave to sit again at the next sitting of the house?

Some hon. Members: Agreed.

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

[Mr. Knowles.]

COMMITTEES OF THE HOUSE

PUBLIC SERVICE—CONCURRENCE IN FIRST AND SECOND REPORTS OF SPECIAL JOINT COMMITTEE

Mr. J.-T. Richard (Ottawa East): Mr. Speaker, by leave, may I revert to routine proceedings under presenting reports by standing and special committees?

The Acting Speaker (Mr. Rinfret): Order. Is there unanimous consent to enable the hon. member to revert to routine proceedings?

Some hon. Members: Agreed.

Mr. Richard presented the first and second reports of the special joint committee on the public service, and moved that the reports be concurred in.

Motion agreed to.

• (6:00 p.m.)

CRIMINAL CODE AMENDMENT—INSANITY—REFERENCE OF SUBJECT MATTER TO STANDING COMMITTEE

Mr. J. B. Stewart (Parliamentary Secretary to Minister of Public Works): I ask leave to make a motion in regard to the subject matter of private members Bill No. C-105, to Amend the Criminal Code (Insanity), which stands in the name of the hon. member for Greenwood (Mr. Brewin). The purpose of the motion would be to refer the subject matter to the standing committee on justice and legal affairs.

Some hon. Members: Agreed.

Mr. Stewart: I move:

That the subject matter of Bill C-105 be referred to the standing committee on justice and legal affairs.

Motion agreed to.

REFERENCE OF PRIVATE MEMBERS NOTICES OF MOTIONS TO STANDING COMMITTEE

Mr. Jim McNulty (Lincoln): Mr. Speaker, I move:

That private members notices of motions Nos. 21, 25, 64, 73, 74 and 76 be referred to the standing committee on privileges and elections.

Motion agreed to.

BUSINESS OF THE HOUSE

Mr. McIlraith: The business for tomorrow will be as indicated by me last night and as recorded in *Hansard* for last night. We expect on Friday to consider estimates again for the

day, depending on what estimates are reported back from the standing committees which are studying them now.

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

[The following items were passed in Committee of Supply this day:]

DEPARTMENT OF VETERANS AFFAIRS

1. Departmental administration, $6,732,100.

Welfare services, allowances and other benefits—

5. Administration, including the expenses of the war veterans allowances board, and grants as detailed in the estimates, $4,270,500.

10. War veterans allowances, civilian war allowances and assistance in accordance with the provisions of the assistance fund regulations, $105,475,000.

15. Other benefits including treatment and related allowances, burials and memorials, the training of certain pensioners under regulations approved by the Governor in Council and repayments under subsection (3) of section 12 of the Veterans' Rehabilitation Act in such amounts as the Minister of Veterans Affairs determines, not exceeding the whole of amounts equivalent to the compensating adjustments or payments made under that act, where the persons who made the compensating adjustments or payments received no benefits under the Veterans' Land Act, or where, having had financial assistance under the Veterans' Land Act, are deemed by the minister on termination of their Veterans' Land Act contracts or agreements to have derived thereunder either no benefits or benefits that are less than the amounts of the compensating adjustments or payments, $5,563,900

Pensions—

20. Administration, $2,787,300.

25. Pensions for disability and death, including pensions granted under the authority of the civilian government employees (War) Compensation Order, P.C. 45/8848 of November 22, 1944, which shall be subject to the Pension Act; Newfoundland Special Awards, and gallantry awards (World War II and special force), $182,403,000.

Treatment services—

30. Operation and maintenance including authority, notwithstanding the Financial Administration Act, to spend revenue received during the year for hospital and related services, $48,874,000.

35. Hospital construction, improvements, equipment and acquisition of land including a contribution to the province of Alberta toward the cost of constructing and equipping a nursing home in accordance with the terms of an agreement between the province and the federal government, $5,058,000.

Soldier Settlement and Veterans' Land Act—

40. Administration of Veterans' Land Act; Soldier settlement and British family settlement; upkeep of property, Veterans' Land Act, including engineering and other investigational planning expenses that do not add tangible value to real property, taxes, insurance and maintenance of public utilities; and to authorize, subject to the approval of the Governor in Council, necessary remedial work on properties constructed under individual firm price contracts and sold under the Veterans' Land Act and to correct defects for which neither the veterans nor the contractor can be held financially responsible, and for such other work on other properties as may be required to protect the interest of the director therein, $4,320,900.

45. Grants to veterans settled on provincial lands in accordance with agreements with provincial governments under section 38 of the Veterans' Land Act, grants to veterans settled on dominion lands in accordance with an agreement with the minister of Northern Affairs and National Resources under section 38 of the Veterans' Land Act and grants to Indian veterans settled on Indian reserve lands under section 39 of the Veterans' Land Act, $145,000.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

General Administration—

5. Payments to carry out the purposes of the vocational rehabilitation of Disabled Persons Act and agreements made thereunder, including undischarged commitments under previous agreements; payments to provinces under agreements entered into with the provinces by the Minister of Citizenship and Immigration with the approval of the Governor in Council for the organization and use of workers for farming and related industries, including undischarged commitments under previous agreements; and to authorize payments in accordance with agreements entered into with the approval of the Governor in Council by the Minister of Citizenship and Immigration with provinces, employers and workers in respect of labour mobility and assessment incentive, $1,625,000.

Technical and vocational training assistance—

10. Administration, $1,118,200.

15. Payments to the provinces to carry out the purposes of the Technical and Vocational Training Assistance Act and agreements made thereunder and payments under agreements providing for the sharing of expenditures for research projects to provide information relating to vocational training and manpower requirements, $186,585,000.

National employment service—

20. Administration of the National Employment Service, $28,340,100.

25. Manpower mobility program—grants, in accordance with regulations approved by the Governor in Council, to or in respect of persons who are moved from one place in Canada to another place in Canada in connection with the manpower mobility program, $3,500,000.

Immigration—

30. Administration, operation and maintenance including trans-oceanic and inland transportation and other assistance for immigrants and settlers subject to the approval of treasury board, including care en route and while awaiting employment; and payments to the provinces, pursuant to agreements entered into, with the approval of the Governor in Council, in respect of expenses incurred by the provinces for indigent immigrants and $20,000 for grants to immigrant welfare organizations, $18,233,800.

Supply Items Passed

Citizenship—

35. Administration, operation and maintenance, including grants and contributions for language instruction and citizenship promotion, and grants to organizations as detailed in the estimates, $2,332,400.

LEGISLATION

The senate—

Members of the Senate—

1. Allowance in lieu of residence to the Speaker of the Senate, $3,000.

5. General administration, $1,179,700.

House of commons—

Members of the House of Commons—

10. Allowances in lieu of residence to the Speaker of the House of Commons, and in lieu of apartments to the Deputy Speaker of the House of Commons: allowance to the Deputy Chairman of committees, $8,500.

15. Expenses of the Canada-United States interparliamentary group, of delegates attending other interparliamentary conferences, expenses connected with visits of delegates to and from other legislatures, including the expenses of the commonwealth parliamentary conference to be held in Ottawa in 1966, Canada's share of the expenses of the commonwealth parliamentary association including the assessment for membership in the association, and grants as detailed in the estimates, $458,725.

20. General administration, $5,758,900.

Library of Parliament—

25. General administration, $543,300.

HOUSE OF COMMONS

Thursday, June 16, 1966

The house met at 2.30 p.m.

[*Translation*]

COMMITTEES OF THE HOUSE

FIRST REPORT OF STANDING COMMITTEE ON STANDING ORDERS

Mr. Patrick-T. Asselin (Richmond-Wolfe) presented the first report, in French and in English, of the standing committee on standing orders.

[*English*]

Second and third reports of standing committee on Indian affairs, human rights and citizenship and immigration—Mr. Klein.

First report of standing committee on health and welfare—Mr. Harley.

[*Note: Text of the foregoing reports appears in today's Votes and Proceedings.*]

EXCHEQUER COURT ACT

AMENDMENT TO ELIMINATE TAXATION STAMPS

Hon. Lucien Cardin (Minister of Justice) moved for leave to introduce Bill No. C-201, to amend the Exchequer Court Act.

Some hon. Members: Explain.

Mr. Cardin: Mr. Speaker, this is a minor amendment to the Exchequer Court Act to permit the taxation stamps to be eliminated.

Motion agreed to and bill read the first time.

• (2:40 p.m.)

DAIRY COMMISSION

PROVISION FOR STABILIZATION OF MILK AND CREAM PRICES

Hon. J. J. Greene (Minister of Agriculture) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to establish a dairy commission for Canada to administer funds made available to it for the purpose of stabilizing the price of milk and cream so as to provide efficient producers of milk and cream with the opportunity of obtaining a fair return for their labour and investment and to provide consumers of dairy products with a continuous and adequate supply of dairy products of high quality; to provide that all expenditures for the purpose of the said measure, excluding those that in the opinion of the minister are directly attributable to action taken by the commission to stabilize the price of any dairy product, shall be paid out of moneys appropriated by parliament therefor; to provide also for the establishment in the consolidated revenue fund of a special account to be known as the Canadian dairy commission account, for credits and charges thereto; and to provide further for the making of loans to the commission and for the terms and conditions thereof.

Motion agreed to.

HOUSE OF COMMONS

COMMITTEE CONSIDERATION OF BROADCASTING PROCEEDINGS

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 Prime Minister. Because all of us are desirous of doing everything we can to improve the image of parliament, I should like to ask the right hon. gentleman whether on behalf of the government he will consider setting up a special committee of parliament, or using the facilities of an existing committee, to make a study of the possibility of broadcasting a portion of the proceedings of parliament each day over radio and television. This is something, as the Prime Minister is aware, that is receiving attention in the United Kingdom. I have referred to it before, and am strongly in favour of it. Will the Prime Minister consider following that course, so that a committee can obtain the views of representatives of Canadians generally and of the C.B.C. and private broadcasting companies?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I will be very glad to give consideration to my right hon. friend's proposal. After I have been able to give that consideration in consultation with my colleagues I will be in a position to report to the house, at which time perhaps a decision can be made as to what further might be done.

Inquiries of the Ministry

ST. LAWRENCE SEAWAY

REQUEST FOR REPORT ON NEGOTIATIONS RESPECTING LABOUR DISPUTE

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, in the absence of the Minister of Labour may I ask the right hon. Prime Minister what progress is being made in resolving the dispute between the seaway authority and the seaway employees. Has the mediator who was appointed been able to bring the parties any closer together, and is there any hope that the strike which is scheduled for tomorrow can be averted?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, progress has been made and at the moment the Minister of Labour, the Minister of Transport and the mediator are meeting with the parties to the dispute. That is why these ministers are not in their places. I hope there will be something to report later in the afternoon.

Mr. Douglas: I have a supplementary question, Mr. Speaker. Has the government made it clear to the seaway authority that there can be no possible objection to the workers on the Canadian side of the seaway being paid the same rates as those paid on the United States side?

Mr. Speaker: Order, please. I do not think that question is in order.

FISHERIES

BRITISH COLUMBIA—DAMAGE TO SALMON SPAWNING GROUNDS BY LOG RUN

On the orders of the day:

Mr. Ron Basford (Vancouver-Burrard): Mr. Speaker, I should like to direct a question to the Minister of Fisheries. Can he give an answer to the question I directed yesterday to the acting minister regarding the open defiance of the government of British Columbia and its callous disregard for the welfare of our salmon industry by running logs in the Stellako river?

Mr. Speaker: Order, please. The hon. member knows that questions should not include statements of the nature he is now making. His question certainly cannot be accepted in its present form.

Mr. Basford: Mr. Speaker, I will, of course, defer to your wishes and apologize. Perhaps I can rephrase my question. Can the minister now answer the question I asked yesterday regarding the running of logs over salmon spawning grounds in the Stellako river?

Hon. H. J. Robichaud (Minister of Fisheries): Mr. Speaker, according to the regulations under the Fisheries Act the driving of logs on the Stellako river without a permit from the Minister of Fisheries is prohibited by ministerial order issued on February 9, 1966 and published in the Canada Gazette on March 9, 1966. The Fraser Lake Sawmills Company, owners of the logs, have been notified of the order and no permit has been granted to drive the logs.

Mr. Starr: Mr. Speaker, I rise on a point of order. Are we now considering motions or are we on questions?

Mr. Speaker: I understand we are on verbal questions.

Mr. Robichaud: Mr. Speaker, my reply is very short, but in order that it may be understood by all hon. members I have to give some detail. The provincial government of British Columbia was notified about ten days ago that no permit had been granted. The intervention of the provincial government of British Columbia by seizing the logs for non-payment of stumpage dues by the company—

Some hon. Members: Order.

Mr. Robichaud: —and by ordering the release of the logs into the Stellako river has raised serious legal questions. These will have to be clarified before any further action can be proceeded with.

Mr. Speaker: Order, please. I understand that the answer has now been completed.

Mr. G. W. Baldwin (Peace River): A supplementary question, Mr. Speaker, which calls for a shorter answer. In view of the action of the government of British Columbia, which follows similar action in connection with the Peace river dam, will the minister give consideration to applying for an injunction against the provincial government, which it is the duty of the federal government to do? Second, if this is not successful will the government give consideration to taking action under section 55 of the Supreme Court Act as to the rights of the respective governments?

Mr. Speaker: Order, please. The first part of the question is hypothetical. The minister might wish to answer the second part.

Mr. Robichaud: Mr. Speaker, the matter is now being studied by the Department of Justice. I have asked the government of British Columbia to state officially its position. When this is known we will consider making an agreed reference to the Supreme Court of Canada.

Mr. Frank Howard (Skeena): Mr. Speaker, may I ask a supplementary question of the Minister of Fisheries. I would ask the minister whether in view of all the difficulties which might be encountered he would consult with his colleague the Minister of Northern Affairs and National Resources to see whether they might exercise the aboriginal rights of the native people over this territory, in order to get the provincial government to cease its invasion.

Mr. Robichaud: Mr. Speaker, before any further action is taken we have to know officially the position of the government of British Columbia.

AGRICULTURE

MILK—REPORTED FAILURE TO PAY AVERAGE PRICE

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a question for the Minister of Agriculture. In view of the fact that a number of persons and organizations are apparently attempting to frustrate the minister's policy of an average price of $4 a hundred for manufactured milk—I am sure the minister is aware of this—could the minister tell the house whether attempts are being made to see that this average price will in fact be maintained?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, my information is that there are complaints with regard to some processors who have raised the price of transportation with respect to milk. The Ontario milk marketing board has set the price at $3.25, and it is apparently felt that this raising of the transportation cost will ultimately result in the producers receiving less than $4. With respect to the cost of transportation, we of course have no control over this, but I sincerely hope the provincial government will take adequate action to make the $3.25 price effective.

Mr. Eric A. Winkler (Grey-Bruce): A supplementary question, Mr. Speaker. I should like to ask the minister what action he proposes to ensure that the producers do receive the amount his government promised to them.

Mr. Greene: My hon. friend knows that the federal government has no authority to set the price paid to producers. Our policy enables the price of $3.25 to be paid plus the 75 cents federal payment. The Ontario government in its wisdom through the Ontario milk marketing board set a price of $3.25, which enabled the price of $4 to be paid. If the processors are taking advantage of this improperly, action can no doubt be taken by the Ontario milk marketing board. It cannot be taken by the federal government, which has no authority over transportation costs.

Mr. Nesbitt: A supplementary question, Mr. Speaker. Would the hon. gentleman, in his capacity as federal Minister of Agriculture, take up this matter with the government of Ontario, and indeed with any other provincial governments concerned, and see whether something cannot be done to maintain the $4 price?

Mr. Greene: Mr. Speaker, I discussed this matter with the Ontario minister of agriculture this morning.

[*Translation*]

AIRPORTS

WABUSH, NFLD.—REQUEST FOR DEVELOPMENT

On the orders of the day:

Mr. Guy LeBlanc (Rimouski): Mr. Speaker, I wish to put a question to the hon. Minister of Transport, but due to his absence I shall put it to the Member of the Administration.

In view of the urgency of the problem arising out of the work being done to the landing strip at Wabush and its effects on the Québecair schedule, can the hon. minister tell us if any progress has been made, within the last few hours, toward solving this ticklish problem?

Hon. John N. Turner (Member of the Administration): Mr. Speaker, I am pleased to advise the hon. member that a satisfactory agreement has been reached by the contractor and Québecair in this regard.

Inquiries of the Ministry

[*English*]

HEALTH AND WELFARE

REQUEST FOR HEALTH WARNING ON CIGARETTE PACKAGES

On the orders of the day:

Mr. P. B. Rynard (Simcoe East): I wish to address a question to the Minister of National Health and Welfare or in his absence to his parliamentary secretary, who may wish to take it as notice even though it is a question of extreme urgency affecting the health of all Canadians. Will the minister take immediate action to implement yesterday's recommendation by the Canadian Medical Association that since cigarette smoking constitutes an inherent danger to health, a warning notice should compulsorily be printed on each package of cigarettes?

Mr. Speaker: Order, please. I do not think this question should be asked at this time since it concerns a matter of general policy. I agree with the hon. member that it is a matter of great urgency, but it is so in a general sense, and I suggest to him it cannot be asked at this time.

Mr. Rynard: As a supplementary comment may I say I certainly bow to your wisdom on this, Mr. Speaker, but the Canadian Medical Association did think it was a matter of great urgency.

ADMINISTRATION OF JUSTICE

BRITISH COLUMBIA—MOUNTED POLICE ACTING AS COURT PROSECUTORS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): In the absence of the Solicitor General I wish to address a question to the Minister of Justice following the concern of the house about what is happening in British Columbia. Does the minister agree with the practice of the Royal Canadian Mounted Police in acting as crown prosecutors in the courts of British Columbia?

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

[*Translation*]

FINANCE

ABOLITION OF TAX ON PHARMACEUTICAL PRODUCTS

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I wish to put a question to the hon. Minister of Finance.

Can the hon. minister tell us whether he intends to propose the removal of sales tax on drugs and pharmaceuticals?

[Mr. Turner.]

Mr. Speaker: Order. May I point out to the hon. member that this question concerns general policy and cannot be put at this time?

[*English*]

IMMIGRATION

APPLICATIONS FOR ADMISSION BY THOSE WITH VISITORS' VISAS

On the orders of the day:

Mr. Andrew Brewin (Greenwood): I should like to direct a question to the Minister of Citizenship and Immigration. Can he tell the house how soon he expects to be in a position to announce the government's decision dealing with the many thousands of non-immigrants who have applied for permanent admission to Canada and whose status is and has been in suspense, in some cases for many months?

Mr. Speaker: Order, please. As the hon. member himself has pointed out, this is a matter of long standing and I suggest to him that it cannot be asked at this time.

Mr. Brewin: I wonder if I might suggest that right now there are a great many people who are worrying about this problem, and I think the minister announced a little while ago that he was going to deal with it.

Mr. Speaker: Order, please.

LABOUR CONDITIONS

ST. CATHARINES—REPORTED LAY-OFF AT McKINNON INDUSTRIES

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): I wish to ask the Minister of Citizenship and Immigration whether he is prepared to reply to the question I asked him yesterday with reference to the 400 workers in St. Catharines who are employed at the McKinnon Industries Limited and who are likely to be displaced, at least for the summer months, as a result of the Canada-U.S. agreement. The question I asked him yesterday had to do in particular with whether these workers would qualify for TAB, that is transitional assistance benefits.

Hon. Jean Marchand (Minister of Citizenship and Immigration): That is the only part of the question of the hon. member that I did not answer yesterday. As you know, these workers will have to apply to the adjustment assistance board which has the authority to determine whether they are entitled to TAB. I have not been informed that they have made such an application.

CRIMINAL CODE

INQUIRY AS TO INTRODUCTION OF AMENDMENTS

On the orders of the day:

Mr. G. W. Baldwin (Peace River): I wish to ask the Minister of Justice when he proposes to introduce into the house amendments to the Criminal Code.

Hon. Lucien Cardin (Minister of Justice): I doubt whether it will be possible to introduce any amendments to the Criminal Code before the autumn.

Mr. Baldwin: I have a supplementary question to put to the minister, and this is one which he might like to take as notice. Has his attention been drawn to the historic decision of the supreme court of the United States dealing with the very important rights of accused persons making voluntary statements; and will he give consideration to that decision before introducing amendments to the Criminal Code?

Mr. Speaker: Order, please. I assume the minister has taken note of the suggestion made by the hon. member, and I do not think this question can be asked at the present time.

NORTHERN AFFAIRS

RE-ESTABLISHMENT OF ROADS TO RESOURCES PROGRAM

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): I have a question for the Minister of Mines and Technical Surveys. Can the minister inform the house whether he will be calling on responsible provincial ministers to discuss and plan a new roads to resources program, or will this be a subject for discussion at the federal-provincial conference?

Hon. Jean-Luc Pepin (Minister of Mines and Technical Surveys): The position of the government on the roads to resources program is quite clear, and I think it has been expressed many times. We are now analysing the results of the program; the provinces are now spending the rest of the funds allocated to them. In the autumn there will be a conference of the taxation committee to decide on tax sharing between the federal and provincial governments which will affect this program. In due course we will try to find a program that will be acceptable to all or most of the provinces.

Hon. W. G. Dinsdale (Brandon-Souris): I have a supplementary question on the subject of roads to resources. Can the Minister of Mines and Technical Surveys or the Prime Minister reply to a question I asked about a week ago, in which I inquired whether the government is intending to replace the roads to resources program with a national roads policy directed by the federal government, as was indicated in a statement in Winnipeg by the Minister of Northern Affairs and National Resources?

Mr. Pepin: I think my previous answer is quite clear, Mr. Speaker.

EXTERNAL AFFAIRS

VIET NAM—PRESENCE IN HANOI OF CHESTER RONNING

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I wonder whether the Secretary of State for External Affairs will be more informative today than he was yesterday regarding negotiations being carried on by Mr. Ronning in Hanoi with the administration of that country. There have been newspaper references and observations on this matter, but parliament has not had any information. I ask him to let the country know, and let us know, whether the United States is being kept informed about these negotiations, and whether the visit of Mr. Harriman had any connection with these negotiations.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, Mr. Harriman's visit had nothing to do with this matter. I feel that, at the present time, there is nothing I can responsibly add to what I have already said.

WATER RESOURCES

PROVINCIAL REPRESENTATION AT CONFERENCE WITH U.S. SECRETARY

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): I have a question for the Minister of Mines and Technical Surveys which relates to the visit of United States Secretary Udall next week in connection with water pollution matters. Will provincial representatives be requested to be present at the minister's meeting with the secretary?

Inquiries of the Ministry

Hon. Jean-Luc Pepin (Minister of Mines and Technical Surveys): The question is also in my mind, Mr. Speaker.

Mr. Aiken: May I ask whether Secretary Udall will be accompanied by state representatives?

Mr. Pepin: No, Mr. Speaker, so far as I know he will not.

HOUSE OF COMMONS

REQUEST FOR CONSIDERATION OF RULES BY ALL PARTY COMMITTEE

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 fact that this house is operating under many rules which are provisional, in the sense that they will expire at the end of this session, is the Prime Minister giving any thought to the appointment of an all party committee to consider this matter so that we might have recommendations to make for next session? I would hope this might be done well before the end of the present session.

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker, I am giving consideration to that matter. It seemed to me it would be desirable to have the existing rules given a few months trial before we set up another committee to go into the matter. However, I agree that should be done, and before long.

STUDENT LOANS

SUGGESTED POSTPONEMENT OF REPAYMENT BY STUDENT VOLUNTEERS

On the orders of the day:

Mr. Ron Basford (Vancouver-Burrard): I should like to direct a question to the Prime Minister in view of the fact that the bill to establish the Company of Young Canadians stands in his name. Will he discuss with his colleague the Minister of Finance the suggestion I made in the house the other day that volunteers for CUSO and the Company of Young Canadians be exempted from the payment of interest and principal on their Canada student loans during the period they serve as volunteers?

Mr. Speaker: Order. This question might be considered when that particular piece of legislation is under consideration.

[Mr. Aiken.]

HEALTH AND WELFARE

REQUEST FOR GRANT FOR RETARDED AND DISTURBED CHILDREN

On the orders of the day:

Mr. William Dean Howe (Hamilton South): Mr. Speaker, in the absence of the Minister of National Health and Welfare I would direct my question to the Prime Minister. In celebration of the second anniversary of the tabling of the Hall commission report, would the government consider giving a grant to the support of mentally retarded and disturbed children, a recommendation which was to be given urgent attention within six months of the tabling of the report?

Mr. Speaker: Order. This question should be placed on the order paper.

THE SENATE

INQUIRY AS TO APPOINTMENT FROM NOVA SCOTIA

On the orders of the day:

Mr. J. O. Bower (Shelburne-Yarmouth-Clare): Mr. Speaker, I have a question for the Prime Minister. Is the Prime Minister still giving predominance to the French Acadian fact in appointing to the other place the missing representative in that chamber from Nova Scotia?

Mr. Speaker: Order. This question cannot be put at this time.

DOMINION-PROVINCIAL RELATIONS

QUEBEC—PETITION RESPECTING CHANGE IN PROVINCIAL CONSTITUTION

On the orders of the day:

Hon. R. A. Bell (Carleton): Mr. Speaker, may I ask the Prime Minister a question. Having regard to events which are now taking place in a provincial capital, could the Prime Minister indicate whether any new action has been taken by the government of Canada in respect to the address of the legislative assembly of Quebec, which was passed by this government to Her Majesty the Queen for transmission to the parliament at Westminster, regarding the legislative council of Quebec?

Mr. Speaker: Order. I gather that this question was asked just a few days ago by one of the members of this house.

AGRICULTURE

REQUEST FOR CAPITAL ASSISTANCE FOR LOCAL FAIRS

On the orders of the day:

Mr. George Muir (Lisgar): Mr. Speaker, I have a question for the Minister of Agriculture. Would the minister inform the house whether the government is giving consideration to extending capital assistance to local agricultural fair boards in order that they may build up their fairs?

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

FINANCE

HOUSING LOANS BY BANKS AT N.H.A. INTEREST RATES

On the orders of the day:

Mr. Reid Scott (Danforth): Mr. Speaker, I wonder whether I could direct a question to the Minister of Finance. In view of published reports that the home building industry is grinding to a halt due to the lack of mortgage money, and in view of reports that the banks have money for mortgage purposes if they can charge the N.H.A. rate, would the minister give consideration to permitting banks to enter the mortgage field at the N.H.A. going rate of interest?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker—

Mr. Speaker: Order. I have some doubt whether this question can be asked at this time. It is a question about general policy which I do not think can be asked now.

Mr. Scott (Danforth): On a point of order, Mr. Speaker, you have been good enough to permit dozens of questions on this very point during the present session. I would ask you to give consideration to the urgency of this matter.

SUGGESTED CALLING OF PERPETUAL BONDS

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, I would direct my question to the Minister of Finance. Would the government consider calling the perpetual bonds so that the many elderly people who are holding these bonds will not suffer financial loss?

Mr. Speaker: Order. This question should be placed on the order paper.

BANKRUPTCY ACT

AMENDMENTS TO CORRECT ABUSES AND FOR ORDERLY PAYMENT OF DEBTS

The house resumed, from Monday, June 13, consideration in committee of Bill No. S-17, to amend the Bankruptcy Act—Mr. Cardin—Mr. Batten in the chair.

On clause 1—*Reviewable transaction.*

The Chairman: Shall clause 1 carry? The hon. member for Yukon.

Mr. Cardin: Mr. Chairman, I want to thank the hon. member for Yukon for giving me the opportunity to speak now; I understand that he had the floor. I also want to apologize to the committee for not being able to be present during the second reading stage of this bill. However, I am happy that we were able to move into the committee stage, where it will be possible to deal generally with the subject of bankruptcy. Like all hon. members I am most anxious for this bill to pass as quickly as possible because, as has been mentioned by hon. members, it is an urgent and most important bill.

The nature and complexity of the problem of bankruptcy make it evident to all hon. members that the amendments to the bill alone will not and cannot solve the problem of what is now termed fraudulent bankruptcies. It is also quite clear that adequate administrative steps are most essential.

Because of the widespread misunderstanding and confusion which exists in the minds of the public with regard to the whole question of bankruptcy, its administration and the law of bankruptcy itself, I believe it is important that a statement be made on all aspects of the subject of bankruptcy at this time. I hope members of the committee will bear with me if I go not only into the reasons behind the principal amendments to the Bankruptcy Act, but also if I describe briefly the steps that have been taken and that must still be taken if in fact we are going to ensure that the administration and control of bankruptcy legislation is adequate to meet the problem that now faces the country in this field. I want to assure the committee that I will be as quick as I can, but I think it is important that a comprehensive statement be made.

In recent months many accusations and allegations have been levelled against the federal government in this field. I believe that all hon. members as well as all Canadians ought to know what actions and

steps have been taken to face up to the problems that have developed in this field over the years, particularly actions that have been taken since the appointment of the new superintendent in April, 1965. I believe this is necessary not only to show that we are aware of the problems and that we have been and still are taking the necessary measures to deal with them, but also to give a good measure of reassurance to the country and especially to those in the business and commercial sections of the community.

There is no doubt in my mind—and I trust that hon. members will share my conviction after they have heard what I have to say—that the changes now contemplated will permit the superintendent to deal much more effectively with the bankruptcy problem and with the flagrant abuse which is made of the present bankruptcy legislation.

In this respect I should like to say a word, first of all, about the important aspect of federal-provincial co-operation in the field of bankruptcy. At the last conference of attorneys general held in Ottawa in early January of this year there was a frank and open discussion of the problems relating to the administration of the bankruptcy legislation. The experience of both the provincial and the federal authorities in this field was discussed, and I am sure no hon. member will be surprised to hear me state that the conference agreed that an adequate and effective system of administration of estates in bankruptcy and the prevention of irregularities depend upon the action of both the federal and provincial governments operating in their respective fields of responsibility, and upon appropriate co-operation between them.

• (3:10 p.m.)

It would be wrong for anyone to conclude that there was a lack of co-operation in this field between the two levels of government. This is not the case. But this means that the co-operation that has existed in recent years ought to be organized in a more ordinate, articulate and systematic manner. As a consequence the conference set up a small committee comprising the deputy attorneys general of the provinces of Ontario and Quebec and the superintendent to study means of achieving closer co-operation between the federal and provincial authorities.

This committee has met and a procedure has been established whereby both the provincial law enforcement authorities and the superintendent of bankruptcy will be in constant and close liaison. The superintendent of bankruptcy is presently in communication with the deputy attorneys general of the other provinces, and I do not think there should be any reason why the arrangements regarding the provinces of Ontario and Quebec should not be extended with the other provinces.

I think hon. members will be interested to know, in concrete cases, how the arrangements could work and what kinds of benefits could be derived therefrom. I will mention one example without being specific as to names, places or dates, because this information is taken from an active file.

The trustee of a large estate in bankruptcy came to Ottawa to meet with the superintendent. The trustee explained that he strongly suspected that in the few months preceding his bankruptcy, the bankrupt had fraudulently diverted some funds belonging to the estate to the United States, and that the bankrupt was about to abscond from Canada. The superintendent immediately got in touch with the R.C.M. Police with the request that the trustee be afforded all the necessary assistance in his investigation of the affairs of the bankrupt. This was done. At the same time the superintendent got in touch with the department of the attorney general of the province concerned and arrangements were made to have a crown attorney appointed right at that stage to handle any criminal prosecution that could ensue.

The suspicions of the trustee proved to be well founded. When the bankrupt was about to leave the country for good he was charged, arrested and brought before the court where he is now awaiting trial. This was possible because of the close liaison and co-operation that existed with the trustee as well as between the provincial and federal authorities. There are also good possibilities that as a result of the investigation, the estate will be in a position to recover some of the assets that had been illegally taken out of the country, this to the benefit of the creditors of the estate.

This is but one example pointing up the close liaison that has been established between the provincial and federal authorities, both operating in their own spheres of responsibilities; and I am convinced that hon. members will agree with me that this is a most important achievement.

I must at this point say a word about the spheres of responsibility of the federal and provincial governments in this field. At the

conference of the attorneys general the experience of both the federal and provincial authorities, especially in the field of the enforcement of the provisions of the Criminal Code dealing with frauds and other similar offences having some connection with bankruptcies, was reviewed. It was the consensus that the arrangements that resulted from the 1949 act were no longer adequate to deal with the problems that we have to face today.

Of course I do not need to emphasize the point. Bankruptcy and insolvency, under our constitution, is a subject matter of federal legislative jurisdiction, while the administration of justice in the province is a subject matter of provincial legislative jurisdiction. It follows that the investigation and prosecution of fraudulent transactions committed before a bankruptcy are the responsibility of the provincial authorities in the course of the ordinary administration of criminal justice. Even fraud on the part of the trustee falls within the field of provincial responsibility for the administration of criminal justice, although the superintendent is obviously very interested here from the standpoint of disciplinary action and cancellation of the trustee's licence. He may, therefore—and he does in fact—himself investigate, under the provisions of the Bankruptcy Act, charges against a trustee whose administration has been impugned, and in so doing he may often be in a position to give assistance to the provincial law enforcement authorities.

Hon. members are aware that our bankruptcy legislation, like that of other countries, is predicated on the principle of creditor control. Many provisions of the act can be traced to this underlying principle, such as, for example, the provision whereby the trustee should be appointed having regard to the wishes of the creditors, or the provision dealing with the inspectors of the estate who, as representatives of the creditors, assist the trustee in the discharge of his duties.

The important thing, however, for our present purpose is that creditor's control also means that the responsibility for detecting and eradicating irregularities on the part of bankrupts is the prime responsibility of creditors. The trustee has important responsibilities under the act in that respect and he, as well as the creditors, has the necessary powers to enable him to discharge them adequately.

However, in too many cases the trustee is unable to carry out the necessary investigations because of a lack of funds, and too often the creditors are not prepared to provide the trustee with their financial assistance because, as they say, they are not interested in throwing good money after bad. It would not be reasonable to blame the creditors for this attitude. They are of course primarily concerned with minimizing their own losses. At the same time, however, it must be appreciated that this attitude does not meet the long term public requirements in detecting and eradicating irregularities.

In these cases the provincial authorities may be asked by the trustee or the creditors to make some investigation into the affairs of the bankrupt. Such requests should be in line with the constitutional position to which I have just referred. However, there is a serious problem area comprising cases where there is some reason to suspect irregularities but where the creditors, on the one hand, are not prepared to undertake the expense of making an investigation and where the provincial crown prosecutor, on the other hand, does not feel that the suspicion of misconduct is strong enough to bring him into the case at that stage.

This is an area where experience indicates that the principle of creditor control is not working effectively. At the conference the federal government informed the provincial authorities that it was prepared to take the necessary steps, by way of amendment and otherwise, to enable the superintendent to conduct investigations in this problem area and carry them to the point where suspicion of irregularity is either dispelled or brought to a degree of concreteness where the crown prosecutor or local police may be expected to interest themselves in the case. The provinces have agreed, on their part, to take up the investigation and prosecution in all cases where the evidence, originally or as a result of investigation instigated by the superintendent, will so warrant.

Clause 3 of the bill which will incorporate new section 3A in the Bankruptcy Act gives increased powers to the superintendent to make investigations and inquiries in respect of these cases that fall within the problem area that I have just referred to.

I have just said that the provincial authorities have some responsibilities in the field of pre-bankruptcy fraud, responsibilities that they do not deny; and I do not think it would be out of place to mention here the special interests that the provincial authorities have taken in the discharge of their responsibilities in this field.

The recent steps that we have taken in co-operation with the provinces to deal with the problem of pre-bankruptcy frauds or planned bankruptcies will do a great deal to improve the situation on that count.

• (3:20 p.m.)

However, I do not wish anyone to get the impression that the problem of credit frauds or planned bankruptcies is a simple one. It is not, and unfortunately this is so not only in Canada. It is a problem that other countries, especially the United States, have to face as well. I want to stress, however, that we know the problem and that we are taking concrete steps to cope with it and to provide our honest law-abiding citizens with the protection they need in their business dealings.

At the same time everyone must appreciate that this is no reason to be complacent. The best protection that creditors can get is still and will always be sound credit practices. The creditor who sells on credit to anyone whatever the risk, on a dearth of information as to the purchaser's ability to pay the purchase price, simply because he does not want to lose a sale, is bound to get into trouble.

While it is the public authorities' duty to expose offences and irregularities whenever they occur, there is no assurance that the pursuit of these objectives will permit creditors to recoup their losses in all cases. This is far from being certain, and we must not be mistaken as to the actual effect that these arrangements will have in general in individual cases. Creditors will always best serve their interest by alertly controlling their credit.

To deal effectively with this problem, the provincial and federal authorities have joined their efforts and pulled their forces together. This alliance, however, will not be complete unless creditors join in our efforts to stamp out these dishonest practices. They must themselves reassess if necessary their position vis-à-vis this problem and take steps to protect adequately their interest.

This discussion of problems regarding the investigation and prosecution of frauds or other ordinary criminal offences such as perjury brings me to another problem, and that is the enforcement of those provisions of the Bankruptcy Act that create offences directly related to its administration. For example, it is an offence for a bankrupt to fail to disclose his assets to the trustee, or to fail to present himself for examination before the court, or to fail to prepare and submit to the trustee a statement of his affairs.

[Mr. Cardin.]

The act provides that when the bankruptcy court is satisfied, upon the representations of the superintendent, official receiver or trustee, or any creditor or inspector, that there is ground to believe that an offence has been committed under the Bankruptcy Act or the Criminal Code in connection with a bankruptcy, the court may authorize the trustee to initiate a prosecution. Where a trustee is so authorized either by the creditors, the inspectors or the court, he is required to institute the proceedings and to refer the matter to the local provincial crown attorney.

This is another area where experience has shown that the machinery provided by the 1949 act to deal with offences of an administrative character is not adequate. Experience has shown that in too many cases bankrupts would disregard the requirements of the act and, although the trustee may have reported the offence to the court, nothing would be done with a view to pursuing the matter. This, you will agree, is most unfortunate, but on the other hand should not be too surprising if one considers that the courts do not have the administrative machinery to deal with this type of problem.

Although there are not statistics as to the number of such offences, there are indications that they are far too many and that the lack of prosecutions in these cases has to some extent contributed to an unfortunate laisser-aller attitude in this area and facilitated the operations of those individuals who want to use bankruptcy legislation for purposes other than those that have been ascribed to it by parliament.

There is another area where the federal government has decided to step in. While these offences may still be pursued by the trustee at the instance of the creditors, in the future the superintendent in proper cases, if the matter is not pursued by the trustee, will take the initiative. The prosecutions when initiated by the superintendent will be conducted by counsel in the Department of Justice. In this way we hope to tighten up the administration of the act and make sure that debtors who seek the benefits that flow from bankruptcy will submit themselves to the various requirements of the act.

One of the cornerstones of our bankruptcy legislation, as hon. members know, is the trustee. Only persons who have been licensed by the superintendent under the authority of the Minister of Justice may, as a rule, be appointed to administer estates under the

Bankruptcy Act. Trustees are the cornerstone of our bankruptcy system, but from time to time some have been a cause of considerable concern. This, it must be appreciated, is not by any means a new problem.

Back in 1932 parliament introduced the licensing of trustees system because of the abuses that had been uncovered in the administration of estates in bankruptcy. In the same year parliament for the same reason created the office of the Superintendent of Bankruptcy to supervise the trustees administration. I would assume that this legislation resulted in some improvements, but in the late fifties other abuses were reported which resulted in a large number of investigations and prosecutions as well as the suspension and cancellation of a number of trustees' licences.

It was felt necessary at that time to arrange for an auditing of all the trustees in bankruptcy. However, it was only in April of 1964 that the first systematic and periodic audit of trustees was put into effect as the result of an arrangement between the superintendent and the audit services of the comptroller of the treasury of the Department of Finance.

Mr. Nielsen: May I ask the minister a question at this point? I do not want to prejudice any current files by asking it, but can he answer whether any licences of trustees have been revoked or cancelled since the publication of the Mercier report? Once again I assure him that if he cannot answer without prejudicing current investigations then I do not require an answer.

Mr. Cardin: I can tell the hon. member that licences have been revoked. I cannot say they have been revoked because of considerations or evidence contained in the Mercier report but some trustees' licences have been revoked.

Arrangements were also made to have the R.C.M. Police carry out a field investigation of all applicants for a licence. At the same time the R.C.M. Police continued to be extensively used in investigations of and spot checks on the trustees' administration. The results of these arrangements, although assuredly they brought about some improvement, were not as satisfactory as had been expected. To continue our policy of improvement we had to look for other solutions and approaches to the problem.

I sincerely believe that we will not be in a position to improve on the situation by anything falling short of requiring applicants to submit to a formal examination before a board. However, the policy regarding the licensing of trustees is obviously one of the questions that the revision committee, which has recently been set up to assist with the revision of the Bankruptcy Act, will carefully consider. I am sure that not only will the policy regarding the licensing of trustees be carefully considered but that the advisability of establishing a system of some sort of public trustees, as exists in England and Australia, will be one of the questions that the committee will look into.

In the meantime I do not intend to authorize the appointment of new trustees save possibly in very exceptional cases where the public interest might be involved. So far I have received no indication that the fact that no new trustees have been appointed in the last 14 months has caused any prejudice to the public.

In so far as present licensees are concerned, we have continued to exercise close surveillance on their administration. Since the month of April 1965—and perhaps this will answer the question posed by the hon. member for Yukon—five licences were either cancelled or not renewed for cause.

Mr. Nielsen: Would it be not in the public interest to disclose the names of the trustees who lost their licences? If that is so, then I do not insist on an answer.

Mr. Cardin: I could indicate what trustees have lost their licences but I am not sure that this would do anyone any good because they no longer practice in that particular profession and some of them are before the courts. Furthermore, a large number of licences were also renewed at the end of 1965 for the sole purpose of permitting the trustees concerned to dispose of the estates in their hands. The positions of some of these trustees have since been reviewed and a number of restrictions have been lifted. Two former trustees have recently been brought before the courts on charges of misappropriation of funds. One has pleaded guilty and was sentenced last Friday to two years imprisonment; the other is awaiting his trial.

• (3:30 p.m.)

If we have taken strong action to eliminate the undesirable individuals from the ranks of the trustees we also at the same time have

recently implemented a number of measures to assist them in providing a still better service to the community. I shall elaborate on that in a moment. I have said that trustees are the cornerstone of our bankruptcy administration system. The superintendent, on the other hand, is now the keystone of the entire system. This is so, of course, because of the key role he plays in the surveillance of the administration of all estates in bankruptcy and also because of his increased responsibilities regarding the pre-bankruptcy problem area to which I referred a moment ago.

Furthermore, I believe that the Superintendent of Bankruptcy is in a position to show the way to the other officials concerned with bankruptcy administration. Of course, in order to assume this leadership the superintendent needs a sufficient supporting staff. Hon. members might be interested to know in that respect that from 1958 to 1962 the establishment of the office of the Superintendent of Bankruptcy provided for 11 positions, including two positions of auditors. In 1962 two more positions of auditors were created. In 1964 the positions of assistant superintendent and office manager were created. In September of 1965 the number of auditor positions was doubled and brought to eight. In November of the same year two new positions providing for a bankruptcy officer having residence in each of the cities of Montreal and Toronto were created. This was the first time that the office of the Superintendent of Bankruptcy had on its permanent staff officials operating outside Ottawa.

Therefore, while in 1961 there were 11 positions in the office of the superintendent, this has now been increased to 31. This in my view is an achievement that deserves mention, but hon. members must know that we do not consider the superintendent's office will be able to assume the task that is expected of it without further changes in its establishment.

Just yesterday approval was given for a major reorganization of the office of the superintendent by providing for a considerable enlargement of the skeleton offices already operating in Montreal and Toronto and by opening up an office in Vancouver. The Vancouver office would look after the province of British Columbia as well as the other three western provinces. The Montreal office would take care of the province of Quebec and the Maritime provinces as well. It is intended that each of these offices will comprise auditors and investigators. We are also contemplating the creation of two positions of deputy superintendent to assist the superintendent.

The proposed arrangements will permit a still closer surveillance of the trustees' administration through auditors and investigators especially trained by and under the direct control of the superintendent's office. They will also permit an effective enforcement of the provisions of the act creating offences of an administrative character. It is intended, furthermore, that the auditors on the staff of the superintendent will be available to assist the R.C.M. Police in their investigations regarding pre-bankruptcy frauds.

Other measures which also have been taken or are contemplated by the department are:

First, the appointment of a judge of the superior court for the Montreal district to sit full time on bankruptcy matters.

Second, the preparation and circulation of bulletins to the trustees to assist them in providing a better performance in uniformizing procedure, in better understanding the various requirements of the act and so on. Two of these bulletins have already been circulated and others are in the course of preparation.

Third, we propose to organize seminars for registrars and official receivers with a view to permitting exchanges of experience, discussion of problems of mutual concern, standardization of procedures and so on. The superintendent is already in contact with the provincial authorities with a view to exploring this project further.

Fourth, we are also exploring the possibility of preparing a kind of code of procedure for official receivers and registrars.

Fifth, we propose to review our statistics program. It is obvious that we will have to put into effect a revised program that will permit the collection of all of the statistics that the competent authorities need to assess the problem areas in the field of bankruptcy. Our statistics program, as it stands now, contributes very little in that respect.

To sum up, the department, as I have said in my opening remarks, has taken, I think, practical and effective steps to cope with the developments that have been taking place in the field. I should like, however, at this point to emphasize that specific cases of irregularities are dealt with immediately they are detected and in that respect we have, as I have just said, improved and are still improving our means of detection. What we are in

need of at this point is the co-operation of all civic-minded citizens. We need to be provided with any available information pointing to irregularities or offences so that they may be dealt with within the framework that I have described a moment ago. The task of the department working alone is not easy. Against the unholy alliance of the dishonest debtors, unscrupulous businessmen and unethical lawyers and accountants, we must present the alignment of all of the forces, the civic-minded citizens, the bankruptcy courts and the Department of Justice, all working together in a spirit of co-operation and collaboration for greater integrity of the bankruptcy proceedings. It is in that spirit that I urge anyone who has information pointing to irregularities on the part of trustees or others to come forward and lay this information before us so that we can immediately look into it and, if necessary, launch the appropriate investigations.

I have dealt up until this point with the different steps that we have taken to continue our policy of improvements in the administration of the present Bankruptcy Act. We have looked carefully at the legislation itself and it is obvious that it can and should be improved to meet the problems that changes in our society have brought in recent years. Bill S-17 which we are now considering is not a revision of the Bankruptcy Act. As hon. members know, a committee of three members has recently been appointed to assist with a thorough revision of bankruptcy legislation. Since the last revision of the act in 1949 a very large number of representations for amendment to the act have been received from various individuals and organizations, including leading commercial, business and professional associations. A great amount of work had already been done in the Department of Justice toward a complete revision of the act and the assistance provided by the committee on the revision should accelerate the completion of this important and difficult task.

Bill S-17 is an interim measure designed to provide an immediate remedy to some of the most urgent areas of complaint. A number of high priority amendments have therefore been incorporated into this bill and, should they be adopted, I believe they will do a great deal to correct some of the most flagrant abuses of the bankruptcy process. The bill had been very carefully considered by the standing committee on banking and commerce of the other place. As a result a number of changes were made to the bill and these changes, with one exception with which I shall deal in a moment, are acceptable to the government. I will have myself three possible changes to bring to the attention of the committee.

I should like to deal briefly with the high priority amendments to which I have just referred because I feel they are most important. One of the most important clauses of this bill is clause 3, to which I have already alluded. It will give increased powers to the superintendent to make investigations and inquiries in respect of those cases that fall within the problem area to which I have just referred. The amendment especially enables the superintendent, with the approval of the court, to search premises for documents that may afford evidence as to an offence in connection with a bankruptcy, to examine such documents and to make copies. Whenever the superintendent obtains evidence of an offence of a criminal nature he will report the matter to the provincial authorities.

• (3:40 p.m.)

In the other place—and this I should like hon. members to note—a new subsection was added to section 3A incorporating by reference section 126A of the Income Tax Act dealing with the solicitor-client privilege. Under section 126A of the Income Tax Act the document in respect of which the privilege is clamied must be put in a sealed envelope without examination and without making copies. An application must then be made to a judge to determine whether the privilege exists. This procedure applied to the investigation of bankruptcy irregularities would, it is believed, frustrate the investigation. The purpose of examining documents would in many cases be to ascertain who are involved in a suspected fraud connected with a bankruptcy and what the relationship between them may be. This would not be possible if the documents must be sealed up and cannot even be examined. By the time they can be examined it may be that documents in the possession of the persons involved would be gone. If they can be examined immediately then it might well be possible to make a search in other places before there has been an opportunity of destroying or concealing records. Assessment for income tax is a more leisurely process and it must also be borne in mind that we are dealing here with offences and not assessments for income tax.

In the investigation of offences time is of the essence and it may very well be that an

investigation can be completely frustrated if a solicitor-client privilege is asserted and the procedure outlined in the Income Tax Act has to be followed. Moreover, it may well operate as a protection to wrongdoers. Companies carrying on an unlawful enterprise could leave their damaging documents with their solicitor and in that way secure some protection against investigation of their activities.

I am sure that hon. members will give particular attention to this change and consider whether this protection is necessary and warranted, bearing in mind that it is necessary and essential that the superintendent's powers of investigation and examination be resorted to without undue interference. When we come to the appropriate time I propose to introduce an amendment which would in effect drop the change that was brought in by the other place.

Another important amendment has to do with reviewable transactions. We have received numerous representations in recent years regarding certain transactions involving related persons or a closely held corporation and its directors or shareholders in contemplation of bankruptcy. For example, in contemplation of bankruptcy the corporation would pay exorbitant salaries or expense allowances to officers of the company, or the debtor would sell at an unreasonably low price some of his assets to persons or corporations who in some way control the debtor. While transactions of this kind may, under the present state of the law, be legal they do not on many occasions come within what may be called moral business practice.

The amendments—clauses 1 and 12 of the bill—incorporate in the Bankruptcy Act the concept of "at arm's length" which is used in income tax matters. The court will have the power, on the application of the trustee, to review transactions between the debtor and related persons that have taken place within the 12 months preceding the bankruptcy. If the court finds, after having inquired into the matter, that the consideration for the transaction was conspicuously excessive or inadequate, it will give judgment to the trustee for the difference between such consideration and the fair market value of the property or services.

The bill also provides that where a corporation within 12 months preceding its bankruptcy has redeemed shares or granted a dividend when the corporation was insolvent or that it rendered the corporation insolvent, recovery may be made against the directors or against certain of the shareholders of the bankrupt corporation. Other provisions of the act are amended to restrict the rights of creditors that are related to the bankrupt.

One of the substantial changes that was made to the Bankruptcy Act in 1949 dealt with proposals made by insolvent persons. While it appears that these provisions have been of considerable benefit to debtors and creditors alike, these amendments will eliminate the possibility of abuses by giving the creditors, under the direction of the court, more control over the assets of the debtor. They will also provide that if the proposal is not accepted by the creditors or by the court, the debtor will be deemed to have made an assignment on the date the proposal was originally filed with the official receiver. Likewise, if a proposal is not followed through by the debtor he will be deemed to have made an assignment in bankruptcy.

Other amendments clearly set out a procedure whereby bankrupts may be required to contribute some part of their post-bankruptcy income to the trustee for the benefit of the creditors. The present act would seem to indicate that a contribution may be required but this has been left to the discretion of trustees and the courts with the result that debtors are treated in a most inconsistent manner across the country.

It is often alleged that certain trustees would inform the debtors that they must pay a certain sum to cover the trustee's disbursements and fees, whereupon they would presumably get their discharge. It is also alleged that there are in numerous cases no attempts on the part of the trustee to collect a portion of the debtor's remuneration.

With this amendment the trustee will have the obligation, when directed by the inspectors or the creditors, to see that the debtor deposits for the benefit of his creditors a certain portion of his salary, wages or other remuneration. It is thought that these provisions will prevent the obtaining of a too easy discharge from personal debts through bankruptcy proceedings. As hon. members know, there are a considerable number of other amendments which were referred to very ably by the Solicitor General the other day and I do not propose to repeat what he said.

However, I should like to remind hon. members that this bill does not purport to provide an answer to all of the problems that the representations that were received have raised. Hon. members will appreciate, I am

sure, that the numerous representations that were received touch upon almost all the sections of the Bankruptcy Act, which of course are now being reviewed by the revision committee. I need not at this time review these representations but hon. members might be interested to hear about some of the problems that were raised and which are being considered by the committee.

One of the problems, of course, has to do with the easiness with which debtors in certain cases can obtain a discharge from their liabilities. The manner in which bankrupts are being dealt with by the courts no doubt needs to be completely reappraised and the provisions of the present act carefully looked into. This is a problem that has been a cause of some concern, I am informed, in England and Australia and the committees that have been charged by the governments of these countries to recommend amendments to the bankruptcy legislation have made recommendations for substantial changes in that area. This is a problem on which recommendations from our committee to assist in the revision of the Bankruptcy Act will be most helpful.

Another area which will have to be most carefully looked into has to do with the structure of the bankruptcy court itself. Under the present legislative and administrative arrangements the official receivers, although appointed by the governor in council, are in practice employees of the provincial authorities. These authorities will look after the official receivers' remuneration and provide them with the required facilities. The registrars of the courts on the other hand are appointed by the chief justice of the court having superior jurisdiction in the province. In practice, again the registrars are employees of the provincial authorities from whom they receive their remuneration and are provided with the required facilities. These arrangements leave much to be desired and we will be most interested to know what the committee has to say in that respect.

I am inclined myself to feel that the most serious consideration should be given to the advisability of giving exclusive bankruptcy jurisdiction to the Exchequer Court of Canada. I do not intend here to show what benefits would be derived from the giving of exclusive bankruptcy jurisdiction to a court such as the Exchequer Court, and I have no doubt that substantial changes would have to be made in the organization of that court to enable it effectively to assume that jurisdiction. The committee will undoubtedly look into this possibility.

• (3:50 p.m.)

The task of the committee is most important and we trust that the study the committee is now carrying on, as well as its recommendations, will assist us to decide on a new, completely modern Bankruptcy Act adapted to present-day commercial, business and social trends. In the meantime I believe that the passing of this bill, although it may not solve all the problems, will make a significant contribution to the proper functioning of our present bankruptcy legislation, which is of concern to all of us.

Mr. Nielsen: Mr. Chairman, before the minister concludes his remarks there is one question I should like to ask him before embarking upon my own remarks. It concerns a very important aspect of the changes which have come about, namely, the appointment of two officials for the purpose of conducting investigations under the act. I wonder whether the minister would deal with the present status of that body, when he expects it to move into action and what its function will be.

Mr. Cardin: Mr. Chairman, I presume that the hon. member is referring to the superintendent's representatives in the cities of Montreal and Toronto. Actually there is one man in Montreal, Mr. Chicoine, and there is another in Toronto whose name slips my mind. But we have, as I stated a moment ago, recently been authorized to increase the staff both in Montreal and Toronto in order to have investigators and accountants in both these cities. Further, we intend to open an office in Vancouver and have approximately the same type of arrangements so that these investigators will be on the spot and ready to move in whenever it is required of them to do so.

Mr. Nielsen: Mr. Chairman, I thank the minister for that explanation. We are not going to impede at all the passage of this legislation which we consider to be emergency legislation to meet an emergency situation. The extensive description that has been given by the minister to the committee is justification for the alarm and the ofttimes sharp criticism that he and the government have been receiving not only from this side of the house but also from organizations throughout the business world.

The specific amendments that are set forth in the bill, some of which impart rather sweeping powers, we hope will not in all cases become permanent because in the other

place the criticism was levelled, a criticism with which I must agree, that we do not want to panic ourselves into passing laws which are the equivalent of placing public officials in possession of police state powers. The committee that is considering the final revisions to the Bankruptcy Act, which I presume will be coming before the house in several months time, must have at the forefront of its considerations, assuming that the final amendments will not reach this house for a year or a year and a half as I anticipate may be the case, these wide and sweeping, almost police state, powers that are now being given to the superintendent. We agree with them now because we feel they are very necessary to clean up a situation that has got out of hand.

The minister has been speaking of co-operation. I have noted the various changes that have been brought about within the office of the superintendent and the various policies which have been adopted in order to meet situations as they have arisen. One criticism that I have to advance of the conduct of the minister, his predecessor and the government is that they have not been reacting sufficiently to the demands by public-spirited organizations and by the opposition for a cleaning up of the situation. In December of 1965 the minister mentioned that these officials were being appointed in Montreal and Toronto and in September of 1965 a change was made which was described by the minister and which I will not go into in detail.

I am sure the minister does not forget that in September of 1965 it was Mr. Kierans of the province of Quebec who launched one of the most violent attacks on the office of the justice minister in the federal government for negligence and failure to act in this field. That, coupled with the voices raised on this side of the house has, I believe, finally brought about some kind of positive action on the part of the government. But this is still not enough. These reputable organizations are still making the request to the minister that the government set up a royal commission to investigate fraudulent bankruptcies and the extent to which racketeers and organized crime are using the bankruptcy legislation in the more densely populated areas of our country.

I have been saying this, as have others on this side, and we have been singled out as some kind of radical element that is demanding something which is not necessary. But let me now place on the record some of the

[Mr. Nielsen.]

names of the organizations which have been making this type of request of the minister and the government for several months, indeed years. As recently as March of this year a group of these organizations got together in Montreal. Represented at the meeting were the Montreal Home Builders Association, the Quebec Province Association of Certified General Accountants, the Quebec Lumber Retailers Association, the Quebec Lumber Wholesalers Association, the Montreal East End Businessmen's Association, the Association of Canadien Italian Businessmen and Professionals of the Province of Quebec, the Association of Architects of the Province of Quebec, the Montreal North End Businessmen's Association, the Montreal Junior Chamber of Commerce, the Confederation of National Syndicates, with a membership of 175,000, the Quebec Federation of Labour, with 200,000 members, the Council of Businessmen's Associations, the Federation of Businessmen's Associations of the Province of Quebec, the Montreal Commercial Center and the Canadian Lumbermen's Association.

These associations are the only ones I shall mention at this time although there are others which endorse the request to the government for a royal commission to be appointed to investigate fraudulent bankruptcies. So we are not alone on this side of the house, nor am I when I have repeatedly made this demand of the government. We are in extremely good and reputable company. I am sure the minister is aware of the associations whose names I have read to him because he has been on the receiving end of a good many representations and complaints not only from these associations but from individuals connected with them. He did not cover in his remarks what reply he intends to make to the kind of representations he has been receiving.

I feel that a very useful, indeed, essential purpose can be served and must be served by the creation of a royal commission to investigate fraudulent bankruptcies, and I will tell the minister why. He can appeal and appeal until he is blue in the face and he will not encourage informants to come forward who fear reprisals of one kind or another, whether they be physical or business. These people will—

• (4:00 p.m.)

Mr. Cardin: I wonder whether the hon. member would be able to tell us what protection a royal commission could give that could not be given by the government?

Mr. Nielsen: It is a psychological thing, Mr. Chairman, and I am surprised that the minister does not appreciate it. Maybe he does and he is attempting to toy with me.

Mr. Cardin: No, no.

Mr. Nielsen: Here is the way in which the informer looks at it when he brings his package of information to the investigating authorities. Sooner or later the officers investigating the information will question someone who has it in for the person who discloses that information. All this takes place under cover, as it should. Investigations would be useless unless they were conducted in that fashion because investigating officials do not usually wish to give warning and allow the bird to fly. A similar argument can be used with respect to taking documents into custody because very often documents are burned at the first hint of an investigation, so naturally the conduct and progress of an investigation are kept most confidential. As soon as word reaches the suspected offenders involved that an investigation is impending, the danger of reprisal becomes very real.

If the minister doubts this then I suggest that he should examine, as I suggested in the house the other day, the analogy of the Norris Commission. Before that commission was set up not one single person complained of beatings and other offences under the provisions of the Criminal Code, but once the ice was broken a deluge of seamen and other witnesses appeared before the commission, spilled their hearts out in a number of complaints against the S.I.U. and pointed their fingers to the misdeeds of people such as Banks and others. The complainants are protected through the focusing of public attention not only on the general situation but also on their own personal situations, and woe betide anyone who makes any effort to coerce an individual appearing before such a commission. Quite the converse takes place in an investigation carried out under cover.

This is one good purpose that would be served. These people would come forward much more willingly and eagerly than they are doing now if they could rely on the protection that would be afforded by the public attention given to a royal commission investigating the whole spectrum of fraudulent bankruptcies.

I am sure the minister is aware of this because both he and his superintendent have certainly received far more complaints than I have and I dare say he has received them anonymously. The reason he gets these anonymous complaints is the very fear that exists. As I said, I am not alone in making this suggestion. If I were, perhaps I could be described as a radical and shot down for even deigning to mention the possibility that a royal commission could do some good. But here are some 15 reputable associations from the minister's own province which are asking for such an enquiry and other associations can be added to that list.

When Mr. Wagner was still minister of justice in the province of Quebec he repeatedly called for the establishment of a royal commission on organized crime and I am very certain he thought that a good deal of the commissions's attention would be devoted to fraudulent bankruptcies. However, if the government is not in favour of the establishment of a royal commission on organized crime—and I believe that the situation existing in Canada today urgently calls for its establishment—then at least let the minister reconsider the submissions that have been made to him both in and outside this house regarding the good that would come from the creation of such a commission.

The minister has cited a case to try to justify the lack of attention that complaints about fraudulent bankruptcies have been receiving and has attempted to divert attention to overlapping jurisdiction between the provincial and federal authorities. He went on to say that in the long run it is the creditors who are primarily responsible for bringing irregularities and wrongdoing to the attention of the officials. He knows as well as I do how frustrated these creditors become when they go to the provincial authorities and ask for action. The provincial authorities tell them that this is not within their jurisdiction, that this is the responsibility of the federal government. So the complainants come to the federal government with hat in hand and ask the Superintendent of Bankruptcy or the minister and his officials for some kind of remedy, but they get the same answer: This is not our responsibility; it is the responsibility of the provincial jurisdiction.

Mr. Cardin: Will the hon. member not agree that the amendments which have now been introduced deal with that aspect of the matter in particular? The complaints which the hon. member mentioned did exist previously but the superintendent has been given new powers precisely for the purpose of permitting him to investigate areas where either the provincial government or the

creditors did not feel they had enough money to carry out these investigations, and did not do so. It seems to me that these amendments answer the hon. member's complaints.

Mr. Nielsen: I do not think they do. While 3A gives very wide, sweeping and necessary powers, it does not cover certain situations about which I will comment in a minute. The minister said, "if the creditors do not have enough money". I do not agree with the principle that it is the creditors' responsibility to bring the wrongdoer and offender to account. I believe that responsibility lies with the law enforcement officials, and if it is a proper responsibility of the provincial officials let them conduct the investigation which will result in bringing the wrongdoer to account. However, when the responsibility lies with the federal jurisdiction, as it does in so many cases, then it becomes their direct duty. This is where the amendments do not cover the situation.

The move to set up an assistant superintendent of bankruptcy, if we can call him that, in Toronto, Montreal and Vancouver is an excellent and long overdue action. He will be able to co-operate closely with the provincial authorities but, even more important, because of the national scope of this racket he will be able to co-operate with specialized squads of R.C.M.P. officers, the national police force, in order to trace the thread of any organization which may exist in fraudulent bankruptcies. This is good. But let us suppose a creditor comes to a trustee and complains of an offence. My head is crowded with examples which I hesitate to discuss for reasons of which the minister is well aware. Let us suppose a creditor says to a trustee, this is what the inspector told me and this is what he did, and suppose the trustee decides to do nothing, which is often the case. I am not speaking of the present superintendent but there were many files in the office of the previous superintendents of bankruptcy which remained dormant.

• (4:10 p.m.)

Suppose the trustee exercises his discretion and decides there is nothing to investigate? Suppose the trustee says, this is not a proper area for investigation by the provincial authorities because it is a matter the federal authorities should look after? The creditor is then required to go to the officials in Ottawa or, now that it is more convenient, to the officials in Montreal or Toronto. Suppose he is given the same runaround there?

[Mr. Cardin.]

Mr. Turner: May I ask the hon. member a question? Under the Bankruptcy Act as it has existed, if the trustee refused to act the creditors always had the opportunity of prosecuting in their own names. They could go to the provincial Attorney General who, after all, has responsibility for criminal enforcement under the constitution. Has not the problem been that the provincial Attorneys General have not responded to the petitions of the creditors?

Mr. Nielsen: I am afraid that may be correct in certain instances. However, the minister knows as well as I do that in the current cases, about which he is informed as well as I, circumstances have been placed before provincial authorities and not acted upon for two or three years. Likewise, the same circumstances have been put before the federal authorities and not acted upon for the same length of time. Just because it is claimed that there is overlapping jurisdiction—

Mr. Turner: If I may ask the hon. member another question, surely the responsibility in the federal jurisdiction has been supervisory but the enforcement responsibility has been provincial. It was my experience, when I was in private practice in Montreal and to a certain extent in Toronto, that the problem was that the provincial Attorneys General were not responding to the creditors.

Mr. Nielson: Again I will admit to this situation existing in connection with certain cases. However, I am speaking about dozens and dozens of other cases where that is not so. There is something else with which I want to deal, now that the Minister without Portfolio has brought it to my attention. I should like to refer to the fallacy that the federal government has jurisdiction only in the supervision of trustees with regard to bankruptcy matters. This is not correct. The federal government has lost millions upon millions of dollars in revenue each year because of these fraudulent bankruptcies. The minister will not gainsay this at all.

Mr. Cardin: I think we should be clear on this. We have an interest in lost revenues. That is correct. However, constitutionally I do not believe even the hon. member for Yukon will deny that the actual administration of justice in the field of criminal law is a provincial matter. We are dealing with frauds. The federal governments responsibility is for the administration of the Bankruptcy

Act. We are responsible for the administration of the trustees. We also look after the work done by the registrars. I think it should be clearly borne in mind that from a constitutional point of view the federal government must look after the administration of the Bankruptcy Act but the actual administration of justice is a provincial matter.

This does not mean we are not interested. As a matter of fact, what we have been doing recently has been to co-ordinate with the provinces in order that the responsibilities of both the provincial and federal governments be served.

Mr. Nielsen: At long last. That is excellent. It is, however, far short of what is required. I am one who is going to support the minister in his idea that bankruptcy jurisdiction should be centralized in one national court, the Exchequer Court. I am going to suggest to him also that we should treat fraudulent bankruptcies, because of the sophisticated nature of the criminal element which is using them as a lucrative field for illicit gain, in the same way as narcotics are treated in this country. I believe special squads should be set up for the purpose of investigating fraudulent bankruptcies on a national scale. There is no reason for continuing to support separate jurisdiction in the administration of bankruptcies between the provincial and federal governments. We centralize the jurisdiction over narcotics and in the field of combines investigation. Why should we not advance to the point of adopting a policy of centralizing jurisdiction over this kind of fraud in the light of modern-day, sophisticated, criminal techniques?

This course should be followed for the same reasons that we have centralized jurisdiction over narcotics and combines. The hon. member for Peace River has made a very valid point. In the case of narcotics and combines investigation, the federal government controls the prosecutions by appointing special prosecutors in order to bring wrongdoers to account. Why should we not look ahead and do the same thing in the bankruptcy field?

Mr. Cardin: This is exactly what we are doing.

Mr. Nielsen: I am afraid that was not my understanding of the minister's remarks. I thought he was expressing the opinion that we should have this national service in the Exchequer Court. However, I thought both he and the Minister without Portfolio were saying there was still a separation of jurisdiction with provincial responsibility to prosecute offenders for offences committed under the Criminal Code in connection with fraudulent bankruptcies.

Mr. Cardin: If I may clarify that, it is true that the establishment of a national court or the possibility of one being set up is being studied. There is still, however, a constitutional division of jurisdiction in the bankruptcy field but we have, by this arrangement between the superintendent and the deputy attorneys general of the provinces, arrived at a point where we can treat these fraudulent bankruptcies much the same as we treat narcotics.

Mr. Nielsen: The atmosphere of co-operation that exists as described by the minister now—I will not refer further to past statements made by officials of the province of Quebec—is laudable but at best is a tenuous thing. If there were centralization on a permanent basis as in the case of narcotics or combines, then you might have something more permanent with which to work.

If I may return to what I was saying, and I am not going to be sidetracked, there is federal jurisdiction with regard to the functions of trustees. There is responsibility also on the part of the federal government to see that the government is not being bilked of revenues that would otherwise accrue to the national treasury. This is one very positive area of responsibility. There will, I hope, exist that kind of close, intimate co-operation that has not hitherto existed between the superintendent's office and the Department of National Revenue. I am sure that over the years hundreds of millions of dollars have been lost to the federal treasury. In his report Mr. Mercier placed the direct loss to the provincial treasury between 1960 and 1964 at $52 million. When I listen to debates in this house concerning the need for funds for the promotion of education, for health purposes, building new hospitals, for this social welfare program and that, for increasing old age pensions, I realize that the loss to the federal treasury from fraudulent bankruptcies last year alone would pay $25 per month to every old age pensioner in this country. This is how serious the loss is. There is a very direct and urgent responsibility that lies on the shoulders of the federal government in that specific area.

Bankruptcy Act

• (4:20 p.m.)

The minister has divided offences into pre-bankruptcy frauds and offences with respect to fraudulent bankruptcies. This is a very legitimate distinction which he makes. Indeed, in addition to the case he cites one of the more common situations which one meets in these fraudulent bankruptcies is where a fraudulent operator simply appropriates a name closely resembling the name of an existing legitimate company, operates under that name or a series of such names, and then within 60 to 90 days simply packs his bags and disappears. The minister speaks of seizing books of account and documents. As soon as the inspectors or investigators arrive on the scene they find that the address at which this sort of operation is carried on is some small shack 20 by 20 with nothing in it at all. This is not an unusual situation. This is a pre-bankruptcy fraud and distinct from the minister's responsibility under the Bankruptcy Act.

Now, Mr. Chairman, how about those individuals whom Mr. Mercier dealt with in his report under the section on trustees? I am surprised, quite frankly, that there are only five trustees—I will not insist upon the minister naming them—who have had their licences withdrawn since the issuance of the Mercier report.

Mr. Cardin: Mr. Chairman, I am sure the hon. member is also interested in this fact. Once the Mercier report was completed we corresponded with the provincial officials in order to get whatever information they had about irregularities which might have been committed by trustees. However, we did not receive any information in this regard. Subsequently, in the absence of evidence or statements regarding irregularities, I wrote the then premier of Quebec and asked him whether he would permit one of the officials of the federal government to go to Mr. Mercier's office to see for himself whether or not there would be evidence which we could use against trustees so that we could take the proper action. The officer has been there for some time but there has not yet been any evidence produced to substantiate a prosecution in this field.

The five trustees who in fact lost their licences lost them not as a result of the Mercier report. To my knowledge no prosecution has been undertaken by the provincial government as a result of the Mercier report. That is absolute fact.

Mr. Nielsen: That is an absolutely astonishing comment on the Mercier report because no one could have been more positive than Mr. Mercier in his report about evidence existing which involves trustees. He makes that flat statement in his report. He even goes so far as to say that it was shown that in practice certain trustees are the potentates of the quasi-totality of the bankruptcies which they administer. He says that because of their extensive knowledge in bankruptcy matters they usually manoeuvre the unsuspecting inspectors as if they were puppets. In many instances it was established that certain trustees had cleverly arranged the appointment of one or more of the inspectors. He said it is all so easy that the creditors and inspectors in good faith showed a disinterest, and the commission has already brought this to light.

Mr. Mercier also said at page 8 of his report that the inquiry further established that the specialists of one of these rings operated with the knowledge of the trustee who hired one of them regularly at the taking of the inventory. These are two brief examples of what Mr. Mercier said was established by the inquiry. Consequently I am shocked to hear the minister say that after examining the wealth of material which Mr. Mercier's commission obviously had in its possession there exists no evidence of the nature he described.

Mr. Cardin: It was just because of the nature of the statements which were made that we were so anxious to get whatever evidence we could, Mr. Chairman. We wrote several letters in an effort to get that information. After a period of two months or so we decided to send one of our own officials and obtained permission to send him. But no evidence at all has been produced to substantiate those remarks so far as trustees are concerned.

Mr. Nielsen: So far as the trustees are concerned. But so far as the information which has been passed to federal officials, people with whom I have spoken, is concerned, if the minister has been keeping in touch he will know that this is not the case. There does exist evidence to substantiate Mr. Mercier's statements.

Mr. Cardin: Available evidence?

Mr. Nielsen: Which has been made available. Here is another situation which exists. The minister is aware of this and I would be interested to know how he views it. The superintendent has certain information with respect to a trustee who is acting for a group of bankrupts—this time the province of Quebec is not involved—and this trustee, acting on behalf of one company, is suing himself as trustee acting on behalf of another company. In this situation the trustee plaintiff is suing the trustee defendant and the trustee in both cases is the same person.

Mr. Cardin: I am not aware of that case.

Mr. Nielsen: These bankruptcies are current.

Mr. Knowles: Did he do it at arms length?

Mr. Nielsen: I do not know how many hats this particular trustee has. I know he is looking after more than the two bankruptcies.

The minister has dealt with trustees, and I should like to say one or two things about that situation. The observation I am going to make is by way of commentary on the answer which the minister gave to my question on the order paper, No. 577. Just in passing I might say that the answer to my inquiries with respect to complaints—

The Deputy Chairman: Order. I regret to interrupt the hon. member but the time allotted for his speech has expired.

Some hon. Members: Continue.

The Deputy Chairman: Is there unanimous consent to the hon. member continuing?

Some hon. Members: Agreed.

Mr. Nielsen: May I thank the committee members. I will try to be as brief as possible.

In reply to my inquiry with respect to the complaints received with regard to certain companies the minister said that if I would indicate the estates in which I was interested he would endeavour to look into the files in order to ascertain whether there was any information which could be made public. At the time of answering that question the minister may well have overlooked the names of five companies which I had placed on *Hansard* on February 28 in the debate which was then underway. I have not yet received any information in respect of any complaints which may have been received in connection with those five companies.

Mr. Cardin: I suspect the hon. member has more information than I have.

Mr. Nielsen: That may be so. I think that one of the legitimate complaints that can be made with respect to the trustee situation is quite evident in that portion of the answer of the minister to my question No. 577 which deals with the amount of the bond that the trustee is required to carry. The provisions of the Bankruptcy Act require a trustee to avail himself of bonds. In one instance a Montreal trustee is bonded for as low as $4,000. In another instance, again in Montreal, the trustee is bonded for as low as $6,000.

• (4:30 p.m.)

Mr. Cardin: Could the hon. member say what the dates are?

Mr. Nielsen: The trustee appointment in the $6,000 case was September 29, 1959, and in the $4,000 case it was March 20, 1962. But so far as I am concerned this makes no difference because my criticisms cut across governments going back prior to 1957.

In other instances the bonds are $10,000. Yet a reputable organization like the Canadian Credit Men's Association Limited is required to put up a bond of $50,000 or 500 per cent more. In other cases individuals have been required to put up $30,000 by way of a bond and there are instances of $20,000 being put up. The Guardian Trust Company is in the $10,000 class.

I feel that bonds put up by trustees who are often handling assets worth hundreds of thousands of dollars should be far more than $4,000, $6,000, $10,000 or even $50,000. Substantial bonds should be put up. I will not suggest amounts to the minister but certainly the amounts have been far too low. Perhaps some degree of uniformity might be sought in the application of the principles governing the setting of amounts required as bonds.

The minister did not mention whether any special re-arrangement had been made within the R.C.M.P. in connection with co-operation with the officials in Montreal, Toronto and Vancouver. It may well be that fraud squads are already operating in this specialized field now, but I feel that members of the committee ought to be told this.

Mr. Cardin: Mr. Chairman, if the hon. member would permit me to speak, may I point out that the R.C.M.P. are working very closely with what we call bankruptcy squads

which are made up of investigators and auditors. The R.C.M.P. would be interested more particularly in investigating frauds. There is to be greater co-ordination between the superintendent's office and the officers of the R.C.M.P. who deal with bankruptcies so they can work as a team. It would mean that the bankruptcy squad would be made up of auditors, investigators and also the R.C.M.P. This would be on a national basis.

Mr. Nielsen: I hope too that these squads will go into some of the existing files in the superintendent's office with respect to which investigations were requested and promised several years ago but have not been conducted to this date.

The seminars for the education of officials mentioned by the minister are an important and helpful addition to the approach to fraudulent bankruptcies. Not only are seminars necessary for the eduction of officials administering the act but some kind of informational effort should be made within the department to inform the public. All sorts of efforts are being made by organizations such as better business bureaux and the Canadian Credit Mens' Association Limited to keep the public informed of rackets involving door-to-door salesman and similar schemes. I do not go along with the minister when he says that the creditor is primarily taken in because of his eagerness to make a purchase. The minister knows how sophisticated these fraudulent operators are. One instance that leaps to my mind immediately is where a dummy corporation obtains an unlisted telephone number through three or four different interveners and then sends out a circular letter, not only to Canada but to other places, soliciting the purchase of commercial goods.

Often these operators give the telephone number of a so-called banker whom creditors can get in touch with should they want a reference. The unlisted number, of course, leads to a basement room in some apartment and a man sits there waiting for a telephone call. When the call comes he knows what he must answer. He has only to say one thing, namely, "Royal Bank", or "Bank of Montreal", or whatever other bank he chooses. The legitimate supplier says he wants to sell so many thousand dollars worth of product X. "What sort of credit rating has the company in question got?" The answer is: "Oh, marvellous. They are good depositors and always discharge their obligations." So the legitimate supplier hangs up, well satisfied that he has been speaking with an official of the bank. Instead he has been talking to a dummy corporation.

We cannot blame the creditor for being so eager for a sale that he does not check out to the last degree. He checks as far as he can go. The only way in which such operations are going to be disbanded is by preventing the same individuals who operate in this way over and over again using either the façade of corporate liability or the convenience of being able to dump their nom de prêt after 60 or 90 days. That can only be done on a centralized basis.

This brings up another area of federal responsibility. I am not sure of the constitutionality of what I am about to say in this regard because I have not done any research in depth. Surely there must be centralized responsibility for preventing the international traffic in commercial wares for fraudulent purposes.

Mr. Cardin: If I may add a word, there is also communication between our own superintendent and our bankruptcy division and their opposite numbers in the United States in this field in order to cover this type of activity.

Mr. Nielsen: Those are the immediate observations I have to make. I want to close on this note while the minister is here, because he was not here when I spoke last. I share with him his eagerness to correct wrongdoing wherever it occurs. But I say to him also, as I said to the members of the house when he was absent, in connection with our exchange of correspondence, that it is a wrong principle to operate on to place this House of Commons or the members thereof in the position where the onus is on the individual to do the investigating. This is not the function of members of parliament. It is not the function of any member of the house.

Rather than adopting the course which the minister did he should have said to his superintendent: Go back and examine your files to see whether you have received complaints from any individuals and if you have, investigate them. I submit that writing to a member of the house and asking him to disclose information given to him confidentially, because of very real fears expressed by a citizen, is the wrong course to follow. To acquiesce in the minister's view would mean the drying up of the freedom of access that now exists and must exist between the citizen and the member of parliament who has a duty to perform on behalf of the persons who

sent him here, indeed, whether they are from his own constituency or not. The free avenue of communication must be maintained. When it is possible for a member of parliament to function as any responsible citizen should, then certainly he ought to do just that.

I believe that even before the minister and I exchanged our correspondence—this is something that certain members of the press gallery did not take into account before writing their appraisals of the situation—there was information in the possession of federal officials in connection with fraudulent bankruptcies which information is also in my possession.

• (4:40 p.m.)

I think I can go that far. Just so that there will be no misunderstanding about what has appeared in the press in connection with the co-operation which I have been extending to federal officials in this area, I have mentioned no names of individuals, no names of companies nor any names of places or areas in Canada except a broad general designation of two provinces and of two others to come. I do this because I have a desire to retain the integrity of current investigations, just as great a desire as the minister has because I want to see, as does he, the wrongdoers laid by the heels. But for those who make comments on the responsibility of any member of this house it would be a simple task to lift the telephone and ascertain the facts before letting their pens run away with their assessments.

It is often said that the two most important muscles that function without the use of the brain are the tongue and the heart. In the case of certain members of the press gallery I include the fingers that wield the pen. Fortunately that kind of comment was rare and there were some who were sufficiently interested in objectivity to make the inquiries of me that should have been made. So the minister has the assurance from me that whenever I assess my responsibilities as a citizen to be consistent with the obligations I feel I owe as a member of parliament co-operation will be forthcoming 100 per cent as it has been with regard to the 52 cases which are already before the officials.

I feel that no person should be subjected to a further runaround by reason of this juggling between federal and provincial responsibility. The public do not care who discharges the responsibility. They want a remedy applied and so far as they are concerned they do not care whether it is the provincial or federal authority that has the power to supply that remedy, a view with which I am in accord 100 per cent. I thank members of the committee for granting additional time to me.

Mr. Gilbert: Mr. Chairman, the members of the New Democratic Party agree with the amendments that have been introduced by the Minister of Justice, subject to comments which we will make on certain clauses of the bill.

After hearing the hon. member for Yukon speak of a royal commission I would be the first to oppose the appointment of a royal commission on bankruptcy. The only thing such a commission could do would be to make the matter a political football. At this stage sufficient briefs have been presented by interested organizations that nothing would be gained by referring the question to a royal commission.

When the Solicitor General spoke on the bill the other night he asked that it be considered as non-controversial. I think what he meant was that it be taken to be non-political. It is time we got away from political considerations when dealing with bankruptcy and directed our minds to the provisions of the bill because the Canadian public, especially Canadian businessmen, have for years been patient with regard to abuses that have been committed under the Bankruptcy Act. When one realizes that no change has been made in the act since 1949 and that two governments have witnessed the abuses that have taken place, one must realize it is high time that these amendments were passed quickly in order to test their workability.

When the minister spoke on the estimates of the Department of Justice he said he had set up a three-man committee to study a complete revision of the act. The present amendments are necessary to fill some of the flagrant gaps and cope with abuses that have been committed.

With respect to the government's approach to the matter of enforcement I hope we do not fall back upon the interpretation that the federal government's jurisdiction covers supervision and the provincial governments' jurisdiction covers enforcement. I have been encouraged by the steps taken by the minister to set up offices in Montreal, Toronto and Vancouver and to set up special squads to

deal with some offences committed under the act. It is not only necessary to have auditors and investigators but I think it is also necessary to engage corporate solicitors.

The minister has spoken about co-operation between provincial Attorneys General and the federal department. I think he should make representations concerning changes that are necessary in the companies act of each province to prohibit the submission of applications to incorporate companies by people who have committed offences under the Bankruptcy Act. This would be a necessary step to prevent some of the corporate frauds that are being committed.

The amendments with respect to the fraud provisions of the act and non-arm's length transactions are certainly welcome. Again, in the words of the minister, it is a question of enforcement because the amendments alone cannot solve the problem. It is enforcement plus the administrative set-up which are necessary to correct the abuses. The minister suggested that applicants for trustee licences should be examined by a board. We agree wholeheartedly and believe immediate steps should be taken to implement the suggestion. Enough offences have already been committed by trustees to warrant immediate action.

We also welcome the changes with regard to staff. The immediate future will be a testing time for all these changes, and when the revision committee makes its report we hope it will be submitted to a committee of the house where representations can be heard from the legal and business communities. That is all I have to say at the moment though I shall have more substantial remarks to make on particular clauses of the bill.

• (4:50 p.m.)

[*Translation*]

Mr. Forest: Mr. Chairman, I want to say at the outset that I support wholeheartedly the previous speaker's views, contrary to what the hon. member for Yukon (Mr. Nielsen) said, that a royal commission on fraudulent bankruptcies would be totally useless. The problem is well known; it is not a question of crying over what happened in the past but of taking steps to remedy the present situation.

As announced by the Solicitor General (Mr. Pennell) last Monday night, when moving second reading of Bill S-17, and as mentioned earlier today by the Minister of Justice (Mr. Cardin), this is an interim measure which is introduced immediately to put a stop to certain abuses which have been noticed for a long time with regard to bankruptcies.

I regret that it has been impossible to propose immediately a complete revision of the Bankruptcy Act which has not been amended or changed since 1949, but I know that such a step will not be long in coming now.

As a matter of fact, for many years the population, the newspapers and a number of professional and intermediary associations have been asking the various successive governments, at the federal as well as the provincial level, to take all necessary steps to correct the present system and, as far as the federal government is concerned, to amend the Bankruptcy Act. It is not that the legislation itself is bad. In theory it might be excellent but in practice it does not meet and has not met the needs; therefore, it must be amended to suit the situation.

I must congratulate the present Minister of Justice who has finally introduced a bill which should improve things considerably although I deplore the fact that the complete revision of the act has been postponed. Until now, the present minister has certainly taken positive measures to meet the situation, as he mentioned a little earlier; I am thinking in particular of the appointment of a full time superior court judge in Montreal, the increase in staff at the office of the superintendent of bankruptcies, the sending of representatives in Montreal and Toronto and other steps which he mentioned himself a while ago.

The Bankruptcy Act is an important part, I would say an essential part, of our economic life. It is important that this legislation should keep pace with our modern economic world and meet its requirement, and I hope that the three-member commission created recently will soon make recommendations because the act in general still needs to be amended.

This legislation seeks to solve the most urgent problems. During the last war and several years afterwards, bankruptcies or assignments were not very numerous but since 1950 they have increased every year and, as a necessary corollary, the number of fraudulent bankruptcies have also increased. I will not take the time of the committee to give statistics on the number of bankruptcies; they are well known and I am sure that all hon. members are convinced of the importance, the urgency and the need to take the necessary action to fight with all possible means that social and economic evil.

The Mercier commission set up by the government of Quebec by Order in Council dated October 16, 1964, set forth in its report tabled in July 1965 what all those who, like me, in their experience, have known for a long time, that dishonesty, fraud and blackmailing were involved in many cases of bankruptcies, and that certain undesirable elements of the population had thus realized fantastic gains, often to the detriment of bona fide creditors, and the federal and provincial treasury. It is time that something be done to correct this intolerable situation which has spread throughout the country.

As many other members, I called, here and elsewhere, for major amendments to the present act, which proved inadequate to correct the abuses disclosed since a few years in that field. The administration of the act comes under the federal government, but the prosecutions come under the provincial government; there may not have been in the past enough co-operation between these jurisdictions.

Nobody will blame the governments if they join forces, as was suggested lately, to strike a lethal blow at the underworld and at the gangdom who batten on fraudulent bankruptcies. However, we need more than half-measures to succeed.

As I said a moment ago, the federal government has already taken certain actions which have been mentioned by the Minister of Justice, and I hope that the new superintendent of bankruptcies, with the additional powers given to him by the present act, will be able to exert a closer control over bankruptcies, especially if he is granted a competent, devoted and determined staff, who understand their duties. Expert investigators are necessary to go to the heart of the matter; very often they will have to deal with unscrupulous, dishonest people, who know the means to avert the law and superficial inquiries.

As all new legislation, in the matter of bankruptcies, this act has two main objectives: first, discharge a debtor who is no longer solvent because of unforseen circumstances beyond his control, and second, to allow for a better use or equitable realization of his properties, according to the creditors' rights.

Contrary to what used to be, when only trades people went bankrupt, nowadays the act applies to nearly everybody: big or small businesses, corporations or individuals, independent people or wage-earners. There are also various classes of creditors, classes which often are no better off than the bankrupt himself.

All the range of bankruptcies must be taken into consideration. The present act provides improvements requested many times, especially by the bar and various professional bodies, and it certainly fills many gaps.

• (5:00 p.m.)

But any improvement of the Bankruptcy Act will be meaningless, unless steps are taken to strengthen its administration and application. That is essential; it is the key to the whole matter. And where the application of the act is concerned, the trustee obviously plays the leading role, without for that matter diminishing the role the creditors must play, even though they do not always play it. I do not want to attack all trustees, because most of them, at least I hope so, fulfil their role in protecting the interests of the creditors; but, unfortunately, too many of them forget it and, under the present circumstances, nothing else can be expected.

As a rule, debtors who resort to the Bankruptcy Act want to be freed of their debts under the best terms possible. There is no doubt that insolvency often results from uncontrollable circumstances and it is fair and desirable that the debtor be given a chance to start again in business, free from any obligations which might keep him from doing so. However, the number of bankruptcies is out of proportion with the justifiable cases. The trustee is considered by the debtors—and the trustee quite often considers himself—as the one who is supposed to obtain the discharge, instead of being the administrator of the assets of the bankrupt in the best interest of the creditors. It is natural and human for him to act in the interest of the one who hires and pays him. Man cannot serve two masters. As long as trustees are chosen by the debtors, as is generally the case now, they will be selected for the advantages they will bring their employers, namely the debtors.

The trustees who act otherwise are liable to lose their clients. Moreover, as I mentioned in the house on April 8, 1965, I consider that the major reform, better than any other, would be to provide for the replacement of trustees according to the needs of each bankruptcy district by one or more competent and specialized civil servants who would be well paid and whose sole purpose or interest would be to settle the bankruptcy submitted to them as efficiently and quickly as possible. In my

opinion, when that essential improvement to the full application of the act is made, a considerable decrease of all bankruptcies, both legal or illegal, will be noted.

In this regard I refer to the Mercier report respecting trustees which speaks about the conflict of interest of the trustee who acts for the bankrupt, his client, and for the creditors, he has the responsibility to protect.

Mr. Chairman, if we do not accept this means, which is the best in my opinion, if we do not want to go that far, the act should be amended so that the creditors, in practice as in principle, may appoint the trustees in bankruptcies and proposals. As a rule, the creditors would then appoint reliable persons, trustees who have a good reputation. This act contains considerable improvements in this respect, in clause 5 and the following, particularly as far as bankruptcy proposals are concerned. At present, the debtor chooses the trustee in proposals, when he should be appointed by the official receiver after consulting with the main creditors. Besides, the proposal should first be filed with the receiver.

In the case of assignments, subsection 4 of section 26 of the present Bankruptcy Act provides this method of appointment of the trustee, but it is seldom applied as far as I know.

Consultation of the main creditors for the selection of the trustee should be compulsory since, once he has been chosen, the trustee is practically irremovable at the present time.

Mr. Chairman, it would take too much time to mention all the amendments which should be made to the Bankruptcy Act and I will only briefly comment on certain important clauses of this bill. The present legislation gives in fact a right and power of control to the creditors, especially to the inspectors appointed by them. They are often the first to blame, if they do not keep sustained interest in a bankruptcy or do not take the necessary means to discover and punish the fraud.

But in most cases the assets are not extensive and creditors are not ready to spend their own money to try to recover part of it in such a dubious way. Public authorities must therefore intervene to make the necessary inquiries. This legislation gives extraordinary powers to the superintendent to undertake inquiries not only about each bankrupt, but even before the filing of a petition in bankruptcy, if fraud is suspected.

In addition, clause 16 empowers the receiver to make an inquiry and compels the trustee to submit certain reports. Those are major improvements which should give results if they are strictly and generally enforced as I hope they will be. The present legislation does not make a proper distinction concerning transactions made before the bankruptcy, at arm's length, to use the recognized expression, between related persons or a corporation, its representatives or shareholders. The Department of National Revenue has succeeded in defining the term and in making it specific in the Income Tax Act, thus substantially reducing the resulting loss of revenue. This bill should correct these situations, often technically legal, but not covered by what is commonly referred to as straightforward commercial practices.

Clauses 5 and 9 of the bill have brought material improvements to proposals made by insolvent persons, providing for the appointment of inspectors, and when a proposal is not accepted by the creditors, assimilating it to an assignment. At the present time, an insolvent person may, for several weeks, postpone any legal action simply by filing any proposal with a trustee. The provision under which a trustee must require the bankrupt to deposit part of his income for instance, upon request of a creditor, should also correct certain abuses, particularly in the case of personal bankruptcies.

Also amended, Mr. Chairman, and rightly so, were sections 114 and 115 concerning the summary administration of estates, that is where the assets are under $500, the summary administration which in the past, gave rise to notorious abuses. Such changes should assuredly make for a better administration of small estates. For my part, I think summary administration procedure should be provided for only in cases where unsecured liabilities are less than, let us say, $20,000.

These are the main changes to the Bankruptcy Act mentioned in Bill No. S-17 and I shall not deal with part X, or nearly one third of the bill, bearing on the methodical payment of debts, because it will apply only to the provinces that wish it. Since the province of Quebec already has similar legislation, I doubt that "la belle province" will request that it be applied within its territory.

Mr. Chairman, many other suggestions could be made for the improvement of the present deplorable situation, but I am sure this is an important step in the right direction, until the complete revision of the act can be commented upon, which, I hope, will not be too long delayed.

Mr. Chairman, before closing I have one word for the Minister of Justice who mentioned a while ago that he was considering transferring to the Exchequer Court the jurisdiction of bankruptcy cases. Without having gone deeply into the matter, I have some reservations to make at first glance, because a considerable extension to the Exchequer Court would be required, while we already have in all bankruptcy districts Superior Court Justices who are generally competent and who, at home, at least administer quite properly the bankruptcy legislation, and there are no undue delays and the cases are being heard. Besides, the fault lies not with the judicial administration of the Bankruptcy Act but rather in the enforcement of the act itself.

At any rate, I hope that we shall have the opportunity to comment on this point in particular when the overall reviewing of the Bankruptcy Act is soon before us.

[*English*]

Mr. Scott (Danforth): Mr. Chairman, I really just want to ask the minister to give us a report on a subject referred to in an article which appeared in the October 7 issue of the Toronto *Globe and Mail*. The article disturbed me very much and I should like to know what action was taken by the minister. It is headed "Police Link Seven M.P.'s to Bankruptcies Probe", and states:

> A senior Montreal fraud squad investigator said yesterday that the trail of phony bankruptcies in Quebec leads into the House of Commons.

He also said that seven or eight men who had been members of parliament had been involved in bankruptcies which were under investigation. That to me is a very disturbing statement, as I am sure it is disturbing to the minister. The report then goes on to say that bankruptcies in Quebec and Ontario have connections with international crime and names a Cosa Nostra backed loan-shark racket in Philadelphia.

• (5:10 p.m.)

The minister will understand that allegations of this kind go far beyond the type of thing we are considering here. This is far beyond the scope of provincial administration even, because the article purported not only to make what I thought was a very wild charge against the House of Commons but went on to say that these bankruptcy rings were connected with international, syndicated crime. To me this was most disturbing because it would raise the whole question of international crime which would clearly be beyond provincial jurisdiction. Because the then minister of justice of Quebec made similar statements, in the crusade he was conducting, about the connections between bankruptcies and international crime syndicates, I wondered what action the Department of Justice had taken on these allegations. Were they investigated, were these people cleared, was sufficient evidence obtained to disprove the allegations that bankruptcies were leading into the House of Commons, and what did the investigations disclose about the connections between these supposed bankruptcy frauds and international, syndicated crime?

Because I have had some opportunity in the past to study the problems of international crime I realize the very great implications of statements of this kind. Could the minister tell us what action was taken on the basis of these very serious charges and what were the results?

Mr. Cardin: Mr. Chairman, I want to thank the hon. member for having raised this question. I can assure him that the article to which he referred was equally disturbing to the Minister of Justice and the government as it was, I am sure, to all Canadians. When the article appeared I immediately telephoned the assistant director of police in Montreal because the story purported to originate from Montreal. I was assured at the time that there was no basis at all for the story, that there was no evidence or even the beginning of an indication that members of parliament were involved in the fraudulent bankruptcies referred to. This telephone conversation was subsequently followed by contact with the R.C.M.P. and the director in order to ensure that this was quite so, that there was no evidence at all to substantiate this allegation.

So far as international crime being involved is concerned, there has been no indication of that either. There have been, as was mentioned, certain people who operate in bankruptcies in one province and another and change companies. These people are being actively investigated. But there was no foundation at all for the story that came out at that time. The fact that it came out during an election period might explain the reason for it having been given prominence, but there was really nothing to the story.

Mr. Lind: Mr. Chairman, I agree with the previous speakers that Bill No. S-17 is a

provisional measure to correct certain abuses in the field of bankruptcy. As a past president of the Ontario Retail Lumber Dealers Association I should like to congratulate the Minister of Justice for presenting these amendments to the Bankruptcy Act. I am sure that small and large businesses and businessmen across Canada will welcome these changes.

I should like to read into the record a few statistics which demonstrate the necessity for these changes being made. We all realize that the act was last amended in 1949 and these are the first amendments since that time. For this reason I should like to read into the record the losses that have occurred in Canada through bankruptcies. In 1950 there was a loss of approximately $25 million. In 1955 the loss through bankruptcies had jumped to $53 million. By 1960 there was a further increase over 1955 to $174 million. Then in 1965 it jumped to the amazing figure of $392 million, which did not include the 40 businesses forced into receivership by the collapse of Atlantic Acceptance Corporation.

In October of 1964, when I was president of the Ontario Retail Lumber Dealers Association, I had the privilege of presenting a brief to the then minister of justice. In that brief we stated:

> The area of greatest need for changes in policy is in our opinion establishment of new rules applying to transactions between persons not dealing with each other at arm's length, to eliminate apparently deliberate frauds perpetrated on creditors. These changes are greatly needed.

We said these changes were greatly needed for the protection of creditors and the reorganization of the office of the Superintendent of Bankruptcy. I wish to thank the Minister of Justice for having instigated the changes in the office of the Superintendent of Bankruptcy involving the appointment of registrars in Toronto and Montreal and extending this program to Vancouver. This is a step forward so far as businessmen are concerned.

I also agree wholeheartedly with the complete investigation of trustees in bankruptcy, and I am thankful that the minister has instigated a regular audit. I believe the need for this provision can be demonstrated in the many briefs which have been presented over the years in connection with this matter. I should like to quote from one in particular. The Canadian Lumbermen's Association presented a brief to the then minister in which they stated that defaulted liabilities in 1960 had risen to $174 million. In the fall of 1962 the Ontario Retail Lumber Dealers Association presented another brief in which they pointed out to the then minister the seriousness of the abuses of the Bankruptcy Act. At the Canadian Lumbermen's Association convention in January, 1965, this question was dealt with.

I should like to point out to the minister that in 1959 certain lumber dealers got together and petitioned the minister to look into a situation that occurred in the city of Montreal where $250,000 worth of goods had disappeared. The superintendent was then requested to call in the R.C.M.P., which he did. Then they received a ruling from the minister of justice of the time that since the superior court of Quebec had established that there was evidence of fraud and had authorized the creditors to take legal action, the federal authorities did not have anything more to do with the case. I am firmly convinced that the administration of the Bankruptcy Act is at present the duty of the provincial attorneys general. I hope that under the new act—and I do not see why it should not facilitate matters—the Superintendent of Bankruptcy can aid the provincial attorneys general in correcting the abuse of fraudulent bankruptcies.

• (5:20 p.m.)

In closing I wish to thank the Minister of Justice for presenting Bill S-17. I think it will give further and badly needed protection to businessmen throughout Canada and I look forward to seeing the new amendments that will be brought in from time to time. I urge on the Minister of Justice the importance of reviewing this act more often rather than letting it wait for a period of 16 years as has been the case since it was last reviewed.

[*Translation*]

Mr. Latulippe: Mr. Chairman, I am glad to have the opportunity to discuss Bill No. S-17, an Act to amend the Bankruptcy Act, which is presented by the Minister of Justice (Mr. Cardin).

We were anxiously awaiting the proposals to amend the Bankruptcy Act. This legislation, as we know, has been a source of unfortunate events for many Canadians and some even found themselves in a predicament. I do not think the Bankruptcy Act has been amended since 1949. Some amendments have been made in 1949 but there has been no complete overhaul ever since. The 1949 amendments were not such as to improve the act; on the contrary they have made it possible for unscrupulous citizens to evade the law and to commit various offences.

Mr. Chairman, I have read practically the whole bill and I have found it quite complex. I do not know to what extent it will still allow unscrupulous citizens to rob the public by various means. The big swindlers in fraudulent bankruptcies are still at work in Canada and I think the Minister of Finance will have to bring in regulations or bills with teeth in this respect. Severe sentences and penalties will have to be provided to deal with those who break the regulations. This state of affairs can be tolerated no longer. As a matter of fact it has now reached a point where honest citizens, lawyers and trustees are so much afraid that they will not even take bankruptcy cases. I am therefore asking the Minister of Justice to consider the suggestions I have made to him. I think the R.C.M.P. should look after serious cases for a while.

As a matter of fact, I was informed at the beginning of the week that a businessman was getting ready to go bankrupt and that another one had offered to pay 50 per cent to the creditors and he would take over the business. Those swindlers have all kinds of ways to take over businesses and make creditors lose incredible sums of money. In 1965, according to statistics, manufacturers and businessmen lost nearly half a billion dollars. On the other hand, if my memory serves me right, the federal government lost $152 million in tax revenue. The Provincial Government also lost significant amounts of money. Now, the situation is more serious than is believed.

I commend the minister for having taken certain steps with a view to amending this act, this despicable act, but his amendments are most complex. Should we have all that is necessary to enforce these reforms, they might bring about a big change or improvement with regard to fraudulent bankruptcies.

There are several bankruptcies, but a number of these are fraudulent. I could point out several kinds, but I know that the house and the minister are well aware of this. All that I ask for is an end to fraudulent bankruptcies in Canada. I wish honest people could live decently. I want the people to be protected by the act. However, the act is so confused and so complicated, while racketeers are quite familiar with it and resort to every possible means to elude it. I ask the minister to do his utmost to improve the act, because individuals find it very hard to protect themselves.

We have reached the point where we ask all public bodies and all lumber dealers to bring pressure to bear—as the member for Yukon (Mr. Nielsen) did—so that the bankruptcy act be reviewed. The review of this act has been urged for several years. The minister knows all the names of those companies asking for justice. I know he will use every possible means so that we may finally live honestly in a country with abundant riches. In a country as wealthy as ours there is no reason why half of our business undertakings should go bankrupt. It is not normal and such a situation should no longer be tolerated.

I thank the minister for everything he has done up to now and for having made those changes in the act. On the other hand, I ask once again that action be taken to have it enforced.

• (5:30 p.m.)

[*English*]

Mr. Brewin: I do not propose to prolong the debate, Mr. Chairman, I agree entirely with the remarks of my colleague, the hon. member for Broadview, that this is a very useful bit of legislation which is long overdue. We certainly do not want to waste time speaking about the need for it because that is widely recognized. I have spoken about it at other times.

I merely want to raise a question with the minister of a technical or constitutional nature which might be raised when the individual sections come before the committee. I should like to put it to him now so that if he has not looked into it he may take the opportunity of doing so. I do not want to refer to the clauses in detail but clause 21 introduces a new part X into the act dealing with the orderly payment of debts. There is a series of new sections 173 to 198, dealing with this matter. I believe the same proposal was in a Senate bill a few years ago.

Here is the problem I want to put to the minister. As I understand it, the authority of the federal parliament to deal with this subject rests in section 91 under the heading of bankruptcies and insolvencies. I do not believe we have any right to deal with what would normally be civil rights unless they come within the purview of bankruptcy and insolvency. The proposed section 173 defines a debtor as not including a corporation. However, in no way is part X restricted to insolvent or bankrupt debtors. In theory, therefore, any debtor, whether insolvent or otherwise, who comes within the definition and who wants to apply for a consolidation order with respect to his debts, would have

the right to apply. The Bankruptcy Act itself defines debtor in section 2, subsection (i). This definition includes an insolvent person.

In other words, what I am suggesting to the minister is that, unless you include somewhere in the definition a clause making it clear that it is an insolvent debtor who is being dealt with, you run the grave risk of some court saying these arrangements you have made are invalid because you are going beyond the field of insolvency. I know there have been cases which have dealt with the problem of provincial legislation which extended into the field of bankruptcy and insolvency. This legislation was not good legislation according to the court decision. I suggest there is a real danger of the converse here. I believe it is important to small, personal debtors to have this right to have their debts consolidated. The legislation is very practical and worth while, so I would not want to see it fall because of legal or technical grounds.

It may be that the minister has had this matter looked into and has received opinions. I do not profess to have studied the matter in great detail. However, I recall that when it came up before I had similar feelings of doubt. I wonder whether it could be looked into? I believe the difficulty could be cured simply by having a definition of debtor in this part. There is already a definition of debtor which excludes a corporation. We could make it clear the provision applies to insolvents. It could be defined very clearly to bring them within the act by referring to people who do not pay their debts. After all, we are all debtors in these days of credit. If the definition is too broad you may run into a constitutional objection.

Mr. Cardin: I would be happy indeed to have this looked into. I hope that we will be able to get through the bill before six o'clock. In any event, I will make sure that this point is looked into carefully by my officials.

Clause agreed to.

Clause 2 agreed to.

On clause 3—*Investigations of inquiries by superintendent.*

Mr. Nielsen: Is this the place where the minister was going to introduce an amendment which I hope he will not introduce?

Mr. Cardin: Yes, Mr. Chairman, this is the place where I stated I would introduce an amendment concerning a subsection put in by the other place. It has to do with subsection 8 of the new section 3A. It is felt that by introducing a comparable section to the one in the Income Tax Act dealing with solicitor-client privilege we would in fact frustrate the whole purpose of the investigation by the superintendent or his examination of records and documents in bankruptcy matters.

Mr. Nielsen: How would that be frustrated?

• (5:40 p.m.)

Mr. Cardin: If there is a comparable section in this act to the one in the Income Tax Act, those documents which were considered to be privileged would not be subject to examination by the superintendent. It is felt that the purpose of the bankruptcy investigation is different from that which would be involved under the Income Tax Act. It is felt that by having this section in the act the people who are involved might hide behind this particular privilege and hide documents which would contain evidence of fraud.

As the hon. member knows, some of these transactions are of a rather legalistic nature. There are unscrupulous lawyers who would not hesitate to use this provision in order to hide those documents which would make known transactions which would in fact be fraudulent. I think that under these circumstances, and because of the rampant irregularities that have been committed in the past, if there is any benefit of doubt to be given it should be given on the side of severity rather than leniency. As I mentioned before, the whole act is being revised. I imagine the revision will be completed toward the end of the year and at that time the whole thing may be looked into again.

I might also mention to hon. members that sitting in the galleries at the moment are the three members of the Bankruptcy Act revision committee, and if anyone has any suggestions which they want to make I invite them to do so.

Mr. Nielsen: Before the minister introduces the amendment may I say that this is one of those dangerous, sweeping powers which the other place attempted to remove because of the repugnancy which they feel is inherent in the amendment. If the minister will give us his assurance, as I am sure he will, that the committee which will be making the recommendations and final revisions will take a second hard look at the usefulness of continuing this particular power, among others, and if the situation has been satisfactorily resolved by the time the amendments come before the house, with perhaps a revocation

of this power, then I think we could act on that assurance and support the amendment which he intends to introduce.

Mr. Cardin: I am concerned about the power involved, Mr. Chairman. However, I am also very much concerned about not doing anything to hamper the work which we want the superintendent to do. We do not want to leave any loopholes in the administration of the act which would continue or permit the continuance of irregularities. I am quite sure that in the revision of the act this particular section would be very closely looked at.

Mr. Brewin: Mr. Chairman, I should like to support the elimination of the subsection as proposed by the minister. No doubt the members of the other place who introduced this point into the bill—it was not originally there—had excellent motives and desired to protect certain situations. But if you are going to give the power of inquiry on the one side and then hamper it by all sorts of restrictions on the other, I do not think you will have an effective inquiry. I hope that if we are going to err it will not be in extending tenderness to those being investigated. If we are going to err in this connection we should err in giving adequate powers of enforcement and investigation.

I was a little surprised to hear that the hon. member for Yukon who is so zealous about uncovering fraud, is so ready at this stage to acquiesce in an amendment which as I see it can only have a hampering effect. I hope that the minister's determination will not in any way be swayed by what has been said in this committee.

Mr. Nielsen: Mr. Chairman, perhaps I did not make myself as clear as I should have. I have been completely misunderstood by the hon. member for Greenwood. I, like him, wish to see adequate powers put into the hands of the superintendent. I have in mind one particular document in a solicitor's office that I should very much like to see in the hands of the superintendent. If this power would give the superintendent the facility to lay his hands on this kind of document, I for one would be in full support of it. Let me make my position very clear in this connection.

Mr. Brewin: If I have misunderstood the hon. member then I apologize to him. I thought that what I said represented the effect of what he had said, but if I am wrong I certainly apologize. However, let me say that although the solicitor and client relationship is important, it is not so important that it should be allowed to be used as an instrument for fraud.

Mr. Cardin: Mr. Chairman, I wonder whether I might ask the Minister of Citizenship and Immigration to move, seconded by the Postmaster General:

That Bill S-17, an act to amend the Bankruptcy Act, be amended as to clause 3 thereof by striking out lines 31 to 42 on page 5 of the bill.

Mr. Marchand: I so move.

Mr. Nielsen: Why does the minister not move it himself?

Mr. Cardin: I understand I cannot. I moved the bill.

[*Translation*]

Mr. Goyer: Mr. Chairman, I should like to move a simple amendment to the French text where the seventh line of section 3(a), subsection 1, reads as follows:

Il est loisible au surintendant, s'il lui apparaît que l'affaire peut, par ailleurs, n'être l'objet d'aucune recherche, faire ou faire faire—

Now, in correct French we should say:

de faire ou de faire faire.

Consequently, I move, seconded by the hon. member for Rouville (Mr. Pilon), that section 3(a), subsection 1, be amended by adding after the words:

n'être l'objet d'aucune recherche

The following words:

de faire ou de faire faire.

Instead of the words:

Faire ou faire faire.

[*English*]

The Chairman: The committee will deal first with the amendment moved by the Minister of Citizenship and Immigration and then deal with the second amendment. Shall the amendment carry?

Some hon. Members: Carried.

Amendment agreed to.

The Chairman: I understand the amendment moved by the hon. member for Dollard makes a grammatical change in the bill. Shall the amendment carry?

Some hon. Members: Carried.

Amendment agreed to.

Clause as amended agreed to.

• (5:50 p.m.)

Clauses 4 and 5 agreed to.

On clause 6—*Acceptance of proposal by creditors.*

Mr. Cardin: May I point out that there might be an amendment to make the reading of section 31, subsection 2 a little more clear. Instead of "may or may not" I think the words should be "may but need not". I shall ask the Minister of Citizenship and Immigration to amend the bill, by striking out in the appropriate section the words "or may not" and substituting the words "but need not".

Mr. Nielsen: All we have to do is put the word "may" in.

Mr. Cardin: I would not want to think that my draftsman put those words in for nothing.

Mr. Nielsen: Can the minister explain why they are there?

Mr. Marchand: I move:

That Bill S-17, An Act to amend the Bankruptcy Act, be amended as to clause 6 by striking out the words "or may not" in line 7 on page 7 of the Bill and by substituting therefor the words "but need not".

[*Translation*]

Mr. Latulippe: I should like to ask the minister a simple question concerning clause 6, which reads as follows:

Section 31 of the said Act is repealed and the following substituted therefor:

Subject to the rights of secured creditors, the creditors may by special resolution resolve to accept the proposal as made or as altered or modified at the meeting or any adjournment thereof.

In a bankruptcy, when a creditor accepts a proposal and someone else provides the money for the proposal, after the proposal has been accepted, other stores and enterprises are competed against by sales at ridiculously low prices which are very difficult to beat. This happened in several cases that I know of in the province of Quebec.

Individuals provide the capital and obtain the stock, equipment, materials or furniture at half-price, or at 35 per cent and float the enterprise again, harming others by selling at ridiculous prices.

Is the minister considering a step which would put an end to these harmful practices?

[The Chairman.]

Mr. Cardin: Mr. Chairman, I do not know whether I have understood correctly the question put by my hon. friend, but when a proposal is made and accepted by the creditors, it must be maintained right up to the end.

If there is a delay in doing what the proposal stipulates, or if the conditions of the proposal are changed, consequences follow automatically as if the debtor were bankrupt. Therefore, if the proposal is not accepted or if the debtor does not proceed with the proposal as agreed the consequences are tantamount to a real state of bankruptcy.

Does this answer the question put by my hon. friend?

Mr. Latulippe: Except that there is no regulation to provide that, because there are injustices done on that side. When a proposal is made and another individual puts up the capital to buy the goods at half price, or at one fourth of the price and when, after that, the same individual competes with others for one year, two years and even more, there is something wrong. I know that it is difficult for justice to provide for everything, but perhaps the minister could find some way to give a little protection to the citizens.

Mr. Cardin: Mr. Chairman, it seems to me that the trustee and the inspectors who can be appointed in cases of proposals could precisely prevent the kind of fraud referred to by my hon. friend.

[*English*]

Amendment agreed to.

Clause as amended agreed to.

On clause 7—*Appointment of Inspectors.*

Mr. Herridge: Mr. Chairman, I must confess I rise as a layman with bitter experience, so far as bankruptcies on the part of other people are concerned. Section 32A under clause 7 reads:

The creditors may appoint one or more, but not exceeding five, inspectors of the estate of the debtor, who shall have the powers of an inspector under this act but subject to any extension or restriction of those powers by the terms of the proposal.

I might inform the minister of one occasion, where, as one of the creditors, along with other people I attended a meeting called by an administrator. We got the trustee appointed. We found out that the trustee who was appointed at the meeting of creditors had gone around and solicited a number of big companies' proxies in Vancouver, and we were outvoted on this account, the Canadian

Pacific which I represented locally, and some other tugboat owners.

The interesting part of all this is that I was appointed an inspector afterwards—I do not know how it was done—by the Superintendent of Bankruptcy. I knew what had gone on, and I objected to everything. I would not sign anything. I wrote letters to the trustee in Vancouver and told him what I thought about everything because, you see, I was the only one who had personal knowledge of the whole situation. What I said as an inspector was ignored completely, and when they sent me some form to sign I said I would not have anything to do with it. The trustee reported to the Superintendent of Bankruptcy saying "For some strange reason or other Mr. Herbert Wilfred Herridge as the inspector refused to sign this form." I want to know what are the duties of an inspector under these circumstances? I did not get anywhere, and I was a very poor man at that time—poorer than I am today. I went to the expense of hiring a court reporter. Just imagine a poor rancher hiring a court reporter. I wanted to be sure that everything was taken down at the hearing. I have the record upstairs, and it is most interesting reading. However, I could do nothing about the matter.

We were badly informed by a lawyer who was a scoundrel. We never got over that.

An hon. Member: All of them are.

Mr. Herridge: Not all of them, there are some honest lawyers. We could never make heads or tails of the situation. When I came to Ottawa I got the brush-off. What are the duties of an inspector under the Bankruptcy Act? I have never been able clearly to find out what they are. Could the minister tell the committee?

• (6:00 p.m.)

Mr. Cardin: Mr. Chairman, I am not sure that I am aware of the particular case to which the hon. member refers. As he knows, of course, the inspectors are named largely by the creditors and the trustee. This is to ensure that transactions undertaken for the realization of debtors' assets are carried out honestly and fairly. It is an unusual procedure, and I am rather surprised the hon. member should say that the superintendent actually named the inspectors. If he will give me some more information I shall be happy to look into the matter, although I understand it occurred some time ago.

Mr. Herridge: It was 30 years ago, but it was on account of the creditors and their confidence in the hon. member for Kootenay West that I was appointed inspector by the Superintendent of Bankruptcy.

The Chairman: Order. It being six o'clock and in order that the house may proceed to the consideration of private members business it is my duty to leave the chair.

Mr. Cardin: I wonder whether the committee would give unanimous consent to continuing?

The Chairman: Order. If there is to be discussion on what is to be done with private members hour it should take place with the Speaker in the chair.

Mr. Starr: I think the minister meant if you would just not see the clock.

The Chairman: Order. The Chair would have to ask for how long it would not have to see the clock. The proper procedure is for me to leave the chair and carry out the wishes of the house in the regular fashion.

Progress reported.

THE ROYAL ASSENT

Mr. Deputy Speaker: I have the honour to inform the house that the following communication has been received:

Government House
Ottawa
16th June, 1966

Sir,

I have the honour to inform you that Hon. Robert Taschereau, P.C., Chief Justice of Canada, acting as Deputy to His Excellency the Governor General, will proceed to the Senate chamber today, the 16th June, 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

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED UNDER ADJOURNMENT MOTION

Mr. Deputy Speaker: Pursuant to provisional standing order 39A it is my duty to inform the house that the questions to be raised at the time of adjournment tonight are as follows: the hon. member for Sherbrooke (Mr. Allard), Public Service—concerning a

bonus to bilingual employees; the hon. member for Winnipeg North Centre (Mr. Knowles), Public Buildings—Ottawa—height proposed defence headquarters; the hon. member for Lotbinière (Mr. Choquette), Canadian Broadcasting Corporation—concerning a broadcast.

It being six o'clock the house will now proceed to the consideration of private members business as listed on today's order paper, namely private bills, notices of motions (papers) and public bills.

BUSINESS OF THE HOUSE

Mr. Cardin: Mr. Speaker, I wonder if this might be the time when I may ask Your Honour not to see the clock so that we may be able to finish our work in committee.

Mr. Peters: Mr. Speaker, I suggest that the minister ask in the proper manner, that we waive private members hour today. That would receive our support.

Mr. Cardin: I would be agreeable to that, Mr. Speaker.

Mr. Deputy Speaker: Does the house agree to defer private members hour for today?

Mr. Cameron (High Park): Mr. Speaker, I have a private members bill that I am anxious to proceed with today. However, I would certainly like to co-operate with the Minister of Justice, and I would therefore suggest that we proceed on the basis that, if we conclude in committee before seven o'clock, we should revert to private members business.

Mr. Nielsen: Mr. Speaker, the amendments to the Bankruptcy Act are an emergency piece of legislation. I am sure all hon. members would like to see it passed, and passed quickly. We want on this side to co-operate 100 per cent and we are in favour of the minister's suggestion.

Mr. Deputy Speaker: Does the house agree that private members hour be deferred and that the house revert to the business that was interrupted at six o'clock?

Some hon. Members: Agreed.

BANKRUPTCY ACT

AMENDMENTS TO CORRECT ABUSES AND FOR ORDERLY PAYMENT OF DEBTS

The house resumed consideration in committee of Bill No. S-17, to amend the Bankruptcy Act—Mr. Cardin—Mr. Batten in the chair.

[Mr. Deputy Speaker.]

The Chairman: When the committee was interrupted at six o'clock clause 7 was being considered.

Mr. Gilbert: Mr. Chairman, section 32A in this clause reads:

> The creditors may appoint one or more, but not exceeding five, inspectors of the estate of the debtor, who shall have the powers of an inspector under this act but subject to any extension or restriction of those powers by the terms of the proposal.

I understand this is the first time that creditors have been given the right to appoint inspectors under the proposal. Has the minister given consideration to the payment of travel expenses, and fees for the inspectors?

Mr. Cardin: I did not catch the last part of the question.

Mr. Gilbert: This is the first time creditors have been given the right to appoint inspectors under a proposal. If the inspectors do a proper job they will incur travelling expenses and so forth, and should be paid fees for their services. Has the minister given consideration to this, or could it be referred for further consideration to the committee of three who are in the gallery?

Mr. Nielsen: Before the minister replies may I point out that clause 8(4) covers the matter since it provides:

> —for the payment of all proper fees and expenses of the trustee on and incidental to the proceedings arising out of the proposal—

The expenses, as I understand the amendment, would be paid out of the estate in the ordinary way.

Mr. Gilbert: That particular clause only refers to the fees and expenses incurred by the trustee.

Mr. Cardin: Mr. Chairman, I shall have the matter looked into, but I would imagine that the inspectors, even if it is a proposal, would be treated very much as if it were an assignment.

Mr. Ballard: Under clause 7 the proposed new section 32B implies that where the creditors refuse to accept a proposal made by an insolvent person, the insolvent person automatically becomes a bankrupt on the issuance of a certificate of assignment. Do I interpret this to mean that it precludes the possibility of an alternative or second proposal being made by an insolvent person?

Mr. Cardin: I would imagine that if the insolvent person does not live up to the

proposal, or it is felt that he is unduly delaying the implementation of a proposal, it would be considered as an assignment. This of course is to avoid the undue delays that have been experienced in this area in the past.

• (6:10 p.m.)

Mr. Ballard: Mr. Chairman, being a layman I am a little confused by the answer given by the minister. I think a reading of this section would suggest that if the creditors refuse to accept the proposal when it is presented initially and a certificate of assignment is issued, possibly before any transactions have taken place under the proposal, this would preclude an insolvent person from making an alternative proposal which would be acceptable to the creditors and which would work to the advantage of the creditor and the insolvent person himself.

Mr. Cardin: I would think, Mr. Chairman, that if there seems to be good will on the part of the insolvent person, and he makes a proposal which is rejected and makes another one in good faith, it could be considered, but what we are trying to avoid is what has happened in the past where an insolvent person makes a proposal, does not live up to it and in the meantime his assets are dissipated.

Mr. Ballard: Would the minister say positively that in the circumstance of a first proposal being rejected by the creditors the insolvent person at that point in time would have an opportunity to make a second or subsequent proposal?

Mr. Cardin: Well, yes; I think there would be the possibility of the person making another proposal provided it were done in a reasonable time.

Clause agreed to. Clauses 8 and 9 agreed to.

On clause 10—*Salary, wages, etc. to bankrupt.*

Mr. Gilbert: Mr. Chairman, clause 10 containing the new section 39A is an entirely new provision. The discussion that took place in the other place indicated that the trustee already has power under section 39 of the act to obtain an order with regard to the income of the bankrupt subsequent to the bankruptcy. Many persons think that this new section will be abused, that some trustees will take advantage of it and that it will be a regressive step which will favour the commission agencies and the trustees.

I do not think we can oppose the principle that a person who has become bankrupt, especially a personal bankrupt, should be made to pay part of his income if he has a substantial income after the bankruptcy. However, there seem to be many apprehensions with regard to the use of this section. There was a suggestion that the word "shall" in the seventh line of this provision be changed to "may" to make it permissive. I am wondering what are the thoughts of the minister in this regard.

The second and more important point is the question with regard to wage assignments. Many persons nowadays who give credit insist on a wage assignment. If a person is bankrupt and has made a wage assignment the creditor can still enforce the wage assignment regardless of any bankruptcy. I am wondering what position the Minister of Justice takes in respect of these matters.

Mr. Olson: I am a little apprehensive, Mr. Chairman, about the application of the provisions of the new subsection 2 when bankruptcies occur where there is absolutely no fraud or anything of that nature involved. I am thinking of a bankruptcy which has occurred because of misfortune or because of action completely beyond the control of the insolvent person. These provisions do in fact provide that salaries, wages and so on cannot exactly be confiscated but at least there can be some claim made on them after the bankruptcy. I wish the minister to know that we are concerned about this. No doubt there have been cases where there has been a wrongful transfer of assets which has contributed to income after the bankruptcy and certainly this income should be included in the assets to which the creditors have access. But there is no distinction made in this section except that the court may make a determination having regard to family responsibilities and so on. When this is put into law it will provide a means whereby wages, salaries and so on of an insolvent person can be claimed after the bankruptcy.

I think this is quite a wide departure from what we have considered in the past to be the end of an insolvent situation by reason of all the assets of the individual having been distributed at the time of the bankruptcy. This is all I am going to say, but I hope that perhaps this provision can be applied in such a way that it will not be abused. I also hope the minister realizes there is a problem when there is a bankruptcy which does not result from any fraud or wrongdoing.

[*Translation*]

Mr. Laflamme: Mr. Chairman, with regard to clause 10, which says—

—an order directing the payment to the trustee of such part of the salary, wages or other remuneration as the court may determine having regard to the family responsibilities and personal situation of the bankrupt.

I respectfully submit to the minister that this wording seems much too vague and gives a lot of leeway indeed. There is some kind of legislation—at least in the province of Quebec —which provides a limit on the portion of a salary to be garnisheed and, of course, the phrase—

—having regard to the family responsibilities and personal situation of the bankrupt.

—often means, in some cases, that no part of the salary shall be garnisheed.

The principle in itself is that a bankrupt, even though of good faith, has made his creditors lose money and must just the same pay them back with part of his salary. In principle, I do not think that anyone can object to that, but how will the bankrupt's family responsibilities and the personal situation be taken into account. I respectfully submit that such a text must be sufficiently clear and must not come into conflict with other legislation where it is stipulated that part of the salary can be garnisheed.

Moreover, in that regard, I respectfully submit that a maximum should be set. For instance, in the case of a bankruptcy where 25 or 50 per cent of the debts have been paid, I wonder if it is necessary then to institute proceedings against a debtor who failed in business in good faith and who would still be forced to give away the part of his salary subject to garnishee. It seems to me that when a debtor has met his obligations, at least to a great extent, steps should be taken to prevent part of his salary from being garnisheed, according precisely to the proportions set in that case. I think that, in general, that text is too vague and must be linked to certain standards, maximums and minimums within which something could be done.

• (6:20 p.m.)

Mr. Forest: Mr. Chairman, in this corner some have objected to clause 10, particularly because they thought that personal bankrupts did not constitute a problem in Canada, and I see that the Superintendent of Bankruptcy has produced statistics showing that, from 1955 to 1964, personal bankrupts had

doubled in Canada and that it constituted a major problem. I think so too.

At the present time, the bankrupt can be required to deposit with the trustee a certain portion of his salary, but unfortunately he very seldom does, and creditors have to apply to the court for an order directing the bankrupt to deposit with the trustee the portion of his salary subject to garnishee.

But the bill is now doing away with that procedure and the trustee will have to apply to the court for an order to this effect and this, of course, will not prevent the bankrupt from requesting his discharge at a given time.

Therefore, I do not agree with the hon. member who dealt with this matter and I think this section should remain as it now appears in the act.

[*English*]

Mr. Nielsen: Mr. Chairman, we have waited far too long as it is to be confronted with any suggestion now of watering down effective legislation to meet a scandalous situation in this country. Having said that, I want to say that we will support the government's desire to see this proposed section pass unchanged.

Mr. Cardin: Mr. Chairman, we are of course concerned with both sides of the coin, and I wonder whether it would be helpful to explain how the department has looked at this problem. We feel that in this way the trustee would be, if directed by the inspector or the creditors, obliged to apply to the court to decide whether the bankrupt should pay the trustee for the benefit of the creditor a certain portion of his income, whatever the source. The courts have held that by the effect of section 39A(3)(b) such portion of the salary that is subject to that procedure by legal process is vested in the trustee. This, however, does not apply to future and personal earnings which are not of a fixed sum. The amendment we are now bringing forward will correct this.

Similar judgments have also held that all of the seizable portion of the salary of a bankrupt is vested with the trustee and that the courts have no jurisdiction in that respect. The amendment will give some discretion to the courts in respect of the portion of the income to be deposited with the trustee, which will be set by the courts having regard to the family responsibility and personal situation of the bankrupt.

I understand there has been considerable abuse in this area in the past and it was felt

that if a portion of the salary was made contributable to the bankruptcy it would indeed be very helpful. On the other hand, in order to avoid abuses in this area the court would have to make sure that no abuse was perpetrated in either direction.

Mr. Olson: Mr. Chairman, I do not take any more exception to the clause than I have taken but, as the hon. member for Broadview said, it involves an entirely new concept so far as the Bankruptcy Act is concerned. There is no question that when there is fraud, gross negligence or anything of that nature which contributed to the bankruptcy some justification exists for taking this action. In relation to what the hon. member for Yukon has said, we are as anxious as any other group in this house to make changes in the Bankruptcy Act so that these fraudulent practices can be dealt with adequately, but there is nothing in the new proposed section 39A which states that this provision shall only be applied where fraud, gross negligence and so on are indicated. I am not saying the provision will always apply because there is a discretionary power in so far as the courts are concerned, but there is nothing to prevent it from being applied in all cases where there is fraud and negligence involved.

I am not going to take any further exception to the clause, but I think the application of this new section must be handled very carefully so it will not be used in violation of what has been regarded as the proper application of the law in respect of bankruptcies.

Clause agreed to.

Clauses 11 to 20 inclusive agreed to.

On clause 21—*Definitions. "Clerk." "Court."*

The Chairman: I should like to ask members of the committee how they wish to carry on the discussion on clause 21 which deals with some additions to the act. There are a number of new sections proposed. Since there is only one clause before the committee, is it the wish of the committee to consider the whole clause or to consider each new proposed section separately?

Mr. Cardin: Mr. Chairman, I should like to propose an amendment before we give consideration to Part X. There must necessarily be a renumbering of the clauses.

This amendment results from many representations that have been received regarding the fact that federal companies which are insolvent use the Winding-up Act instead of using the bankruptcy legislation. There has been considerable concern in the past about this procedure, and the amendment I should like to propose to the committee would have the effect of making the Bankruptcy Act take precedence over the federal Winding-up Act in any case where either could be resorted to. This is designed to prevent the use of the Winding-up Act to avoid the effect of the reviewable transactions concept of the Bankruptcy Act, in that this is a method that has been used in the past to circumvent the bankruptcy law. I hope that the committee will give this amendment favourable consideration.

Mr. Churchill: Where will it fit in?

Mr. Nielsen: Mr. Chairman, I suggest that we consider clause 21 as a whole and if any member wishes to make representations in respect of separate sections of Part X which fall within clause 21 he can then do so. Perhaps the minister will tell us which part of clause 21 is to be amended and we could deal with that amendment now.

• (6:30 p.m.)

Mr. Cardin: No, Mr. Chairman. What is envisaged is renumbering clause 21 before we go into part X. If I may, I should like to ask the Postmaster General to move:

That Bill S-17, an act to amend the Bankruptcy Act, be amended

(a) by renumbering clauses 21 and 22 of the bill as clauses 22 and 23, respectively; and

(b) by inserting immediately after clause 20 on page 18 of the bill the following new clause:

"21. The said act is further amended by adding thereto, immediately after section 169 thereof, the following section:

Winding-up Act not to apply.

'169A. (1) Where a petition for a receiving order or an assignment has been filed under this act in respect of a corporation, the Winding-up Act does not extend or apply to that corporation notwithstanding anything contained in that act, and any proceedings that are instituted under the Winding-up Act in respect of that corporation before the petition or assignment is filed under this Act shall abate subject to such disposition of the costs of those proceedings to be made in the bankruptcy proceedings as the justice of the case may require.

Saving.

(2) All proceedings instituted under the Winding-up Act before subsection (1) comes into force may be continued under that act as if that subsection had not been enacted.'"

Mr. Côté (Longueuil): I so move, Mr. Chairman.

The Chairman: Shall the amendment carry.

Amendment agreed to.

Bankruptcy Act

On clause 22 as renumbered—*Definitions. "Clerk." "Court."*

Mr. Brewin: Mr. Chairman, I raised a point earlier when clause 1 was under discussion and the minister replied that it would be looked into. I appreciate that it would have been better had he had time to look into it more fully, but on reflection it seems to me that the point I made is probably well taken. In other words, if we do not make any amendment to this part we will run into the very serious danger of it being held that this is legislation dealing with property and civil rights in part X rather than legislation dealing with bankruptcy and insolvency.

For this reason I propose to move an amendment. If it is not acceptable to the minister, I know he will say so and I will not press the matter to a vote. But unless somebody can give a better explanation than we have had I think it is necessary. I move:

That Bill S-17 be amended so as to add to clause 22—

As it now is.

—thereof after the word "debtor" in section 173 (c) the words "shall mean an insolvent debtor, but"

The effect of that would be to make it clear that this part which refers throughout to debtors making application applies only to insolvent debtors. The word "insolvent" is not defined in the act, but it is a word of well known meaning; it refers to somebody who cannot pay his debts.

I think this would be a worth-while amendment because, quite seriously—I may have overlooked something—if there is no such wording in the act we may run into difficulty. If in explanation the minister says that this amendment is not necessary, I will not insist on it. I am only moving the amendment to try to be helpful and not in any way to question the wisdom of enacting this part. I am just trying to avoid a possible pitfall.

Mr. Cardin: Mr. Chairman, I think the hon. member's point is well taken and I would certainly have no objection to the amendment with the wording the hon. member has just proposed.

Mr. Brewin: Mr. Chairman, I apologize that the amendment is in my handwriting. I hope hon. members will be able to read it. My handwriting is sometimes not too legible, but the amendment is fairly simple.

[The Chairman.]

Mr. Nielsen: Mr. Chairman, if I have the sense of it correctly from the hon. member for Greenwood, the new paragraph (c) of section 173 would read:

"debtor" shall mean an insolvent debtor but does not include a corporation; and

Mr. Brewin: That is right, Mr. Chairman. The hon. member for Yukon has it just as I intended it to be. I do not know whether he was in the chamber when I mentioned earlier that I thought there was a constitutional difficulty here. If it meant "any debtor" there might be difficulty about this part referring to property and civil rights rather than bankruptcy and insolvency legislation.

The Chairman: Order. I think the intention of the amendment moved by the hon. member for Greenwood is clear. While the Chair has no authority to change the words which the hon. member wants to use as an amendment, perhaps the Chair could suggest a different form. Would the hon. member be willing to rephrase his amendment so that the addition is made after the word "debtor" and before the word "does"?

Mr. Brewin: I would be perfectly willing to accept that suggestion, Mr. Chairman. I think it does add a little clarity.

The Chairman: Then the paragraph as it is proposed to amend it would read:

"debtor" shall mean an insolvent debtor but does not include a corporation

Is that the sense the hon. member intended?

Mr. Brewin: Exactly, Mr. Chairman.

The Chairman: It is moved by Mr. Brewin:

That Bill S-17 be amended so as to add to section 22 thereof between the words "debtor" and "does" in 173(c) the words "shall mean an insolvent debtor but"

• (6:40 p.m.)

Mr. Forest: May I ask the member for Greenwood whether he is aware that there is a definition of "insolvent person" in the Bankruptcy Act which defines it as a person who is unable to meet an obligation of at least $1,000? Would that preclude those persons who owe less than that amount from taking advantage of these provisions?

Mr. Brewin: Perhaps I did not explain my point with sufficient clarity. I purposely did not use the words "insolvent person" in order to avoid importing into this part of the bill the definition of those words which appears

in Section 2 (j) of the Act. I used the word "insolvent" in its ordinary sense of an insolvent debtor or someone who is unable to pay his debts. I prefer to do that than to import the technical language implied in the words "insolvent person". That was deliberate on my part.

The Chairman: Does the committee agree to the amendment?

Mr. Nielsen: I wish to express a reservation. I do not want to hold things up and I see the admirable intention of the member for Greenwood but I wonder whether certain circumstances might not arise into which this amendment might throw a monkey wrench. At present the section appears to me simply to be there to exclude corporations.

However, I can see a situation arising under the Winding-up Act where the word "debtor" as used in these provisions may mean something else than an insolvent debtor. I therefore hesitate to accept the amendment suggested by the hon. member, however laudable his purpose may have been in introducing it, in that I think the Winding-up and Bankruptcy Acts are such complex pieces of legislation that the hon. member's amendment may do more than merely clarify a constitutional situation. The subsection is simply there for the purpose of excluding a corporation. Situations may arise where the provisions of the Winding-up and Bankruptcy Acts may be applicable to debtors who are not insolvent. I would not rule out such a possibility. I wonder whether the hon. member or the minister and his advisers have considered that aspect of the proposed amendment.

Mr. Brewin: I did consider that point, Mr. Chairman. This amendment will only apply to Part X which we are now discussing and which is a little code of its own dealing with the power of the court or the clerk of the court to make a consolidation of orders for debtors. It is a very useful provision, but the point is that if a debtor is not insolvent then it is vital that an attempt be made to regulate his debts and give certain rights which will apply beyond the field of the competence of parliament. It is only if you import the idea of bankruptcy or insolvency that you take the matter out of the realm of property and civil rights and move it into the realm of bankruptcy and insolvency which gives this parliament the right to deal with the matter.

This amendment does not reflect on the definition of "debtor" anywhere else except in this particular part. I suggest that this amendment is essential; otherwise the whole part might be ultra vires. The reason for doing this by way of an amendment to the definition of the word "debtor" is that throughout the part there is an implication of the application of a debtor. If you define "debtor" in the way in which I propose you ensure that the whole part relates to insolvency.

I think I have considered the matter adequately and I suggest to the hon. member for Yukon that this is not a tidying-up amendment; it is an essential amendment which would bring the matter within the competence of this parliament.

Mr. Cardin: I know that the hon. member is aware of the definition in the Bankruptcy Act whereby "debtor" includes an insolvent person, and he is probably aware of the fact that the definitions included in this act are also applicable to Part X. I have no objection to the amendment which he has suggested and I do not see any difficulty arising through the inclusion of these words. I wonder whether the hon. member for Yukon could cite an example of the kind of difficulty that he suggests might be encountered because of the insertion of this definition.

Mr. Nielsen: I think I gave one when I spoke a moment ago. If one excludes corporations one can envisage a situation in which the legislation would be applicable to debtors who might perhaps form a syndicate of three or six members, one or more but not all of whom might be insolvent and might wish to proceed on behalf of that syndicate under the provisions of the Winding-up Act which is dominion legislation.

Most provinces and territories have their own winding-up legislation to which this would not apply because it falls under the exclusive sphere of jurisdiction of the provinces. I cannot give a specific example but I can think of the possibility of some members of a partnership or a syndicate being solvent while others are not and yet winding-up proceedings being taken on their behalf.

The minister may have received advice from his officials and I would certainly be prepared to act on whatever recommendation they may have given him. If they can see no possible problem in the acceptance of the amendment, then I will certainly not argue with them.

Mr. Cardin: The opinion of my officials is that this amendment would not cause any foreseeable problem.

Amendment agreed to.

The Chairman: Does this complete the discussion of section 173 which is part of the renumbered clause 22?

Mr. Nielsen: I would suggest that to save time, if it meets with the agreement of the committee, we take the whole clause instead of taking it section by section.

There is only one more observation I wish to make and it has to do with the new section 198 which reads:

> This Part shall come into force in any province only upon the issue at the request of the Lieutenant Governor in Council of that province, of a proclamation of a Governor in Council declaring it to be in force in that province.

I am again thinking of the situation which exists in the Yukon and the Northwest Territories which do not have a lieutenant governor. I know that according to the Interpretation Act a province includes a territory but I am not certain that the expression "lieutenant governor" includes commissioner, so I think some clarification may be necessary here. I suggest that perhaps a solution would be to amend section 198 to this effect: At the request of the Lieutenant Governor in Council of that province or of the commissioner of the Yukon or Northwest Territories. The legislation is equally applicable in the north; yet the north is excluded by the use of the words "Lieutenant Governor in Council".

• (6:50 p.m.)

Mr. Olson: I should like too ask the minister if there is a precedent for the way section 198 reads. Its effect is that legislation passed by the federal parliament does not come into effect in any province unless there is a proclamation by the Lieutenant Governor in Council. Is there any problem here in connection with having a province proclaim federal legislation?

Mr. Cardin: If I understand correctly, the real purpose of this whole section is to validate legislation which was passed by Manitoba and Alberta and subsequently declared ultra vires. At the request of these two provinces the federal government is enacting this legislation. I believe the matter came up a couple of years ago and has been in the Senate since that time. I presume that the procedure written into this legislation might have been put there by reason of these facts.

[Mr. Nielsen.]

Mr. Olson: I appreciate the minister's remarks, Mr. Chairman, concerning the reasons why Part X was written into the bill. However, I come back to the question I asked him. Is there any precedent for the Lieutenant Governor in Council proclaiming federal legislation. The provisions of this part will not ordinarily come into force at all unless there is such a proclamation by the Lieutenant Governor in Council. The question is really very simple. Is there any precedent under which the Lieutenant Governor in Council has proclaimed federal legislation? I am curious about this.

Mr. Cardin: To be perfectly frank, I do not know but I can find out.

Mr. Schreyer: Far be it for me to offer advice to the senior members here, but I believe the hon. member for Medicine Hat should read the clause carefully. If he does he will find that what is being proposed here is not a proclamation of federal legislation by the province but rather a request from the province that the Governor in Council proclaim the legislation. I believe there is a difference which removes the problem.

Mr. Knowles: Mr. Chairman, I wonder if the minister could indicate whether part X as a whole is substantially in line with what the provinces of Alberta and Manitoba have requested?

Mr. Cardin: Yes, Mr. Chairman, I understand it is very much in line; there have been few changes, if any.

Mr. Knowles: Will the minister comment on the provisions of what will be the new secton 174 of the act in which there is a $1,000 limit? Is that the limit that the provinces had in their legislation? What is the reason for having a limit at that point?

Mr. Cardin: I understand, Mr. Chairman, that these provisions in this part were substantially those that had been legislated in both of these provinces. I presume that anything as important as this would be exactly the same as that which has been legislated by the provinces.

Mr. Knowles: May I ask one other question with regard to the $1,000 ceiling? Is it a ceiling on any one, individual debt of a debtor or is it an over-all ceiling on a combination of debts?

Mr. Cardin: Would the hon. member mind repeating his question?

Mr. Knowles: I was asking the minister whether the $1,000 ceiling is a ceiling on each individual debt or is it a ceiling on a combination of debts? In other words, if a debtor has three or four debts which he wishes to bring under this orderly payment of debts arrangement and each of those debts is below $1,000 but their total is in excess of $1,000, could he get in under this legislation?

Mr. Cardin: I will have to obtain information from my advisers on this question. It should be available in a matter of a few minutes.

Mr. Nielsen: In the meantime, while we are waiting for that advice, I might be permitted to lay the ground-work for an amendment I feel I must propose. Under the provisions of the Yukon and Northwest Territories Acts property and civil rights are passed to the commissioner in council in the same way as they are in the provinces. We have companies legislation passed by our legislative body in the Yukon and we have winding up legislation, and have had for many years. There is no cure to be found in the fact that the Interpretation Act defines the word "province" to include the Yukon and Northwest Territories since the new section 198 uses the expression "Lieutenant Governor in Council of that province".

It becomes necessary, therefore, to allow a similar request to be made by the commissioner in council of either the Yukon or the Northwest Territories for this part to become effective in these jurisdictions. Therefore I suggest this amendment:

That clause 198 be amended by adding the following words immediately after the word "province" in line 25 on page 29, "commissioner in council of the Yukon Territory or Northwest Territories".

Mr. Cardin: I think I would agree with this amendment, Mr. Chairman. As the hon. member knows, there will be a revision of the act and if this amendment is found to be redundant or for some reason the section is now applicable to the Yukon and Northwest Territories, it can be worked out at that time.

Mr. Nielsen: Perhaps the minister will recall that we had the same problem with regard to the applicability of the student loans legislation when that bill came before the house.

Mr. Olson: I have no objection to the amendment proposed by the hon. member for Yukon. If I may deal with the section for a moment, I should like to thank the hon. member for Springfield for his comments. If you read the section leaving out the portion between the two commas, you will find it reads as follows:

This part shall come into force in any province only upon the issue . . . of a proclamation by the Governor in Council declaring it to be in force in that province.

• (7:00 p.m.)

It is clear that the governor in council of Canada will in fact proclaim this legislation. But between the two commas it says that it shall come into force only "at the request of the lieutenant governor in council of that province". Therefore, Mr. Chairman, that must mean that this legislation can never be effective as long as that wording is contained in section 198 of the act, or in the act at all. It can never be effective in any province until and unless such request comes from the lieutenant governor in council of that province; and if the amendment proposed by the hon. member for Yukon is accepted, until and unless such request comes from the commissioner in council for the Yukon and Northwest Territories.

I am still curious to know whether or not there is a precedent for any legislation passed by this house not being proclaimed until and unless a request comes forth from the lieutenant governor in council of a province, or the respective authority in the territories. Because as long as this wording between the two commas is in that section, this part of the act cannot be operative or effective in a given province. It is written into the statutes that it is effective only at the request of the lieutenant governor in council of the province.

If no legal problem is involved here I am satisfied. If there is one perhaps someone can move an amendment. But supposing a province, or several provinces, made the request that this act be proclaimed in a province, then of course all the provisions of this part of the act, and perhaps the operative provisions of the whole act, will be excluded from operation in that province.

Mr. Cardin: Mr. Chairman, I explained a while ago that this section was based on legislation which had been passed in Alberta and Manitoba; and at the request of both these provinces we wanted to make this legislation effective and legal. It is possible that other provinces do not have similar legislation. If other provinces want this type of legislation, then at the request of the lieutenant governors of those provinces the legislation would become effective. I think

this might be considered permissive legislation, at least in regard to these two provinces. If other provinces want a similar type of legislation, it could become valid by this proclamation.

Mr. Knowles: Mr. Chairman, I am sure that the opportunity to do a little research would turn up some examples that would answer the question put by the hon. member for Medicine Hat. A couple have occurred to me. They are not exactly the same but they are very close to this provision. The Canada Pension Plan is one. If a province does not want the plan to apply to that province, it does not. Is that not virtually the same?

Our divorce legislation, I think, is in that category. We have federal divorce legislation, but there are still a couple of provinces in Canada in which at their request, that legislation does not apply; and there was a time when there were more.

I think there are probably a number of examples like that where the federal government, at the request of the provinces, provides for legislation of a particular kind to be in effect, but it is not in effect in others.

Mr. Cardin: I thank the hon. member for Winnipeg North Centre, and at the same time, if I may, I should like to answer the question which he asked a while ago. The ceiling to which he referred is on one debt and not on a combination of debts.

Mr. Knowles: So that it would be possible for a person to have several debts; and provided that no one of them was greater than $1,000 he could bring them all within the terms of this legislation?

Mr. Cardin: Yes. If I might just allude to the amendment to which the hon. member for Yukon referred, I have received word from my advisers. It is felt that we would have to look at this a little more carefully, because apparently it would affect more than one section of the act. I understand that section 196 and section 173 are affected.

Mr. Nielsen: Mr. Chairman, these sections are unaffected. Section 196 gives the governor in council power to make certain regulations, among which is the power to prescribe the court for the purpose of this part of the act. The lieutenant governor in council has that power in any event. Nothing in section 198 will affect section 196. With respect to section 173, the expressions "lieutenant governor in council" and "court" are not affected by the amendment which I have proposed.

[Mr. Cardin.]

I think that perhaps the officials of the minister have missed the point of the amendment. I am satisfied that the Interpretation Act provides that territories are included wherever the word "province" is used. But I do not believe that the Interpretation Act says that wherever the phrase "lieutenant governor in council" is used it shall include the words "commissioner in council". Unless it does say that—and I do not think it does—then this part cannot possibly come into force, even if the commissioner in council of the Yukon wanted it to come into force.

May I suggest to the minister that the winding-up ordinance which conferred exclusive jurisdiction to the legislative council of the Yukon could be used just as abusively there as anywhere else in the country. There is a need for this kind of legislation in respect to the consolidation of debts; instances have arisen where this legislation could be usefully implemented.

I suggest that the amendment does not affect secton 196 or any other section, and I have looked at them very carefully. The only section it will affect is any section wherein the phrase "lieutenant governor in council" appears, and I believe it appears only in section 198.

Mr. Cardin: Mr. Chairman, if I may just answer the question of the hon. member: Part X of the act is required because the provincial governments have no power to regulate debts. This was proven by the fact that we had to legislate to make effective the legislation in Manitoba and Alberta. However, this problem does not arise in the Yukon territory or in the Northwest Territories, because they do not have the power of a province under section 92A of the British North America Act. So actually we are controlling the situation ourselves and it is unnecessary to specify the territories.

• (7:10 p.m.)

Mr. Nielsen: Mr. Chairman, for the purpose of helping the minister along with the bill, and getting it through, I am going to withdraw my amendment, with the permission of the members of the committee, because I feel there is some doubt about it. But let me say to the minister that the nature of his advice is faulty. The Yukon and the Northwest Territories are given, in the same way the provinces are given by respective federal acts, property and civil rights. The northern territories have full power to pass any legislation in this kind of matter, as have the

provinces. If there is a vacuum which exists with regard to the regulation of debts and the jurisdiction of provincial legislatures, it exists similarly in the Yukon.

I would suggest to the minister that the committee might take a hard look at the application provisions when they come up for final amendment. In the meantime I do not think there will be any great outbreak of need for this kind of legislation in either of these two northern territories.

Clause as renumbered agreed to.

Clause 23 as renumbered agreed to.

Preamble agreed to.

Title agreed to.

Mr. Cardin: I should like sincerely to thank the committee for what I consider to have been a very useful and constructive afternoon's work. Hon. member's can rest assured that what they said fell on receptive ears, since members of the revision committee were listening to the proceedings.

Bill reported.

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

Mr. Nielsen: I know this is very unusual, and bills are not usually given third reading on the same day amendments are made. Nevertheless by virtue of the nature of the legislation, could we not have it read the third time, now?

Mr. Churchill: The only comment I would have is that this is unusual and probably unsound practice. A bill has to be reprinted when amendments occur in it. If third reading is given now, what is the next step? Will it be dealt with immediately? Will it be dealt with at a quarter to ten, for example?

Mr. Deputy Speaker: Order, please. The Chair is of the opinion that the question asked by the hon. member for Winnipeg South Centre is not one that the Chair ought to answer. Other proceedings should be carried out here. How those proceedings will be dealt with is a matter for the government and the other place to decide.

Mr. Churchill: I was directing my question, not to the Chair but to the government side. I recognize this as urgent and important legislation. Unless the bill is going to be completed by a reference back to the other place—because we have amended it—to be dealt with tonight at a quarter to ten, we should not break the long standing custom of postponing third reading until the amended bill has been reprinted and presented to the house.

Mr. Cardin: Mr. Speaker, although we are all anxious to get the bill through, I doubt if it is physically possible to have the amended bill printed by ten o'clock.

Mr. Churchill: Then it should not get third reading.

Mr. Deputy Speaker: When shall the said bill be read a third time? At the next sitting of the house?

Some hon. Members: Agreed.

Mr. Leboe: On a point of order, Mr. Speaker. Since we have made very good progress while in committee, and since some of us have not eaten, I wonder whether the house might not wish to recess until eight o'clock.

Mr. Stewart: We gave up the private members hour today, and I should think, that being so, private members would expect us to continue. We have a heavy program of work to complete before ten o'clock, of which hon. members no doubt are well aware.

Mr. Knowles: I think the argument is the other way. The government has been given the extra hour, and it should return the compliment.

Mr. Churchill: It is exchanging 40 minutes for one hour. I think those who would like to recess ought to be accommodated.

Mr. Deputy Speaker: Is it the wish of the house to recess now until eight o'clock?

Some hon. Members: Agreed.

At 7.19 p.m. the sitting was suspended.

SITTING RESUMED

The house resumed at 8 p.m.

COMPANY OF YOUNG CANADIANS

PROVISION FOR ESTABLISHMENT

The house resumed, from Friday, June 10, consideration in committee of Bill No. C-174, to provide for the establishment of The Company of Young Canadians—Mr. Pearson—Mr. Rinfret in the chair.

The Chairman: When the committee was last dealing with this bill it had reached clause 10.

Company of Young Canadians

On clause 10—*Executive Director.*

Mr. MacDonald (Prince): Mr. Chairman, I rise to speak again on this clause because I think that here is a clear indication of some of the difficulties incurred in the drafting of this bill, and of the difficulties which will be faced in the operating of The Company of Young Canadians.

As I stated on Friday afternoon of last week, clause 10 contains a conflict in philosophy that is somewhat crucial. I am not sure whether all hon. members have yet realized what a unique and novel bill this is. In effect it is going to provide for a highly independent corporation. Although I am not an experienced parliamentarian, I know of no other bill setting up a corporation in which two thirds of the members of its board of directors are to be appointed, not by the governor in council but in this instance by the volunteers and members of the agency itself. This is the genius of the program, that we are giving a tremendous amount of autonomy to The Company of Young Canadians.

I have been assured by youth leaders and workers that without this autonomy the program could not receive the wholehearted support of youth. I am only too well aware of the dangers inherent in youth organizations which are overtly controlled by other outside and perhaps more senior bodies, and it is on that ground I disagree with the conflict in philosophy contained in clause 10. We are trying to say something clearly but it does not come through. It has to be said clearly in this clause, as indeed throughout the whole bill, that the board will have a high degree of autonomy and that the executive director, who will be the most important person in this program, will be ultimately responsible to the board of directors of The Company of Young Canadians. Unless we say that clearly we put the whole program in great jeopardy. If we do not say it, then we asserting that we are not anxious to give these young people the trust they both want and need in order to formulate this highly exciting program. Therefore I sincerely ask the government to consider adding the words "and with the concurrence of the council" after the words "during pleasure" in subclause (1). This will give assurance with respect to the authority to whom the executive director will be responsible, and will leave no doubt in the minds of the board of directors.

[The Chairman.]

Mr. Schreyer: Mr. Chairman, I support the contention that there is an ambiguity in the clause. If it is the intention of the drafters of the legislation that the executive director shall be appointed on the recommendation of the council of The Company of Young Canadians, then it should be followed through logically, and the authority for replacement should rest with the council of the company. As the clause stands, it would seem that this is something left to the discretion of the governor in council.

As has been said by previous speakers, and most notably by the hon. member for Prince, if youth is to participate in this program to the full extent that we all hope they will, it must be made abundantly clear in the legislation that the organization and direction of the program is left with them so far as possible, in fact to the ultimate degree possible. This ambiguity could be dealt with easily by incorporating the proposed amendment suggested by the previous speaker.

Mr. Scott (Danforth): I think a very reasonable and sensible suggestion has been made, and we would be interested in hearing the comments of the parliamentary secretary to the Prime Minister on it.

Mr. Matheson: Mr. Chairman, the point that has been raised by the hon. member for Prince was clearly recorded at page 6283 of *Hansard* for June 10. Since that time there has been an opportunity to consult with the officers who drafted this legislation, and also with the Department of Justice. It is clear that the governor in council may, on the recommendation of the council, appoint. The appointment depends upon the recommendation of the council. The advice of the Department of Justice is very clear, that by the same token the executive director may lose his employment on the action of the governor in council upon the recommendation of the council. In other words, the council of The Company of Young Canadians can recommend to the governor in council that the executive director be fired.

Mr. MacDonald (Prince): Where is that stated in the clause?

Mr. Matheson: This is indicated in the opinion of the Department of Justice.

Mr. MacDonald (Prince): It does not say this in the clause.

Mr. Matheson: The hon. member for Prince is pressing that something further be written

into the bill. The entire burden of the legislation is to indicate the great confidence that the government enjoys in the capacity and skill of this new federal corporation with respect to its own self-government, and I am amazed at the query being raised with respect to any doubt on this point.

It is clear that the requirement of the recommendation of the council with respect to the executive director's employment will, in the first instance, prevent the appointment of an executive director for some unworthy reason, for example a political reason. It is clear that The Company of Young Canadians will itself have control of its own destinies to the extent that the appointment of two thirds of its directors rests in the hands of its volunteer members; but on the part of the government there rests a continuing responsibility to see that a federal corporation, which has mighty things ahead of it to accomplish, shall continue in existence.

• (8:10 p.m.)

Of course in the normal process there will be a continuing change of members of the council. I do not see anything very troublesome about the addition of the words "and with the concurrence of the council". The question which immediately comes to my mind, however, is why are they necessary; what is the real motive in questioning the integrity of the governor in council. Surely what we are trying to do is to create a company which will develop from the beginning its power not only to control and govern itself but to formulate and develop policy. As we go into other sections it will be clear that everything has not been established with respect to the future. I certainly would appreciate hearing from other members on this.

Mr. Herridge: Mr. Chairman, I should like to support the suggestion made by the hon. member for Prince. It is all right for the Acting Prime Minister to say that the opinion of the justice department is this or that, or that this or that can be taken for granted. Anyone who has been here for a number of years knows that expressions of opinion in this house in respect of an interpretation have no effect; it is what is written in the law. I think the hon. member for Prince has a good point. He wishes to be certain what procedure will be followed. If someone is appointed as an executive director and finds there is some conflict with the council, I think it is a very reasonable suggestion that we should make certain of the continuity of the administration by including the words recommended by the hon. member.

I see that I am going to be opposed by another member of the legal profession, and that always puts me a bit off my base. I cannot see why there should be any objection. The Acting Prime Minister a few minutes ago said in effect that this was the opinion of the law officers of the crown, so why the objections?

Mr. Turner: Mr. Chairman, on behalf of my colleague I should like to say that I am sure he must feel flattered by the well deserved promotion he has received this evening from the hon. member for Kootenay West.

We were advised by the law officers of the crown that the right to appoint on the recommendation of council, taken with the words "during pleasure", implied the right to dismiss. That was the opinion we received. It is also in accordance with past practice in the drafting of statutes. If hon. members of the committee would prefer to see it spelled out as suggested by the hon. member for Prince, I do not think we would have any objection. I suggest that perhaps the hon. member should reduce his suggestion to writing.

The Deputy Chairman: It is moved by the hon. member for Prince that clause 10(1) be amended by inserting, after the words "during pleasure", the words "and with the concurrence of the council". The clause as amended would then read:

> The governor in council may, on the recommendation of the council, appoint an executive director of the company who shall hold office during pleasure and with the concurrence of the council and shall be paid by the company such salary as shall be fixed by the governor in council.

Shall the amendment carry?

Mr. Churchill: Mr. Chairman, I have heard the remarks which have been made and I understand the interest in this problem. I have also heard the interpretation that has been given by members on the government side. May I ask those who are sponsoring this bill who will be responsible directly to the House of Commons when the house discusses the estimates for The Company of Young Canadians, and in the course of time discusses the activities of The Company of Young Canadians. What minister of the crown will have to answer to the house for the activities of this organization? Would this minister not be placed in a very difficult and awkward position if he had to report to the

house that he had no control of any sort over the executive director? I have not had time to consider this fully, but I raise this as a subject for discussion.

Responsibility has to lie with the government. If the minister of the crown who reports to parliament concerning this organization is caught in an awkward position, where something has gone wrong with the organization, are the hands of the government tied so that if the executive director is responsible for something which does not meet with general approval he may not be released or separated from employment? After all, this is an organization which is being supported by public funds. The funds provided for this organization have to be approved by the government and submitted to parliament for the approval of parliament. Parliament then, of course, asks for a report concerning how the funds have been used. The government bears the responsibility.

I suggest to the members of the government that they should give very careful consideration to this particular problem. I think the arguments presented and the motive behind the amendment are all right. I can understand the suggestions which are being put forward; but I am wondering whether sufficent consideration has been given to the responsibility of the government in this regard. We hope the organization will have success; we hope that the executive director, and successive executive directors, will perform their duties adequately. I think, however, we must be a little careful here in passing legislation, and the government should not tie its hands unless it is absolutely certain it is on firm ground.

• (8:20 p.m.)

Mr. Herridge: Mr. Chairman, I have just a few words, in view of the post mortem analysis of the situation by the hon. member for Winnipeg South Centre after the amendment had been carried—

Mr. Churchill: It had not been carried.

Mr. Herridge: Pardon me. Now I can understand the reason for the remarks the hon. gentleman made. As the senior member on the front benches on the opposite side in terms of service, but not in terms of the amount of salary received, on behalf of the opposition I want to compliment the Minister without Portfolio for his co-operative spirit and approach to the development of this legislation.

[Mr. Churchill.]

Mr. Pugh: Mr. Chairman, I should like the parliamentary secretary to explain the precise meaning of the words "during pleasure" in clause 10. I rise to ask this question now because of the point referred to by the hon. member for Winnipeg South Centre. The phrase "with pleasure" as I understand it means at the beck and call of the council, and the added words "and with the concurrence of the council" do not add very much. Will the parliamentary secretary explain precisely what those words mean, particularly in view of the explanation sought by the hon. member for Winnipeg South Centre.

Mr. Matheson: Mr. Chairman, let me answer my friend by saying that the duties of the chief executive officer are spelled out in subclause (2). I think that answers his query in respect of the meaning of "during pleasure". Of course this language is familiar to legislatures and courts. The executive director is the chief executive officer of the company and he is under the direction of the council. He is responsible for the management and supervision of the work and staff of the company.

The expression "during pleasure" would mean that the executive director would run the show under the direction of the council, and provided he was not behaving improperly or in such an unseemly way as to require extraordinary action, he would continue to do so. He is to run this company under the direction of the council. The council recommends him for his job and, as I have indicated, in the opinion of the law officers of he Department of Justice, by the same token that council can recommend his dismissal if they do not like the way he is performing his job.

Mr. Pugh: The answer given by the parliamentary secretary is exactly the meaning I read into the words. I am in complete concurrence with the opinion of the law officers who have said in effect that "with pleasure" means precisely "during pleasure and with the concurrence of the council". The council in other words decides whether or not he is to continue in his position. If they decide to keep him on, they do so; but if they decide otherwise, they fire him.

Amendment agreed to.

Clause 10 as amended agreed to.

On clause 11—*Executive committee.*

Mr. Schreyer: In reference to clause 11 (3) I believe that in order to be consistent there should be an amendment here as well. Reference is made to the fact that the executive director may attend the meetings of the council and the executive committee. This is a rather strange and unnecessary provision, if the executive director is to work under the direction of the council, as we are informed. The decision as to whether or not and how frequently the executive director shall attend meetings should remain at the discretion of the council. Surely there is no necessity for this statutory inclusion in the bill. The more one thinks about this, the more likely he will conclude that there is a motive on the part of the government to make sure that the executive director will be able to act in the capacity of a chaperone whenever he sees fit. Either we trust The Company of Young Canadians and their executive and executive committee, or we do not. If we trust them, it seems to me this statutory provision is unnecessary and uncalled for.

Mr. Turner: Mr. Chairman, may I say in answer to the hon. member that it is quite clear from the legislation that the executive director is appointed on the recommendation of the council. He is subject to their management and direction. If he is to do a good job and have liaison with the council he must be given the ex officio right to attend meetings of the council and the executive committee. Otherwise he just could not run a good show. I do not think this subclause implies any element of governmental control. The executive director is an independently appointed creature of the company, and if he is going to do a good job he must have liaison with the council in order to keep them informed and be himself informed.

Mr. Schreyer: That is not the normal relationship which exists in a corporation. The executive director is usually hired and works under the direction of the executive officers or the board of governors. The same kind of relationship exists, for example, in a school district. The principal of a school or an employee of the board is invited to attend meetings of the board, and unless such an invitation is forthcoming the principal or employee is not expected to attend.

I should like the minister to explain at least this one point. Is the executive director working under the direction of the council or is he not? If he is, then I suggest this provision is redundant.

Mr. Turner: Mr. Chairman, clause 10 (2) makes it clear that the executive director is the chief executive officer. The same subclause indicates that he is responsible for the management and supervision of the company under the direction of the council. He is the chief executive officer; he is not a hired employee of the council. If he is to do his job as managing director and chief executive officer he must have the necessary liaison with members of the council, and I submit to the committee that he should have an ex officio right to attend the meetings of the council and the executive committee. Otherwise any liaison that he may have would completely break down.

Clause agreed to.

Clause 12 agreed to.

On clause 13—*Head office.*

Mr. Aiken: Mr. Chairman, I should like to ask why the location of the head office of the company is not spelled out in the bill, which would seem to be the normal arrangement. May we have some explanation in this regard as to the intention of the government?

Mr. Turner: Mr. Chairman, I cannot suggest any definite reason, except that as yet the head office has not been chosen. It is not unusual in corporate creatures not to declare the location of the head office in the charter. They are often allowed to declare this afterwards by proclamation.

Mr. Bell (Carleton): Mr. Chairman, would the minister indicate a precedent equivalent to this? Surely the place for the head office of national public corporation or company is in the national capital and not elsewhere. Will the minister give us some indication in this regard?

Mr. Turner: I assume that the location of this company will be in the national capital, Mr. Chairman.

Mr. Bell (Carleton): Mr. Chairman, I am not prepared to allow this clause to pass on the basis of an assumption. Surely we can have some commitment from the minister in this regard; otherwise we should allow the clause to stand.

Mr. Macquarrie: Mr. Chairman, speaking as a member who lives many miles from Ottawa, I should like to say that I concur

completely in the remarks of the hon. member for Carleton. One aspect of this bill that surprised me from the beginning was that any consideration would be given to having the head office elsewhere than in the national capital, and I too should like to hear more on this subject.

• (8:30 p.m.)

Mr. Turner: Mr. Chairman, I would certainly be prepared to give the commitment as long as the hon. member for Carleton does not ask us to specify the county.

Mr. Bell (Carleton): Mr. Chairman, I must ask the minister to let this clause stand unless he is prepared to say what the commitment is.

Mr. Turner: The commitment is that the head office of the company will be in the national capital; but I have not specified the county.

Mr. Bell (Carleton): I only hope that there will not be this sloppy draftsmanship in future legislation.

Mr. Matheson: Mr. Chairman, I should like to add this comment. When this clause was drafted it was felt that there should be a certain degree of flexibility. In a sense the argument of the hon. member for Carleton is running counter to that of some of his colleagues who have been arguing that there should be within this corporation a large freedom to govern its own destinies. While I do not think there was ever any thought on the part of anyone that the head office would be elsewhere than in the national capital, it seems extraordinary that the hon. member would insist that this be spelled out in the legislation.

Mr. Bell (Carleton): Mr. Chairman, is the hon. gentleman now attempting to go against the commitment that has been made by the Minister without Portfolio?

Mr. Matheson: Of course not.

Mr. Bell (Carleton): Because if that is so, the clause is going to stand.

Mr. Winkler: Mr. Chairman, may I ask the parliamentary secretary whether he thinks there is any other area of Canada in which there would be more freedom for the headquarters of the corporation?

Mr. Churchill: Mr. Chairman, I am prepared to speak on behalf of another location in Canada, if you want to hear from members in regard to what parts of Canada might be suitable for the head office of this Company.

The Deputy Chairman: Shall clause 13 carry?

Clause agreed to.

Clause 14 agreed to.

On clause 15—*Powers.*

Mr. MacDonald (Prince): On clause 15, Mr. Chairman, the parliamentary secretary to the Prime Minister has said that some parts of this bill have been left free. I agree with him in that sense, but I do not think they should ever be left vague. In clause 15 we have almost the reverse procedure; we have worked overlong in spelling out in some detail the kinds of things The Company of Young Canadians are going to do. In fact we have spelled this out in great detail. The bill refers to such things as assisting young people who are economically or socially handicapped to obtain greater benefits from their schooling and to reduce the number of young people who leave school before completing their schooling; undertaking recreation programs for young people where these programs are not available; undertaking programs in public health; engaging in the teaching of home economics, and so on.

One of the things that bothers me about this program, as has often bothered me in the past about other government programs, is that people far removed from the scene of local activity have conceived in their wisdom (1) what the problem is and (2) what the solution must be. I think that if The Company of Young Canadians is to succeed it will succeed because it is, first of all, not filled with any great sense of being able to determine well in advance of facing the situation what the problems are and how the solutions may be arrived at. This will be a program that is conceived, in fact, in humility, in which people work together to establish, first of all, what the problems may really be, and second to arrive at the solutions.

While I am not really asking or requiring the government to re-write this long clause, I do want to have it stated on the record that we are not going to enter into this program with any preconceived notions of what in fact the company may do. We must leave both the directors and the volunteers in the field with sufficient freedom that they may realistically face the real problems as they meet them, and not go into these fields with all the answers nicely prepared and ready to put into effect.

I would say there has been, again, some confusion of intent and purpose in attempting to set out the powers of the company in this bill. I would simply put these comments on the record so that when the program moves into high gear the company and we who support it may realize that they must be left free to deal with realistic situations in a realistic way.

Mr. Matheson: Mr. Chairman, clause 15 indicates some but not all of the areas in which the company might undertake projects. Paragraph (j) reads:

> Generally do at home or abroad all such things as are incidental or ancillary to any of the powers of the company or that would tend to further the objects of the company.

This clause permits the company to consider any type of project which would further its objects. Hon. members will note that paragraph (b) refers to school drop-outs, and paragraph (c) refers to culturally deprived children. In the introduction of this clause it is mentioned that the company may undertake these projects, and it says:

> In furtherance of its objects, the company may, in consultation where required or advisable with federal, provincial or other interested governmental authorities or agencies

—do those things which are set out in the succeeding paragraphs.

Mr. Johnston: Mr. Chairman, speaking to this rather long clause, I would be inclined to disagree somewhat with the hon. member for Prince in that if The Company of Young Canadians is to succeed at all I think it is rather important that it have an idea of some of the directions it will be taking. I believe that this house and the country generally would want to know some of the directions in which the company would be working, in order to have some idea of where public funds were going.

There are advantages to freedom, but there are also disadvantages to total freedom if you want a certain amount of action, because if the choice becomes too wide, then it is very often not made at all. One thing that is not spelled out here—and I do not know how it could be spelled out but I would urge the company to keep it very much in mind,—is development for a certain amount of continuity and a reasonably long range to the program, because what The Company of Young Canadians will be doing is one of the most difficult tasks that any group of people can have, that is, to go into a community and change it. There is nothing that will arouse opposition more rapidly than change.

I think we have had some evidence of the problems involved, even in this past summer in connection with students working, I believe in Saskatchewan, where problems arose. In spite of all the kind words that have been said about youth, you cannot work only with the youth in a community because what is done there will affect adults and even the aged. Once you touch a community you have to touch it in all its parts. I think the last thing we want The Company of Young Canadians to do is rush in with total freedom and total enthusiasm and become discouraged, because opposition will develop within a community even against the most favourable changes, and very often it will take determination and a firm sense of direction if the program is to be successful.

• (8:40 p.m.)

I know the clause states:

> Engage in community development work in urban and rural areas in Canada

But this is going to be extremely frustrating for these people. I hope that any project that is begun will be carried on over quite a long range of time, until it has an opportunity to overcome the opposition that is bound to rise, no matter how good the spirit in which The Company of Young Canadians enters into that community.

I therefore think it is not so unwise that some of the specific areas are spelled out, such as in clause (e) where it is said:

> Undertake recreation programs for young people where recreation programs are not available.

I think the hon. member for Prince, as well as any other hon. member in this house, knows that very often, even in a settled community, recreation programs will be organized when others are already available, and that the success of one often means the failure of another—and that perhaps the original one that had been established might have been the best one in the situation.

So I think it is rather a good idea to have both a warning and a spelling out of the sort of activity in which The Company of Young Canadians could be expected to engage.

[*Translation*]

Mr. Goyer: Mr. Chairman, the three positive aspects of this legislation are precisely the freedom, independence and field of work of The Company of Young Canadians. It is obvious from the way the members will be

appointed that the company is completely free from all political interference. It is obvious also from the way the company operates that it will not have to take directives from the government, but on the contrary will get its directives from the population, thus calling on the active aspect of the population and putting to work the various associations which could advise it and direct it in its work. And its independence is insured by the scope of its powers which are set forth in clause 15. There is no better guarantee of that than the stand taken by the Prime Minister, (Mr. Pearson), who stated when introducing that legislation:

[*English*]

We hope as well that this will encourage the company to be experimental as well as responsible in its approach to problems and that the company staff council and volunteers will not be afraid to move into new and creative areas of social actions.

[*Translation*]

That is proof, Mr. Chairman, that the Prime Minister not only wants the company to make various experiments in the social field which it is considering but also to be able to create new activities still unknown in Canada because until now too much emphasis has been put on basing our social action on what the government would do for the community and we neglected to ask ourselves: What can the community do for its country?

By creating The Company of Young Canadians, we are today giving the young the opportunity not only to join an army of war, as we have done until now, but also an army of peace.

We are therefore giving the young the opportunity not only to practise the art of killing people but also the art of helping people to live. That is how we will progress in Canada and have legislation which will make it possible for us from now on to prevent wars that kill. We must go to the root of the problem and it is found in clause 15.

And the general terms should reassure hon. members since paragraph (*j*) reads as follows:

Generally do at home or abroad all such things as are incidental or ancillary to any of the powers of the company or that would tend to further the objects of the company.

And in the objects of the company, we read of programs for social economic and community development in Canada.

This means, therefore, that all the creative spirit in the young, and the less young, will be gathered within the ranks of The Company of Young Canadians whose purpose is to group all Canadians wishing to serve their country. Everything will be possible to help the needy.

From now on, with the Company of Young Canadians, serving one's country can be done not only by going to war for it, but also by fighting poverty at home. Achieving glory will no longer be only a matter of medals, but also one of obscure glory, which is as deserving as that found on the battlefield. From now on we will have our heroes, heroes toiling on our native soil in the fight against poverty.

[*English*]

Mr. Macquarrie: I wish to say just a word on clause 15, although I am not as worried about it as some other hon. members appear to be. It has a catch-all clause in subclause (j). I suppose some hon. members would disagree with me in my assessment of some of the wording which appears in the subclauses preceding subclause (j), but there is only one about which I am concerned a little bit and that is subclause (i), which reads as follows:

Organize and carry out programs to assist the peoples of other countries to raise their standards of living or otherwise to promote understanding and sympathy between the peoples of those countries and of Canada;

I think, Mr. Chairman, that the expression "or otherwise" debases the idealism and the goals on which the company is launched. I think the phrase would be somewhat improved by the substitution of the word "and". I do not like the idea that this is some device whereby we set up a dubious mechanism. We do not use a dollar diplomacy, because that is a U.S. preserve, but in some organized way we seek to win for ourselves some diplomatic victories and I do not think that is quite worth while, and what is more I do not think it is worthy. To that extent I quarrel somewhat with the decision that we should lift the curtain a little bit and show motives, which could be regarded as somewhat ulterior. I am therefore concerned a bit.

I do not wish to speak about this bill any more, although in general I feel enthusiastic about it. When we have a launching ceremony down in the maritimes it is almost an impropriety for people to raise doubts; you are supposed to be in the best of good spirits and with the highest hopes, so I am almost apologetic in pointing out what to me is something of a barnacle. This expression causes me concern and I rather wish it had not been put there.

• (8:50 p.m.)

[*Translation*]

Mr. Allard: Mr. Chairman, while the house was discussing clause 1 of this bill, I had no opportunity to take the floor, but I think my remarks can be related to clause 15 of this bill providing for the establishment of The Company of Young Canadians.

Mr. Chairman, I wish to remind you that when the question of such a bill was raised, the government of the province of Quebec showed little enthusiasm for this federal project, because there might be some undue interference by Ottawa in matters of exclusive provincial jurisdiction.

Well, if one reads clause 15, one can at last see which aims the said company of young Canadians might fulfil. And I find, in the various paragraphs, that this company of young Canadians will precisely deal with fields coming under local jurisdiction, under provincial jurisdiction, and sometimes under exclusively provincial jurisdiction.

For instance, clause 15 reads as follows:

The company may . . .

(a) engage in community development work in urban and rural areas in Canada;

(b) organize and carry out programs designed primarily to widen the social and economic opportunities of young people who leave school before completing their schooling;

(c) organize and carry out programs to assist young people who are economically or socially handicapped to obtain greater benefits from their schooling and to reduce the number of young people who leave school before completing their schooling;

(d) assist vocational training projects by the provision of teacher-counsellors, or otherwise, in co-operation with agencies engaged in vocational training, and organize and carry out projects to emphasize the importance of such training;

(e) undertake recreation programs for young people where recreation programs are not available;

(f) undertake programs in public health in co-operation with and under the supervision of local authorities and provide services in connection with public health projects;

(g) engage in teaching of home economics in areas of deprivation and provide services in connection therewith;

(h) organize and carry out programs for the development of co-operative undertakings in education, community development and other related fields of endeavour—

Here are, Mr. Chairman, with the Canadian constitution in my hand, matters and powers coming under provincial and local authorities.

Under section 92, the Canadian constitution exclusively confers to provincial authorities and indirectly to municipal authorities, all local, regional, civic, professional, social and educational matters.

This is a further intrusion of the present federal government in fields coming under provincial jurisdiction. I will be told in reply that the government itself will not take action, that a company will be set up to deal with those collective, social and educational matters.

But from the constitutional point of view, the federal government is not in a position to set up corporations or to provide corporations or individuals with public funds to be spent in fields coming under exclusive provincial jurisdiction.

I wish to recall particularly the ruling made by Lord Atkins, on behalf of his peers, in 1937, with regard to unemployment insurance. I know that the Liberal federal government, in 1951, quoted a paragraph from this ruling of Lord Atkins in order to justify its intrusion in the field of university education, suggesting that the central government had the right to establish a fund to be distributed among individuals and corporations.

But the quotation overlooked at the time, and by the prime minister of the day himself, was the second paragraph of Lord Atkins' ruling to the effect that, in so doing, the central government had no right to give that corporation or company sums of money and funds to be spent in fields or in matters coming under exclusive provincial jurisdiction.

If it is wished to create a unitary government, if it is wished to make away with provincial autonomy and responsibilities, let us be so informed: we shall just pick up our baggage and go back home. Every effort has been made, in the past three months, whether it be the Science Council of Canada, the National Arts Centre and, today, The Company of Young Canadians, to extend the tentacles of centralization in every field coming under provincial jurisdiction.

Mr. Chairman, at this stage, I should like to object to section 15. And I repeat my objection, namely this government puts the cart before the horse. Instead of meeting with the provinces to secure their agreement, in short instead of establishing a parliamentary committee here in Ottawa on the 1966 administrative responsibilities the government still proceeds unilaterally, violating the spirit and the letter of our Constitution, and moving towards a centralized government which wants to deal in every field directly and indirectly. In my opinion, this way of doing

things must stop, this government must stop going ahead unilaterally, establishing itself in a field directly or indirectly through companies or corporations, and then offering its co-operation to the provinces.

In the province of Quebec as it was under the Lesage administration, and as it will be under the Union Nationale administration, we are jealous of our provincial autonomy; I wish to lodge a protest and I ask this government to stop its intrusions and its hypocrisies, in short to refrain from adding to the constitutional muddle which exists in our country.

Mr. Chairman, it is the reason why I object to section 15. I hope that a stop will be put to those tactics.

Mr. Laflamme: Mr. Chairman, I cannot at this stage let go unnoticed the intervention of the hon. member for Sherbrooke (Mr. Allard) who is doubtless well-intentioned but whose right I question of making an uncalled for outburst such as he has just made on the establishment of a company which, at the very least and once and for all will attempt to show throughout Canada, in every Canadian province, that youth may, if it so wishes, be proud of their province and of their country.

Mr. Chairman, I cannot in any way understand why the hon. member for Sherbrooke should want to raise an ivory tower or create a storm on paragraph 15 of an act the main purpose of which is to help youth through consultation between federal and provincial organizations.

I submit, Mr. Chairman, that this is not an intrusion. I think that the hon. member for Sherbrooke who is sitting in this house as an independent member should rather be proud that the parliament of the Canadian nation should be trying to establish an organization the purpose of which would be to teach all the young people from all parts of the country that Canada is the land of youth, the land of each and every one of its citizens, more precisely of the voters of my honourable friend's own constituency.

[*English*]

Mr. Aiken: Mr. Chairman, I should like to ask the parliamentary secretary, or whoever is piloting the bill at the moment, why it was necessary in subclause (f) to put in the words, "in co-operation with and under the supervision of local authorities".

• (9:00 p.m.)

Mr. Matheson: Mr. Chairman, none of the paragraphs in clause 15 predetermines what the volunteers will do in any particular community. That is, they do not settle things in advance. However, the clause does give the citizens of Canada some terms of reference of the activities of the company which are based on suggestions which have already been made to the government by communities, agencies, etc. I have quite an extensive list of projects which have been developed in response to requests from the federal and provincial governments, departments, private agencies and groups in every part of Canada. It was in order to meet the kind of requests which have already been received that the legislation has been introduced in this form, which I think is helpful.

Mr. Aiken: What I have to say, Mr. Chairman, relates back to some remarks which were made by the hon. member for Sherbrooke. I will not go the whole way with him in what he has said, but he did raise a point which has been bothering me and I should like to see it more clearly spelled out in the bill that we will not have any trouble when this company starts its operations.

It is clearly spelled out in paragraph (f) of the clause that if The Company of Young Canadians undertakes a program in public health it must do so in co-operation with, and under the supervision of, local authorities. I think that is proper drafting and I have no objection to it. But what is the difference between paragraph (f) and, for example, paragraph (d), which authorizes vocational training projects, or paragraph (g), which refers to the teaching of home economics in areas of deprivation, and services provided in connection therewith?

The point I am trying to make is that there is a possibility of the company's barging in on a provincial field and attempting to set up, without the prior consent or approval of the province concerned, a teaching or educational project.

It has been pointed out that the first part of clause 15 is limited by the words:

> In furtherance of its objects, the company may, in consultation where required or advisable with federal, provincial or other interested governmental authorities or agencies—

I believe that this may not be strong enough wording to do what is desired here. I think it does not indicate that The Company of Young Canadians should only operate in a given field, particularly that of education, in collaboration with, provincial authorities if the provincial authority concerned gives some approval to the projects.

I am not at the moment going to move an amendment, but I would throw this point out and ask whether the words "in consultation where required" are strong enough. Perhaps the wording should be similar to that in paragraph (f), which uses the expression "in co-operation with and under the supervision of local authorities". I do not know what difference there is between paragraph (f) and the other paragraphs.

I am not raising this point, Mr. Chairman, to cause difficulty, because we favour very strongly the principle of young Canadians becoming involved in national and international affairs. But if we are not careful, when we are incorporating the company we may unwittingly be causing it trouble. We may unwittingly be giving the company broader powers than it should have, and thus place it in difficulties which I can foresee at this point. This is one of the difficulties, and I think the clause should be more carefully worded. I do not think that the words "in consultation where required" are sufficiently strong for the purpose. One may consult; but certainly one is neither bound nor required after having consulted to do anything that the other party has requested.

As I say, Mr. Chairman, I think we should spell this point out very carefully before we go further with it. I hope that some thought can be given to rewording the preliminary part of clause 15 so that we will not have The Company of Young Canadians barging into difficulties before it properly gets started on its duties, simply because parliament has not been specific in giving directions to the company.

Mr. Matheson: Mr. Chairman, my hon. friend referred to paragraph (f) of clause 15 dealing with public health programs. Obviously, the nature of public health is such that any company of young Canadians project in this area would have to be conducted under supervision.

In his comments I think the hon. member touched broadly on the whole question of the constitutionality of The Company of Young Canadians. This question has been studied by the law officers with the most meticulous and thorough care. The question raised by the hon. member and by others is whether or not this bill is entirely constitutional with reference to section 93 of the British North America Act. Reference has been made to education. Section 93 of the British North America Act, 1867 commences:

> In and for each province the legislature may exclusively make laws in relation to education—

It is true that clause 15 in its different paragraphs refers to schools, schooling, vocational training, the teaching of home economics and co-operative undertakings in education. However, this presents no constitutional difficulty whatever. It will be noted by members of the committee that the bill provides simply for the establishment of The Company of Young Canadians. It is an act to incorporate a company or corporation which is not an agent of Her Majesty; that is provided under clause 20. It will be noted that the company shall be deemed to be a charitable organization in Canada; that is provided for by clause 22.

There has been a line of cases which have been carefully considered in the drafting of this bill. It has been decided, both in the Supreme Court and in the Privy Council, that companies incorporated by the dominion under the Companies Act—now corporations—or by a special act of parliament have all the powers given to them by their charters or acts of incorporation, and may exercise those powers consistently with sections 91 and 92 of the British North America Act. These corporations, according to the judicial decisions, are subject to provincial laws of general application, such as laws imposing taxes, or relating to mortmain, or requiring licenses for certain purposes, and so on.

My hon. and learned friend will recall the relevance in this matter of the *Great West Saddlery Company Limited* case of 1921 and the *John Deere Plow Company v. Wharton* case of 1915.

Dealing more specifically with the constitutionality of the bill with regard to education, we find that private acts incorporating religious orders and their power to teach have been passed at different times by parliament without any question ever being raised as to the validity of the legislation. In 1957 we incorporated the Oblate Fathers of Assumption Province, and among the powers granted we find in section 7 that—

> —the Corporation may . . . erect, maintain, improve and conduct schools, seminaries, colleges, halls, churches, hospitals, orphanages, etc.

• (9:10 p.m.)

The following section grants to the corporation power to acquire and to hold property, mortgaged or otherwise. These powers, of course, would have to be exercised within the

framework of provincial laws. I would stress this fact to my friend, the hon. member for Sherbrooke. These powers, I repeat, now contemplated have to be exercised within the framework of provincial laws.

I might mention in the same regard the passing of the Sisters of Charity in 1952, the Sisters of Providence in the same year, the Felician Sisters of Winnipeg during the session 1943-44, all of which are typical.

In another matter related to education, and quite parallel to the subject, that is to the practice of liberal and other professions, parliament also has no hesitation in legislating in connection with these bodies. For instance we, in this house, have created the Medical Association in 1913 and the Canadian Bar Association in 1921, although admission to the practice of medicine and law are entirely within provincial jurisdiction. These principles would also apply to the Engineering Institute of Canada incorporated in 1918, to the Canadian Institute of Chartered Accountants incorporation in 1951, to the Canadian Dental Association, incorporated 1942-43, the Canadian Nurses Association, 1947, and the Canadian Veterinarian Medical Association incorporated by chapter 87 of the Statutes of 1947-48.

All these precedents make it unnecessary to search for decisions confirming the right of provinces to their exclusive jurisdiction in relation to education. Bill C-174 does not interfere in any way with that right. We are only by this bill creating a corporation with powers throughout Canada, which rights are to be exercised subject to provincial laws; and we are creating a corporation which the provinces themselves could not create as the powers that they would grant would only be such powers as would be exercised within the province granting them.

Mr. Aiken: Mr. Chairman, I appreciate the remarks made by the parliamentary secretary, but actually they have not touched on the point I raised. I do not doubt that we have in parliament the power to organize a corporation, and to make it work. I am talking about the special program set out in clause 15. I grant you that in the acts the parliamentary secretary mentioned, general powers were given. But I do not think those powers were as specific as the words, "organize and carry out programs to assist—" lay down. Here we have words such as: "undertake recreation programs for young people—engage in teaching" which give definite powers to engage in something.

[Mr. Matheson.]

I am not really talking about the constitutionality of this bill. It is well known that we cannot, here, legislate beyond our powers, no matter how hard we try. I am arguing here that we should not pass a law which will intrude into provincial powers. I am not arguing that we should try to do something that we cannot do.

The question is not so much of constitutional difficulty as of practical difficulty. The practical difficulty is that we appear, without any words of limitation to be giving The Company of Young Canadians full powers in provincial fields. I suppose the company will have a legal department, and also lawyers. The lawyers will tell them that this bill does not mean what it says, because while it says the company can do certain things in the provincial field, that is not correct, because they cannot. I would think it would be simpler and clearer to put words into the statute to make it perfectly clear that the company cannot engage in fields of endeavour that are under provincial or municipal jurisdiction, without the supervision of provincial or municipal authorities. I do not see why words to this effect should not be clearly spelled out.

I am not trying to cause trouble, but rather, to prevent it. The broad words in clause 15, not limiting the powers of the company to go into provincial fields, are a delusion to those who will pick up the act and who will say: "This is our authority; this is what we can do", because some of those things they cannot do. That is why I raised my point: The company does not have the powers set out here. I do not think it is proper that parliament should put the words I have referred to, and others like, them into the act, without spelling out the limitations which are inherent in a federal act dealing with education, public health, and so on.

May I point out that subclause (f) carefully spells out that public health programs shall be undertaken in co-operation with and under the supervision of local authorities. That is proper. I do not see why there should be any difference with respect to other subclauses of clause 15.

Further thought should be given to the points I have raised, because we do not want to have constitutional problems. We have enough of those in this country. I think we ought to give The Company of Young Canadians the guide lines under which they can operate. We ought not to take the risk of having some lawyer point out that clause 15

does not comply with the constitution of Canada, and that the company is restricted from complying with that clause.

Mr. Turner: May I answer briefly the hon. member for Parry Sound-Muskoka. He recognizes that the company has only implicit authority within the constitutional limitation of power of the federal parliament. He wants to spell out those limitations in the clause of the bill he has particularly mentioned, as I understand it. He wants to do that by way of spelling out the guide lines for the company.

We have to assume that the words in the bill were very carefully drafted: "consultation where required" as I understand, means, where required constitutionally. The words "or advisable", mean where the co-operation of the local or provincial authorities is advisable, from the point of view of tact. The words are: "where required or advisable with federal, provincial or other interested governmental authorities or agencies". Those words point out that tact is necessary before the company gets into any field jointly occupied by the federal or provincial agency, or in the special case of clause (f), where public hospitals, and so on, are under the control of local or municipal authorities. I think were we to make the words more stringent, we in effect should be handcuffing the company, which is an experimental body pioneering in new fields, and which is conscious of its constitutional limitations. If the committee were to require in each case absolute acquiescence as a condition precedent to every new move that is proposed, we should be unduly handcuffing the company.

The words I have previously referred to refer to the fact that the company will get the co-operation of municipal, local and provincial bodies, and the words are probably the best balance that the draftsman could manage.

• (9:20 p.m.)

Mr. Aiken: Something the minister said does not ring a bell with me. He says that the words "in consultation" should cover the situation. Let us suppose that they have consultation in every case. The minister knows that consultation means that you go and talk to somebody about a matter. Then let us suppose that you disagree. You have carried out the requirement of consultation but you would have been better off to have had no consultation at all. It is like asking for something which you know will be refused.

Consultation ties the thing up to a degree, but does not give it any legal status. This still does not answer my problem. If the company has to have consultation with a provincial or municipal government before entering upon certain projects, should there not be something else, because consultation does not have any legal significance? If there is agreement, that is fine. But if the company has not agreement, has consulted and been turned down, then where does that leave it? It leaves it in a worse position than if it had never consulted at all.

Mr. Turner: I think the management has to be left to the company, in the context in which the hon. member is talking. If you made the words any more stringent, that would hamstring the ability of the company to move into new fields. We have to rely on the good judgment of the executive director and the council where they decide it might be feasible to achieve the co-operation of other authorities already in a certain field. With the greatest respect, and quite understanding the argument so ably adduced by the hon. member for Parry Sound-Muskoka, I do not see how the words could be better balanced to achieve what he wants.

Mr. Olson: A few moments ago the parliamentary secretary to the Prime Minister attempted to equate the constitutionality of this to certain religious orders and other charters that have been passed by the House of Commons. I do not think there is any possible way of equating that kind of organization with the kind being set up under this bill. In spite of the argument the parliamentary secretary has advanced that clause 22 names this as a charitable organization, so that it can receive funds under the provisions of clauses 21 and 22, I think it is generally understood by hon. members that the primary source of financial support for The Company of Young Canadians will be funds from the treasury of Canada.

Clause 19 states:

> For the purposes of the Public Service Superannuation Act,
>
> (a) the company shall be deemed to be a public service corporation within the meaning of section 23 of that act;
>
> (b) the executive director and the officers and employees of the company shall be deemed to be employed in the public service—

Taking all these clauses together, there is no possible way of drawing a parallel between this corporation and such things as religious orders. There may be a possible

comparison between the passing of laws granting charters to such bodies and the passing of legislation to establish The Company of Young Canadians, but the actual functions that The Company of Young Canadians may take on, and the basis of its financial support, are completely different.

The hon. member for Parry Sound-Muskoka has raised some valid arguments on the problem of getting into provincial jurisdiction through the operations of an organization sponsored by the federal government, and referred specifically to the matter of public health in clause 15(f). I draw attention to clause 15(c) which refers to schooling and education and says that the company will have the power to—

—organize and carry out programs to assist young people who are economically or socially handicapped.

Taking this in its broadest sense the company will have power to set up an education program to assist the economically and socially handicapped. Surely this allows the company to move into the field of education. I admit that the over-all clause stipulates "in consultation where required or advisable with federal, provincial or other interested governmental authorities," but this leaves it to the discretion of the company to consult. This is what is troubling me—

Mr. McIlraith: On a point of order, I wonder if the hon. member who has the floor would permit the Prime Minister to make a very brief announcement that I believe will be of interest to all hon. members?

Mr. Olson: I would be very happy to yield to the Prime Minister.

Mr. Bell (Carleton): With the Speaker in the chair.

Mr. McIlraith: Then I shall ask that the committee rise, report progress and ask leave to sit again later this day.

Progress reported.

LABOUR RELATIONS

SETTLEMENT OF STRIKE OF ST. LAWRENCE SEAWAY EMPLOYEES

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the government has been advised by Senator MacKenzie, the mediator appointed by the Minister of Labour (Mr. Nicholson), that he has proposed a settlement to the parties to the dispute on the seaway which is acceptable to the representatives of the employees and which the St. Lawrence Seaway Authority is prepared to accept if the government advises the authority that the settlement proposed by the mediator is in the national interest.

In the view of the government such a settlement of the dispute in this essential service at this time is in the national interest and we have so advised the seaway authority. The terms of settlement, as is customary, will be made known by the parties concerned without delay.

• (9:30 p.m.)

Hon. Michael Starr (Ontario): Mr. Speaker, in saying a few words after hearing the announcement made by the Prime Minister (Mr. Pearson) this evening, I think our position on this side of the house can best be summarized by saying: Good; we are glad to see the government has come out of its lethargy and has taken responsibility in these matters which have a vital interest, and a national interest.

Mr. H. W. Herridge (Kootenay West): On behalf of this goup, Mr. Speaker, I wish to congratulate the Prime Minister (Mr. Pearson) on the announcement he has made, which is a recognition by both parties of the principle of collective bargaining.

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, we wish to associate ourselves with the expressions of appreciation and satisfaction over the settlement of this particular problem. We recognize it as the second settlement in just a few days and we hope that other matters which are pending will be solved in this way as well.

[*Translation*]

Mr. C.-A. Gauthier (Roberval): Mr. Speaker, I join all the other members in congratulating the right hon. Prime Minister (Mr. Pearson) on having settled and so prevented this strike. It seems that if the government had acted as promptly in every case, these last calamities would not have happened. I should like particularly to congratulate the right hon. Prime Minister and the government.

Mr. Speaker: The house will now resume the study of the business interrupted a moment ago.

[*English*]

COMPANY OF YOUNG CANADIANS

PROVISION FOR ESTABLISHMENT

The house resumed consideration in committee of Bill C-174, to provide for the establishment of The Company of Young Canadians—Mr. Pearson—Mr. Batten in the chair.

On clause 15—*Powers.*

Mr. Olson: Mr. Chairman, as I was saying before we paused to hear the very important announcement by the Prime Minister, there are some valid objections which can be taken to the way clause 15 is written. As the hon. member for Parry Sound-Muskoka pointed out, in subclause (f) the company will have authority to set up programs in public health; but even there it goes on to say that this must be under the supervision of local authorities, and so on. There are, however, other areas of exclusive provincial jurisdiction such as in subclause (c) of clause 15 where they are required only to ask the advice of or consult with provincial and local authorities if the company feels it is necessary to do so, or if they are disposed to ask for the advice of the other levels of government.

I was about to point out what may be a ridiculous example, and I think it is precisely the point which the hon. member for Sherbrooke was making. It says that this company may organize and carry out programs to assist young people, who are economically or socially handicapped, to obtain greater benefits from their schooling, and so on. Suppose, Mr. Chairman, that this Company of Young Canadians in its enthusiasm found an area where some of the people were handicapped because they were confined to the English language, and set up a program to teach French. This might cause a little disturbance. I can think of one situation which might be worse; suppose they found an area where some of the people were handicapped because they were confined to the French language and found that it would be economically and socially beneficial to the people if they were able to speak English. In this case I think some local authorities might resent it as an invasion into the exclusive provincial jurisdiction in education. As I read this clause I do not see anything which would prevent a really enthusiastic group of young Canadians setting up this kind of thing; perhaps not specifically this, but there are other areas in which, under the authority of this clause 15, they are in a position to do things which—and this is what the hon. member for Parry Sound-Muskoka and the hon. member for Sherbrooke have pointed out —have been exclusively and constitutionally assigned to the provinces.

I should like the Minister without Portfolio or the parliamentary secretary to explain this wording so that we can determine whether the executive director and others can get involved in this kind of a program, and whether they have to ask the advice of the provincial government and local authorities only when they feel perhaps they should, or whenever they are disposed to do so. There is nothing there which requires them to do so.

Mr. Matheson: Mr. Chairman, in response to my hon. friend the member for Medicine Hat may I say that the projects have been and are being developed in response to requests from federal, provincial and private agencies and groups from all parts of Canada. With regard to the hon. member's point concerning constitutionality, the situation in respect of involvements in any of these areas is somewhat analagous to the incorporation of an insurance company. Such companies must act in terms of insurance under provincial laws, but that does not alter the power and right of the federal parliament to incorporate such companies.

The position of the federal government is that the bill establishing The Company of Young Canadians is a proper exercise of its power to incorporate companies with national and international purposes. Under section 92(11) of the British North America Act the provincial governments can only incorporate companies with provincial objects. The constitutionality of the bill must be judged solely on this basis. The powers listed in clause 15 are purely an elaboration of some of the objects of the company. Whatever the company may do in the exercise of these powers, as set out in clause 15, which brings it within the field of provincial jurisdiction, must be subject to provincial law. The point which my hon. friend raises about the possibility of an executive director going off on a frolic of his own, searching out enterprises, is not really realistic.

There has been such a demand for assistance in various areas along the lines as generally indicated in clause 15, subclauses (a) to (i), that for a considerable time the corporation is going to have much difficulty in meeting these requests.

Company of Young Canadians

Mr. MacLean (Queens): Mr. Chairman, the question which I should like to put to the Minister without Portfolio is this: I feel the arguments put forward by the hon. member for Parry Sound-Muskoka are very forceful indeed. In reply the minister said that in cases where the jurisdiction lay with the provincial authority there would be consultation. What is the position where a province might say that this is purely within their jurisdiction, that they do not want The Company of Young Canadians messing around in their educational system or something of that sort? Under those circumstances would a province be entitled to opt out and obtain financial assistance to set up a company of young Albertans or a company of young Newfoundlanders?

Mr. Turner: Mr. Chairman, may I say briefly that as I understand the argument of the parliamentary secretary, which I think he presented very ably, this statute creates a company which can operate only within the powers which come within the jurisdiction of the parliament of Canada.

• (9:40 p.m.)

Mr. Bell (Carleton): It is a federal creature, though?

Mr. Turner: It is a federal creature, and it will only exercise the powers involved in operating within the jurisdiction of the parliament of Canada. Where consultation is required because joint provincial agencies are already in the field or where consultation is found to be and deemed advisable—because after all the company wants and seeks the co-operation of provincial and local agencies—then of course it will on its own good judgment seek consultation. It is only clothed with the constitutional powers that any federal corporation has in law, consulting where required under other statutes or joint federal-provincial programs; consulting where advisable only to achieve better results. Obviously if it were to offend or go beyond this jurisdiction and run into objections, properly and constitutionally founded, from provincial corporations, then of course, as I gather it, the company would desist.

Mr. Schreyer: Would the minister not go one step further and agree that this federal corporation, if it were to operate in a field that comes under provincial jurisdiction, would have to go actually further than just consultation with the province, and would in effect have to obtain the approval of any province involved? I believe that is what the hon. member for Parry Sound-Muskoka was trying to elicit from the minister, but the minister for some reason seemed to be avoiding that point. Consultation would in itself not seem to satisfy the constitutional requirements, and there would have to be approbation given by the provinces.

[Mr. Matheson.]

Mr. Turner: Surely that is where the word "required" comes in, as opposed to the word "advisable". I accept the interpretation proposed by the hon. member.

Mr. Howe (Wellington-Huron): Mr. Chairman, in the reply given to the hon. member for Queens, by the parliamentary secretary regarding some of these projects, he intimated that the government had received many requests for services of this kind. Will the parliamentary secretary or the Minister without Portfolio enlighten the committee by mentioning some of these specific requests that have been received from municipalities and provincial organizations?

Mr. Matheson: These requests number in the hundreds of course, but perhaps I can give a few typical examples. Requests have been received for assistance in the development of co-operatives in the outports of Newfoundland; to work with people in extremely depressed urban neighbourhoods on matters with which the people are concerned; to assist Indian band councils in the preparation of briefs and other correspondence; to work with young people about to be released and after release from a juvenile training institution, assisting them in their readjustment to more normal social relationships; to work with Métis communities as they attempt to improve their housing and economic conditions; to assist a group of mothers who want to establish a co-operative nursery school; to work with indigenous communities on a radio forum project in the north; to assist neighbours in an urban slum area to develop a recreational program for their children; to work at the request of a town council to discover what the people in a deteriorating neighbourhood can or would like to do about their own situation; to provide specialized tutoring services for potential school dropouts, as well as an informal but encouraging relationship with the young people involved and to provide a friendly visiting service to many older people to assist them in developing activities to meet their needs. These are all specific requests, in some instances from provinces and in some from organizations.

Mr. Dinsdale: The parliamentary secretary to the Prime Minister mentioned several areas of activity that would involve voluntary groups already operating in these areas. In addition to the problem that has been raised by the hon. member for Parry Sound-Muskoka I should like the parliamentary secretary to give an explanation as to how consultation would take place with voluntary groups already operating in areas of these activities. The parliamentary secretary mentioned one activity involving the rehabilitation of prisoners, which is an activity already covered extensively by the John Howard Society and other groups. He also mentioned the possibility of The Company of Young Canadians serving on Indian reservations. The department of Indian affairs is already partially involved in matters pertaining to reservations. I think it is imperative that there be consultation with band councils; but how would this type of consultation be carried out in order to avoid duplication and, particularly in respect of Indian reservations, with the knowledge that the Indians would welcome this sort of assistance?

Mr. Matheson: Mr. Chairman, the assistance extended and the work that would be done with Indian bands and with Métis councils would be done entirely in co-operation with the appropriate government authority. In respect of the assistance provided to juveniles who have run into difficulty with the law, this again would be a matter that would have to be negotiated with an agency with the full authority and support of the properly constituted authority, either the attorney general of the province, or the office of the Solicitor General in case of a federal institution. Obviously this company is going to have to tread warily and work discreetly within the properly constituted authority in each case.

The point I want to make is that the demand for the services of these young people is legion. They are going to have great difficulty in meeting them, but will only respond to what are proper requests from properly constituted authorities. In some instances, as the Minister without Portfolio has indicated, there will be a problem of jurisdiction and this will have to be cleared up. As I conceive of the situation, this company is not going to be out looking for work, but will do their level best to meet some of the exciting demands imposed on them.

Mr. Dinsdale: Mr. Chairman, the parliamentary secretary is not quite answering my question. I have looked through the bill to see whether there is any section under which this particular problem I have raised might be handled, and I refer to consultations with voluntary agencies already working in these fields, including church groups and the John Howard Society. Clause 15 does set certain limitations involving consultation with other agencies or governments in the interest of good public relations, and in order to avoid trespassing in areas that are already well covered on a voluntary basis. I am sure the parliamentary secretary will agree that there have been charitable and welfare activities taking place in many areas in which there could be some overlap, and that these activities have taken place for many years. In other words, the C.Y.C. is not introducing anything new, but merely as I understand it attempting to extend services that are already being performed, in order to fill some of the gaps that exist because of the increase in demand for services of this kind in the society in which we live.

• (9:50 p.m.)

Mr. Matheson: Mr. Chairman, with respect to organizations such as the John Howard Society, the Elizabeth Fry Society, and so on, a number of such agencies have suggested projects and have asked for assistance, and of course it is in these areas first that assistance will be allocated. With respect to indigenous Canadian peoples, the band councils have made certain requests and these would be the ones given high priority for consideration.

[*Translation*]

Mr. Latulippe: I agree wholeheartedly with the hon. member for Sherbrooke (Mr. Allard) when he says that this bill falls completely within provincial jurisdiction. An attempt is being made to legalize this bill, but that is impossible since, directly or indirectly, the matter falls within the jurisdiction of the provinces.

Mr. Chairman, I cannot see any advantage to setting up in Canada such an organization as that of The Company of Young Canadians. This company, yet to be formed, will be made up strictly of bureaucrats. Young people, as a rule, know what they want. They want to see improvement. They need many things which we are unable to give them. The present system is unable to do so. If we give them the possibility, through this company, to make more requests directly, well, the federal government will not be capable to meet them.

Because, these days, young people ask for all sorts of things. On the other hand, they have all kinds of organizations. For instance, local organizations, social organizations, community centres; they have the chambers of commerce, the junior and the senior, through which countless requests are made to both provincial and federal governments.

Even now, the governments cannot meet all the requests. Why then should another company be set up with its new bureaucracy costing Canadians millions which will render but few services? If we could afford it, then I might say: perhaps. But as the whole matter is properly provincial, I feel it should be left to the provinces themselves to deal with. I feel the federal government should not butt in where it has no business. We should take care of our business and let the provinces mind theirs. The federal government should not trespass in every sphere of provincial jurisdiction.

The provinces know what they want. The only thing they want, the only thing they need also, the wherewithal.

Let us work toward the setting up of a financial system that will reflect the physical potential of the country. There is a tremendous physical potential, as you know, and it is the reason why it is desired to set up such a body. But, if the financial potential is lacking, then the physical potential is unavailable. It is our duty to organize the financial possibilities to meet the demands of these agencies. As you are aware, the needs are not being met satisfactorily. There are a lot of things which we could do, but our financial means do not allow us to do so. Thus, instead of going ahead, we remain at a standstill, we do nothing. What is the good of creating other agencies which require more financial means, if we are unable to settle that problem.

Let us begin with this main problem, which is factor number one of the whole economic structure and, afterwards, the other factors can be settled. In fact, the other factors will be settled automatically.

The only thing missing in Canada, as everyone knows, is the financial power to realize what we have to realize, to develop what we have to develop. The young people know that there are natural resources to develop, they build great hopes on natural resources, but they know that we are not able to develop them ourselves, that they have to be developed by foreigners. We have to accept

[Mr. Latulippe.]

foreign capital and we remain simple workers, simple water-carriers.

This is not the only problem to settle, the setting-up of this new company, the so-called company of young Canadians; there are many other factors and many other problems to settle, and as long as you do not get at the root of the problem, things will go as they are going now, backwards. And foreigners will develop our wealth and we will take what is left.

Last year, profits of two billion dollars were made by various companies, and these profits went beyond our border. Those two billion dollars, we do not have them. If we owned our wealth and resources, we would have two billion dollars more to put into circulation, two billion dollars to meet needs and demands.

Let us open our eyes. It is possible to settle these matters, but you will never settle them otherwise than through the financial economy of the country, never otherwise.

The young people do not want piles of debts and piles of taxes; they want the common heritage which is theirs. They want to have that. But they are not interested in piles of debts and piles of taxes that are made and continue to be made.

Hence, the organization of The Company of Young Canadians does not interest the young, it interests above all those in politics, those who are trying to make political capital for the next general election.

[*English*]

The Chairman: Shall clause 15 carry?

Mr. Aiken: Mr. Chairman, having raised this point, I should like to have the assurance of the minister that the points that have been raised were fully considered by the law officers of the crown, and that they have given an opinion that the clause in question is perfectly constitutional.

Mr. Turner: I can give that assurance, Mr. Chairman.

Mr. Howe (Wellington-Huron): Mr. Chairman, I have one further question. I am not too satisfied with regard to the organizations which requested the setting up of a group of young Canadians such as this. I wonder whether there have been requests from provincial or other interested government bodies or agencies in connection with the type of assistance The Company of Young Canadians will supply as set out in clause 15.

Have there been any government agencies, municipal or provincial, which have asked for assistance in vocational training, for instance?

Mr. Turner: There have been requests from private and government agencies.

Mr. Howe (Wellington-Huron): Which provinces have asked for such assistance?

Mr. Turner: There have been literally hundreds of requests. We have not the complete list here.

Mr. Howe (Wellington-Huron): There are only a few provinces, and the minister could probably tell us which ones have asked for assistance in the vocational training program.

Mr. Turner: This is primarily the concern of the provinces. In regard to this whole problem, Mr. Chairman, I wish to say that The Company of Young Canadians will only respond to requests; it will not move out unilaterally seeking opportunities.

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.

• (10:10 p.m.)

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 an Act to amend the Combines Investigation Act and the Criminal Code.

An Act to amend the Research Council Act.

An Act to amend the Yukon Act.

An Act respecting the organization of the Government of Canada and matters related or incidental thereto.

An Act respecting allowances to persons being trained under technical and vocational training programs.

An Act to amend the Fair Wages and Hours of Labour Act.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

[*Translation*]

PUBLIC SERVICE—PAYMENTS OF BONUS TO BILINGUAL EMPLOYEES

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, last Wednesday, June 8, I asked the Prime Minister (Mr. Pearson) the following question, which is to be answered tonight. Is the Prime Minister in a position to advise the house whether the government intends very shortly to grant a bonus for bilingualism to certain federal civil service employees? If so, when may we be informed of the amount of the bonus and of the terms under which it will be granted?

Mr. Speaker, on April 6, 1966, the Prime Minister announced in the house his policy on bilingualism. You may recall that those new methods to encourage bilingualism applied to the posts which require a university education, to the higher posts and to those held by clerks and secretaries.

If such undertakings by the government are liable to improve gradually the fate of federal bilingualism, it must be noted that in addition to being late, the measures are weak and will take too long to come into force.

Some thought should have been given to extending bilingualism to crown corporations, the members of the armed forces and the R.C.M.P. It is inadmissible that after a hundred years of existence within the Canadian federation, the French Canadians, in spite of the government's new policy, should be obliged to work in English only and suffer also from prejudice and discrimination.

Bilingualism should have been given a real status and the conditions under which bilingualism answers a need set forth, instead of leaving the decision to the whim of a new secretariat within the privy council.

The government neglected also to set up a board of appeal and arbitration for the grievances which will no doubt arise.

But let us put aside tonight any thorough criticism of the new policy in order to invite the government to act quickly within the limited field where it agreed to go ahead.

Although several groups of civil servants and intermediary bodies suggested to the government in the last few years to grant a

bonus to all bilingual federal servants, the federal cabinet has decided to give it only to certain clerks and secretaries.

What is happening exactly? Nothing has been decided yet. The Civil Service Commission should recommend to the government the amount of that bonus and the conditions under which it can be granted. Following this recommendation, the cabinet and the Treasury Board were to take action and announce the special bonus. But we are still waiting. French Canadians are willing to wait a few days longer, since they have been waiting for over a hundred years to receive a fair and equal treatment.

I like to think that the Parliamentary Secretary to the Prime Minister (Mr. Walker) or whoever is to answer me will have good news for us tonight.

[*English*]

Mr. J. E. Walker (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, in reply to the question, perhaps the best thing I can do is to remind the hon. member of the Prime Minister's statement on government policy respecting bilingualism in the public service. The Prime Minister has said that it is the objective of the government to make the public service of maximum benefit to the people of Canada by attracting to it the most competent, qualified Canadians available in all parts of Canada. He said as reported at page 3915 of *Hansard* for Wednesday, April 6, 1966:

> To this end, and having regard to the character of our country, the government for several years has been taking practical steps to encourage bilingualism in the federal public service as part of its fundamental objective of promoting and strengthening national unity on the basis of the equality of rights and opportunities for both English speaking and French speaking Canadians.

Then, continuing:

> The government hopes and expects that, within a reasonable period of years, a state of affairs in the public service will be reached whereby
>
> (a) it will be normal practice for oral or written communications within the service to be made in either official language at the option of the person making them, in the knowledge that they will be understood by those directly concerned—

And also:

> —communications with the public will normally be in either official language having regard to the person being served; . . . the linguistic and cultural values of both English speaking and French speaking Canadians will be reflected through civil service recruitment and training;—

At that time the Prime Minister went on and made further statements, but because of the three minute time allotment for answers to these questions I shall have to remind the hon. member of the statement that the Prime Minister made namely, that in addition, public funds are being expended for the training of people who wish to have fluency in both official languages.

In particular, the Prime Minister said this, as reported at page 3916 of *Hansard:*

> In respect of bilingual clerical and secretarial positions, it has been agreed in principle that a higher rate of pay will be paid in future in respect of clerical and secretarial positions in which there is the requirement for a knowledge of both languages and where both are used in the performance of duties, providing the incumbents of such positions meet standards of competence established by the Civil Service Commission.

PUBLIC BUILDINGS—OTTAWA—HEIGHT OF PROPOSED DEFENCE HEADQUARTERS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on Monday, June 6, and again on Wednesday, June 8, I put questions to the Prime Minister concerning the announced intention to have a national defence headquarters building erected a few blocks west of Parliament Hill in such a manner that it would tower over the Peace Tower of this building. On the first occasion the Prime Minister indicated that he would take my question as notice. On the second occasion he said he was having an examination made of the comparative measurements of the two buildings.

• (10:20 p.m.)

I should like at the outset of these very serious remarks that I wish to make, to indicate that I have got as much information as I could regarding these buildings, and I should like to put the information on record. I understand that the height of the Peace Tower, from its base to the top of the tower, is 296 feet. The information given us concerning the proposed national defence headquarters is that the height of the building from the ground to the top would be 460 feet. In terms of the two buildings as such, therefore, the proposed national defence building would be 164 feet taller than the Peace Tower on Parliament hill. However, as everyone knows, the Le Breton Flats area west of parliament hill where it is proposed to erect the national defence building is lower than the elevation of parliament hill, and this fact must be taken into consideration.

I have endeavoured to get the facts as to the comparative elevations of these two locations. In the main I was able to get my information from the engineers' branch or the surveyor's office of the city of Ottawa. Before I did that I discovered, as most members know, that there is a bench-mark tablet on the side of the Peace Tower, placed there by the geodetic survey of Canada, which indicates that the height above sea level at the point of that bench-mark is 293.959 feet.

However, that bench-mark is a few feet above ground level, so one has to ascertain the level at the base of the tower and that level, according to the information I got from the city of Ottawa, is 281 feet above sea level. On the other hand, the elevation at the corner of Fleet and Booth Streets down in Le Breton Flats, at approximately where I understand the defence tower is to be built, is 184 feet. In other words, that area out there is 97 feet lower than the point where the Peace Tower rises from the ground. So, one has to deduct that 97 feet from the difference between the height of the buildings themselves, which is 164 feet, and this leaves a net difference in elevation above sea level of 67 feet. In other words, the proposed national defence tower would rise 67 feet higher than the Peace Tower on this building.

I urge very strongly, Mr. Speaker, that reconsideration be given to this proposal. I do so for several reasons and I can only give them in the form of headings. First of all, I think there is a symbolism that should be considered. I believe that the Peace Tower of this building represents the civil authority of government in this country, and in my view it should be higher than the tower that would represent the military authority. I believe it is appropriate that the tower that graces this hill is known by the name of the Peace Tower, and I think a tower dedicated to peace should be a taller structure than the tower of a building built for the purposes of national defence.

I also believe there are aesthetic reasons to take into account. I think the skyline of the city of Ottawa is something of which we can be proud. I submit one of the elements in it that gives us pride is the Peace Tower on parliament hill. If the proposed national defence tower were being built two, three or four miles away from parliament hill the arguments that I advance might not apply, but a tower that is only to be a few blocks away, rising higher than the Peace Tower, would detract from the Peace Tower and spoil the skyline of the city of Ottawa. I have looked at it a number of times since I raised this question by driving in from various directions and I believe we would regret very much if this skyline and the beauty we have here were spoiled in this way.

I think that a government that is in power for only a short time, even a parliament that is here for only a short time, has to be careful when it takes a course of action that has an effect for decades, perhaps for half a century, or for a century to come. We are not erecting something that can be torn down by the next parliament or the next government. We are erecting something that will stay, and we ought to think carefully about such a course of action before it is proceeded with.

There are many other questions that could be raised. There is the question of the huge cost involved. Some of my friends to my right are raising that. There are questions respecting the need for so much space, and there are questions of military strategy. It seems to me rather strange that the defence headquarters would be put so close to the parliament buildings themselves. But at any rate while all these arguments are part of the story and should be considered, in the main I think the symbolism is the most important factor and it should not be overlooked.

Mr. Speaker, one newspaper in an editorial against me on this matter says that I am living in the past and asks if I do not realize that skyscrapers reflect progress. I think the story of the Tower of Babel gives the answer to that. I hope we are not going to build another one.

Mr. J. B. Stewart (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, the hon. member for Winnipeg North Centre (Mr. Knowles) has suggested that this proposed new national defence headquarters building will tower above the Peace Tower. I should like to suggest that this is not an accurate description of the proposed arrangement, because the relationship between the Peace Tower and this building is not one of close proximity as is implied by the expression "a few blocks away".

The figures which the hon. gentleman has put before the house are almost identical to those I have worked out. The difference in

the elevation of the bases of the two structures, would be 96 feet, and the difference in the elevation at the tops of the main structures would be 67 feet. My calculation does not include the flagstaff on the top of the Peace Tower. It may be some small consolation to the hon. gentleman that this will reduce somewhat the difference between the very tops of the two structures.

Mr. Knowles: We arrived at the same figure.

Mr. Stewart: I will not press that point which, from the moans opposite, does not seem to be received favourably.

Mr. Knowles: I wasn't moaning; I was saying that we arrived at the same figure of 67 feet.

Mr. Aiken: I was moaning.

Mr. Stewart: I have a very limited time compared to the long time the hon. gentleman had, and I should like to continue. These two buildings will be approximately one mile apart. I do not think the difference in height of 67 feet, when placed at that distance, is likely to produce the towering-over effect that the hon. gentleman fears.

Perhaps I should say that various attempts were made to design this new building. The building has been under active planning since early in 1962. A mass building was considered, but this would have produced a very large floor space and would have imposed hardships on the people working in the building. A very tall tower was another possibility, but that was rejected for very good reasons which I believe were somewhat along the line which the hon. gentleman has implied this evening.

Mr. Knowles: Hear, hear.

Mr. Stewart: Consequently, we have here a building which is designed to produce an efficient internal structure without producing a very heavy or massive effect on the one hand or a tall towering effect on the other hand. It is a matter of aesthetic judgment. The hon. gentleman is perhaps more sublime on these points than I am.

Mr. Speaker: Order. The hon. member for Lotbinière.

[Mr. Stewart.]

• (10:30 p.m.)

(*Translation*)

CANADIAN BROADCASTING CORPORATION—POSSIBLE VIOLATION OF ACT IN PUBLIC AFFAIRS PROGRAM

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, the point I wanted to raise tonight refers to the Broadcasting Act, Chapter 22, Statutes of Canada, 1958.

Mr. Speaker, the hon. member for Brome-Missisquoi (Mr. Grafftey)—whom I do not want to attack meanly for, on the contrary, I consider him as a gentleman—recently took part in a French program better known as "Les Affaires de l'État", or "The Nation's Business" in English. I hold nothing against him personally, but rather against the C.B.C. on the one hand, and the Conservative party, on the other, who, in my opinion, were guilty of a glaring violation of the Broadcasting Act.

Section 17 says:

> No licensee shall broadcast in dramatized form any program, advertisement or announcement of a partisan political character.

And a little further section 29, subsection 2, reads as follows:

> The Corporation is bound by the provisions of Part 1,

which includes section 17 that I have just quoted.

Now, Mr. Speaker, first I want to remark that the Broadcasting Act is obsolete. It should undergo a thorough revision for it is archaic and contains provisions which are difficult to apply and make it something like the old Quebec liquor act, an hypocritical law, because one could not do otherwise than break it.

The Broadcasting Act states first of all, as I was saying, that political broadcast shall not be dramatized. But the act does not define dramatization. We do not know exactly what it means.

For instance, the mere fact that the Leader of the Opposition will be there is enough to lend a dramatic character to a program, for he has the knack of dramatizing everything.

Therefore, would the Leader of the Opposition's participation in a program warrant its cancellation? This would present a problem difficult to solve.

But when the hon. member for Brome-Missisquoi appeared on that program, instead of dealing with politics, as is usually the case on that program, he described at length a

member of parliament in action, and during his narrative, the opera voice of the hon. member was heard against a musical background all through the program. So, instead of an informative program, it turned out to be a play, where the hon. member was seen at various meetings, or going around his riding chatting with farmers, attending a horse auction, motoring in a convertible in his shirt sleeves. In other words, if that is not dramatization of a political program, I think we will never be able to define what dramatization is. From that point of view, I think the act should be revised because, as I said, it is obsolete.

Second, another provision of the act states that the sponsor and the political party must be identified. In my opinion, Mr. Speaker, this tends to commercialize political programs which should be on a higher plane and really be informative.

The Broadcasting Act says that there shall be no program of a partisan political character on any day that an election is held in the municipal, provincial or federal field. It does not say whether a program dealing with federal politics may be put on the air while a municipal election is being held. There is something illogical and indefinite in the act. It will have to be revised.

Finally, the act says that no broadcast of a partisan political character shall take place within 48 hours of an election. I think, Mr. Chairman, that this is going a little too far. A 24-hour time limit would be more like it. I believe it would be adequate since the politicians taking part in those programs must necessarily have a sense of responsibility and they cannot use texts of a defamatory character on account of the censorship; besides, such a censorship is required by the Board of Broadcast Governors.

Finally, Mr. Speaker, I should like to make another suggestion, that is all private stations should be compelled to do like the C.B.C. and give the opportunity to all political parties to be heard.

What is now happening for example, in the province of Quebec is that channel 10 has a much higher rating than the C.B.C. In Quebec city, channel 4, which is a private station, has also a much higher rating than the C.B.C. Then it is difficult to reach the public through the C.B.C.

If private stations were compelled, pursuant to the Broadcasting Act, to make time available to political parties as the C.B.C is compelled to do, I think that the situation would be improved.

In closing, Mr. Speaker, I would ask the minister representing the government: Will there be an investigation and will legal action be taken against the C.B.C. which, with the complicity of the Conservative party, has infringed the Broadcasting Act?

If the government fails to take action, if there is no investigation, then I should advise the minister that I shall personally and shortly take legal action against the Canadian Broadcasting Corporation for having openly violated the provisions of section 17 of the Broadcasting Act, in a broadcast in which the hon. member for Brome-Missisquoi took part, who has surely behaved like one of the hosts of "Les Couche-Tard" or as a member of the "Cré-Basile" show, instead of having regard for the informative character that must be maintained in a political broadcast.

I should like to know from the minister whether there has been an investigation or whether additional measures should be taken.

Hon. John N. Turner (Member of the Administration): Mr. Speaker, I am very flattered to represent the Secretary of State (Miss LaMarsh) who, in spite of her admiration for the hon. member for Lotbinière (Mr. Choquette) cannot be with us tonight. I shall inform her, as well as the C.B.C. and the B.B.G., of the arguments of the hon. member which are always strong and clear.

I believe the hon. member for Brome-Missisquoi (Mr. Grafftey) will not sleep very soundly tonight following the argument of the hon. member for Lotbinière. But, without trying to explain things on behalf of the member for Brome-Missisquoi, I may perhaps explain why he used a dramatic way to present his program. Since the program of the Conservative party is such a dull one, it is obvious that if he did not make an effort to be dramatic in order to catch the attention of his audience, most of the latter would turn off their television set.

• (10:40 p.m.)

Furthermore, I should like to say that, with the musical background it sounded like a commercial, so that it did not annoy people too much. In fact, it was another way to seduce the people, by letting them listen to the hon.

member for Brome-Missisquoi for at least 15 minutes.

I doubt very much that, even according to the definition of the word dramatic given by the hon. member for Lotbinière, the hon. member for Brome-Missisquoi was really dramatic. Be it as it may this matter could be decided by the court, or by the B.B.G., and I shall leave it to the competent authorities.

Anyhow, I must thank the hon. member for Lotbinière on behalf of the minister for his very pioneer, optimistic and progressive opinions. He is, by the way, a first-class performer himself.

[*English*]

Motion agreed to and the house adjourned at 10.41 p.m.

HOUSE OF COMMONS

Friday, June 17, 1966

The house met at 11 a.m.

[*Translation*]

COMMITTEES OF THE HOUSE

SECOND REPORT OF STANDING COMMITTEE ON EXTERNAL AFFAIRS

Mr. Jean-Eudes Dubé (Restigouche-Madawaska) presented the second report of the standing committee on external affairs, in both French and English.

EIGHTH REPORT OF STANDING COMMITTEE ON TRANSPORT AND COMMUNICATIONS

Mr. H. Pit Lessard (Saint Henri) on behalf of Mr. Macaluso (Hamilton West) presented the eighth report, in French and in English, of the standing committee on transport and communications.

[*English*]

First report of special committee on drug costs and prices—Mr. Harley.

[*Note: Text of the foregoing reports appears in today's Votes and Proceedings.*]

• (11:10 a.m.)

NAVIGABLE WATERS PROTECTION ACT

AMENDMENT RESPECTING POLLUTION OF NAVIGABLE WATERS

Mr. Ron Basford (Vancouver-Burrard) moved for leave to introduce Bill No. C-202, to amend the Navigable Waters Protection Act (prevention of pollution of navigable waters).

He said: Mr. Speaker, under the Navigable Waters Protection Act the Minister of Transport has power to deal only with wrecks that are a hazard to navigation. This act empowers the minister to deal with wrecks, etc., that pollute navigable waters or constitute a danger to waterfront, marine life and coastal property. This measure is recommended at pages 82 and 83 of the Auditor General's report.

Motion agreed to and bill read the first time.

AIR CANADA

REQUEST FOR REPORT ON SETTLEMENT OF LABOUR DISPUTE

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I rise merely for the purpose of securing information from the Minister of Labour in connection with the settlement effected in the threatened Air Canada strike. What is the present position? Has the minister been advised by certain representatives of the union affected that the terms of settlement were not acceptable, and can he say whether the present state of affairs is that the strike is now in a state of suspension or postponement for a few days?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, as far as the minister is concerned, he has received no such representations. I have read and heard over the air news comments to that effect. How serious it is, I do not know.

Mr. Diefenbaker: Has the minister made any inquiry to ascertain whether there is any basis for the reports?

Mr. Nicholson: Yes, Mr. Speaker.

LABOUR CONDITIONS

REFUSAL OF B.C. LONGSHOREMEN TO WORK ON VICTORIA DAY

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, my question is for the Minister of Labour. The minister has had a very busy and very successful week, on which I congratulate him.

Some hon. Members: Hear, hear.

Mr. Douglas: I therefore hesitate to add to his worries. However, on May 24 I asked him a question regarding the longshoremen in Vancouver against whom an injunction was taken for seeking to exercise their right to a statutory holiday on Victoria day, as provided under the Canada labour act. This morning at 10.30 ten longshoremen were to appear in court for exercising this right. I want to ask the minister whether the Department of

Labour intends to intervene in order to protect the men who are seeking to exercise the rights which they were given by this parliament.

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I am rather glad this question has been asked, because I have been speaking to Vancouver by telephone on the subject this morning. It is not so much a question of interpretation but whether an order of the court has been obeyed. In my opinion that is not a question for the Minister of Labour, it is a decision for the court or judge who is involved. What representations should be made to the court on that occasion will be for the respective sides to decide, but I understand that it is a straight question of whether an order of the court has been obeyed.

Mr. Douglas: I have a supplementary question, Mr. Speaker. Does the minister intend to take any action, either in the matter of the regulations or by proposing an amendment to the legislation, to clarify the situation so that men will not be threatened with a jail sentence when they seek to exercise the right which parliament has given them?

Mr. Nicholson: As I said when this question was first asked, I would want to wait until the judge has had a chance to construe this section, as two interpretations may be involved. In my view it is for the court first to decide. Then we will consider whether it will be necessary for the department to take action by amending either the act or the regulations.

[*Translation*]

HOUSE OF COMMONS

OBSERVANCE OF ST. JEAN BAPTISTE DAY

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I wish to direct a question to the Prime Minister.

In view of the fact that next Friday, June 24, the house will get a holiday to celebrate St. John the Baptist day, can the Prime Minister tell us if a special manifestation has been arranged to celebrate it with French Canada?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): I do not know of any special arrangements, Mr. Speaker, but I am sure members will want to take notice of this important day. I do myself.

[Mr. Douglas.]

POWER

NELSON RIVER—INQUIRY AS TO COMPOSITION OF COMMITTEE

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): I wish to address a question to the Minister of Mines and Technical Surveys. I have sent him notice, but I think he has just received it. I wish to ask whether any agreement had been reached or any announcement made regarding the composition of the committee studying the Saskatchewan-Nelson river basin.

Hon. Jean-Luc Pepin (Minister of Mines and Technical Surveys): This should be announced very soon, Mr. Speaker.

UNITED NATIONS

CYPRUS—CONTINUATION OF PEACE KEEPING OPERATION

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): I wish to address the following question to the Secretary of State for External Affairs. In view of the reported intention of the United Nations to continue its peace keeping operation in Cyprus, is it the intention of the Canadian government to maintain our troops there at the same strength as at present?

My second question is whether any progress has been made in obtaining reimbursement for Canada for the cost of this operation.

Hon. Paul Martin (Secretary of State for External Affairs): The security council of the United Nations has decided to renew the mandate of the force. I assume that the Secretary General will now invite the participating members to agree to continue to serve in the force. The current mandate ends on June 26. When we have heard from the Secretary General the government will deal with the matter, and then I will make a report to the house. There has been no change in the financial situation.

Mr. Nesbitt: I have a supplementary question, Mr. Speaker. Will the minister undertake to tell the house that determined efforts will be made by the government to obtain some reimbursement for this force? Canada has certainly been carrying more than her share of the load.

OLD AGE SECURITY

CONSIDERATION OF INCREASE IN AMOUNT OF PENSION

On the orders of the day:

Mr. Barry Mather (New Westminster): I wish to address my question to the Prime Minister. Having in mind the several wage increases which have been granted in various parts of Canada in line with federal mediation, will the government give consideration to the equity of improving the old age pension in Canada by the provision of a bonus to the present pension?

Mr. Speaker: Order. This is a question on general policy, and I suggest it cannot be asked at this time.

FISHERIES

BRITISH COLUMBIA—DAMAGE TO SALMON SPAWNING GROUNDS BY LOG RUN

On the orders of the day:

Mr. Ron Basford (Vancouver-Burrard): I wish to ask the Minister of Fisheries whether he has received a reply from officials of the government of British Columbia, or whether he has anything more to report to the house on the Stellako river situation.

Hon. H. J. Robichaud (Minister of Fisheries): I received a reply to the telegram I sent yesterday to the minister of lands, forests and water resources. The reply was to the effect that the department of the Attorney General had been served with a notice of motion for a writ of mandamus to compel our fisheries officer, John Tuyttens, to comply with section 11 of the British Columbia logging order. As the matter is now before the court and constitutional questions may be raised, there is nothing I can add at this time.

Mr. Howard: May I make a supplementary comment, Mr. Speaker. Is this not like locking the barn door after the horse has been stolen?

PUBLIC SERVICE

IMMIGRATION STAFF ASSOCIATION COMMUNICATION RESPECTING MORALE

On the orders of the day:

Mr. Max Saltsman (Waterloo South): I should like to address my question to the Minister of National Revenue in his capacity as vice chairman of the Treasury Board. My question is as follows. Has the minister received a communication from the central branch of the Canadian immigration staff association in which they indicate that a critical stage has been reached with regard to employee morale? If he has received such a communication will he indicate what steps he intends to take to remedy the situation?

Mr. Speaker: Order. The question is not an urgent one, and should be placed on the order paper.

INQUIRY AS TO SALARY ADJUSTMENTS FOR ADMINISTRATIVE CLASSES

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): I should like to ask the Minister of National Revenue if he can indicate to the house when he will be making an announcement regarding salary adjustments for administrative support and related classes.

Hon. E. J. Benson (Minister of National Revenue): The latest information I have is that the Civil Service Commission will put recommendations to the Treasury Board about July 15.

COMMITTEE CONSIDERATION OF PENSION OF RETIRED EMPLOYEES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of National Revenue. He will recognize that I am trying to be helpful. In view of certain procedural difficulties that we had this morning at the meeting of the joint committee on the public service, will the government consider giving that committee a term of reference from the house which would enable it to discuss the question of adjusting the pensions of retired civil servants?

Hon. E. J. Benson (Minister of National Revenue): Mr. Speaker, I certainly would have no objection to doing that providing the committee completes the huge amount of work it now has before it in considering four very complicated bills.

Mr. Knowles: That is fine; we can do it after we have completed the other bills.

TRANSPORT

REPORTED PLAN TO ESTABLISH SUPER TRANSPORT BOARD

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct this question to either the Minister of Transport or the

Prime Minister. What is the status of the government's plan to establish a super transport board to take over the functions of the various boards we have now in this field?

Hon. J. W. Pickersgill (Minister of Transport): The government has no such plan. I have indicated publicly, as Minister of Transport, that I am giving some consideration to an idea of this kind, but up to now I have not placed any proposals before the government.

LABOUR CONDITIONS

MARITIMES—REQUEST FOR INCLUSION OF CERTAIN AREAS IN DESIGNATED PROGRAM

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I should like to ask the Prime Minister whether he has received a resolution passed by the New Brunswick legislature in favour of the inclusion of areas in the maritime provinces, particularly Fredericton, Saint John, Dartmouth, Halifax, and so on, in the designated area program. If so, and in view of the document that has been put out by the Department of Industry entitled "Doing Business in Canada" and the apparent qualifications of these areas for designation, will the Prime Minister reconsider this matter which has been drawn to the attention of the government on several occasions by various colleagues of mine?

Right Hon. L. B. Pearson (Prime Minister): I have not, at least as of 10.30 this morning, received any such resolution.

Mr. Thomas M. Bell (Saint John-Albert): May I ask a supplementary question of the Minister of Industry with respect to this matter. If any new consideration is given to it, will the minister take into account the fact that this new position of Premier Robichaud is directly opposite to the approval he gave formerly in connection with this matter?

Mr. Speaker: Order. The question is argumentative.

Mr. Diefenbaker: I should like to ask the Prime Minister, however, whether the resolution comes or not, is the government giving reconsideration to what would appear, on the basis of a report put out by the Department of Industry, to be areas that qualify for designation?

[Mr. Knowles.]

Mr. Pearson: These matters are under continuous consideration but I do not believe, in accord with the criteria put forward by the Department of Industry, that these particular areas would qualify.

WATER RESOURCES

REQUEST FOR STUDY BEFORE FURTHER EXPORT COMMITMENT

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I should like to direct a question to the Minister of Mines and Technical Surveys, and I know he is dying to answer. Will the minister inform the house if the advisory council on science intends to recommend a study of Canadian water resources and their development, prior to any further commitments by the federal government for the export of Canadian water to the United States?

Mr. Speaker: Order, please. This question appears to be of a general nature regarding policy and should not be asked at this time.

TRADE

UNITED KINGDOM—REFERENCE TO REDUCTION OF GAP

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): I have a question for the Prime Minister. Is he in agreement with the statement made in Halifax on Wednesday by the British High Commissioner, Sir Henry Lintott, that a reduction in the almost two to one trade imbalance as between Britain and Canada is in the interests of both countries? If so, what action does he propose to take to strengthen trade relations between Britain and Canada?

Mr. Speaker: Order. This question is not acceptable. It is of a very general nature and cannot be put at this time.

GRAIN—INQUIRY AS TO FURTHER SALES TO RUSSIA

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I should like to direct my question to the Minister of Finance under whose jurisdiction the Canadian Wheat Board falls. Has the minister anything to report on the negotiations that are under way at the present time sponsored by the Canadian Wheat Board and Mr. McNamara, who is in Moscow? Has he anything to report on new deals or sales?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I have had reports from Mr. McNamara. The discussions are proceeding very satisfactorily, and I hope there will be an announcement shortly.

[*Translation*]

INDUSTRY

BÉCANCOUR, P.Q.—CONSTRUCTION OF THERMONUCLEAR PLANT

On the orders of the day:

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I wish to direct a question to the Minister of Energy, Mines and Technical Surveys whose competence is recognized everywhere.

Following the statement made yesterday by the president of DOSCO Steel Ltd. to the effect that SIDBEC would be one steel plant too many, can the minister assure the house that, even if the steel complex is not built at Bécancour the thermonuclear plant will be erected there?

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

[*English*]

GRAIN

PRINCE RUPERT, B.C.—INCREASE IN ELEVATOR CAPACITY

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Minister of Agriculture and ask him whether he is aware that his colleague the minister of northern affairs will be travelling to Prince Rupert in the first few days of July. If so, will the Minister of Agriculture complete his favourable consideration of the Prince Rupert grain elevator extension so the minister of northern affairs can make such announcement when he is there?

CANADIAN CENTENNIAL

COST OF PRODUCTION TO BE STAGED ON PARLIAMENT HILL

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, I have a question for the Secretary of State. In view of mounting curiosity, has the minister any information as to how much this extravaganza on Parliament Hill under Sir Tyrone Guthrie will cost the Canadian taxpayer?

Mr. Speaker: Order, please. This question should be placed on the order paper.

Mr. Bell (Saint John-Albert): Mr. Speaker, with my apologies, I thought it might give the Ottawa papers something to chew on for the week end.

Miss LaMarsh: Mr. Speaker, I hope the hon. member did not mean that he wanted them to chew on me.

HEALTH AND WELFARE

MEDICARE—RESTATEMENT OF PRINCIPLES RESPECTING FEDERAL PARTICIPATION

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 statement by the federal deputy minister of health to the C.M.A. convention in Edmonton to the effect that the role of the federal government in medicare would be that of banker, and that it has no intention of providing any detail whatever to the provinces for the design of their provincial health plans, could the Prime Minister assure the house that the government has no intention of bringing about any diminution or dilution of the four principles which he enunciated at the federal-provincial conference last July regarding a federal medicare program?

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker, I am very glad to give that assurance.

SUPPLY

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

PRIVY COUNCIL

1. Maintenance and operation of the Prime Minister's residence, $35,000.

• (11:30 a.m.)

The Chairman: Shall the item carry?

Mr. Winkler: May we have a statement from the minister in regard to the stewardship of his responsibilities?

Mr. Starr: It should not take more than three words.

[*Translation*]

Mr. Favreau: Mr. Chairman, I have no intention of making an introductory statement because, first of all, many of the items included in the present estimates have been and still are the subject of discussions in this

house. For instance, those concerning The Company of Young Canadians and also the matter of the secretariat of special plans in charge of co-ordinating the various activities in the war against poverty has been the subject of many statements by the Prime Minister (Mr. Pearson).

As far as other statutes are concerned and which are now under the administrative responsibility of the President of the Privy Council, they will be discussed during consideration of the estimates of other departments. For instance, the problems concerning combines investigations will be discussed on the estimates of the Department of Justice; the matters concerning patents, trade marks, copyrights and corporations will be discussed on the estimates of the Secretary of State.

In the circumstances, I think it is preferable to consider the estimates as such.

[*English*]

Mr. Winkler: Mr. Chairman, it may be that in bringing up the matter I now wish to talk about I will be out of order. It is difficult to determine under whose administration the matter I wish to raise falls, since generally speaking it comes under general government responsibility. I should like to place my thoughts before the committee in regard to the usual and annual problem that we have in regard to members, staff and office accommodation. An expansion of responsibilities, particularly in light of redistribution, will mean that many members will have a larger work load than they now have. I think the government should consider this problem as I state it.

From time to time ideas have been put forward on how the problems I have referred to can be rectified. Not too many days ago we heard a suggestion from the Minister of Public Works as to how he might endeavour to solve the parking problem. A couple of days ago another hon. member suggested that Parliament Hill be excavated here and there, and that underground parking space be made available.

With respect to members' offices, I know, as does my counterpart on the government side, the difficulties of providing proper accommodation at all times for members, especially as some of them may have greater responsibilities than others. I now suggest that the government consider a plan of constructing more offices on Parliament Hill, and I put this forward only as a suggestion. Perhaps there could be some kind of wraparound structure at the back of the grounds on the bank of the river. This, I think, could be achieved. I have inquired into this matter and it seems to be feasible to carry out.

By building extra accommodation the government could solve the problem not only of members' offices but also the problems of staff and associated bodies, which have been proliferating over the years. That would provide a greater degree of efficiency with respect to the functions of staff and associated bodies, as those functions affect the House of Commons and its associated responsibilities.

Mr. Prittie: Mr. Chairman, before I say anything I should like to know whether the President of the Privy Council is going to make a statement concerning the restrictive trade practices commission. When the estimates of the Department of Justice were before the house on March 4 of this year I asked the Minister of Justice whether he would not make a statement on the subject of combines investigation. What the minister stated is contained on page 2214 of *Hansard*, and I quote:

> Mr. Chairman, in answering the hon. gentleman I would say that the Combines Investigation Act falls under the jurisdiction of the President of the Privy Council who I presume will be dealing with those questions.

I should like therefore to ask the President of the Privy Council whether he would not make a statement at the present time.

Mr. Favreau: Mr. Chairman, I have no statement to make about government policy at the present time. I expect that when what the hon. member quoted was said it was thought I should be in a position to make an early statement.

Considerable discussion has been had and is being continued, and a great deal of work is being done to develop government policy, and to develop the organization of a system within the combines branch which will allow for greater efficiency and scope. Nevertheless I inform the committee that I am not in a position now to divulge government plans in this respect, but that I shall soon be in a position to do so. As soon as the matter has been finalized I shall make a statement in the house.

Mr. Prittie: I am disappointed, Mr. Chairman, that the minister has not this statement at the present time. It seems to be one field in which a great deal of study has been going on for a very long time.

I am not going to make the same speech today that I have made on several other

occasions. In February I spoke on the subject, and on more than one occasion I have quoted from the minister's speech at Montebello, Quebec, in October, 1964 to the Association of Canadian General Counsel. In that speech he indicated that certain types of approach were being studied. I should like to quote from page 6 of the speech he made at that time:

> It would seem that a new and hard look could be given at the present state of our legislation in this domain, and that, without repealing the present laws, we may want to seriously inquire how far and to what extent additional provisions could be enacted, under the federal jurisdiction to regulate trade and commerce. In certain circumstances, it would seem to me appropriate to find ways and means to curb certain practices which it is in the public interest to prevent, but to do so otherwise than by prosecution before the criminal courts.

• (11:40 a.m.)

That is a very interesting approach. I realize it is a matter that will require a great deal of study because of the trade and commerce provisions of the constitution. Nevertheless, Mr. Chairman, it seems ever since I came here in 1962, and more particularly since 1963 when the present government took office, that everything concerning combines has been under study. I would again remind the minister that it is many years since the report of the restrictive trade practices commission concerning tied sales in service stations was submitted. I think it is five years. Surely the draftsmen have had time by now to produce some kind of legislation which would bear examination.

A United States subcommittee in Washington recently held hearings on this subject, in the course of which a Canadian economist gave testimony. I have sent for the official report of those hearings but I have not as yet received it, so I shall have to content myself by quoting from a newspaper account of what our economist said about Canadian anti-combine laws. The heading is "Canada Held Tax on Combines" and I am quoting from an article written by Bruce MacDonald, the Washington correspondent for the *Globe and Mail*. This article appeared on May 30:

> Appearing before the Senate anti-trust and monopolies subcommittee, Lawrence Skeoch, professor of economics at Queen's University, contended that the combines branch of the Canadian justice department had to bear a large share of the responsibility for any restrictive practices of foreign subsidiaries in Canada because it had been almost completely inactive in this area.
>
> Without being specific, Dr. Skeoch also said the combines branch had failed to challenge "some recent international mergers which to many informed observers appeared directed more to market control than to improved efficiency."
>
> His testimony formed part of a series of hearings by the Senate subcommittee to consider the consequences of the growing concentration of world production in the hands of a relatively few, and mostly U.S.-owned, giant international corporations only partially controlled or controllable by national laws.

The report went on to say that Dr. Skeoch had formerly been employed in the combines branch in Ottawa. I am sorry I do not have the verbatim reports of the subcommittee hearings. This appears to be extremely interesting, and I should like to go into the subject in great detail; but it simply underlines what many of us have been saying for many years, that our law in this field is defective.

Last week my hon. friend from Winnipeg North questioned the Minister of Finance concerning reports from the Tariff Board recommending the removal of tariff protection from certain companies which have violated our anti-combines laws. The minister indicated he would take no action because he desired to use whatever tariffs he could as levers in his bargaining with other countries. This misses the point entirely. If we can neither prosecute these companies successfully in the courts nor remove their tariff protection, they are being allowed to get away with what they are doing entirely free of consequences.

Another aspect of this question of combines concerns the cost of living. I do not imagine that monopolistic practices are the sole reason for the present high cost of living; it is a more complicated subject than that. But they could be adding to it. The point is that we have no precise information. There may be many companies in Canada which are holding prices at much higher levels than they ought. This must inevitably add to the cost of living and, if for no other reason, action should be taken in this field without delay.

Ever since I took my seat in this house, when Mr. Chevrier was responsible for this department, we have been hearing that these matters are under study and that reports or statements will be made. Perhaps on this occasion the minister could be more specific. Can he say that legislation will be ready by October, for example? As I said earlier, if we have competent people in the department it seems to me they have had quite enough time to study this field and make up their minds. If their conclusion is that the constitution prevents the government from taking some of the steps which may be necessary, then it might be helpful if we could be told as much.

As it is, the years slip by and nothing happens.

Can the minister tell us whether the information or the statement or the legislation he has in mind will be ready by the fall of this year?

Mr. Favreau: I cannot promise that legislation will be introduced by a given date. However, I can promise to make a statement on this subject, as I have just undertaken to do. Very shortly I shall have to make in this house a declaration respecting the whole of the government's plans in relation to combines, including the questions within the ambit of the restrictive trade practices commission.

Mr. Rynard: I should like to speak for a few moments on the pilot program undertaken to advance social and economic development in community affairs. Is this a program designed to study areas of poverty in Canada? Is it intended to discover what the conditions are in certain areas? Is it to be used in conjunction with the Canada assistance legislation? What areas will it cover? This is important, since I understand that the Canada assistance legislation is to be worked out in conjunction with the provinces and it appears to me there is bound to be a considerable degree of overlapping.

If the provinces are to do this work, why initiate a pilot program at an estimated cost of some $2,703,000? I am assuming now that it will not cover areas under provincial jurisdiction; but if it is intended to help the provinces, I would ask the minister whether any arrangements have been made with the provinces regarding the field to be covered. We are likely to have far too much overlapping in this work. Of course if this effort is directed to an area outside provincial jurisdiction it is another matter.

Mr. Favreau: May I ask the hon. gentleman to indicate the particular item to which he is referring?

Mr. Rynard: This relates to a pilot program undertaken by volunteers to advance social and economic development in community affairs page 375. Surely this is a provincial matter. The hon. member for Parry Sound-Muskoka brought up this point in the course of his address. This is where we must be very careful to avoid duplication. What will these volunteers study?

[Mr. Prittie.]

Mr. Favreau: The hon. gentleman is now referring to the pilot program proposed in relation to The Company of Young Canadians. This program has two facets. First, it concerns research work into matters connected with the orientation of the work of The Company of Young Canadians. Second, it concerns the training of the first 300 volunteers to the force.

Mr. Rynard: I am still not clear how this money is to be spent, and in what way it is intended to investigate social and economic affairs. It is my understanding that these volunteers are interesting themselves in community affairs in order to improve life in those communities and to discover why the people living there find themselves in their present circumstances. If that is the case, has this work been cleared with the provincial governments?

• (11:50 a.m.)

Mr. Favreau: Mr. Chairman, I do not believe the matter of relative provincial federal jurisdiction is involved here. The Company of Young Canadians will be a group of volunteers whose purposes are as follows. The Company of Young Canadians should be the instrument of the government of Canada to support, encourage and develop programs and activities in the field of social service in Canada and abroad. This company would be based on the provision of volunteers. This program will serve to co-ordinate the activities of those who in the social field will implement the purposes of The Company of Young Canadians. It is my view that co-ordination of the volunteers at the federal level to ensure that they be put to the best use in Canada wherever there is a need for them does not involve a question of conflict between provincial and federal jurisdiction.

Mr. Rynard: Mr. Chairman, I wish to thank the minister for his explanation, but there are still some doubts in my mind. Certainly outside the country this can be covered and done well without any interference. If they are going to stay out of the provinces entirely, then I do not see how they are going to cover much of a field unless they go into the Indian communities and so on where the provincial government does not have jurisdiction. I think the minister should be very clear with regard to what are the areas. I am not going to pursue this because it is obvious it has not been straightened out, although I think it should be.

As the hon. member for Parry Sound-Muskoka pointed out last night, we are going to get into a shambles if we have the federal government covering a field with The Company of Young Canadians and the provincial governments covering the same field through their welfare bodies. There will be duplication and confusion. I should like to ask the minister to be sure what the fields are.

Mr. Diefenbaker: Mr. Chairman, there is just one matter with which I wish to deal very concisely; that is the question of royal commissions. This is a matter of concern to Canadians everywhere. Over the years in this country we have set up royal commissions, as have other governments in the tradition of British parliamentary government. It has been abundantly evident, however, that judges should not be used to preside over royal commissions in which matters of political controversy are of the essence. This became clear during the days of war when the chief justice of Canada, Sir Lyman Duff, was appointed a commissioner to look into the situation in respect of the Hong Kong expedition.

From that date on the general attitude of so many succeeding governments has been that never again should judges be used on commissions of that kind; and in particular that judges of the highest court in Canada, the Supreme Court of Canada, should not have their services used in any way which could result in those judges finding themselves in a position where political considerations become paramount.

I feel this is a matter which deserves the fullest consideration. If democracy is to be preserved we dare not allow the setting up of royal commissions which have essentially the characteristics of state trials. That is what actually happens when matters of political division are to be considered by a royal commission. Indeed I think the time has come for a declaration by the government that henceforth the services of a judge of the highest court of judicature will not again be used on royal commissions, except in so far as those commissions are concerned with matters entirely removed from political connotation.

When I was prime minister I felt, and I am unchanged in this view, that as soon as a judge of the Supreme Court of Canada, or a judge of a superior court, has a position of investigation which comprises matters which are the subject of bitter political controversy, that judge, whatever his qualifications may be, not only does harm to the court to which he belongs but also to the judicial system to which we give our entire support without qualification.

I believe it is true to say that this is the attitude of the judiciary of the Supreme Court of Canada and has so represented the viewpoint of the members of that court since 1943. Furthermore I believe that not only should there be a declaration that henceforth the judiciary will not be used in connection with commissions of the kind to which I have referred but that consideration should be given to a declaration of rules which would apply to royal commissions. If so-called hearsay evidence were introduced in any inferior court the superior court would set aside any direction, order or conclusion that the inferior court so abused. The body of law, built up over the years, incorporates precedents and principles the observance of which is essential to the preservation of freedom.

• (12:00 noon)

We accept it as a principle that one should not have to reassert at this time that no person shall be slandered or libelled by pretended judicial process, real or assumed, that hearsay testimony ought not to be accepted and, indeed, that the ordinary principles that govern the rules of evidence should be applicable in a royal commission as in any judicial proceeding.

I am not going to go further at the present time, but I do hope that the minister will be able to say something in this regard. To continue this process will be to destroy the independence of the judiciary in our country. It will erode and undermine the regard which all Canadians have, and substitute the fear that commissions of this kind are not presided over with justice.

We must give consideration to a review of the increasing degree to which reliance is placed on royal commissions. Many have been appointed and effective results have been attained, but in large measure a declaration by the government that henceforth royal commissions shall, as far as possible, not be presided over by justices of the high courts would be a forward step. The only reason we appoint justices, as hon. members of the profession will agree, is to assure that hearsay shall not be placed in testimony and that the ordinary rules that have come down to us through the years as to conduct of proceedings and evidence shall be maintained.

Surely there can be no justification for having a system whereby the rules of evidence are swept aside, rules that would have to be maintained in a judicial trial. Surely no one is going to say that the fact that a justice is sitting as a royal commissioner gives to him a commission to depart from fundamental principles of freedom which generations of judicial experience and political wisdom have handed down to us.

We must above everything else, as I see it, end any suggestion that the machinery of the state through a royal commission shall be used with impunity against those who prove to be troublesome. All oppositions are troublesome when one is in government. I say this to you, sir, that it will be a forward step for our country if we in this parliament study fully, in a committee to be set up for the purpose, the whole process of royal commissions. Already studies are being commenced by bar associations whose members have been shocked by the degree to which accepted principles with generations of precedent behind them can be brushed aside. For that reason, we in parliament, whose responsibility is mainly to preserve and maintain freedom, I feel sure will agree that from the restrained manner in which I have dealt with this question it will be realized how seriously we, in common with members of the bar and the judiciary across the country, are concerned about developments which would remove, under the guise of a royal commission, basic principles without which freedom could not be maintained.

State trials are of the essence in totalitarian states and we have always prided ourselves that we are not like unto them. Freedom can be lost just as effectively by indifference, neglect and complacency as by design, and with the experience the minister has had as associate deputy minister of justice and as minister of justice I look to him for an assurance that the principles I have enunciated will receive his undivided support.

Mr. Prittie: Mr. Chairman, I should like to ask the right hon. Leader of the Opposition a question if he will permit me. He has objected to Supreme Court judges being appointed to preside over royal commissions which may have political implications. I tend to agree with him, but if we are not to use judges can the hon. gentleman suggest where we should look for persons against whom there could be no charge of political favouritism or bias?

Mr. Diefenbaker: Mr. Chairman, I know the question was asked with the greatest sincerity. All I can say to the hon. gentleman is that, if in Canada we cannot find persons like this, then freedom is indeed in grave danger.

Mr. Howard: Mr. Chairman, I should like to follow up some of the remarks of my colleague, the hon. member for Burnaby-Richmond, in respect of the activities of the combines investigation branch.

• (12:10 p.m.)

I would say, first, that the views expressed by the hon. member for Burnaby-Richmond both today and on other occasions when he has spoken about this matter should serve the government well as a guide as to what it should do in the future. I think the hon. member approached this matter with a great degree of incisiveness, reflecting thereby his understanding of the necessity of doing something different from what has been done in the past with respect to the activities of the combines investigation branch and the Restrictive Trade Practices Commission. The government should seriously consider the hon. member's emphasis upon the necessity of research in its broadest sense, not research particularly into individual situations or sections of the economy but into the various factors in our economy which have a large impact upon it.

I listened also to the minister's responses to these propositions and came to the conclusion, with all due respect to the minister, a person who is lauded as being a nice guy, that there is either a gross mishandling of this particular subject, its handling is the result of incompetence or there is a determined and studied effort to ignore and play down all the forces within our economy which impinge upon the individual. I do not think there can be any other alternatives than mishandling, incompetence or an effort to gloss over the importance of this matter because of the desire to protect the friends of the Liberal party who happen to own and control the economic affairs of this nation.

Let us just look at a bit of the history. First, the President of the Privy Council, at the time that Mr. Chevrier was minister of justice, was being groomed to replace him. He was the heir apparent to that post and so had or should have had, and undoubtedly did have, more than a passing, casual interest in the affairs of the Department of Justice, and at that time the combines investigation

branch was under that department. Further, the history is that at one time the President of the Privy Council was in the public service of Canada as a top official in the Department of Justice under which the combines investigation branch came.

He was also minister of justice for a period of time, and when he had that post he had direct political responsibility for the operations of the combines investigation branch. It is true that some of his time during the period he was minister of justice was taken up with other matters that probably did not allow him to give his full attention to the combines investigation branch, but nevertheless he was minister of justice for a period of time. He is now President of the Privy Council and still had jurisdiction over the operations of the combines investigation branch in so far as ministerial responsibility is concerned.

Therefore for almost the entire period that the President of the Privy Council has been in the cabinet and for a period of time before that he has had some responsibility for or involvement in the operations of the combines investigation branch. Yet the best he can come up with after all these years of activity, interest, study and determination to do something is that he hopes that at some time in the future he can make a declaration about something with respect to the combines investigation branch. If that does not reflect incompetence or mishandling, it certainly reflects a desire to play down the importance that the combines investigation branch may have in protecting the rights of individual citizens from encroachment by large financial and corporate interests.

This is not surprising because the minister belongs to a political party that has a record of mishandling the affairs of the combines investigation branch dating back many years to the time when they suppressed the flour milling report, a report which condemned the activities of certain companies in this country whose officers at that time happened to be particularly close friends of the Liberal party. So the government of that day violated completely the requirements of the law which devolved upon them and suppressed and hid a particular report.

More recently, in 1960 when the Combines Investigation Act was last amended to any great extent, it was the Liberal party in opposition which put up a tremendously long and capable battle against the amendments introduced then by the gentleman who is now the hon. member for Kamloops. It was a sham battle, true; there was nothing sincere or determined about it. It was merely an attempt to show to the general public on the surface at least that the Liberal party in opposition was the defender of the rights of people.

If they were sincere in 1960 both in the house and in the banking and commerce committee which considered the amendments at that time, if there was a modicum of sincerity in their professed desire to protect the rights of people in this nation, one of the first things they would have done when they assumed office would have been to bring in legislation to correct what they claimed were injustices involved in the 1960 amendments introduced by the hon. member for Kamloops who was then minister of justice. But all we have had is a studied effort to forget, the hope that nobody will visit the library and look at *Hansard*, the indexes and committee reports of that day to find out what the Liberal party said in 1960. Again this is an indication of a desire to talk big and do nothing, reflecting the studied effort, as I said earlier, to suppress any real desire to do something worth while in this section of governmental activities.

We have in the act what I think are pretty antiquated provisions relating to certain unfair trade practices. The primary bad thing that can be done is to conspire to fix prices. It seems that the entire force of the federal government for some years, regardless of which party has been in office, has been directed solely to selecting groups which have conspired to fix prices, taking them to court, seeing that they are found guilty and then asking the court to impose a fine. A fine, Mr. Chairman, in most cases is nothing more than a licence fee to commit criminal acts.

• (12:20 p.m.)

Some years ago a number of steel companies were fined in the courts for having conspired to fix the price of wire fencing. The Steel Company of Canada was one of the companies found guilty. The fine imposed on that company amounted to one cent for every $12.50 that it made in net profits in that one year. I repeat that the company was only fined one cent out of every $12.50 for having conspired over a period of 20 years to fix prices in the wire fencing field. This is no more a deterrent to criminal activity than a dressing down by a juvenile court judge. It represents a reflection on government action

and indicates that it is only concerned about putting up a good front and having a nice guy as minister of justice or a nice guy as president of the Privy Council. The government is hoping that this façade will lull the Canadian public into thinking it is doing something worth while while in fact all it is doing is substituting words for action.

There has been in this country, especially in recent years, a tremendous development of new economic forces. Our economy has grown beyond the bounds foreseen by economics professors a few years ago. A few large companies have expanded to such a degree that they are in control of a particular industry to the extent that they do not have to engage in price fixing in order to milk the public of every last cent. Some companies have become so massive and so large that they extend their tentacles into many phases of industrial activity both horizontally and vertically in any one industry.

This growth has been ignored by the government. So far as the government is concerned the staggering increases in profits do not mean anything with regard to activities in the combines field. The resulting steady increases in the cost of living are ignored and pushed to one side by the government. A large number of companies and people employed in the service industries are exempted from the Combines Investigation Act. Barbers can conspire to fix the prices of haircuts with complete immunity from prosecution under the act. I use that example to indicate the lowest level of retailing a service to the consumer. On the other end of the scale banks, trust companies, mortgage and insurance companies, companies which practically control the economic wealth of this nation, are able to conspire to fix prices or interest rates whenever they desire to do so because they are immune from prosecution under the act.

One of the effects of massive advertising has been to mislead consumers to the extent that they buy goods which are not what the advertisers claim them to be. We therefore get a rash of shoddy goods pushed on to the consumer and he is pressured into buying goods which are not nearly as good as they should be. This problem is also brushed to one side.

The minister has also ignored the recommendations of a member of his staff, the director of investigation and research under the Combines Investigation Act. In the annual report for the year ended March 31, 1965

[Mr. Howard.]

the director made some very revealing declarations about the manner in which the government has deprived the combines investigation branch of sufficient staff and refused to let it perform effectively even those functions which it is charged to perform under the Combines Investigation Act, let alone branch out into other fields of inquiry into our economy.

Let me read two or three sentences from the report, some of which has been read to the minister before. I could read page after page from this report in which the same thing is said. On page 72 there is the following:

> The shortage of staff for specific investigations has imposed an important limitation on the development of research studies.

This is a statement made by the man who is charged with the responsibility of operating effectively under the act and of applying its provisions to the fullest extent. What he is saying in effect is that they wish to proceed with the development of research studies but they cannot do so because of a shortage of staff.

Are you listening, Mr. Minister, not to me but to what your director has said to you about the effective ways of dealing with this matter? I will read another extract which appears on page 77 under the chapter headed "Staff". It reads as follows:

> One of the very practical problems that faces the director and his staff concerns the volume of work to be done and the actual staff available to undertake it.

This is a practical, not a theoretical problem. It is not something which should be done in the future but something that was current at that time and has probably not been changed.

He goes on to say:

> It is anticipated that when the staff is brought to full strength—

This was a year or more ago.

> —further application for the addition of a substantial number of professional positions will be necessary in view of the very heavy load of work to be undertaken.

Has the minister read that section of the annual report and what has he done about it? Has he said: We will put that to one side because we are too busy with other matters?

I will read another extract from page 78 under the title "Progress of Inquiries and Priorities". It reads as follows:

> A continuing shortage of qualified professional staff available to undertake the prosecution of enquiries and other enforcement activities has affected the progress of some enquiries.

That is a polite way of saying that they had to put some work to one side because the minister has deprived the branch of sufficient staff. It goes on to say:

> In some cases inquiries have been delayed and in others it has meant that the initiation of new inquiries has been limited by the resources which can be made available at the time.

In other words, the director of investigation and research sincerely desires to carry out the intent of the law passed by parliament but is unable to do so because of political interference and reluctance to recognize the facts governing our economy and to give him the staff he needs to carry out the responsibilities assigned to him by this parliament.

I wish to read one more sentence from the paragraph dealing with the progress of inquiries and priorities.

> When existing vacancies are filled the director will seek appropriate increases in the establishment of the combines branch as an essential step to enable responsible enforcement of the act.

• (12:30 p.m.)

These are rather blunt words to be contained in an annual report. If words of that gentleness, that politeness, are contained in a public document, words which are in effect a condemnation of the government for its niggardliness in this field, what was said to the minister privately in discussing the estimates requested by the branch? If Mr. Henry is worth his salt at all, I am sure his words were much stronger than those used in this report.

Not only are the activities of the combines people in this field a sad disappointment but it is also disappointing to listen to successive ministers, some of whom are present, stand up in this house and say: I am relatively new, give me time to study the department, or use other platitudinous phrases that are meaningless. When we find an annual report of the department in effect telling the government and the minister they are not doing their best, then we have an even stronger indictment of the incompetence in dealing with the determined desire of the branch to do something about this important part of our economic activity.

Mr. Winkler: Mr. Chairman, I should like to intervene again for a moment. I am well aware of the fact that the point I have in mind is not the responsibility of the President of the Privy Council, so I am not going to press him about the matter. However, I thought I should like to voice my concern so it would be on the record. I had hoped the Secretary of State for External Affairs would remain in his seat so that he could answer the question I put to him some weeks ago during the question period about a firm of survey people who were brought into southwestern Ontario, into the minister's riding, I understand, on behalf of the Bilingualism and Bilculturalism Commission.

I find that my fears at that time were well founded because there has been a considerable amount of division in the country about the work of this commission. I felt, as a result of information made available to me, that the course adopted merely aggravated the situation that exists in that part of the country. As I said, I do not expect the President of the Privy Council to answer. I shall place a question on the order paper and ask the Secretary of State for External Affairs to give me the information I seek. As a matter of fact, knowing the minister for external affairs it would not surprise me if he left the chamber to avoid answering this embarrassing question. I will demand the information from the minister in another way.

[*Translation*]

Mr. Gauthier: Mr. Chairman, before we go into these estimates item by item, I have a few questions to put to the President of the Privy Council (Mr. Favreau). As an expenditure of over $4 million is involved, I think we should stop and consider how this money provided by the taxpayers is going to be spent by the department.

First of all, I think we must be living in a century of inquiries, royal or otherwise, because whenever a somewhat difficult question crops up in the house, an inquiry is asked for; when the government is in a tight spot, it sets up an inquiry, whereas if we ask for a definite inquiry, the government lends a deaf ear.

Not very long ago I asked for an investigation in my area about the statement made by a judge who said he was responsible for an amount of $30,000, because everyone was talking about that matter in the region. All kinds of rumours were going around. It was said that this amount was to be used for the

election campaign and I found that very hard to believe, but the word was getting around in the whole region and I simply wanted the minister to clear up that matter in order to protect authority in the country, because if a judge ever agreed to dispense election gifts, what would happen to the administration of justice? I have not yet heard a single word about that investigation and I do not know if it is going on now; $30,000 in brand-new bills were found and it certainly is not money saved and put aside through the years. A sum of $30,000 coming out in the midst of the election campaign and with all the rumours going around, that is very disquieting.

It is very disquieting for the administration of justice in our region to let such rumours circulate and that is why I requested an inquiry. It was not to find out if this judge is Liberal or that one a Conservative, or if he worked for this or that party, but only to find out—

• (12:40 p.m.)

Mr. Choquette: Mr. Chairman, on a point of order. I think the remarks made by the hon. member for Roberval (Mr. Gauthier) concern much more the Department of Justice or the Department of National Revenue, and I do not see how the fact that a judge may have mislaid $30,000 in bank notes can be of interest to the members who are considering the estimates of the Privy Council. The only inquiry that could be held would be under the R.C.M.P. which is no concern whatever of the President of the Privy Council (Mr. Favreau).

Mr. Gauthier: We are precisely on inquiries, Mr. Chairman, the right hon. Leader of the Opposition (Mr. Diefenbaker) mentioned inquiries a while ago and I see here under the heading of administration:

Expenses of the Royal Commission listed in the details—

Mr. Choquette: Will the hon. member permit a question? Has he suggested the appointment of a royal commission of inquiry into the fact that $30,000 have been found?

Mr. Gauthier: Not exactly, Mr. Chairman. I have asked for a royal commission of inquiry on justice, on judges generally, because I object, as the Leader of the Opposition does, to the appointment of judges to preside over royal commissions of inquiry, 50 per cent of which are political inquiries, and in this, I endorse the hon. Leader of the Opposition, because justice should not be involved in politics. This is very dangerous for the population.

[Mr. Gauthier.]

I am not speaking from a legal standpoint, for I am not a lawyer, but I hear people talking between themselves, and I hear the population grumbling and I am telling you what the people think. The people want to respect these judges and possibly judges should no longer be appointed to such commissions of inquiry that are half political when they are not entirely so.

Another point is of interest to me. A pilot program is mentioned here. Well, sir, I wish to call your attention to these famous pilot programs, an example of which is the establishment of The Company of Young Canadians. The provinces must have their word to say on these pilot programs.

I understand that the objective might be good, of course; the intention might be good, but the means to the ends are often not desirable. That is obvious if you read the debates on the establishment of The Company of Young Canadians. There is no doubt that the objective of the bill is good but the means to that end are certainly are not desirable from a constitutional point of view.

Care must be taken when the government proposes pilot programs, as they are called, because it is absolutely necessary to protect the autonomy of the provinces. It is not enough to say that we will consult the provinces. No, the bill should stipulate that we will ask the permission of the provinces. Thus the constitutional rights would be respected. But as long as the provinces are only consulted, that is not enough.

Even if The Company of Young Canadians consulted the provincial authorities, it would go its own way and get into any field, especially the social field, which belongs to the provinces and is administered now by each province. At least the province of Quebec, which I know very well, has its own social service, its own social organizations. There is no doubt that if they communicate with the authorities of the province of Quebec, they will certainly be told: We do not need help in that field. I understand that The Company of Young Canadians was established probably to help other weak groups within Canada or in foreign countries but without the express permission of the province—I warn you that we will be very adamant on that point when the bill is introduced again in the house—The Company of Young Canadians will not be able to do anything in that province. It is the only condition which will make us agree to the bill and, besides, which will make us accept all the pilot programs introduced in this house.

We are ready to fight poverty because the objective of all those pilot programs is to try to fight poverty but, while doing that, we must not rob our neighbour. We admit that this fight against poverty is justified, but we also admit that the rights of the provinces must be protected. If those pilot programs limit in any way the rights of a province, I say that we do not have the right to enter those fields which do not concern the federal government at all. To say the truth, we spend half the time of the house working in provincial fields and do not have enough time to solve the federal problems.

I think that the federal government would do a lot better if it worked seriously in fields which come under its own jurisdiction and left the provinces free to do their work. Besides, the repercussions of the pilot programs advocated by the federal government can be felt practically everywhere. I know some federal pilot programs which are only political programs created to find a place for some politicians who worked well for the party. Why not think instead of pilot programs with truly social objectives and free from politics?

If we really want to fight poverty, let us start first by respecting the rights of the individual and then help those in need without any political motive.

[*English*]

Mr. Baldwin: Mr. Chairman, I want to say a very few words with respect to a matter adverted to by the hon. member for Roberval and also by the Leader of the Opposition. I had intended to make more extensive remarks but much of what I had to say has already been put to the committee by these hon. members. I wish to speak about royal commissions, the extent to which judges should be used as chairmen of such bodies, and the use to which royal commissions should be put.

I believe that the judiciary, like Caesar's wife, must be completely beyond reproach. Anybody who has had any connection with the administration of law and has felt the awesome solemnity of the courts will understand that not only is a judge an individual, but he represents the majesty of the people in administering the law which has been enacted both by this parliament and provincial legislatures. In his capacity as judge he is not merely a former member of the bar or an individual, he is the agent of the people who have entrusted to him the administration of the law according to rules which have been laid down over the centuries. Far back in the dim and misty past these laws were handed down. They have been improved upon and entrusted to the judiciary.

I think that we should give the utmost care to the use which is made of judges on royal commissions. There are occasions when it might be useful. One looks back to some of the great royal commissions of the past such as the Rowell-Sirois commission and the Macmillan commission on banking. In our time too there have been some notable royal commissions.

It is also interesting to note that some very useful royal commissions have been headed by those who are not members of the judiciary. I think of the Glassco commission, the Gill commission of inquiry into unemployment insurance, and the MacPherson commission on the railways. Although that commission was originally headed by a former judge, during the greater part of its very useful and active life it was headed by the late M. A. MacPherson, a very great and eminent Canadian recently deceased.

• (12:50 p.m.)

In his knowledge of railway law and economics and of freight rates and transportation he was unequalled by any person in Canada.

It is desirable and possible in many instances to have royal commissions composed of people who are not members of the bench. If you have a royal commission composed of several members it may be that a judge or former judge, with his experience and knowledge of the law, with his training in distinguishing and discerning the quality of evidence, with his ability to decide what is and what is not correct and to apply the rules of evidence, would perform a very useful and essential function as chairman of that commission. One cannot disregard the possibility that there may be occasions when a judge might be utilized in connection with a royal commission.

Royal commissions, it seems to me, both federally and provincially are a coinage which has been debased in recent years. The purpose of a royal commission is usually to inquire into matters affecting economics which, because of their complexity and because of the length of time it would require to deal with them, could probably not be disposed of as well within the parliamentary system.

It is essential in the parliamentary system that we take sides. In taking sides, as the minister will agree, often more heat is generated than light. A number of issues occur to me, and probably to other hon. members of this committee, that should be taken outside the house—I was going to say outside the sanctuary of the House of Commons—and properly dealt with and disposed of. I refer to inquiries such as those involving the Railway Act, economics, and the Carter royal commission on taxation whose report we are anxiously awaiting.

Apart from that I can think of many federal and provincial royal commissions which have been set up as blinds or detours simply for the purpose of permitting governments either to avoid their responsibilities or to delay and procrastinate in dealing with them. I think this is a prostitution of the concept of royal commissions, and in this sense it is not good. We must have respect for the judiciary and we must have respect for royal commissions as well because of the very useful and essential functions they perform.

I must say, Mr. Chairman, that in the last two or three years I have heard a great deal about people coming to look upon royal commissions as farces and a laughing stock. People say: "This is another tough one for the government. It had a difficult problem to deal with and rather than bring it forward for disposition it has set up a royal commission in the hope that by the time the royal commission reports the urgency of the situation will have evaporated and the matter will have been forgotten."

One has only to look at the numbers of royal commissions set up in the last 10 or 12 years which have inquired and reported back only to have their reports gather dust in the pigeonholes of government offices to find proof of what I say. Other royal commissions have reported and parts of their recommendations have been accepted and others have simply been neglected.

I agree, Mr. Chairman, that it is not incumbent upon the government to carry into effect all the proposals of a royal commission. None the less I think that when a royal commission has presented its report and the government has had adequate opportunity to examine the text of that report the government should say: This much we accept and this much we reject.

It is shocking to see the number of royal commissions and committees of inquiry which have made their reports and their recommendations have been neither accepted nor rejected. It is shameful to see the waste of millions of dollars and the frustration of the hopes of people who have been interested and concerned in those royal commissions.

I am glad to see that a small committee has been set up—I do not know whether it has been set up under government auspices—to look into commissions. It includes an official of the restrictive trade practices branch. They have a grant from a university for this work but it is very small.

I do not see that this committee will go far but it has a laudable objective and good support. I think the government will have to intervene and supply funds and assistance and it will have to make this a very definite and urgent issue.

I have some suggestions to make based on my experience in appearing as an advocate before a royal commission. During the course of inquiry of the commission I was amazed to find that the commissioners had made certain investigations outside the scope of the evidence given before them and had consulted privately with individuals and corporations but had not seen fit to disclose this information to those who were participating in the proceedings. I found out that the commissioners were perfectly entitled to do this and that the law as it is set up gives them this privilege.

It seems very unusual to have interested people appear before royal commissions, make their representations and present their briefs and suggestions only to find out at some later date that, without regard to the rules of law, the rules of evidence and the rules of propriety and decency, the commissioners have the right under the law to go to other persons and obtain second, third and fourth hand statements on which they may and probably often do base their final recommendations. Bearing all of this in mind, in my view the government ought to say first before any commission is appointed: Is this commission really necessary or can this matter be handled in some other forum?

We have embarked on a trial experiment in the use of parliamentary committees. There are many physical obstacles in the paths of these parliamentary committees that prevent them from fulfilling the role which they can and should fulfil. It is my hope that within certain limitations these parliamentary committees, equipped with expert help and

assistance, manned by knowledgeable and well qualified members, might inquire into a large number of matters which heretofore have been subjects dealt with by commissions of inquiry.

The government must first say: Is this royal commission really essential? Is it to deal with matters of fact and of economics which are completely, as they ought to be, as pointed out by both the right hon. Leader of the Opposition and the hon. member for Roberval, outside the realm of political consideration? The place for politics is in the House of Commons and not outside.

• (1:00 p.m.)

Also, the terms of reference of any inquiry must to some extent come from parliament. I am not suggesting that the government should relinquish its prerogative in this regard. That is the government's responsibility and I am not suggesting that it should be completely divested of it. But I suggest that parliament and certainly the House of Commons should have some say in the matter and should have the terms of reference brought before it for reasonable debate thereon. This would permit the government to obtain the benefit of the views of members of the House of Commons on the terms of reference. I am confident that had this been done many of the mistakes and errors of the past might have been avoided. If the subject matter to be inquired into by the royal commission is one which should properly be the subject of consideration by such a commission I think it would be so far removed from the realm of political argument that a good discussion would take place in the house as a result of which the government would be able to alter the terms of reference so as best to cover the subject at issue.

In the third place, I suggest we should take a close look at the rules under which royal commissions and committees of inquiry operate. I would not go as far as to say we could take in their entirety the rules of evidence as they apply to criminal courts and say they should be followed by royal commissions. But in order that the commissioners, those who appear before them and the public at large may know precisely the rules and regulations under which these commissions are being conducted, I think the rules should be set down in black and white. This will not be easy, because one cannot restrict a commission as one might wish to restrict a court of law. But rules must be set out to be utilized by these commissions.

I have heard comments with regard to the absence of power by a commissioner to invoke sanctions for contempt at the present time. It may well be that a commissioner needs authority further so that which he now possesses and this question may have to be considered. But if royal commissions are to continue to play an important part in the life of our country, as seems to be the case, there is need to review the situation, make new rules and avoid a recurrence of the mistakes we have made in the past.

In this sense I would urge the minister, before this debate is completed, to put forward some views to which he may be committed. Let him indicate his own views, if not the views of the government, so that we may know what the policy is likely to be in this regard. I feel it is time for this matter to be considered, probably by a committee of the House of Commons established for this purpose. The committee which is presently working outside the house might be able to assist the government in reaching a sensible conclusion in this regard.

Mr. Brewin: Mr. Chairman, I should like to say a few words on the subject mentioned by the Leader of the Opposition, the hon. member for Roberval and the hon. member for Peace River.

I think all members of the house share the considerable feeling of disquiet about the subject of royal commissions. I am sure the President of the Privy Council shares this uneasiness for good reasons. It seems to me that some of the suggestions made by the hon. member for Peace River deserve careful consideration.

The present Inquiries Act is most defective. It has been in its present form for a long time. Experience has been accumulating in different jurisdictions, in the various provinces of Canada, in the United Kingdom and in other countries, with regard to commissions of inquiry. While it is true, as the hon. member for Peace River said, that the appointment of commissions may sometimes be a device for evading responsibility, they can, on the other side of the coin, be extremely useful. There are many matters which can be better looked into by commissions, though I share with the hon. member for Peace River the hope that our parliamentary committees will be used to a greater extent than in the past.

Let me give the committee one illustration. A commission composed of distinguished outsiders was appointed to consider the subject of hate literature. But this very matter was

also referred to a committee of this house. Unfortunately the committee was not able to report owing to the dissolution of parliament. It was, however, ready to report with proposals for legislation which I venture to suggest were every bit as helpful as the advice from outside. This is not to say we do not need advice from experts outside. But why not invite these experts to tell committees of the house how they propose these problems should be dealt with? I suggest that when the government is considering whether to appoint a royal commission it should ask itself whether the job could not be done as well or better by elected members of the house who are here to do it.

Not only is there a necessity for rules with regard to royal commissions but we also need to consider the scope of the work done by such commissions. I am sure the President of the Privy Council will be sympathetic when I state that commissions of inquiry may be very suitable to inquire into facts. If, for instance, there are allegations of misconduct against members of the government, it is true that the atmosphere of the house and the partisan attitude which we almost necessarily would take would mean that an inquiry into those matters by a committee of the house would be unsuitable. For example, if we were to refer some of these matters to the committee on privileges and elections we could hardly expect the committee to preserve a judicial atmosphere while dealing with them.

I speak with a measure of repentance myself because I have had some small part in these matters. But when questions are referred to commissions, should they not be referred for a clarification of facts rather than for such things as possibly the expression of criticism of the discretional conduct of a minister of the Crown? If the facts are set out in a report, this house can judge them and make the political decision required.

• (1:10 p.m.)

This is a different thing from asking for a ruling or judicial comment whenever there is a suggestion that a minister has not done his job correctly. I should like to refer to one particular abuse which the Leader of the Opposition mentioned, namely, the reporting of statements given before royal commissions or commissions of inquiry which are purely hearsay in character. What I wish to say differs somewhat from the view taken by the Leader of the Opposition. I understood him to say that commissions of inquiry should be bound by rules which would prevent them receiving hearsay evidence. I think this would be very dangerous and would unduly limit the usefulness of commissions of inquiry. I do not think they should be bound by rules as strict as those which have evolved in the courts because then their usefulness might be totally destroyed.

Sometimes in the course of these inquiries matters are mentioned which are completely hearsay and are totally irrelevant to the matters being inquired into, because the commissioner cannot stop persons producing documents which may or may not be relevant. If they are totally irrelevant, at the same time are defamatory of the individual and in addition are third or fourth rate evidence, as I have observed in many cases in which I have been involved, then I respectfully submit they should not be made public under any special privilege which attaches to the reports of court proceedings. This privilege should attach only under certain proper limitations. In this regard I should like to refer the President of the Privy Council to Bill C-188, an act to amend the Inquiries Act, which bill will not likely be reached or discussed in the house. It covers one aspect of the subject which has been mentioned and I think it should be given very careful attention.

Before I sit down there is an entirely different matter to which I should like the President of the Privy Council to direct his attention at some stage or other if he intervenes in the debate. This matter has been brought to my attention by the president of the Ottawa Music Festival Association and it has been causing a great deal of concern. There are a very large number of copyright infringements going on at the present time, and I think this is related to some extent to the number of copying machines which are available. According to the president of the Ottawa Music Festival Association it is apparent that this is being carried on to a large extent by people who are unaware of what they are doing. They are able to obtain copying machines and they use these machines to produce textbooks and so on for use by schools and others, without any real understanding that what they are doing is an infringement of the Copyright Act and, to put it bluntly, an unconscious form of stealing.

If the minister who is responsible for these matters has given consideration to this problem, could be bring some publicity to bear so that it will not be necessary for those whose rights are infringed to take action in the

courts against churches, schools and other organizations? Perhaps in this way their attention could be drawn to the fact that an infringement of copyright is a serious matter because a copyright is a very valuable piece of property which should not be stolen.

I believe that my colleague, the hon. member for Winnipeg North Centre, asked a question the other day and has a motion for the production of papers in respect of the amendment, which so far as I know is still a proposed amendment, to the copyright law in the United States. As the President of the Privy Council will be aware, for many years there have been complaints that the so-called manufacturing clauses in the United States copyright law enable copyright infringements there notwithstanding the fact that this is a sort of international standard. The amendment which has been proposed is described by the Canadian Copyright Institute as introducing permissible plagiarism.

The suggestion has been made to me that as this matter is being dealt with by the government of the United States the question of the application of section 4(2) of the Copyright Act might be taken into account, because I believe the United States is not a signatory to the various Berne conventions but has protection in respect of copyright under subsection 2. This can apply only where the minister certifies that the benefit is on substantially the same basis as that given to its own citizens. If this section were made part of the law of the United States I wonder whether the United States would be giving substantially the same benefits. I doubt that it would be.

I suggest to the minister that some action might be taken to prevent this so-called permissible plagiarism of these manufacturing clauses which are in the legislation of our neighbour and which cause considerable harm to Canadian authors, publishers and printers.

[*Translation*]

Mr. Allard: Mr. Chairman, on consideration of the estimates of the Privy Council I am addressing through you the hon. minister responsible for the initiatives concerning federal-provincial relations.

We notice that, after a hundred years, we have become aware that the relations between the central and provincial governments need to be seriously and openly considered. For some years now, and such a practice does not depend solely on the hon. minister or his government, instead of reviewing the situation and bringing in the required constitutional reforms, so as to define exactly those modern relations between the central and provincial governments, federal-provincial conferences concerning particular points are being held or commissions are created for the conduct of special studies; in short, we notice that the hon. ministers are trying to settle problems arising here and there by means of meetings that we describe as lobbyism, since we, as legislators of this parliament, are not told about them and never know the results that may come from such confidential and secret meetings.

• (1:20 p.m.)

Well, Mr. Chairman, at the risk of being redundant and repeating frequently the same thing, I take advantage of the presence of the minister responsible for the Privy Council to ask him to allow as soon as possible the House of Commons and the Senate to review the Canadian constitution, in order to have the necessary reforms determined by a joint parliamentary committee.

I think that the fear which can be entertained and which prevents the establishment of that committee is perhaps that the problems are insoluble. I cannot explain in another way that hesitancy or indifference to comply with the request for the creation of a joint parliamentary committee on the constitution which would be supported by most members of the house, if they would state their views on the matter.

I am also convinced that this suggestion would be quite welcome as concerns the honourable members of the other place.

In spite of those provisions, in spite of the implied or explicit wishes expressed by the Leader of the Opposition, the member for Brome-Missisquoi (Mr. Grafftey) and by many other members of various parties, the present government—and I am not indulging in political partisanship, precisely because of my situation in this house—fails to answer this question and comply with this request, constantly deferring every opportunity to specify these essential reforms.

This is quite urgent, Mr. Chairman. You see, royal commissions have inquired and are still inquiring on all kinds of problems regarding federal-provincial relations and relations among ethnic groups from one province to another. We even have reports of those royal commissions. The first report of the Laurendeau-Dunton commission stresses the urgency of the problem in its findings and states briefly, following long discussions and

comments, that Canada is going through a serious crisis originating in Quebec.

It is very easy for some people or some newspapermen to overlook this serious and fully considered finding of commissioners who did a fine job, travelling from Halifax to Vancouver throughout the country, in order to question and hear the views of Canadians about the problems of 1965 and 1966. And in their findings, they tell us: a serious crisis originating in Quebec is impending, because Quebec is not satisfied with the experiment of the Canadian confederation from a constitutional, fiscal, cultural, educational and economic point of view.

When I refer to Quebec, Mr. Chairman, I have no particular political party in mind. Some members should dismiss the thought that when I am speaking of the Quebec government, I am not only referring to the Union Nationale, because I made the same pleas a few weeks and a few months ago when the Quebec government was headed by Hon. Jean Lesage and his team on constitutional questions and on reforms that many people in Quebec and in other provinces, are urgently asking for.

Well, I may be limited, I may have very little and very mediocre brains, but I cannot sincerely understand why the present government should refuse. They would increase their stature in the eyes of millions of Canadians if they agreed to the first step of setting up a parliamentary committee on the Canadian constitution, a joint committee, a large committee with over 25 members, as usual, so that all members or at least a good number could sit on it, and if it is set up, I am here and now asking the povernment to accept my request to sit on the committee, because if so many Liberal representatives, so many Conservatives, so many from the Ralliement Créditiste, and so many from the Social Credit members are appointed, I should not like for all that to be left aside. I should like to sit on that committee in order to make my own small contribution, to make sincere suggestions to bring all Canadians closer together and to set down precisely and clearly, an open, definite and clear-sighted, federal-provincial relationship, so that we may stop going about blindfolded as we have been doing for a number of years. In fact, we are now proceeding by disparagement, behind the scenes, by huddles, by commissions of inquiry or by federal-provincial conferences restricted to definite points that in no way settle the over-all problem.

[Mr. Allard.]

The federal-provincial conference on education has just been postponed because another government has been elected in Quebec. Well, I do not see in what way the preceding government was different from the new one, because all governments follow along the autonomy lines which was always followed under Mercier, Gouin, Taschereau, Duplessis, Sauvé, Lesage and the others, as well as under the Union Nationale. Why then a postponement after an election? It leaves a bad impression in the country. A federal-provincial conference on the matter of education is postponed, because of a particular result in a province.

That is very bad from the psychological point of view, Mr. Chairman, very bad. It will be impossible to settle problems and bring Canadians together in a brotherly way, if we always proceed that way, by particular calculations, by occasional diplomatic actions. It would be a good thing if, once and for all, the hon. members of this house and of the Senate had an opportunity to gather around a table and to examine today's problems in the spirit of 1966 or 1967.

For my part, Mr. Chairman, I see two mental habits in this country. We must be realistic. Much as I belong to one mental habit, I respect the mental habit of other Canadians. I respect it fully, and I am ready, with other Canadians who belong to my mental habit to set up a mechanism so that we can, as a country, as the great country that is Canada, pool all our energies to develop our country domestically and economically, and stop quarrelling about details and about indefinite and imprecise constitutional matters concerning joint taxation fields. But there is no desire to get together and define once and for all those fields of taxation.

Well, I for one, am confident that as politicians in this parliament and with all the suggestions which may come from the outside, we will have the necessary courage, an adequate dose of common sense, to sit down honestly around a table, in order to define and rewrite, if you want, the Canadian constitution.

And let there not be confusion over my words. Some speak of a new Canadian constitution; others talk about rewriting or redrafting the Canadian constitution; others talk about amendments. No matter the words used, it is the idea that counts. The interpretation is not always the same in French as it is in English. What has to be done is to arrive at a constitutional text in 1966 which will

permit, between all Canadians and the provinces and the particular points of view of Quebec, the establishment of federal-provincial relations which will make Canada and all the provinces work hand in hand in confidence, and not in defiance.

• (1:30 p.m)

Every two or three months we witness startled indignation on the part of the central government or one of the provinces, for such things as the Northern Territories, underground mining rights, the boundary between Labrador and Newfoundland, and others. Every other month we face constitutional conflicts, tension, misunderstanding and distrust.

But this is not good; surely, we are intelligent enough, in 1966, truly Canadian enough, to solve our problems once and for all. But we must not carry on as we have done in the last few years. We must not be afraid; other countries have done it. They revised their constitution. We must define the responsibilities of the provincial and central governments, define the Canadian characteristics of the two great cultures which is not only an endowment for Canada but makes Canada in the eyes of the world a very special and privileged country. Thanks to its dual aspect, its dual culture, Canada is looked upon with special favour internationally, as well by countries of French culture as of English culture.

That is a Canadian fact. We must be proud of it. On the other hand, if we want to put an end to stepping on each other's toes, to arguments and distrust, we must institute, as soon as possible, a parliamentary committee.

When the legislators in Ottawa have defined their way of thinking, then we can exchange views with the provinces and their specialists on the possibility of a national conference on the constitution. Why could a national conference on the constitution not be held in the fall of 1967? What better crowning-piece could there be to the Centennial of Canada?

I think that a national constitutional conference at that time would be a crowning achievement since it would bring Canadians together through their intelligence and their heart.

I beg the minister to use his influence in the Cabinet and with the Prime Minister. I am not making this request to embarrass the government. I am not afraid because should I take office, which is impossible since I am the only member of my party, the request I make in the opposition, I would not dare grant.

I find myself in the situation of a free man, a Canadian who wants a final reconciliation between all Canadians, whether they live in Halifax or Vancouver. I am tired of the quibbling which is going on over fiscal, constitutional and cultural matters. I should like to see the energies of all of us, used to develop our beautiful Canada, in the economic, domestic and international fields. If all the Canadian people, from Halifax to Vancouver would go hand in hand, attune their intelligence, look toward the same goal and act according to well established plans, frictions would be eliminated and Canada would be able to make giant strides.

[*English*]

Mr. Saltsman: Mr. Chairman, I should like to add to some of the remarks made by my colleagues in regard to the Combines Investigation Act. I think anyone looking at the situation in Canada would almost have to agree that if the Combines Investigation Act, together with the ancillary legislation, was designed to control the growth of combines in this country per se, it has been a failure. It just has not worked. I think it is fairly obvious that it has not controlled combines in Canada and probably has not done so for a number of reasons.

In some instances there are probably excellent arguments why our industries should be bigger rather than smaller and why combinations of industries or groups may actually be beneficial to the economy. Apart from the fact that for one reason or another the legislation itself has not been administered as stringently as it might have been, I suggest that another reason for it not having been given the necessary impetus may spring from the fact that a recognition has arisen over the last few years that perhaps the question of combines is not so much a legal matter as it is an economic problem in this country and should be looked at in this manner.

I suspect that the difficulty with combines is no longer one of whether or not we are going to have combines and mergers in this country. I think the real question is, who shall have the say in the operation of the combines and for whose benefit shall they operate? In other words, are these mergers going to take place simply to enlarge the benefits to the people involved in these industries, or are they going to take place to

enhance the competitive position of Canada or improve the products and the price to the consumer?

I suggest that the entire legislative approach to combines is old-fashioned and outmoded and what we need is a new conception of the role of industrial organization in Canada. I also suggest that the proper and better approach to an examination of industrial organization is through a prices review board such as this party has suggested. I think it is very important that we move from the one concept to the other.

It was somewhat encouraging to hear the President of the Privy Council, when speaking to the house the other day on the reorganization of his department, indicate that he is going to be more concerned about the problems facing consumers in this country and will combine in his new department some of the functions that should be carried out under the concept of a consumers' bureau. I hope that when the President of the Privy Council becomes involved in this kind of organization he will not limit the work of his new department to questions of labels on cans, the contents of cans and the providing of accurate information to the consumer. These things are most important and it is not my intention to underestimate their importance, but I would suggest to him that there is an important area in Canada that requires urgent consideration. It is the question of investigating the entire economic and industrial structure of this country as it relates to prices, production and wages.

We are caught in a fantastic trap at the present time. One group argues that wages are pushing up prices; another group argues that prices are dragging wages behind them. I think I know the answer. I do not think wages are responsible for this situation, but I do not believe anyone will be prepared to accept the very brief and casual investigation I have conducted into this subject and say I really have the answer. I believe the answer is to be found and can be found by the kind of professionals who could be obtained for a prices review board if the department instituted such a body. I have introduced a private member's bill to this effect because I am vitally concerned that this new emphasis be given the importance it deserves.

• (1:40 p.m.)

In my view the present attitude toward combines investigation is completely nonsensical. To some extent I wish this legislation would be scrapped because I think there is a positively harmful effect on the entire legislation in that it gives the impression that something is actually being done and that the consumer is actually being protected by the existence of this law. I think this is erroneous. I cannot say that no protection whatsoever is being accorded the consumer because there are some very hard-working people in the department who are doing everything possible within the limits of the law at their disposal, their staff and their terms of reference. However, by and large the legislation is simply not protecting the public, and as long as we have this kind of legislation on the books we get a very misleading idea of the protection of consumer interests.

Furthermore, I think this legislation is positively harmful because it inhibits the kind of rationalization which should be taking place in Canadian industry if Canada is to survive as a country. Just this week I received a most interesting paper written by Mr. Ed. Safarian and presented to the annual meeting of the Canadian Political Science Association in Sherbrooke, Quebec, on June 8.

I saw Mr. Safarian when I was out west at the Consumer Credit Conference held at the University of Saskatchewan and he indicated to me at that time that he was doing some investigation into the problem of United States ownership in Canada and how it affects us. I asked him to send me a copy of his paper and I am very grateful to him for doing so. In his paper he has reached a number of conclusions concerning the effect of U.S. ownership in Canada and in particular on the executive composition of companies. He has investigated the matter in terms of imports and exports. I think that the most significant conclusion he came to was that the problem is not so much United States ownership as the small size of our industry which has to compete in international markets and also the large range of products which these small industries are trying to produce in competition with the giant to the south, Germany, Britain and other countries. He points out that the Canadian market is almost large enough to support a fully efficient operation if sufficient specialization is allowed to take place within industry.

My own feeling is that one of the difficulties with foreign ownership, and perhaps the only difficulty, is the problem of trying to get the industry to rationalize its situation while perhaps its chief interest in coming to Canada is to acquire a foothold for the parent company. This is a serious difficulty which extends

not only to the branch plants of United States and other countries' industries established in Canada but also to the nature of our own Canadian industry.

I have been in business myself and I am very sympathetic toward the small businessman. I believe the small businessman has a great role to play in Canada and always will have. He can provide very specialized and personal services that large companies cannot. In that sense he can be very competitive. However, I also suggest that at the present time there are industries in Canada trying to manufacture products on such a scale that it ceases to make economic sense. Too many of such companies are scattered throughout the entire country. This may affect the consumer in the form of higher prices. I am not saying these companies or industries are deliberately encouraging higher prices or inefficiency, but they are caught in a trap of excessive competition. That is why I say that if we have any legislation in this country which prevents or inhibits the rational organization and development of industries which require this so as to become more competitive and better able to buy the kind of machinery and equipment they need in order to compete in world markets, then that legislation should be given another look.

I also think the government should examine the question of tariffs rather than approach this problem through the Combines Investigation Act, which is a cops and robbers approach. I believe this was pointed out in the MacQuarrie Commission Report in which a number of suggestions were made. One of them was that the way to police an otherwise difficult problem is not by throwing in an army of government inspectors but by lifting the tariff protection which enables companies to abuse their position, if such abuse is taking place, and to submit them to international and world competition. There are arguments for retaining the tariff under certain circumstances. I am not making a blanket condemnation of tariffs as an instrument of national policy but I think this instrument has to be used wisely and it should be one of the tools of a department concerned about protecting the consumer and the rationalization and organization of our industry.

Perhaps some of the comments I am making in this debate could be made with equal validity with regard to the Department of Industry. However, since we are talking about the combines act I will try to relate my remarks to the problems of combines investigation. It is becoming obvious that other countries in the world, despite the advantage that many of them already have in terms of manufactured goods, are relaxing their combines laws. I was very interested to see that a study has been conducted in Australia of legislation for the control of restrictive trade practices and monopolies, which is far less stringent and oriented more toward the economic rather than the legal aspects of the situation than our legislation. I think this is the inherent weakness of our combines legislation. We have taken a legalistic rather than an economic attitude toward combines.

The MacQuarrie Commission pointed out in its report the great necessity for research under the Combines Investigation Act. I am sorry I do not have the report with me so as to quote from it correctly but from my recollection it indicates that a far wider range of research is necessary than is now being conducted by the department.

I know the department has conducted research into tires, batteries and accessories and service station gas sales and it has conducted smaller specific research into other matters, but I am speaking of research into the economic problems faced by Canadians. I think the department should study marketing and consumer products and consider the idea that unrestricted and untrammeled competition really helps the consumer.

I directed a question to the minister the other day and either I caught him unawares or else he was unable to give me an adequate answer because he had to think on the spur of the moment. It is possible that the minister may not have been tremendously impressed with the importance of the question I asked him because he responded by saying that all due consideration will be given to it. From my short experience here I am inclined to believe that this kind of stock answer does not bode very well for my question.

• (1:50 p.m.)

Mr. Diefenbaker: What was the question?

Mr. Saltsman: I ask the minister not to treat the question too lightly because it is a serious one.

Mr. Diefenbaker: What was the question?

Mr. Saltsman: I am glad to learn that there is such great interest in my question, so I will read it.

Mr. Diefenbaker: It is so seldom we do not get an answer from the government that I just wondered what the question was.

Mr. Saltsman: I appreciate the hon. gentleman's interest and I am sure the minister will probably have his interest reawakened. I repeat the question:

In view of the widespread discontent over the pricing and sales policies of gasoline companies in many parts of the country, and in view of the recent report of the royal commission on gasoline price structure in the province of British Columbia indicating the existence of unfair trade practices, would the minister not give serious consideration to conducting an immediate investigation under the Combines Investigation Act into the pricing, marketing and production practices of the oil and gasoline products industry?

The key to my interest in this subject is contained in the words "pricing, marketing and production". It will not be enough for this department to conduct a limited t.b.a. investigation. I am asking the minister for an investigation to be conducted into the entire policy of the oil industry in Canada, not only as it affects service stations and consumers but as it affects our balance of payments problem and the capitalization of the industry. There are many things going on in that industry which need investigation. I do not pretend to be an expert on the oil industry but it is my opinion, as a result of the things that come to my attention by reading reports and the newspapers, that this industry has been overcapitalized. Charges have been made that a very foolish thing has been done.

We have attracted a tremendous amount of capital from the United States in this field on which we now have to pay interest and dividends, which is natural. The interest and dividends are almost equivalent to our dollar exports to the United States. Where is the economic sense in this kind of arrangement? These companies, it seems, are guilty of collusion in one aspect of their operations and then they compete in another aspect of their operations. Perhaps their collusion is more beneficial to the country than their competition because the competition which results in the building of a great many service stations only prevents the operators from making a living and increases costs which the public are obliged to pay in the form of higher prices.

It is my impression that gasoline is cheaper in many countries of Europe which do not possess their own sources of oil. I am talking about the price of gasoline less the tax. I believe the total price of gasoline is higher but gasoline is available at lower prices in Europe than in Canada were we believe ourselves to be blessed with this great national resource.

What has become of this great national resource? To what extent has the consumer benefited from it? To what extent has the country benefited from the discovery of oil in this country? These are the questions that ought to be answered. These are the reasons we need broader remedies than just the narrow cops and robbers concept. We are not just trying to find out whether some little guy is guilty of something. This is not good enough, because that era has passed. You know, we have remedies against combinations that we have been somewhat frightened to use.

I was interested in reading one of the reports of the Restrictive Trade Practices Commission relating to collusion between cement contractors in the city of Windsor. Apparently four cement contractors submitted identical bids to the city of Windsor and suspicion arose that perhaps this was more than a coincidence. I do not know what action the government is going to take and I really do not care what the federal government does about this situation. I believe that the city of Windsor has an alternative open to it which would be far more effective than any prosecution the government of Canada can undertake. If I were an alderman in the city of Windsor I would suggest that the city go into the concrete mixing business. Then we would see how long prices stayed at that level.

There are alternatives open to us. I believe these alternatives are open to the Canadian people. I think some industries are going to be monopolistic and some oligopolistic—I think that is the word. There is something we can do about them and there is something the government can do about them. The government can supervise them. I do not mean going in and telling them how to run their businesses or prosecuting them. I believe these industries should be aware of the fact that if they abuse their position in the market place, if they do not conduct their business in a manner that is in the best interests of the public, they could have the government as their competitor. I believe a statement of that type would not have to be acted upon because the message would be loud and clear.

My argument is basically that we need a new approach. The old approach just is not good enough. It is not doing the job, it is not solving the problem. In some ways it is

detrimental in that it hinders the kind of logical development that should be taking place. It hinders the ability of Canadian industries sometimes to form units of production which are of a sufficient scale to make us competitive in world markets.

I should like to read from a report on business in the *Globe and Mail* of June 8, 1966. The dateline is Montreal and it reads:

Canada's combines legislation amounts to little more than a haphazard and arbitrary meddling with the forces of competition.

This is a statement by Professor L. A. Skeoch of the economics department of Queen's University. I continue quoting from the article:

He told the annual meeting of the Canadian Manufacturers Association that confusion, contradiction and short-run expediency are the terms most accurately describing the legislation.

What is needed, he said, is a basic change that will bring a consistent approach in this area.

"Furthermore, the approach should be one which favours adaptability, flexibility and venturesome behaviour rather than caution, restraint and defence of the status quo. Such an approach must go beyond the traditional negative commandments of the combines legislation to include positive programs to aid and speed the process of economic adjustment."

Mr. Howard: Hear, hear.

Mr. Saltsman: I did not make that speech, I just read it.

Mr. Howard: I know. That is why I was applauding.

Mr. Saltsman: Some hon. members have been wondering what happened to my hair during the last week. I might point out to the hon. member for Skeena that my barber probably read the speech he made and when he got me in the chair he took advantage of the situation.

An hon. Member: Go and see your doctor.

Mr. Saltsman: We will see a doctor after the government introduces medicare. In the report which came out of the inquiry into drug prices it was pointed out that one of the reasons for the high price of drugs in Canada was the size of the Canadian market. I quote from a newspaper article:

Mr. MacEachen said he believes a major factor in the cost of drugs is the size of the Canadian market.

• (2:00 p.m.)

We understand that manufacturers generally produce smaller batches in Canada than they do in the United States, while the cost of quality control is approximately the same. This naturally increases costs.

He takes the attitude that the market is too small. I submit that a nation of 20 million people is not a small market. It is not that the market is too small; it is that the kind of industrial organization we have in Canada produces inefficiencies which have to be corrected.

In one sense what I advocate, reduction in control and perhaps less concern for monopolies and combines, is a very dangerous proposition. I want to make one reservation, however, so that my position can be clearly understood. I think that unless we have a prices review board such as our party has been advocating for so long, the legislation, as ineffective, inefficient and inhibiting as it may be, must remain. If we are going to provide the kind of freedom which I think industry in Canada needs, we will also have to bring in its corollary, a prices review board, to see that this freedom is not abused.

I believe that such a procedure would require a minimum amount of government control. As I have said before, I am far more interested in public information about what is taking place in Canada than I am in public control. I have enough faith in the public to think that if they know what the facts are their influence and their force will be felt both in the marketplace and in the political arenas. The difficulty has been that we have tended to substitute inadequate legislation and enforcement for public information. The time has arrived when we must provide the maximum public information to the people involved and then depend on the real marketplace forces to ensure that the system operates properly.

In concluding, Mr. Chairman, may I repeat the main burden of my argument, which is that the present legislation is outmoded. It is important to consider a completely new type of legislation, specifically legislation that deals with protection of the consumer and a prices review board to provide complete and absolute information for the public.

Mr. Bigg: Mr. Chairman, the wartime prices and trade board was set up to make sure that when the nation was up against the wall and could not afford competition in times of high prices, prices would be kept stable. During the war, of course, it was easy to corner the market due to lack of free, international trade. Under this board there was a five or six year peace period in this field.

I should not like to see the wartime prices and trade board reinstituted in peacetime but on the other hand I think that the public have been gouged over the last 25 years and perhaps the combines machinery which attempts to prevent this problem needs a complete overhaul.

I am not going to mention cases, Mr. Chairman, because I do not think this is the proper place to do so, but there were one or two cases of large companies which were investigated by the Mounted Police some 10 or 15 years ago. In my opinion the $25,000 fine imposed at that time amounted to nothing more than a licence to combine. It seems to me that if we are to have anti-combines legislation at all, the courts handling these cases must be almost unlimited in their power to impose penalties.

I do not know why drug or glass companies should be prosecuted while oil companies, for example, are not. Although we know how difficult it is to bring the great international combines before a Canadian court, nevertheless I believe that sometimes their subsidiaries might well be brought to court in cases where there is reason to believe they are combining to the prejudice of the public by charging the consumer prices which have no bearing on the ability to produce oil and petroleum products in this country.

I do not think it is necessary to go into competition by producing oil under government control but I think that some sort of consumers bureau might well be set up. When the proper officials and the minister in charge of such a bureau feel that there is evidence to show that the consumers of Canada are being subjected to combines tactics, such combines should be brought before the courts and a penalty imposed which would be conducive to better trade practices. As I said before, and I think it is worth repeating, I do not believe that a $25,000 fine imposed upon the great glass combines or the big drug combines or oil combines is in the nature of a restrictive penalty at all. Such a penalty is nothing more than a licence to combine. It is quite possible that such a company would recover its $25,000 in a very few weeks simply by raising the prices of its products by one cent. In cases where there is no competition this becomes increasingly the case.

I do not know the details of the cost of producing drugs in Canada but it seems passing strange—and I am aware of this from one instance of personal experience—that certain pills can be bought by doctors for 1 cent apiece but are sold to consumers at anywhere from 2 cents to 40 cents apiece. If you happen to have the right outlet these pills can be purchased for 2 cents, 4 cents, 8 cents, 16 cents, 32 cents or 40 cents. Whatever the price the product is exactly the same.

In this regard one drug I could mention is what the layman calls "Orinace". These are pills which diabetics take and they cost the unsuspecting consumer 40 cents apiece. To my knowledge, Mr. Chairman, they are sold to a physician or to a drugstore for a cent apiece. It seems to me that a spread of 40 cents for something which is absolutely essential to some people for the maintenance of life is a form of price fixing or combining which should immediately receive the closest attention.

The present machinery for preventing combines is the Combines Investigation Act, though there are criminal implications. The same rules, for example, apply in the production of evidence. The only way in which evidence can be obtained to prosecute one of these combines is through the use of the law of conspiracy and the law of conspiracy is not a law which democratic people like.

• (2:10 p.m.)

If you put the responsibility for prosecuting on the shoulders of the Mounted Police you know what happens. That body is concerned with preventing breaches of the Criminal Code. When the R.C.M.P. have to be used as prosecutors, complainants and even in many cases as advocates in trying to enforce a law which is ineffective and obscure, then I do not think that kind of law should remain on the statute books. We should change it and make it effective or else do away with pretence entirely. I do not think it is the wish of the people of Canada, and particularly of this house, to have on the statute books a law under which the penalties are nothing more than a licence to combine.

The agricultural industry I feel is severely hurt by the prices of farm machinery as determined by combines. Numerous boards from time to time have been set up to look into prices of farm machinery. They have nearly always come up with the answer that everything is being done that is necessary and that we are getting co-operation in this country from the farm machinery companies. We have tried to change the tariff laws to bring about competition. As a matter of fact, most of our farm machinery companies are

either United States owned or their prices are very closely tied with United States prices. I do not think the price of machinery varies $50 one way or the other between Canada and the United States.

Farm machinery is essential to the welfare of western Canada. If the price of farm machinery keeps rising the small farmer will be squeezed out and then we will have combines in the agricultural industry. We are losing 70,000 farmers a year. Goodness knows for how long we can keep up that rate. We shall have no farm population left before long and combines will move into farming. The villages of western Canada will be depopulated and we shall have problems on our hands with people from the farms filling the cities because there is nowhere for those people to go even with the boom conditions that are said to exist at the present time.

I think combining with respect to prices has added more to inflation than anything else in Canada today. Instead of competing against one another the big companies set prices. As pointed out by the hon. member for Waterloo South, you find oil companies building service stations across the country and the rentals being paid by the small operators are passed on directly to the consumer. The companies do not care how many service stations are built across Canada because it is we, the consumers, who pay for them. If we do not pay for them in the gasoline sold to us, then we pay for them in the extra charges that the service station operator is forced to apply every time a car is repaired or repainted or when tires are changed and so on.

I know of no way to protect the profits of labour when construction companies and cement companies combine to put up the price to municipalities for laying sidewalks or paving roads. One would hope that some of the profit would be passed on to the man who drove the little truck and took the subcontract. That is not so. Even where there is competition you will find that the subcontractor has absorbed the whole amount of the cut in the contract price. Often the subcontractor has to pretend he is taking a fair price to deliver gravel or spread cement, and often he has to falsify his accounts showing how much money he has paid to the little man at the bottom because in cases of very severe competition the little man at the bottom is forced to subsidize the small contractor in order to have any job.

I think that the combines legislation should be reconsidered. It should have an economic basis and should be designed for the welfare of the Canadian public. Also, some kind of consumers bureau reporting to the minister ought to be set up. If the minister, on advice, considered that a flagrant breach of the law had occurred he could recommend that proper charges be laid under a revised statute. Again, I think that the imposition of penalties ought to be in direct proportion to the amount of damage done to the public. The penalties should leave no doubt in the minds of the companies involved that the federal act has teeth in it which can result in severe monetary penalties.

The Chairman: Shall the item carry?

Mr. Favreau: Carried.

Mr. Diefenbaker: We want an answer from the minister first, Mr. Chairman.

Mr. Favreau: Mr. Chairman, I should like to answer certain of the speeches made in this committee on my estimates but I thought the committee might prefer to carry vote No. 1. I would prefer to be allowed to speak.

[*Translation*]

Mr. Chairman, I must thank all the members for the interest they have shown at the stage of the first item of the estimates for various phases and areas of government affairs under my responsibility.

I know that even such remarks as may appear critical, are made with the utmost sincerity and for me, I consider them all to be honest attempts to present the government with suggestions that, in the opinion of the speakers, are worth making.

Two main points have been brought out in this debate. First, mention was made of the administration, the implementation and the possible amendment of the Combines Investigation Act and second, on the part of several hon. members of this house, the development of a policy that might be different as to the appointment of chairmen of royal commissions, to which some members related certain remarks on the efficiency of the act or lack thereof, and on the need to amend the Combines Investigations Act.

• (2:20 p.m.)

Also, the hon. member for Sherbrooke (Mr. Allard) brought up certain questions concerning federal-provincial relations.

The member for Greenwood (Mr. Brewin), in addition to other remarks on other subjects, said just a word on the Copyright Act.

Since there was only a word about this, I shall take it upon myself to inform the house, as minister responsible for the application of the Patent Act and as a former member of the royal commission that inquired into the matter of patents, as well as copyright and trade marks, that this is a question I have had the opportunity of going into and I am aware of the abuses that may be made of the copyright which is the ownership of creative works of others through photocopying machines and other similar modern apparatus. It is obvious that the consideration now being given to the copyright—I said a while ago that the hon. member had mentioned the Patent Act, reference, of course, is to the Copyright Act—is taking this into account.

On the Combines Investigation Act, I repeat that the house should not be under the impression—and no one is entitled to give such an impression—that work now being carried out is being done at a slow pace. I said that as soon as we conclude the very long discussions that my staff and myself, as well as the ministers and the staffs of some other departments have had and are having, I shall shortly be in a position to inform the house of the decisions finally arrived at by the government on the need to review the Combines Investigation Act. We are considering and completing a study of the best and most efficient methods of achieving this purpose.

It has been suggested earlier that the concept one should have of the Combines Investigation Act should be less legalistic, if I may use this term, than economic. That the government is aware of the extemely significant economic role of our entire system of combines investigation, of inquiry into and control of restrictive trade practices is evidenced by the fact that the new legislation providing for the establishment of the Department of the Registrar General will precisely entrust all administration, inquiry and research work related to combines investigation with a department, the responsibilites of which are judicial, of course, in some respects, but mostly economic.

This department will, in an orderly manner and within the framework of the Canadian economic policies of 1966 and the future, look after the enforcement of all these acts consistently and in accordance with the present economic policies of the government.

The member for Skeena (Mr. Howard) mentioned earlier the report submitted by the director of combines investigation and research for 1965, in which he clearly indicates that the administration of the act is subject to restrictions due to a shortage of personnel in the past and still today. He attempted to interpret the words of the director of investigation and research as blaming the minister and the government of the day; I think he is aware, as I am, that such is not the case. It is just the opposite.

He spoke of government interference with the enforcement and administration of the act in an attempt to restrain its effects. That the director of investigation and research feels quite free to make public certain deficiencies with regard to staff organization and other factors clearly proves that he has a free hand in his administration; he is far from suggesting that some interference might possibly restrain his action. This goes to prove that he is enjoying complete freedom of action.

• (2:30 p.m.)

[*English*]

Mr. Howard: I rise on a point of order. The minister is misquoting what I said. I did not say the government had interfered with the activities of the director or his staff. I said they had stifled potential activities by failure to provide the necessary staff. I did not say the government had interfered directly with the activities of the branch but that it had limited those activities by withholding funds.

[*Translation*]

Mr. Favreau: I am glad if I have misinterpreted the words of the member for Skeena; I am sorry to have put into his mouth words he claims not to have said, because I am quite sure he mentioned "curbing" the application of the act, which I thought meant some interference designed to overly restrict the action of officials.

With reference to the director of investigation and research, I must say that, recently, within the framework of the Organization for Economic Co-operation and Development, further proof was given of the confidence placed by other countries in the interest shown by Canada to all matters dealing with the control of restrictive trade practices, as well as in the competence of Canadian officials, through the appointment of our director of investigation and research, Mr. David Henry, as chairman of the committee of experts in restrictive trade practices of that organization.

It is a well deserved mark of trust and admiration, and I say that all other members of my staff working on the administration of the Combines Investigation Act are worthy

of the same praise and the same thanks for the competent way in which they fulfil their task.

But what the director wished to emphasize clearly in his report was precisely that Canadians should be shown the importance of implementing with the utmost energy the Combines Investigation Act, and told that all necessary measures should be taken to secure as adequate and as complete a staff as possible. I should say that, to this end, a large scale examination has been held the results of which are already being quite sensibly felt. But on the other hand, I must say that although a larger senior and intermediate staff has already been hired, we are nevertheless maintaining our efforts in this direction and we hope to reach a point where a sufficient number of people from the outside will have been sold on joining the department to enable us to implement all the projects we have in mind. But the Office of Investigation and Research, in spite of the somewhat limited staff available, has to date, surely accomplished a tremendous amount of work during the past years. It is well known that due to business development, industrialization, the number of investigations required has increased considerably and it is surprising that, in spite of all the work now being done within the Office of Investigation and Research, such a large scale investigation as that now being carried out on the trusts, or, if you will, the mergers, the regrouping of industries and trades, would have been undertaken.

I am told this survey is the most important ever undertaken by the investigation and research branch since its inception. To mention but one instance, in February 1966, with a staff of only 26 civil servants, 109 files were opened and 51 investigations are in progress; 14 other lesser investigations, shall we say, of a preliminary nature, are also under way.

I said a while ago that the government is aware of the need to consider the administration of combines investigations according to the economic needs of the country and also according to the particular needs of consumers. In this regard, I would point out that the government has asked the Economic Council to undertake an extensive survey of the relationship between prices, costs, productivity and income, with a view to defining means of maintaining our economic growth.

Second, the Prime Minister (Mr. Pearson) recently advised the members in this house that he had asked the Economic Council to make a survey to determine in which sectors federal intervention might prove useful to the consumers, the extent to which it should be done and the means of doing it. This proves that the government is well aware of the perspectives in which our Combines Investigations Act should be applied, as well as of its role with regard to the consumers.

The need to revise and re-examine more closely the said act was discussed earlier, especially when my estimates were first brought up. The right hon. Leader of the Opposition (Mr. Diefenbaker), with the obvious intention of proving to be objective, and with great moderation, suggested that the government define a new policy in this field.

In this connection, I must say that I do not intend to start a debate on the advisability of changing the government policy followed for many years in connection with the appointment of chairmen and members of royal commissions. This is not my responsibility. If some royal commissions are included in my estimates, it is not because I am responsible, as President of the Privy Council, for their work and even less for the appointment of commissioners and the procedure related thereto, but the votes of those commissions reporting to the government and to the Prime Minister are included in the estimates of the Privy Council for purely administrative and financial reasons.

It is clear that the remarks made by the Leader of the Opposition and by other hon. members, namely those for Peace River and Greenwood (Messrs. Baldwin and Brewin) will have to be studied seriously. However, I can say that, as a member of the bar and as a citizen, I fully agree with the remarks made about the need, in any case, to review, reconsider and revise the Canadian Investigation Act. It is clear that it does not give enough directives.

Second, as mentioned earlier by the hon. member for Greenwood, even if enough scope must be left the commissioners, more rigid standards could probably be imposed and, third, some procedures which do not exist at present in the act and which are not available to the commissioners should be included, in order to make the commissioners' work more flexible and above all more efficient.

I think I will not say more on this matter. I repeat that, as President of the Privy Council, I am not responsible for the appointment of the commissioners, and it will be easily understood that if any government policy is to

be elaborated, it is not for me to announce it without consulting my colleagues.

With regard to the remarks made by the hon. member for Sherbrooke about the federal-provincial conferences and the advisability to create a committee of the house or a joint committee of the house and the senate to examine the constitution as a whole or some aspects of constitutional questions, he recalled, in other words and in another way, a very important suggestion previously made in the house by the hon. member for Greenwood as well as by other hon. members, namely the hon. member for Peace River, and the house can be assured that this matter is now under very serious consideration by the Prime Minister who is mainly responsible for federal-provincial affairs. As far as I am concerned, when I was appointed President of the Privy Council, the Prime Minister told me that he was entrusting me with some definite responsibilities in that field, in order to ensure the co-ordination of several elements. But I want to assure the house that this matter has not been put aside and that neither the Prime Minister nor the government intend to overlook it without giving it, as I said, the most serious consideration. It will be understood that there are several factors involved and that there are decisions to be taken in a rather complex field. But I ask the house to take my word on what I have just said—I understand that, in theory, an hon. member's word must never be questioned, but there are times when some delays might imply that there will be others—because I repeat that the matter is now under consideration, not only serious but very active. I wish to thank the honourable members once again for their interest in the department and in the fields under my responsibility, and I can assure them that all the remarks and representations made, in their respective sectors, will be taken into serious consideration.

• (2:40 p.m.)

[*English*]

Mr. Howard: Mr. Chairman, I should like to follow up by asking several questions about the activities of the combines investigation branch. Is it the desire of the President of the Privy Council that we ask these questions now or wait until we reach consideration of the vote relating to that particular branch?

Mr. Favreau: Mr. Chairman, I would prefer that hon. members wait until we reach consideration of the specific item. I have not suggested that hon. members be limited in their questions under vote No. 1 in respect of matters which relate to the administration of the combines investigation branch because the administration of that branch is part of my responsibility. However, I think it would be preferable to discuss this activity when we reach the estimates of that branch. They are not included in these estimates.

Mr. Howard: Mr. Chairman, will the estimates relating to the combines investigation branch be dealt with when the estimates of the Department of Justice are called?

Mr. Favreau: I believe the specific items are inserted in the estimates of the Department of Justice. I propose to be here when we consider those estimates and when we consider the estimates concerning patents, copyrights, trade marks and corporations.

Mr. Howard: Am I correct in assuming that the estimates relating to the combines investigation branch and the Restrictive Trade Practices Commission will not be called today immediately following passage of the estimates now before us?

Mr. Favreau: They will be considered if the estimates of the Department of Justice are called today.

Mr. Howard: They will not be called today in conjunction with the estimates of the President of the Privy Council?

Mr. Favreau: That is right.

Item agreed to.

Ministers without portfolio—

5. Payment, notwithstanding anything in the Financial Administration Act or the Senate and House of Commons Act respecting the independence of parliament, to each member of the Queen's Privy Council for Canada who is a minister for whom no salary or allowance in addition to the allowances under section 33 and section 44 of the Senate and House of Commons Act is provided (the acceptance of which shall not render such member ineligible or disqualify him as a member of the House of Commons) of a salary of $7,500 per annum and pro rata for any period less than a year, $7,500.

10. General administration including expenses of a pilot program, undertaken by volunteers, to advance social and economic development in community affairs, $2,703,000.

Mr. Howard: This item refers without any formal title or legislative effect to a pilot project, the activities of The Company of Young Canadians, and I should like to express again a thought I put forward the other

day at a meeting of the committee on northern affairs or Indian affairs.

It should be of great concern to the government to consider very seriously the involvement of this group particularly with respect to our native Indian population when it gets into operation. As I suggested the other day, these people should keep out of the hair of our Indian people and allow these social activities to proceed under the aegis of the Indian affairs branch of the Department of Northern Affairs and National Resources.

If The Company of Young Canadians is to become involved in any aspect of the life and culture of our native Indian people then presumably it is for the purpose of filling a vacuum which has not been filled before by the Indian affairs branch or the respective provincial governments. This may involve another group of people in the affairs of our Indian population at a time when these affairs are being looked after by the federal Indian affairs branch, and to a lesser degree by branches of provincial governments, particularly in respect of co-operative community development.

I do not think that The Company of Young Canadians should be involved in any aspect of the lives of our Canadian Indian people primarily because the federal government is heavily involved in conjunction with the provincial governments. I say this particularly because I hope we are all conscious of the objective of promoting self-government for these people at the earliest possible time.

Our limited experience of the activities of do-gooders and enthusiastic outsiders concerning the affairs of Indians has not been good. It is a fundamental reaction on the part of human beings to resent the intrusion of outsiders in our affairs, whether these outsiders be of Scottish, English, Irish or native origin. I can well imagine the reaction of certain communities in British Columbia to a group from southern Ontario telling them how to organize their municipalities and run things. I am sure there would be an immediate resentment toward this well-meant intrusion by a group of outsiders.

In this sense The Company of Young Canadians would be a group of outsiders if they became involved in any way in working with native Indian peoples. This would be likely to develop a resentment against the company itself. I suggest that this group of young Canadians should not become involved in any way with the affairs of Indian people except as an adjunct to the operations of the Indian affairs branch and only if the native Indian people themselves agree.

• (2:50 p.m.)

Only if these two things are treated as prerequisites to any activity on the part of The Company of Young Canadians will there be any chance of success in so far as working with the native Indian peoples are concerned. I leave those two thoughts with the minister because he is responsible for the administration of this pilot program. If he has anything to do with the company when it finally gets into operation, or whoever does have anything to do with it, I would strongly urge that this course of action be followed. Otherwise there will simply be, as I say, a reaction on the part of the inside group against intrusion into their affairs by a group from the outside. This reaction will be compounded and made even worse in a situation where the group from outside is young and enthusiastic because in most cases they may well be incapable of appreciating the full cultural value of the native Indian people and will thereby make matters even worse.

I gather that this has been the experience in some places in the province of Saskatchewan. Although I do not know the details, I understand that a group of university students either on their own initiative or sponsored by somebody else, a group of friends, as they call themselves, of the native people, visited last summer and I think again this year various Indian villages and lived with the people. I understand that these students were extremely gentle in their approach, extremely careful not to be intruders and to refrain from giving any advice on local matters. They were only there, as they said, to understand. But even with that sort of approach a reaction developed against them on the part of a number of native people. I do not know the reason for the reaction. It may have been the immaturity of the individuals involved. It may have been a reaction against a group of outsiders. It may have carried with it the flavour of racial differences which exist and the result of some years of racial discrimination, even in a mild way, which has been practised in some parts of our country against native Indian people.

Whatever the reason there was a reaction against this group, and all the potential good the promoters of this scheme conceived might come from it came to naught in certain cases. In fact it may well have set back any concept of a cultivation of the native Indian peoples.

I say that this limited experience provides a guidepost in the field of the activities of The Company of Young Canadians, namely, that it should stay out of the way.

Mr. Schreyer: Mr. Chairman, while we have had a relatively full discussion on the setting up of The Company of Young Canadians on second reading of the bill and its consideration in committee, nevertheless I think it is appropriate to direct a few questions to the minister during the consideration of his estimates. It would seem that by the end of the current fiscal year parliament will have appropriated over $120,000 directly for organizing The Company of Young Canadians and to allow it to carry out a pilot program in its first year.

I would ask the minister whether he does not think it proper and right to give us some detailed, specific information as to the scale of honorariums and the salary level of the executive director of this company. I have tried to determine whether this information has been given in a white paper or a speech by the sponsor of the bill and I must confess that so far I have not been able to do so. I have not seen any figures or estimates as to what honorariums are likely to be paid to these young volunteers. Neither has there been any mention of what the salary of the executive director will be, who I presume will be considered as a full-time public service official and will probably draw a salary of a relatively high level. I would ask the minister whether he is now in a position to elaborate on this point.

Mr. Favreau: Mr. Chairman, I must first say that I have not participated in the debate on The Company of Young Canadians because it is not a company that is under my present responsibility. However, as the budgetary provisions are included in my estimates I will read from my book in this respect to try to give the hon. member the information he seeks.

The hon. member has asked what the salary of the director will be. I see here that there will be a director and provision is also being made for an associate director. The present estimates provide in the case of the director for a salary scale between $18,000 and $22,000, but for this year $20,000. In the case of the associate director the salary scale provided is $15,000 to $18,000, but for this year $15,000. So far as the honorarium to be granted each of the volunteers is concerned, at least for the period of training—I cannot assure the committee that this is exclusively for the period of training although I believe it is for their period of exercise, if you like—it is $50 per month plus living expenses, of course during training the maintenance of a volunteer is expected to amount to $8.50 per day for 56 days and for 300 volunteers the provision is $142,800. For the lecturers and trainers in the first group of 200 volunteers there is provision for $33,600, and for the second group of 100 volunteers, $16,800.

Mr. Schreyer: Very briefly, Mr. Chairman, I should like to say that the honorarium is in the range I would have expected, namely, $50 plus expense money. We understand that these young people will be living it in the rough and the expenses incurred will be relatively small. I do not think anyone would take exception in the slightest to this aspect of the program. However, the minister mentioned the proposed salary to be paid the executive director, and I am wondering whether this might not in itself cause some misgivings or dissension within the organization. If young people are to give of their time and effort for an honorarium of $50 a month, $600 a year, I am sure many will begin to question working with a director who is paid between $18,000 and $22,000 a year.

I realize of course that the situation in the United States is pretty much the same. There the volunteers in service are drawing an honorarium of about $50 a month plus a small expense allowance. I believe the director in the United States is drawing a salary in the range of $30,000 to $35,000 a year. Despite this I wish to put on record my misgivings about this great disparity between the incomes of people who are working to the same ends in the same program which is being established by this parliament.

• (3:00 p.m.)

Item agreed to.

15. Expenses of the royal commissions listed in the details of the estimates and the expenses of the preparatory committee on collective bargaining in the public service, $1,559,600.

Mr. Howard: I would like to make an inquiry under vote 15. I find here an antiquated item called "Expenses of the Royal Commission on Pilotage" which seems to have been in existence almost since creation. The sum for this year is $187,600 while for last year it was $212,800. Can the minister tell us how much has been spent on this royal commission on pilotage?

Mr. Favreau: For the period 1963-64 the total expenditure has been $213,460. For the period 1964-65 it was $185,178. There is also a forecast, for 1965-66—because the exact amount has not yet been ascertained—of $178,900.

Mr. Howard: Pilotage is an extremely vital matter because the lives of Canadian and other sailors are involved in the activities of pilots.

When the royal commission was first appointed at a time when the present Leader of the Opposition was prime minister, it was expected that the commission would move with some dispatch and present its report at an early time. It will be recalled that a few days ago I inquired of the Prime Minister about this matter and he answered that he did not expect the royal commission to present its report before the end of this year. I see the President of the Privy Council is trying to indicate something.

Mr. Favreau: I can give the hon. member some information but I must point out that I am not personally familiar with the work of the commission, because it does not report to me. However, there is some information which I can give the hon. member, and which indicates that the commission's terms of reference are very broad in scope with the result that the inquiry is much longer than was originally anticipated. The public hearings which were originally expected to last only a few months eventually took 175 days of the commission's time in public sessions. More than 400 witnesses were heard, and the commission compiled a record of 175 volumes of the transcripts of evidence together with approximately 2,000 documents many of which were in bundles, that were entered into the commission's records as exhibits. The commission is now actively engaged in the review and analysis of this evidence, various research studies and the writing of its final report.

The information that I have confirms what was said by the Prime Minister that although we thought the commission would be able to report at the end of the last session it is now evident that its report will be handed to the government at the end of this year.

Mr. Howard: All the minister is saying is that the government seems to approach this particular commission's report with an air of embarrassed recognition of the fact that it has been too long delayed. I raised this matter in the hope that the royal commissioner will speed up whatever he is doing.

I will refrain from making any comments about the other royal commissions which are listed here, such as the commission on bilingualism and biculturalism, because I have already expressed my views on them on other occasions, and I have not changed those views.

Mr. Diefenbaker: There are many matters in connection with royal commissions on which I would like to secure information from the minister. The first one has to do with the commission on biculturalism and bilingualism. This has been a lengthy and costly commission, which up to the present has cost the government approximately $4 million. Can the minister indicate to the house when this commission may be expected to report and what is the further expenditure to be incurred by it.

I should also like to ask the minister if and what countries it has visited, whether it has been in Puerto Rico, and how many members of the commission have travelled to that salubrious area. Can he tell me what particular matters of a health nature the commission has considered in its visit there in connection with the problems of bilingualism and biculturalism?

Furthermore I wish to ask the minister whether the government has in mind any changes or alterations in the formula for amending the constitution and whether changes are expected to be made following the report of the royal commission?

This reminds me that the hon. member for Mount Royal is quite an authority on this matter and has adopted an attitude to the question of amendments to the constitution which I hope will bring about changes in the thinking of the government both by direction and possibly by osmosis. I do hope that some of his ideas have permeated the mind of the President of the Privy Council. I should like to point out that the parliamentary secretary to the Prime Minister has an unusual viewpoint on this matter and one that is synonymous with the one expressed by Her Majesty's Loyal Opposition.

Still speaking about royal commissions, may I ask whether the minister is in a position to advise us whether Commissioner Spence has given any indication of when he will present his report. Will he do so before the end of this session, or will he be restrained from presenting it before the house adjourns?

In that connection I wish to ask the minister whether a new schedule of fees for counsel has been arrived at. I know that the chief counsel receives $450 a day while the junior counsel receives $250. Is this the new revised version to meet the increased cost of living in this country? These are just a few matters on which I am sure the minister will be in a position to give a complete answer.

Mr. Favreau: I hope that the right hon. gentleman, whose wit is very well known, has once more spoken with tongue in cheek in putting those questions to me. He knows that the Royal Commission on Biculturalism and Bilingualism does not report to me and that I am only informed of the figures which are placed in the estimates, and the annotations and explanations for these figures. I must point out that I am not in a position to know when the commission is expected to make its final report. It has made an interim report already, and has studied a considerable number of presentations and reports. It is presently pursuing, through its research division, considerable studies in eight fields in particular.

• (3:10 p.m.)

In so far as the Spence commission is concerned, I have no indication of what work is being done. I have had no indication, directly or indirectly, as to what time it is expected to report.

Mr. Diefenbaker: Will the minister let the house know something about the activities of the commission on biculturalism. He made the statement that they were conducting some research activities. Can he tell us something about the unusual questions that are being asked of the armed forces as to their category, as to whether they belong to the high class, low class, middle class, intellectual class and the like? I am sure there must be some minister from whom this information might be secured, now that there has been this reorganization of the government to assure efficiency, effectiveness, and above all capacity to act.

The minister must be in a position to give some of this information. I would say to the minister that this divided responsibility is rather dangerous to the effectiveness of the operation. I know, now that these various matters have been placed under his control, they will be met head on. Surely he must have some responsibility, other than simply advising the house that there is a commission and what it is doing. I have no information. I do not know where it is. What its expected life is, has not been vouchsafed to me. After all, we have spent $4 million on the commission on bilculturalism and bilingualism, and everything that was found and recommended in its initial report could have been written by anyone without very much trouble, certainly without the expense that has characterized this commission. I think it is the top of the shelf expenditure commission.

Has the minister any information regarding the perambulations or peregrinations of the commission? To what parts of the world have they been? What have they sought? What they sought, did they find? These are the things about which one wonders. If the minister is in a state of uncertainty, he can understand how the opposition must be in the same state. However, if there is some minister from whom this information can be secured, I certainly will not pursue it because I do not want to place the minister in a position of having to admit that, while he reports to parliament on the amount of the expenditure, what is done with the money nobody knows.

Mr. Herridge: Mr. Chairman, just before the minister replies I want to bring it to your attention that there is an unauthorized person in the press gallery.

Mr. Diefenbaker: There must be a star in every firmament.

Mr. Favreau: I hope that the right hon. gentleman will not try to convey the impression that any member of this government is not fully interested in a commission which, in my view, is one of the most important that has ever been established in this country. The role of this commission in national unity should be accepted by all concerned as being of major consequence.

The right hon. gentleman has asked for certain particulars as to the travelling of the commission. I must say that, personally, it is not my function to take note daily or periodically of what the commission does by way of travelling. I believe he knows to what extent the commission has travelled in Canada and to what extent it has travelled outside of Canada. Personally, I am not aware, and it is not my function to be aware of this by virtue of my post. I might be interested, but it is not my function to ask the commission for reports about that. As President of the Privy Council, it is not my function to give the

commission directions or recommend what it should do.

Mr. Churchill: How are they spending the money?

Mr. Favreau: If the right hon. gentleman wishes, I shall read from the information I have here. It might be unfair to the house because it is quite long, but it relates to the activities of the commission on bilingualism and biculturalism. If questions were put on the order paper, the procedure would be simpler.

Mr. Aiken: This is the place to do it.

Mr. Favreau: The commission held a preliminary hearing in Ottawa on November 7 and 8, 1963. Institutions, organizations and private individuals were invited to explain their conception of the commission's terms of reference and to state their views on what procedure it should adopt. Seventy six people appeared before the commission at this hearing. During January, the chairman of the commission, accompanied by the secretary, visited the premiers of all the provinces in order to solicit their co-operation, especially in the field of education. In the course of these visits they met many people of consequence, and therefore the members contacted the general public in each province.

The commission held 23 regional meetings. They were, in effect, informal hearings which took the form of one or two day conferences or seminars. The participants ranged from 100 to over 700 persons at individual meetings. The commission met with and listened to the views of a total of between 10,000 and 12,000 individual Canadians of many different backgrounds, occupations and age groups. the commission has now held formal hearings in eight cities across Canada, that is Vancouver, Quebec, Ottawa, Montreal, Toronto, Winnipeg, Halifax and Moncton and will be finishing this aspect of its work with hearings in Edmonton and Regina, and a second session in each of Winnipeg, Montreal, Toronto and Ottawa.

• (3:20 p.m.)

In conjunction with the hearings, and at other times, the commissioners will be continuing their private and less formal meetings with a cross section of Canadians, as well as attending relevant conferences and other gatherings. The program and liaison division, which was originally responsible for planning and implementing the commission's regional meetings, arranging commission hearings and programming other public activities, has been reduced as the commission's functions have changed. A small staff remains to arrange the last series of hearings and to maintain the necessary contacts with voluntary and other organizations and agencies whose work is of direct interest to the commission.

With regard to briefs, the commission has received to date 383 briefs from all over Canada and will receive more in the next few months. These briefs have now been analysed and summarized by the staff for the commission's work, excepting those received recently.

The distribution of French and English briefs in the whole of Canada is as follows: French, 98; English, 219; bilingual, 66. For each province the list is as follows: Newfoundland, 1; Prince Edward Island, 2; Nova Scotia, 6; New Brunswick, 9; Quebec, 104; Ontario, 156; Manitoba, 48; Saskatchewan, 12; Alberta, 26 and British Columbia, 19.

The commission has prepared and submitted to the government a preliminary report dealing with its findings at the time of the report. The research is entrusted to a research division which comprises 71 full-time and 11 part-time staff. The research activities of the royal commission began after a planning period in June 1964, and the subjects for study have been organized in eight divisions, which are respectively headed demography and statistics, institutional studies, behavioural studies, federal public service, social and economic studies, education, mass media and communications, and language and culture.

The commission is now moving into the detailed and systematic integration and analysis of its material and information. The findings from the comprehensive research program and the material in briefs and gathered through the commissioners' own many meetings, hearings and discussions are being combined and studied. Several internal processes have been instituted to permit the most effective use of materials and staff resources in assisting the commissioners toward their conclusions, and the statement of these in reports to the government.

While the commissioners will continue meeting with groups and individuals as their internal work matures, and staff groups will continue programming public activities and monitoring current events, the major emphasis now will be on the systematic analysis of findings and the development of conclusions and recommendations. Staff resources are being realigned to meet this shift in function.

Supply—Privy Council

Mr. Diefenbaker: Mr. Chairman, I am very grateful to the minister for that detailed information. However, he did not give us any idea when the commission is going to report. I was wondering whether the commission is in the position of endeavouring to give interpretation to the Biblical words "from everlasting unto everlasting".

Possibly the minister would also tell the committee what reports were secured from Puerto Rico. He covered the various parts of Canada, but it might be of interest to know what reports came from Puerto Rico and other areas abroad. No doubt the minister can furnish this information.

The minister also mentioned it would be much easier if we were to place these questions on the order paper. Our experience has been that when we have put them on the order paper we are not given the answers. We do not too often have the privilege of being able to ask questions of a minister, who has available to him all the information on matters like this.

I should also like to find out how much has been paid to date to the two chairmen of the commission and to the members of the commission. How much have they received to date? After all, these are matters of importance. A commission that holds $4 million worth of sittings and which intends to hold many more million dollars worth of sittings is naturally one in which the taxpayer has some interest. It is only because of that fact that I burden the minister with obtaining this information, which I should like to have.

Mr. Favreau: Mr. Chairman, I have here the global sum paid for three years, as well as the amount provided in the present estimates, for the commissioners' honoraria. The total amount paid for 1963-64 was $51,450.

Mr. Pugh: Each?

Mr. Favreau: The total amount. The total amount paid to the commissioners for the period 1964-65 was $129,300. The total amount forecast for 1965-66 is $140,000. The amount placed in the estimates for this year is $140,000.

Mr. Diefenbaker: I am sorry, Mr. Chairman, I did not quite get those figures. How much have the chairmen received to date by way of honoraria?

Mr. Favreau: I am sorry, Mr. Chairman, I do not believe I have those figures. I will take the question as notice.

[Mr. Favreau.]

Mr. Howard: Mr. Chairman, I was intrigued with the response given by the minister to the Leader of the Opposition in connection with the research activities and staff of the commission. I drew the comparison in my mind between this and another form of research about which we were speaking earlier. It seems to me that this is fairly indicative of the disorientation which exists among the members of the government over the relative importance of matters in this nation.

I do not want to get into a discussion about the B and B Commission and its soup to nuts approach—a fair amount of which is nuts, incidentally—but I would draw a comparison between this type of research and the necessity for research into economic activities by the combines investigation branch.

Listed in the estimates for the 1966-67 fiscal year for the entire operation—not just for research but for the entire operation—of the combines investigation branch is the amount of $903,200, while the royal commission on bilingualism, and for such an absurdity as biculturalism, for 1966-67 has opposite it the figure of $1,200,000.

• (3:30 p.m.)

It seems to me if you put a little more emphasis on the research dealing with economic products and economic activities leading to some corrective measures, in so far as our economy is concerned, that you would be doing this nation an awful lot more good than you are by continuing to dip into the taxpayers' pockets to pay for a royal commission which, from my reading of the interim report, will probably accomplish nothing more than paying out fantastic amounts of money for individuals to exercise their imaginations in developing concepts and theories as to what should and should not exist in Canada.

[*Translation*]

Mr. Favreau: The commission submitted a program to Treasury Board concerning the expenditures which were subject to control and because of that control, Treasury Board evidently continues to control the expenses of the commission.

Certain projects were reduced and finally a comprehensive program was assumed for the fiscal period for which expenditures are required from the house.

It must be noted that the staff salaries which amounted to $1,132,700 last year in the estimates voted by the house, were reduced this year by $574,700, to $558,000.

The professional and special services for which the house had voted $952,100 last year were reduced by $797,100, to $155,000 in this year's estimates.

While last year's appropriations for travelling expenses amounted to $135,000, this year's estimates are set at $100,000.

[*English*]

Mr. Starr: On a point of order, Mr. Chairman, I wonder if the minister would talk a little more slowly. The translator is having difficulty, and we are not getting all the figures. I think the minister is talking too quickly. Could we start the figures over again?

[*Translation*]

Mr. Favreau: Printing and office stationery, supplies and equipment expenses have been increased from $70,000 last year to $193,000 this year. But this increase was required for the printing of various material, including any report the commission would publish during the current fiscal year.

The reduction in this year's budget, which is more particularly reflected in the estimates the house is asked to vote this year, compared to last year's estimates is $1,163,900.

[*English*]

The Deputy Chairman: Shall the item carry?

Mr. Johnston: The right hon. Leader of the Opposition asked the questions I was going to ask on this report. I regret that the answers he received were not as clear as I would have wished them to be.

I have only one suggestion to make to the minister. When the report is finished will he make it available to the Secretary of State, at no extra charge, as the basis for scripts for the proposed new motion picture industry, the introduction of which I shall support. It seems to me that scripts taking four years to prepare, costing $6 million, having their action filmed in Vancouver, and on locations in the Okanagan district, and with the one star appropriate to the B and B Commission, would start the industry off to a smashing success.

Item agreed to.

Economic Council of Canada—
20—Administration, $1,170,600.

Mr. Macquarrie: Vote 20 deals with the Economic Council of Canada. Very often, in our system of doing things, we have commissions the reports of which pile up in great volumes in libraries of administrative information. The Economic Council of Canada is much more than a royal commission: It is a continuing body with a duty to report to the minister on how to achieve the highest possible levels of employment and efficient production. This, as we see, is a reasonably costly operation even in these days of astronomical figures.

My intervention is not to suggest that this council is too costly, but to say that in my opinion its worth is seemingly not appreciated by the government. I say this because I have not seen reflected at all in governmental policies the most excellent treatise which the Economic Council of Canada has produced in its second annual review. I shall watch carefully how the government deals with the important recommendations made by perhaps the most eminent group of economists applying themselves to the most fundamental economic questions facing the country. I do not think we should look upon this as just another vote in the estimates, and that we should look carefully at whether or not the government has taken cognizance of what this tremendously competent and qualified group recommends.

Of all chapters in the second economic review, the longest and most detailed is chapter 5 dealing with the question of regional growths and disparities. It deals brilliantly, I think, with the age old problem of economic inequalities under which the Atlantic region within confederation has laboured for so long. It clearly sets out some of the ways in which these inequalities have become even greater in recent years, and indicates that it is the responsibility and the task of a national government to take account of the inequalities which some regions endure because of the very nature of confederation.

• (3:40 p.m.)

I have seen nothing to indicate that anyone on the government side has read, inwardly devoured, or been moved at all by the recommendations of this important council as far as the Atlantic provinces are concerned. The document contained in chapter five of the second annual review was impressive. I have seen nothing since the Rowell-Sirois report, the basic document of the economic state of confederation, to equal this. I say to the minister, who has a great responsibility for dominion-provincial relations, that the

findings of this top-level group should be read and put into practice.

I see nothing in the Deutsch commission findings which suggests it would be helpful to the economy of Canada or to the economy of the Atlantic regions to defer construction of the Prince Edward Island causeway or take any action which would restrain the economic growth of a region which is so painfully lagging behind the national average, as is so clearly documented. This is one project I intend to keep close to my heart and, although I am a man of very few words, perhaps very close to my mouth in the months ahead. I should like to see someone over there read the annual review.

Mr. Howard: We in the New Democratic Party, having endorsed officially the concept of the Economic Council of Canada, are also somewhat dismayed about its brief history, especially from the point of view of government reaction to the various studies and reports which the council has made. It would seem to me that if there were any sincere desire on the part of the government to activate itself in the field of economic planning, or to gear the results of its own activities as far as they affect the economy to the studies and research carried out by the council, it would do something more then simply acquire copies of the various reports for the purpose of hiding them away in some library where they could be consulted by people willing to seek them out.

Instead, the government would follow up these recommendations by a cabinet determination of what should be done to deal with the questions raised by the council and the problems which its research activities have brought to light, ensuring thereby that Canada will progress economically at the most advanced rate possible.

I wish to buttress the concern of the hon. member for Queens by saying that there is not much point in our continuing to vote funds for an eminent group such as the Economic Council of Canada if its members are merely concerning themselves with an exercise in futility, developing ideas and information the fate of which is to be disregarded and unused for value, as far as the Canadian people are concerned.

[*Translation*]

Mr. Allard: Just a word, Mr. Chairman, further to the remarks of the two hon. members who have just spoken precisely about the work of the Economic Council.

[Mr. Macquarrie.]

Well, I believe that, in this field as in many others, we in Canada are witness to studies on the part of the government, sponsored and ordered by the central governments, and the provinces, like the province of Quebec, have also undertaken studies that set up an Economic Council.

Now, you see, I remember that in 1958—I do not have the reference here—with regard to the very important problem of Canada's economic development, I suggested setting up a federal-provincial Economic Council, which would have included members appointed by the central government and members appointed by the provincial governments, and experts appointed by both levels of government.

Of course, my suggestion was not picturesque enough to impress the government of the day and the one which followed. In any event, we now have after eight years, Mr. Chairman, a second volume of the Economic Council which the hon. member for Skeena (Mr. Howard) refers to as informative work, the suggestions of which are not implemented or which do not give effective and visible results.

We have the government of the province of Quebec which has also set up an Economic Council which is to publish its report soon. Therefore, we have advance assurance that the positions of the two councils with regard to Canada's economic problems are different.

What then is the use of these studies, as some hon. members have pointed out, if research and other working projects are not properly co-ordinated at the different levels of the federal and provincial governments.

That is why I would suggest that the hon. minister consider the possibility of the government better co-ordinating economic research and planning in the country, for the economy is the responsibility of the federal government but the provinces also have a degree of economic responsibility.

Indeed, we know that the different governments, such as that of Mr. Lesage and the recently elected Mr. Johnson intend to assume economic responsibility and even ask the Minister of Finance (Mr. Sharp)—as I believe also in the case of British Columbia—that they be consulted before the federal budget is drawn up. All this is fine with regard to co-ordinating the economic development of Canada.

I would ask the hon. minister to study the possibility of changing the Economic Council

of Canada which has done everything it could to date and executed many projects, but which has been unable to co-operate with all the provincial governments in co-ordinating economic development, so as to interest the provinces and their experts there are qualified officials in the federal government departments in Ottawa, but there are also fully-qualified officials in the provincial departments.

I am sure the provinces, for example British Columbia, Alberta, the Maritimes, and Quebec also have officials they would be happy to send to participate in a study of the co-ordination of economic development in the country.

[*English*]

Mr. Gilbert: I should like to ask the minister a question. I am under the impression that the Economic Council of Canada is making a study of prices and the high cost of living. This was indicated in reply to questions by the leader of this party and other members of the committee. Can the minister tell us how this study is going on and whether the council is yet in a position to make an interim report?

Mr. Favreau: In my original remarks I referred to the fact that this study was being made, when I mentioned that the new department of the registrar general was being established. The department will be concerned with the status of the economy and steps which may be taken in the context of particular economic policies of this government as they are being developed and, I must add, in the light of recommendations of the Economic Council.

• (3:50 p.m.)

I am not in a position to say whether or not an interim report is expected shortly. I know there is general agreement that this is a very efficient organization and that it should be assumed their work is proceeding at a pace which is consistent with the responsibility they have. In March 1965 the government of Canada requested the council to conduct a broad examination into the relationship of prices, costs, productivity and incomes to a sustained economic growth. A basic study of this nature had not been undertaken previously in Canada and there are significant gaps in information and analyses which must be filled. The council initiated a special program of research and analysis to compile information necessary for such a study. Additions to the professional staff of the council and special arrangements to secure assistance of outside experts are being made to carry out research on a number of aspects of this field, including an examination of how the objective of maintaining reasonable price stability has been approached in other countries. I am advised that this study, at least in great part, will be the basis for the annual review of the council.

Item agreed to.

GOVERNOR GENERAL AND LIEUTENANT GOVERNORS

1. Office of the secretary to the Governor General, $387,100.

Mr. Macquarrie: Mr. Chairman, once more I should like to raise a question which I have brought up previously and that is the rationale behind the differential in the salary of the Lieutenant Governor of the province of Prince Edward Island and the lieutenant governors in other provinces.

Mr. Favreau: This is a statutory salary passed by this parliament.

Item agreed to.

5. To authorize reimbursement to the lieutenant-governors of the provinces of Canada of the costs of travelling and hospitality incurred in the exercise of their duties up to a maximum per annum for each as detailed in the estimates, $142,500.

Item agreed to.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

30. Administration, operation and maintenance including expenditures on works on other than federal property, grants, contributions and special payments including those specified in the sub-vote titles in the estimates, recoverable expenditures under agreements entered into with the approval of the governor in council with the governments of the provinces and territories and with local school boards in respect of social assistance to persons residing on Indian reserves other than Indians and the education in Indian schools of children other than Indian children, authority to make grants and contributions pursuant to agreements entered into with the governments of the provinces or the territories or other groups or authorities approved of by the governor in council for the provision of welfare and other services to Indians and to authorize the Minister of Northern Affairs and National Resources to provide, in respect of Indian commercial activities, for the instruction and supervision of Indians, the furnishing of materials, the purchase of finished goods and, notwithstanding any other act, the sale of such finished goods, $72,749,500.

Mr. Aiken: Mr. Chairman, is the minister going to make a statement?

Mr. Laing: I had not intended to do so, Mr. Chairman.

Mr. Aiken: The hon. member for Brandon-Souris intended to be present to make a few comments on these estimates. He may be here before they pass or he may not. If he comes in later, he has a few things to comment upon. These estimates, however, were considered fully in the standing committee and a very good overhaul of the procedures was undertaken at that time.

There are several things which I shall remark upon briefly. One refers to the question of Indian housing, the special program that was announced. I think the investigation by the standing committee indicated that the whole housing program still is very vague and has not yet been pinned down to the point where anyone can go to an Indian band readily and tell them exactly what is involved. One thing which particularly concerned several of us who were on that committee is the fact that there seemed to be three particular methods by which housing may be established on an Indian reserve. It may be housing built under the special aegis of the federal government for needy Indians, in which case the house is essentially free.

The department also is giving consideration to working out a procedure whereby Central Mortgage and Housing Corporation can advance loans for house construction on Indian reserves and, third, there is a possibility of a federal-provincial arrangement for construction of these houses. The one question which was not cleared up completely in the standing committee was as to who gets the free house and who will have to pay for it. This is a very essential question which could not be answered in the committee. The minister may be able to clear this up. Certainly if two persons on an Indian reserve want a house and one manages to get the government to build it for him free—while the other has to pay for it, it seems slightly unjust.

The second thing which I wished to mention is the fact that the committee in its report has included a request to visit some provincial councils and several reserves over a period of time in order to supplement the work they did during the committee meetings. It seems to me that essentially this is a good program, because I believe it will indicate that the members of this house are not only interested in Indian affairs but also are prepared to go to them and speak to them directly.

Mr. Chairman, these are the only comments I wished to make on these estimates. If the hon. member for Brandon-Souris does return, he may have some further remarks to make.

Mr. Howard: Mr. Chairman, just in passing and not in any antagonistic way, I should like to say that I think the hon. member for Parry Sound-Muskoka is mistaken when he says the estimates were considered fully in the committee. I think they were considered just fleetingly and casually. The committee, of which I was a member, touched upon only a few of the many many matters with which both the Indian affairs branch and hon. members are concerned.

• (4:00 p.m.)

There was some reason for this, and justification for taking merely a superficial look at the estimates. I submit that one reason was the announcement or statement of the minister, with which I agree, when he said—and I am paraphrasing—it would be a bit presumptuous for him as a non-Indian, an outsider and a minister of the crown, to be telling native Indian people how to run their affairs. I have agreed with that contention for years, and I think most members of this committee take the same attitude. Parliament has legislated and passed estimates dealing with Indian affairs without having had any real concern for what has taken place for too many years, and that is an oversimplification of the fact because there have been exceptions. That is one reason the committee did not consider in the detail it might have the estimates of this department.

The hon. member for Parry Sound-Muskoka mentioned another reason why the committee did not give as much consideration to these estimates as it might have, namely that there was a proposal before the committee that it might better serve the interests of parliament and Indians by listening to the thoughts of these people themselves about the operation of the Indian affairs branch and the attitude of the government as illustrated by the estimates.

In this regard there are perhaps two points of view, one of which was not expressed. It was suggested that the committee should visit the communities of these Indian peoples or listen to their briefs presented by them here in Ottawa. The committee decided to recommend to the house that it be authorized to divide itself into subcommittees to travel from place to place outside the precincts of Ottawa while the house is sitting, in order to

obtain information relative to all matters affecting Indian peoples. I am sure that for this reason hon. members curtail their natural desire to go into the estimates in a more thorough manner.

I think the cart has been put before the horse in this regard and that there has been some mismanagement on the part of the government, although perhaps this is not overly important. The committee, having dealt with the estimates in the manner it did, now finds itself in the position of giving the same scant attention to these estimates during their consideration by the committee of the whole, in view of the expectation that the second report which seeks permission to travel will be adopted.

Mr. Aiken: May I ask the hon. member a question? The hon. member is a member of the committee that considered these estimates. Did he not approve of the passing of them and of the reports that are now before the house?

Mr. Howard: If my hon. friend will show some patience he may realize the point I am making. Certainly I endorse the passage of these estimates, but let it be remembered that I proposed initially, in reply to the opening statement of the minister, that the committee should divide itself into committees and visit the communities of these native peoples. We are now giving the same token consideration to these estimates that was given in the committee, on the presumption and expectation that the committee will be given authority to do those things which are set out in the second report. I suggest that the cart has been placed before the horse in calling these estimates before the committee has been given that authority. I am sure the authority will be forthcoming, and that is why I suggested that the mismanagement was not extremely important.

I would urge the adoption of the second report of the committee. It was in anticipation of the adoption of that report that hon. members paid perhaps less attention to the estimates than they deserve. Hon. members I am sure felt that a great deal more about Indian affairs would be obtained as a result of visits to their communities than could be obtained by a formal discussion of the estimates, and that is what prompted the report seeking permission to do those things therein contained. The committee would be in a better position to make an enlightened, sensible and intelligent report as to the conduct of Indian affairs at the federal government level, having visited these places and having obtained information about the attitudes and concepts of the Indians themselves.

I should like to make a few brief comments, repeating what I have said on numerous occasions in the past, with the hope that parliament will keep uppermost in its mind a few basic things in respect of our native population. I am sure the minister will subscribe to these suggestions.

The first relates to the worth and value of the human being. That concept is of prime importance in our social relationships with anyone, whether he be of native Indian or any other origin. There must no longer be adopted the concepts of paternalism and integration, as they have been developed. Integration is not a one-way street. There must be a mutual and conscious desire for respect among peoples, regardless of their racial background. We must also be implicit in our understanding of the principle that there should be government by, for and on behalf of the people. The efforts of the Indian affairs branch and parliament should be directed toward the realization of self-government for our native population. There must be a lessening of curtailment, by ministerial and governor in council authority, of self-determination by these native peoples.

Let me conclude by posing one or two questions to the minister. The first relates to the unfulfilled provisions of treaties Nos. 8 and 11 in respect of the territories. I preface that question by saying that when Mrs. Fairclough was the minister of citizenship and immigration some years ago she recommended an inquiry by way of a travelling commission to ascertain the views of the native Indians as to what should be done in respect of the unfulfilled provisions of these treaties. That commission made its report and an interdepartmental government committee was established to study it. I should like to hear the views of the minister about the prospects of dealing with these unfulfilled provisions.

• (4:10 p.m.)

I would also ask the minister when we may expect some report or declarations from the committee which his predecessor, the present Minister of Labour, established respecting the hunting and fishing laws as they relate to native people.

Mr. Orange: Mr. Chairman, I should like to take the time of the committee for just a few

moments to express some of my views with regard to what I will term Indian matters. I should like to thank the hon. member for Skeena for referring to the problem of treaties 8 and 11. I recently had an opportunity of visiting many of the band councils in the areas affected by treaties 8 and 11 and know there is great concern on the part of the Indian peoples in the Territories for the settling of these two treaties.

The commission, which dates back to 1959, has made its report and I would join with the hon. member for Skeena in asking the minister of Indian affairs and northern development to give this matter urgent and serious attention. When doing this I would also suggest to him that the Indian peoples living in the vast Northwest Territories and Yukon have felt in the past that the commission visited them; and they did not have the opportunity as a group of people from one end of the land to the other to sit down and discuss among themselves what they would consider to be the resolution of treaties 8 and 11.

Therefore I would hope that the minister and the government will consider that treaties 8 and 11 must be resolved at an early date in order that the fears and apprehensions of the Indian peoples in the Northwest Territories and the northern part of Alberta may be resolved, so that they may believe that the government of Canada has acknowledged that the conditions of these treaties are to be met and the particular problem of land settlement will be resolved once and for all.

The second area which concerns me very much is the matter of economic stability for many of our Indian people who will not have the opportunity of education and growth in our economic community. I am thinking of the people who are continuing to live by the traditional means of hunting and trapping and are dependent on long-haired fur for their existence. One of the great problems facing this particular group of Indian people is the instability of the fur market and the fur trade itself. It is very difficult and frustrating for an individual who has decided to leave his home community and spend the winter months in the bush to return with what he might consider to be a fair catch of fur, sufficient not only to pay off his grubstake but help support his family in the coming months, and then find that the price of furs has depreciated and he is unable to sell the furs at a reasonable price.

[Mr. Orange.]

On the other hand, in the years when fur prices are high you also have the problem facing the Indian that the catch may not be great. I would hope that through the officers of the department of Indian affairs and northern development some consideration might be given to this question and a serious examination made in order to provide some means whereby a floor price would be established for long-haired furs. It is rather interesting to note that only in this particular primary industry is there no subsidy. It can perhaps be argued that fur is a luxury item. It is for the person wearing the fur, but not for the person responsible for bringing it to the market.

I can think of no better way whereby our peoples, who will not participate in economic development as a result of our educational and development programs, will be able to hold their heads high in our society, to be accepted as people able to maintain themselves, than to have some system of floor price, subsidy, call it what you may, introduced into our economy.

I know that during the course of the committee's hearings great interest was expressed in the proposed visits to various Indian communities throughout Canada. I believe the subcommittees will have an opportunity of visiting Indian communities and, hopefully, obtaining from the Indian people to whom they talk a free expression of their views. Perhaps on the return of the subcommittees the committee will be able to recommend to this house ways and means of improving and helping the economic growth and cultural development of our Indian peoples.

Mr. Lambert: Mr. Chairman, my remarks will be brief. They deal with a point that is connected with the minister's administration, although it is not directly under him but is part of the administration of his colleague the Minister of National Health and Welfare. This deals with northern health services and the position of the Charles Camsell hospital in Edmonton. My remarks are perhaps a little irrelevant but they are germane and timely in view of the comments made by the deputy minister of national health to the committee on national health and welfare the other day, in that he felt the principle that should apply is integrated health services with regard to Indians and Eskimos.

The Secretary of State is in the house and she will recall the lengthy interchange of correspondence between herself and myself

and some members of the previous ministry with regard to the need for the construction of the new Charles Camsell hospital. Fortunately, I believe the right decision was taken, but I now find it somewhat regrettable that the deputy minister of the department charged with the administration of this hospital seems, as reported in the press, to deny the very principle of the existence of the hospital.

I would suggest that there be a close association with those people who would use the hospital and who would point out the need for the hospital today. I am not denying that perhaps 25 years from now what the deputy minister was speaking about will be a lot truer than it is today. I only wish to underline again the absolute necessity for the full implementation of the program for the Charles Camsell hospital as laid out by the Secretary of State when she was minister of national health and welfare.

I think it would be a most retrograde step to suddenly tell these people that they will now have to go out and be treated in the community hospitals. Anyone who suggests that this would be efficacious today and would meet the needs and desires of these people is merely sitting off in an ivory tower.

• (4:20 p.m.)

I had many discussions with members of the Glassco Commission who actually recommended the discontinuation of the Charles Camsell hospital, and although I have the greatest respect for them, and particularly for the member with whom I had most of the discussions, I feel that their heads are in the clouds. I should like to urge the Minister responsible for northern and Indian affairs to support the continuation and full implementation of the hospital program in regard to the Charles Camsell hospital, which is due to open later on this summer. I think this hospital is a great necessity for the people for whom it is built.

Miss LaMarsh: Since my name was brought into the discussion might I say that I consider the construction of the new Charles Camsell hospital as somewhat of a personal triumph, since the former administration had accepted the recommendation of the Glassco Commission and cancelled its construction.

Mr. Lambert: Temporarily.

Miss LaMarsh: The government lost office shortly after, so they could not do anything about it. When I was in health and welfare I was told about this hospital and the officials of the department at that time certainly believed the hospital should be constructed. It was their persuasiveness, as much as the hon. member's, which sent me to Edmonton to look into the situation. From that time onward I became a devout exponent of the construction of that hospital, particularly because of the fact that so many of the northern peoples did not know our language and had no experience of living in institutions with all the varied facilities. Many doctors felt it would assist them to return to health faster if they were in a place where others of their kind who speak the same language were around. I did not hear what Dr. Crawford apparently said to the committee recently, but I should like to say to my hon. friend as well as to my seatmate and colleague, the Minister of Northern Affairs and National Resources, that I strongly believe that this hospital should continue to operate for the people of the north.

I pledge that my successor in health and welfare will have to have a very good argument for doing otherwise.

Mr. Southam: I welcome this opportunity to make a few remarks on vote 35 dealing with the current estimates of the department of Indian affairs. My remarks deal with one or two matters. The minister, who I notice has his parliamentary secretary with him this afternoon, will recall that the hon. member for Saskatoon and the hon. member for Rosetown-Biggar as well as I myself have recently questioned the minister several times regarding the ultimate outcome of the application of the Indians in Saskatchewan regarding the Indian shrine, Mistaseni, near the south Saskatchewan dam. The minister is aware that if some action is not taken in the not too distant future this shrine will be inundated when the waters of the dam rise. Apparently this is of great importance to the Indians living in that part of Canada. I believe the Historic Sites and Monuments Board have already met and presented recommendations to the minister with respect to historic sites. The importance of this shrine does not only lie in Indian lore but also in its religious aspect.

I also wish to bring up the matter in regard to the White Bear reservation in my riding. Owing to my close association with around 700 to 800 Indians in that reservation, this matter was brought to my attention. In

talking to the officials there and to the Indians themselves I was advised that the educational, health and development programs which are being applied to our Indian communities necessitate a great deal of paperwork on the part of the officials who are presently engaged in carrying out these duties, that is the officers, the superintendents and the Indian agents. I am thinking in particular of the case of the Indian agency in White Bear. They tell me that owing to the large area of the reservation a great overload of paperwork is imposed on these officials, with the result that they do not have the time to carry out the very effective and well meaning programs that are referred to them.

I wonder whether the minister has given any consideration to increasing the staff in these agencies. The addition of even one extra clerk or stenographer would relieve them of the burden of this paperwork and would allow them to contribute a great deal more in the field of welfare for these Indians.

Mr. Laing: I think that I should reply to hon. members who have participated in this debate. I certainly appreciate their interest in Indian affairs and I think it is representative of the common co-operation which exists in all parts of the house and which probably augurs more favourably for Indian affairs than it has for many years.

I have been charged with the responsibility of administering this department long enough to know that it is a very difficult department, because we are primarily dealing with people who have not received treatment from the so-called white people in this country such as to make them very happy. We have been dealing with a people who have not received the respect which is due to them and which often provokes a response in kind. We are concerned with some 220,000 Indians whose birth rate is increasing at a much higher rate than the Canadian average. We are dealing with a people who have historically been torn between two objectives: a tremendous ambition to live in dignity and indeed pride in a history that warrants great national pride, and on the other hand a wish to maintain the reservations which were granted to them and historic commitments which they do not wish to give up. On one side they are compelled to go forward in developing their own personalities and their own capacities and on the other side they are afraid of losing the great historic guarantees, as mentioned by the hon. member for Skeena, in the form of hunting rights, rights to land ownership, and so on.

[Mr. Southam.]

I am quite certain that there is today a wide appreciation of this problem and a desire on the part of this house to find the requisite money to do what parliament thinks is a competent job. I should like to say at once that money badly spent will probably multiply our problems instead of solving them. Money alone will not be a solution in assisting the Indian people to gain a measure of independence and personal pride which will enable them to say "We are as good Canadians as anyone else".

I have arrived at the department at a time when money is forthcoming for planned programs. I had nothing whatsoever to do with the development of those programs over the last several years, and I am not one who takes pride in harvesting another man's sowing. I therefore wish to pay a compliment to the previous ministers who, throughout the last several years, have developed a program for which I think we have adequate funds.

I think a very startling statement has been made in recent years regarding the condition of housing of our Indian people. Some time last year reports were made on the very small percentage of Indian housing having any protection from fire, any inside plumbing, any water or light. We heard that as low as 10 or 15 per cent of Indian houses possessed these facilities. I think it made Canadians agree that not enough had been done to house these people We have announced as the cornerstone of our policy a policy to provide our Indian people with housing that is at least minimally sufficient.

• (4:30 p.m.)

We had hoped, therefore, to include in our program the building of some 1,150 houses this year, but happily we find we will be building about 1,500 houses. Many members are interested in asking where we are going to put these houses, where is the priority. This is a logical question. The priority will depend upon the Indian people themselves. In all of these programs we are going to try to use such funds as we have available to encourage the Indian people to participate in everything we are doing. This means, in most instances, the preparing of the rough lumber that is going into these houses. In one or two instances it will mean the preparation of finished lumber from small mills located on reservations.

At the moment we have Indian people canvassing the possibility of building houses and approving work that is being done on various reservations. We are of this opinion, that if we are going to establish these people in the position we hope they will be, they have to start making decisions for themselves. They have to tell us that this is what they want done, and they are prepared to participate either by contributing labour or by contributing money.

I want to thank the hon. member for Skeena for having raised the matter of game. We have had a number of cases lately which bear on protection of the wild game of Canada. This problem comes to me with a double onslaught because I am the minister in charge of Indian affairs, and some of our very wise Indians are trying to have established in the white man's law something that is going to make sense; but at the same time I have the responsibility for the preservation of wildlife in the country. At this time, because there have been a number of cases creating a cloudy situation, but which in the end will result in a full clarification, a committee has been established to study the whole problem. We will be making recommendations shortly because the committee has just about exhausted the whole field. It has had some 10 or 12 meetings.

I think you would be very unfair if you asked me what was going to be done. A great number of people in Canada are of the impression, and I am probably treading on thin ice when I say this, that the traditional rights guaranteed the Indians in respect of taking game must be preserved. At the same time, we have to do our best to encourage the Indian people to respect conservation methods within Canada. There are many Indian people, I believe, who could point to their own conduct as proof that they have been, in the past, amongst the best conservationists in this country. I feel that we may be working toward a situation where we will not be called upon in the years ahead, to proscribe any of these rights that were granted and, at the same time give due attention to preserving the wildlife of this country. This is my hope, and there is much indication of support from a number of sources in the country today.

I agree with hon. members who have spoken about the primacy of housing. I agree with the hon. member for Skeena about the worth of the individual. I want to say something about treaties Nos. 8 and 11. As the hon. member knows, these were the subject matter of a committee in 1960. I do not want to say more than that this matter is being studied again. I have certain impressions, out of my knowledge of the territory, that the establishment of new reservations in that area would probably be of little value to the Indian people. We are dealing only with the resources that might be attendant upon the alienation of the land to reserves. It seems to me, especially in this day and in that particular area, the proper method for discharging our responsibilities to the Indian people would be by something other than the mere setting aside of lands, because the resources are not on top of the ground as they are in the provinces but are under the ground. However, we will be saying something about that later, because we are going to continue the study to completion.

I do want to thank members for having raised in the committee the matter of visiting Indian reservations. I think one of the unfortunate characteristics of the House of Commons is that many of us are forced to talk upon things about which some of us know very little. I feel there would be a tremendous advantage if members were to see these things about which they propose to speak. While the cost may be considerable, I do not believe a more productive investment could be made on behalf of the people of Canada than to allow as many members of the committee as possible to see the Indian reservations, talk to the Indian leaders and note their responses to what they believe are the intentions of the government of Canada toward them. I have no responsibility in this matter. The committee is its own master. I believe there is a resolution which I hope will be approved on Monday and which will enable a number of subcommittees of the committee on Indian affairs to make visits to different parts of the country to see some of the reservations and have discussions with the Indian leaders.

I am going to warn certain members of the committee that they are going to come away from some Indian reservations distinctly shocked. I am quite certain we will have the odd member of the House of Commons—I will be surprised if this is not the case—saying, "I did not know things like this were going on in this country". I have found the same sort of thing applies to my responsibility in respect of the Northwest Territories. I believe it is imperative that we endeavour to solve

problems by confronting facts. I am very glad indeed that the committee suggested a visit should be made to Indian reservations.

• (4:40 p.m.)

At the present time, Mr. Chairman, we have some six million acres of Indian reservations in Canada. One of the first things I asked Mr. Battle, our assistant deputy minister when I was put in charge of this department was, "What is the value of the reservations in Canada?" He said to me, "Surely you are not going to sell them." I said, no, the reverse; that I thought that as a general principle we should say there are going to be no more Indian lands sold in this country. However, I believe we should redouble our efforts so that the potential of these reservations is realized for the benefit of the Indian people themselves. For all too long these have been isolated properties which have been regarded by the white man as ghettos. They have not been developed by the Indians because of inactivity, the absence of adequate capital, and lack of general support.

Some of these reservations are today set in the centre of some of our larger cities, yet very little has been done with them. I can give some indication of the value of some of them when I tell you, Mr. Chairman, that in recent weeks certain parts of one of the reservations in the province of British Columbia have been leased for a rental of $1,000 per acre per year. This is an extraordinary case, but I do not think we have done a particularly good job of managing the reserves in a manner to obtain for the Indian people the maximum. We are going to address ourselves particularly to this problem; and we will also endeavour to obtain funds to assist the development of some industries, be they modest at the start, for Indian people on the reservations and elsewhere. I think that is all I have to say, Mr. Chairman. If there are any questions I shall endeavour to answer them.

Mr. Howard: Mr. Chairman, the declarations by the minister about intent and purpose were commendable both in their phraseology and, I am sure, in the sincere desire of the minister to see them come into effect. We have heard similar declarations from a variety of the minister's predecessors, and without making any disparaging remarks about what has occurred in the past I think it is a fact that, especially in the field of Indian affairs, in order to have any real progress made it is helpful if there is some continuity of ministerial responsibility, instead of tossing this portfolio hither and yon, as has been the case over the past number of years.

I do not know how many ministers of citizenship and immigration there have been, and I am not going to bother to recount the minister's predecessors now, but in the last few years there have been a considerable number. This of course has caused some dismay on the part of the native Indian people. They listened with interest to the declarations made by the Minister of Labour when he held the portfolio and the responsibility for Indian affairs. They listened with interest to the President of the Privy Council when he held that position. They also listened with interest to his predecessor, and to the one before him. But all of these ministers seem to have held the post for a relatively short period of time, each minister being succeeded by another who made the same declarations. Just so much of this can go on, Mr. Chairman, before the people concerned come to believe that all you have is a succession of ministers who are reading the same fine-sounding speech.

What I am getting at is that, barring the possibility of electoral defeat, either of the minister personally or of the government, I should like to see the minister of northern affairs maintain this responsibility for some reasonable period of time in order that there can be a continuity of attitude, so that the ideas which he has expressed may receive the fullest chance of actually coming into being.

The minister mentioned a couple of aspects I should like him to consider. He said that the time is now here when no longer should we sell Indian reserve lands. He made that comment on another occasion outside the house some time ago, and it was gratifying to hear him make that declaration. On the other hand—and I realize that this is a difficult undertaking because the jurisdiction over land rests in the hands of the provincial governments—would the minister consider the possibility of increasing the size of reserves to the extent that this is considered necessary for the economic well-being and progress of the native people?

For example, in British Columbia there are a number of Indian native people who have followed the vocation of logging, which they intersperse with their off-fishing season. Gradually, with the involvement of larger and larger companies which require larger and larger tracts of forest land, they have

found that their opportunity as small operators to engage in the lumbering industry or some phase of its seriously constructed when they require to advance into reserve areas where there might be more timber. I think it would certainly be helpful for the economic well-being and progress of the Indian native people if the size of reserves was increased. I would also ask the minister whether he would consider trying to work out a deal with the various provinces in this regard; or perhaps we should try to buy up land, if we can, in order to enlarge the reserves in the interest of the well-being of these people.

The minister mentioned the housing program. This was discussed in the committee, where we obtained from Mr. Battle, the assistant deputy minister, the information regarding the policy with respect to off-reserve homebuilding. This is something which I read into the statement of the minister on March 17, but which in fact was not there. I thought there had already been established, when the minister made his announcement, a policy to provide assistance to our native people to build houses off the reserves. However, this matter is still up in the air. I cannot urge too strongly on the minister the necessity for developing the details of this policy as quickly as possible in order that native people, who desire to partake of the assistance which is made available, may get that assistance at the earliest possible moment. I wish to pose these matters to the minister now because they seek to elicit information which may be helpful to myself and other members of the committee when we deal with some of these matters.

Some time ago I wrote to the minister's predecessor and suggested that an arrangement be made whereby some of the elders or tribal chiefs in the villages be employed on a part-time or ad hoc basis, in conjunction with the Indian day schools, to teach the native language to their own children and to explain its historical concepts and applications. As a result of this teaching the younger generation would come to appreciate their own history, a history which is being quickly forgotten, and a language which is being quickly discarded because in many instances it does not have written form, but is purely oral. I think this would be one way perhaps in which the younger generation would have a better grasp of their own history and, having that better grasp, become prouder of themselves than is the case at the moment.

The answer I received in response to my suggestion was that this subject matter had been referred to a research committee—I think that was the expression used—in the Indian affairs branch. I have heard nothing since then. If the minister has any information readily available he might indicate what has happened to this particular aspect.

Would the minister also tell us about the progress of the feasibility study of the proposed longhouse structure in Prince Rupert about which his predecessor made an announcement last fall during the course of the convention of the native brotherhood of B.C.?

• (4:50 p.m.)

Another item of concern relates to the artistic activities of the Indian people, especially in the field of totemic carvings and designs of this sort. This matter was discussed with one of the minster's predecessors, I have forgotten who at the moment. I received a reply that this matter was being developed and that arrangements could be made for the protection by copyright or some other method of the property of individual artists in order to preserve to the natives their old artistic forms, so that they would not be copied and prostituted in sales, as has been the case with pseudo-argyllite totems which have been for some years mass produced by a chemical, fibreglass or plastic process. The producers take a plastic mould and from that make many forms. There ought to be some method of ensuring that natives' rights are preserved and protected by copyright or by some other way. I would appreciate having some response from the minister about that.

Not long ago I had a bill which was debated for one hour relating to the British Columbia Indian Reserves Mineral Resources Act. I wonder if the minister could explain or announce to the house whether he has had any discussion or correspondence with the provincial government in British Columbia about the alteration of the agreement of 1943 and, if so, what are the prospects of making changes to that particular agreement?

Mr. Southam: Mr. Chairman, I should like to associate myself with the previous speaker in commending the minister for the work he has done respecting the welfare of our Canadian Indian population. I express the hope that the program as outlined will be translated into action as soon as possible.

In the very interesting remarks and answers the minister made, he overlooked answering a question that had to do with the very important Indian shrine in Saskatchewan that so many Indians are concerned about. I wonder, would he be good enough to give the committee some information about that.

Mr. Laing: I apologize to the hon. member for Moose Mountain. I might mention that the Historical Sites and Monuments Board took this matter up. The board is doing a very great job for Canada. It came to the conclusion that while this rock was extremely important to the Indian people it did not fall into the category of being of national historic importance. It would therefore be very difficult for our department to do anything about preserving the rock.

Questions have been addressed to the ministry from the other side of the house, answers have been given, and discussions have been held. I think there is a proposal by P.F.R.A. to move the rock, or a section thereof. Whether this is satisfactory to the Indian people I do not know, but in light of the report given to me by the Historic Sites and Monuments Board—

Mr. Diefenbaker: What was the purport of the report?

Mr. Laing: Answering the right hon. gentleman's question, the report said that this rock was not of national historic importance.

Mr. Diefenbaker: I see.

Mr. Laing: I am not master of the national Historic Sites and Monuments Board. I say again that that body is doing a very great service for Canada. Because of the report, I think it would be difficult for my department to do anything.

In answer to the question posed by the hon. member for Moose Mountain, I shall make it a point to discuss this matter again with the Minister of Agriculture, because questions about this matter have been addressed to him to see what can be done under P.F.R.A. I believe that P.F.R.A. officials have indicated that they are prepared to move the stone, or part thereof. I do not know whether consultations have been held with the Indian people as to the propriety of dividing the stone, but I shall inquire.

Answering the hon. member for Skeena, I must tell him that we are giving a great deal of attention to evolving some means of establishing protection for Indian artistic productions. I think we were fortunate in that respect, in preserving Eskimo art work. That will be much more difficult in respect of Indian productions because as the hon. member knows we are starting from a long way back. This matter is being seriously discussed at the present time and we hope to come up with something which will establish in the minds of the public, including buyers, the fact that the articles produced are genuine Indian articles. Protecting such artistic productions with a brand name, or with another designation, if you like, would be very well worth while from the point of view of the productions.

The hon. member spoke of the British Columbia Indian Reserves Mineral Resources Act. I think he was unhappy when his private bill was talked out. I believe he knows why that was done. I wanted to discuss the matter with the government of British Columbia. The act in question seems to be one of the least productive ever undertaken by a national government because, on looking at the matter, I determined that at one time we had collected $17, and in another year had collected $6 as our 50 per cent.

The hon. member will be glad to know that one group of Indians, who were approached by a mining company in British Columbia because the mining company wanted to go on the Indian reserve to look under the ground, decided that if the mining company could do it they could do it themselves. They are forming a mining company of their own. This is the type of thing that ought to be encouraged in Canada. If we do that, some of our troubles at least in respect of our Indian peoples—if they can be said to be troubles—will be over.

Mr. Diefenbaker: Mr. Chairman, not very much time is left and I wish to make some observations. One has to do with the game regulations with respect to Indians. On more than one occasion I acted for Indians when they were prosecuted for hunting, but I was unsuccessful. The Court of Appeal held as far back as 1934 in the province of Saskatchewan that hunting on a forest reserve was hunting on occupied land, and that the treaty of 1834 which stated that the Indians could hunt on unoccupied land means that there had been in contemplation the setting up of forest reserves in the generations ahead. Therefore

the conviction was upheld. I should like to know something of the present law as set out in the jurisprudence in connection with such hunting rights.

The major matter I wanted to bring to the attention of the minister is in complimenting him—and I very seldom indulge in that unless there is very good reason for it—upon the interest he is showing in the Indians. I should like to join with him and with other hon. members in assuring the Indians of Canada of our appreciation of their contribution in war and in peace, and join with them in asking to have set aside a day in 1967 to be known as Indian day.

In wartime, in every part of this nation we pay our tribute to the Indian contribution. The Minister of Industry in his period of service no doubt came in contact with many of the Indian race. They served gallantly. They sacrificed and suffered as few other Canadians did, in proportion to the population. They made their contribution. They are still making it. I join with them in asking the Government of Canada to bring about the setting aside of one day in confederation year, in which we can, as Canadians in every part of this nation do honour to these people who, with their forebears, did so much for us. Indeed, were it not for the contribution in 1812 and again, earlier, in 1775 and 1776, those portions of Canada under the British Crown might very well have been lost. They did their part, and we do them only appropriate honour by setting aside such a day for them. One thinks of Tecumseh and, in more modern days, of those on the western plains who stood by the British Crown in the darkest days. We think of them, too, in the first world war and in the second world war. In both wars they made a contribution which deserves special commendation. Too often their contribution is forgotten.

• (5:00 p.m.)

The minister has shown a commendable interest in their welfare and Canadians as a whole will join in giving every support to assuring these people not only of their rights but also of the honour which is due to them. When I was prime minister we brought about the granting of the franchise to them, too long denied. The Eskimos, also, as a result of a private bill by the hon. member for Yukon, were given the benefit of the franchise. Some of the Indians are fearful of exercising it because they have been led to believe they would thereby lose their treaty rights. But more and more of them are casting their votes in elections and doing so in an intelligent way.

They could never hope to have representation in parliament in normal circumstances, except in the other place, and one of the things I advocated over the years was the appointment of an Indian to the Senate. On my recommendation Chief Gladstone was appointed to that body and he has given to the Indians a representation which was denied to them by all administrations prior thereto.

I would urge upon the minister once more that at the earliest possible date an announcement be made. They ask that a day be set aside. They have the right to that.

Now, with regard to the rock Mistaseni, I find it hard to understand the reason the historical society would hold the view that this rock is not of historical importance. We cannot go back far in history, but certainly when Kelsey made his first trip—and he was the first white man to see the plains of central Saskatchewan and, possibly, Alberta, in the 1600's—that rock was then a sacred place for Cree Indians. They regarded it as possessing particular magical qualities. That rock will be lost to all generations unless action is taken.

Moving it will be costly. Representations have been made by the hon. member for Moose Mountain, the hon. member for Saskatoon and the hon. member for Rosetown-Biggar. I join with them. These historic things of our heritage, once lost, can never be recovered. This is a large rock. I think it is of great historical importance—and I have spent some years reading the history of the Indians in the west. This is why I listened with some surprise to the suggestion that it is not an historical monument. If the entire rock cannot be preserved, then at least a considerable portion of it can. This rock means much to the Cree people, and I make a special appeal that action be taken to preserve it for future generations. If the waters of the Saskatchewan cover it up, it will be lost.

Few of our historical monuments have been preserved. We have been recreant in this regard. Let us not lose the one monument which the Indians have in what is now the province of Saskatchewan. Let us not lose this for future generations. I join with the hon. member for Skeena in his adherence to the need for action to be taken, so that the Indians many not forget their heritage. Remembering it, learning of it, they will be proud of it.

I say that nothing within my province would do more to raise the hopes and aspirations of the Indian people, who are mainly Crees, either Wood Crees or Prairie Crees, than action in this regard, and I would ask that reconsideration be given to any decision which would permit this historic thing to be lost to people who there worship their manitou, their guiding spirit; and even those who have taken Christianity as their religion look upon this stone as something possessing those qualities which made their forebears famous for their warlike prowess.

Mr. Scott (Danforth): On a point of order. I did not want to interrupt the Leader of the Opposition in the course of his remarks, but it appears to me it is five o'clock.

Mr. Drury: As we are, I think, about to conclude consideration of this particular estimate, would it be possible to ignore the clock for a moment or two?

Some hon. Members: Agreed.

Mr. Diefenbaker: I would ask the minister whether he will give his views to the committee relative to the constituting of a day for the Canadian Indians during confederation year.

Mr. Laing: I had intended to say a word because the right hon. gentleman has intervened in the debate. I wish to thank him at once for his kind words toward me. I hope he will be able to say the same things next year, if both of us are still here.

I wish to compliment him upon his worthy and moving words in respect of the contribution the Indian people have made to Canada. I will tell him that those words will be very well received by members in every part of the committee. I wish to assure him that it is our view that we must, in 1967, have a definite Indian day. This was the subject of a private member's bill which, I am afraid, was talked out here. I think it was talked out with my assent, because we wanted to discuss the matter with the Indian people, and we thought at the time that it would bear some relationship to Expo '67 and would be declared there.

While I am on my feet I want to tell the committee that we are engaged in building an Indian pavilion, one which will, we hope, be worthy of Canada and worthy of the Indians. I may add that it had better be, the way costs are going up. I am definitely concerned about this, because we started at a certain figure, and that figure is now much higher.

• (5:10 p.m.)

Mr. Diefenbaker: What was the former figure?

Mr. Laing: It was $455,000.

Mr. Diefenbaker: What is it now?

Mr. Laing: The threatened figure is $1 million. It is not entirely a question of pressure on contractors inflation and so on. We did bring in the Indian people themselves and they have made suggestions which I think are in line with what we should have done in the first instance but which are costing us more money. I thank the right hon. gentleman for his contribution to the debate and for his pride in the Indian people of Canada which we all share.

Item agreed to.

35. Construction or acquisition of buildings, works, land and equipment including construction or acquisition of works for Indian bands, the operation and control of which may be transferred to the Indian bands at the discretion of the minister, expenditures on works on other than federal property, assistance to Indians and Indian bands for the construction or acquisition of housing and other buildings and related works, land and equipment, and recoverable expenditures under agreements entered into with the approval of the Governor in Council with the governments of the provinces and the territories and with local school boards in respect of the education in Indian schools of children other than Indian children, $23,809,400.

Item agreed to.

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

Mr. Deputy Speaker: It being five o'clock the house will now proceed to the consideration of private members' business as listed on today's order paper, namely public bills.

CRIMINAL CODE

AMENDMENT REQUIRING NOTICE TO PUBLIC SERVANT NOT REAPPOINTED

Mr. Reid Scott (Danforth) moved the second reading of Bill No. C-9 to amend the Criminal Code (A Purge for the King's-evil).

He said: Mr. Speaker, the bill which I am moving this afternoon is one which has been before this chamber on one or two other occasions when it was moved by one of my colleagues, who at that time was the hon. member for Port Arthur. The purpose of the bill is set out fairly fully in the explanatory

note which accompanies it. The intention behind the bill is to deal with the various boards and appointments which take place at the instigation of the government, which appointments are for a term certain. In many cases the individuals, as the close of their period of service approaches, are left in the dark as to whether or not they will be reappointed or whether they will have to go somewhere else to look for another job.

The purpose of the bill is to ensure that public servants who are appointed for a period shall be given six months notice if they are not to be reappointed. I am not putting this forward as a tremendously important or vital measure, but it strikes me as an anomaly that the government does not follow many of the practices followed in the private sector of business. If a person is appointed for a term certain, it seems only right that that person should receive reasonable notice if his term of service is not to be renewed.

In reading over the debates when this measure was before the house on previous occasions, I noted the comment by the then hon. member for Leeds and the then hon. member for Winnipeg South Centre. Notwithstanding their observations, I still feel the principle is one which is worthy of consideration by the house.

Mr. Diefenbaker: There is one thing in my mind which perhaps the hon. member might explain. I am wondering why it should be made a criminal offence. Why create in the Criminal Code of this country such an offence? I can understand the purpose and the objective, which I unhesitatingly accept; but as a member of the legal profession I ask the hon. member this question: Why should this be placed in the category of an offence, a crime, against the state?

Mr. Scott (Danforth): I appreciate this observation, Mr. Speaker. I can say that this did give me some concern. If by any chance this motion should be accepted and enacted into law, I think we would have to think seriously about it. The reason for making it a criminal offence is that at the moment, because of the multiplicity of boards, acts and regulations which are involved, it would be difficult to design so complex a piece of legislation. For the purpose of discussion at least, it seemed to me it would be simpler to make the whole thing apply personally to a minister. I do agree, of course, with the Leader of the Opposition that if we were really going to legislate in this area, a very searching review would be required. It would be enormously complicated to make it apply to all areas. I agree that this is troublesome; but as the hon. Leader of the Opposition knows these private members bills are never, or very rarely, passed.

Some hon. Members: Oh, oh.

Mr. Scott (Danforth): I hear comments from the other side. You will have your opportunity to vote on it in a few moments, if you so desire. I understand that private members bills are mostly matters for discussion and that as the clock runs out they are placed at the bottom of the order paper.

It seems to me this bill represents a reasonable proposal, and a piece of tidying up which could take place. I believe there have been a number of occasions when responsible public servants have suffered. I am thinking for example of Mr. Carlyle Allison of the Board of Broadcast Governors. According to my information Mr. Allison less than six weeks before his appointment ended was informed he would be re-appointed, and it was only at the very last moment he was informed his appointment would not be renewed. I think this is a shameful way to treat a competent person who has given considerable service to the people of Canada. We all know that the position was then offered to Miss Pauline Jewett who turned it down and that finally it was accepted by a retired deputy minister. I am not being critical of him; he probably is a good responsible person.

This does indicate the type of partisan criticism which this can create. In the province of Quebec, after a rather strange change of administration, it is significant that the new premier rushed down to the radio station to inform all the bureaucrats that they did not have to worry, he was not going to fire them all and they would receive an extension in their tenure of office.

• (5:20 p.m.)

It seems to me that while there are imperfections in the drafting of the bill the principle is a reasonable one. If we are going to appoint people for terms certain it is only reasonable and courteous to give them sufficient notice of dismissal in order that they may seek other employment. We have often heard in the corridors about the difficulties that governments have in appointing people

from the general public to serve on boards for certain lengths of time. It might be that a motion of this type or a principle of this kind, if it were accepted, would go part way toward making public service positions, in terms certain, a little more attractive.

As I have suggested, I put this principle forward for the purpose of discussion. It is not the most major item we could discuss, but it is something that does affect various classes of highly qualified persons. I hope the principle behind the bill will recommend itself to the house and I will be interested to hear the comments of other members who wish to speak on it.

[*Translation*]

Mr. Yves Forest (Stanstead): Mr. Speaker, I want to say a few words about Bill No. C-9 which the hon. member for Danforth (Mr. Scott) has just introduced.

After listening attentively to his remarks, I do not think he convinced me or the house or that he proved the urgency or need to pass legislation which would impose on the government the obligation to give at least six months notice to some civil servants who have been appointed, as mentioned in the bill, to temporary duties or positions.

It also seems to me that the provision of the bill to hold all the ministers jointly and collectively responsible for a criminal act, when such notice has not been given, does not make sense, because in addition to the criminal penalty provided therefor, it goes as far as compelling the minister or ministers responsible to compensate the civil servant dismissed without notice by granting him half the annual salary provided for the office concerned. The Leader of the Opposition (Mr. Diefenbaker), who has a very keen legal mind, soon noticed, when studying the bill, that it was certainly exaggerated to make of a simple administrative act a criminal act.

The hon. member did not mention either or report massive or repeated dismissals which would have occurred and which would justify studying the need to put a stop to the present system which has obvious advantages and, in general, has been found satisfactory in the past.

The present bill deals with a very special class of civil servants or public officials who are generally highly qualified people and have been appointed to very definite duties for a period set in advance, which they were aware of and accepted before assuming their functions.

[Mr. Scott (Danforth).]

In the explanatory notes of the bill, it is said that the present procedure is discriminatory because it would cause serious hardship to those concerned especially if they had left a good position or put an end to business relations to accept employment for a set period and if they are allowed to work until almost the end of his term of office without being notified, at least six months in advance, that their services will not be needed after that. Well, I cannot agree with that, especially since the working conditions were accepted and agreed to beforehand by those concerned who willingly accepted an office and who, as a general rule, are retained or confirmed when it is to continue and the term of office of the body concerned is still in force.

I would see there, up to a certain point, the application of the often quoted legal principle: *volenti non fit injuria*, or anyone who accepts the risks beforehand, being well aware of them, cannot claim that his rights have been violated.

Besides, we are not dealing with a class of people who suffer—

[*English*]

Mr. Scott (Danforth): Mr. Speaker, I wonder whether the hon. member will permit a question in light of what he has just said. If the hon. member himself had been appointed to a term of office for, say, seven or ten years in a job which he had come to like and enjoy, would he want to wait until the last day to learn whether or not his career was to be continued, or would he feel it reasonable to be informed six months in advance? That is, after all, the purpose of the bill.

Mr. Choquette: Why do you want to abolish the Senate without six months notice?

Mr. Scott (Danforth): I have never suggested the abolition of the Senate.

Mr. Forest: In answer to the hon. member's question, let me say that I believe we are in a similar position, as members of parliament, not sure of what will happen in days to come. However, I think if I do a reasonable job, like the hon. member I think I will have a good chance of being returned to my position. That is precisely what happens in the case of most civil servants.

[*Translation*]

Mr. Speaker, before this question was put to me, I was saying that these people do not, in general, suffer serious prejudice because in most cases, they are not only rehired, but if

they are dismissed, or if the functions for which they were appointed is completed, they can obtain another position elsewhere sometimes even more advantageous on account of the experience and the knowledge they have acquired in the discharge of their important duties in the service of the government.

This is a situation which prevails generally at all levels of government and in all countries and if, for instance, after an unforeseen occurrence, the party of the hon. member took office, it may certainly have to replace some senior officials to implement the policy it would have advocated and claimed to be in the general interest.

We will soon have an example of that in the provinces where there has been recently a change of government, because there will unadvoidably be at a certain level changes in the direction of certain government agencies or commissions, since the new government will want its policy to be put into force by people who perhaps share its views more closely.

Any new government wishing to direct its general policy according to what it preached before coming into office must, up to a point, be able to depend on certain important people to make changes deemed necessary in the interest of the country.

This, of course, applies to a few key positions, to a rather limited number of people. The federal government is restricted in these appointments, but in some fields, such as this one, rightfully keeps certain attitudes and initiatives which the present bill would like to curb. But the government must not be deprived of the right to appeal to competent people who can be of use; this also insures a change of staff which is often beneficial and new directives which can sometimes be useful so as to change in some ways a policy which has become a matter of routine.

I am surprised that the hon. member has found no other way to reach his goal except by amending the Criminal Code and calling criminal a simple administrative act which is within the powers of the cabinet and which is to be punished by a most severe sanction.

It seems to me rather difficult to establish the intent to commit a criminal act in such a case and, anyhow, I cannot accept the new principle or rule established by the present bill.

Because they have not given advice, the ministers would be guilty of a punishable offence, on summary conviction of guilt, and since the amended section does not provide a penalty, they would be jointly and severally responsible and would have to pay a maximum fine of $500 or go to prison for a maximum of six months, or both.

In addition, they would be liable to have to compensate financially the official dismissed. Such a proposal, which appears in the Criminal Code under the chapter concerning corruption and disobedience, is extravagant and excessive and could not be implemented without serious inconvenience. Neither would it benefit those it is meant to protect.

Indeed, the government is not always in a position to decide at least six months in advance whether the organization concerned, a commission or a board, should remain in operation, or whether an official should retain his position, or still whether he should be transferred to another position better suited to his qualifications.

In practice, the new government would have to automatically give six months' notice to all concerned in order to ensure that all incumbents of the positions affected are reliable and qualified people.

It would surely result in further uncertainty, concern and discontent then under present conditions. The hands of the government would be tied, without any real benefits accruing to those concerned.

As the bill now reads, I wonder what would happen if, for instance, a new government, two or three months after coming into office, released a public servant who had not received the required notice.

Would ministers of the former government not be held responsible, since the bill covers persons who held, six months prior to the termination of their terms of office, the post of minister in the government?

If I read the bill correctly, that is the proper interpretation under its present form.

Partisanship in the matter of appointments has been mentioned, but this is hardly the case nowadays, where the main factor that should and is considered is qualifications.

I see that the hon. member for Roberval (Mr. Gauthier) is laughing, but I think that is the practice of this government, at least. Qualifications are the main factor to be considered in making appointments to important positions.

• (5:30 p.m.)

[*English*]

Mr. Scott (Danforth): They might get a Senate appointment.

Mr. Forest: Well, I am not talking about the Senate especially. I am talking about commissions and boards which the hon. member mentions in this bill.

[*Translation*]

There have not been any great developments in the past on the level which concerns us. This can be said of the two parties which have been in office. In introducing this bill, the hon. member's intentions were surely noble and commendable, and he should be congratulated, but I do not believe that, under its present form, the bill should be passed nor does it deserve the approval of the house.

[*English*]

Mr. Robert McCleave (Halifax): Mr. Speaker, I rise to take part briefly in this debate on a bill which surely bears the most intriguing title of any bill that we have considered or will be considering this session. While I want to say at the outset that I support in general the King's-evil, or the Queen's-evil, that is to be overcome, I think the method suggested by the hon. member is a dangerous one. As a matter of fact I think I shall be able to prove conclusively and beyond reasonable doubt that, if this bill were adopted, nobody in Canada would ever expose himself to the dangers of being a cabinet member, though not for the reasons that might be first apparent; because there is, if I may put it this way, a snake in the grass in the bill that could lead to all sorts of acts of political revenge. However, Mr. Speaker, I will get down to that particular argument in a moment.

I think that in general the idea of six months notice being given to those who are not to be reappointed to boards and commissions is a sound one. We know, as backbenchers looking at the operations of governments past and present, that sometimes people are not reappointed to commissions and boards, while others are. I think of a person who used to be a member of parliament and then for some two decades was appointed, first by a Conservative government and then by Liberal administrations, to the National Harbours Board. So there was obviously a very non-partisan approach to this particular man's appointment. But we can think of others, and the hon. member who sponsors the bill has mentioned one such case this afternoon, where a term of service was not renewed, and it would strike some people that this was an act of political reprisal or political revenge. I do not know whether this is true in the case of Mr. Carlyle Allison, but there are rather painful coincidences that are apparent.

While I support the idea advanced by the hon. member, I doubt the approach that he is using, and I think in answer to the question raised by the Leader of the Opposition (Mr. Diefenbaker) the hon. member himself indicated that he shared this doubt. I refer to making this sort of thing a criminal offence. As the hon. member fairly indicated, this idea was being presented to the house for its consideration. It is a worth-while idea, but I do not think we can purge the King's evil in the way suggested in the bill. However, Mr. Speaker, I think we could perhaps solve it in other ways.

At first when I looked at the bill it seemed to me that any cabinet could be hauled collectively into court and the dismissee could in effect obtain redress for approximately 12 times the salary he earned in the year before dismissal. But then I saw the saving grace in the very last clause of the bill, in which the amount of fiscal punishment would be divided among all members of the cabinet who were responsible for the outrage of not giving the appointee six months of dismissal notice.

But, Mr. Speaker, that is not the reason for my saying that I thought nobody could ever be persuaded to be a member of a cabinet if we were to pass this bill. I was thinking of what would happen if you had a change of government in the six months in which the person was not given notice that his services would no longer be required as a commissioner. You could have a new government come in at the very end of that period and simply dismiss all those members of commissions, boards, tribunals and what-not whose terms of service had expired. Then see the delightful predicament in which all the members of the old cabinet would be placed. The new cabinet would have in effect carried out the dismissals, but the aggrieved persons could haul all the old cabinet off to court and have them charged with failing to give them six months notice. It would be the finest act of political reprisal one could have in Canada. I would

suggest that under those circumstances nobody, but nobody, would ever want to become a cabinet member.

This is perhaps one of the delightful inconsistencies one can see in this legislation and I thought it might be helpful to point it out to the house. We might even seen all the present cabinet rushing back immediately to see that in no circumstances would the bill we are now considering be given second reading at this time.

• (5:40 p.m.)

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, whether or not there are desirable and laudable principles involved in this Bill No. C-9 I say to you, sir, and to the hon. member who introduced this bill, that this is the first time that I can recall in this house that an hon. member has admitted in his opening remarks that he would be very apprehensive of the consequences of having his bill passed. I think he said, if I interpreted his remarks correctly, in response to a question posed by the Leader of the Opposition (Mr. Diefenbaker) that he could see some serious imperfections in the bill. I think he went even further than that and said that if there were any possibility of its being passed in this house, then someone would have to examine seriously the consequences and the ramifications of what was provided in the bill because it would be difficult, and perhaps unjust, if it were administered the way it is written.

Mr. Scott (Danforth): I wish to speak on a point of privilege, Mr. Speaker. I know the hon. member for Medicine Hat (Mr. Olson) does not deliberately wish to put words in my mouth. The Leader of the Opposition asked why this was to be made a criminal offence. In response I said I appreciated the nature of his concern, but because of the large number of statutes which would have to be amended it would be very hard to do it in a private members bill. I thought that for the sake of a discussion on the principle it would be simpler to make it an offence attachable to an individual minister.

Mr. Olson: I certainly did not wish to misinterpret the hon. member's response to the Leader of the Opposition, but it seems to me it would be far better for the hon. member, or for any hon. member when introducing a bill dealing with some injustice in the public service, to word it in such a way that it would in fact state what the hon. member wanted to happen, rather than to bring in something that he frankly admits he does not wish to pass and does not support. It is a strange manner of bringing a bill before this house, and I suggest it is a waste of time; it does not even present a question of principle to be discussed by hon. members. As has been said, it would be unjust if any attempt were made to comply with the proposed provisions in this bill.

I also wish to say that I think there may be some justification in bringing an amendment to the statutes of Canada which would provide public servants who, as is pointed out in the explanatory note, are appointed for a period of time to boards, commissions, and so on, with some recourse and redress in cases where they are dismissed without adequate notice. However, to make a criminal offence failure to give six months notice is not something which I could support.

The explanatory notes go on to say that the proposal provides that a convicted minister must compensate the person dismissed with the equivalent of six months severance pay. It seems to me this is an unjust provision, and that if there are public servants who have for any reason caused sufficient displeasure to the minister to whom they are responsible to warrant dismissal, then the minister should not be forced into the initiation of a criminal action before the employee could have access to a redress.

If we wish to prescribe something that will give a measure of protection to these civil servants who have not received sufficient notice, then we should find another way of doing it. I suggest that if this bill is passed what would probably evolve would be a form letter which would be sent to every one of the civil servants whose term of employment was to expire six months in advance of that date, so as to protect the minister from the provisions of Bill C-9.

I do not think this is a reasonable proposal. To achieve mandatory provision for a reasonable notice of the expiry of anyone's term of office should be done in another way. I even think that the principle which is evolved in this bill, requiring a six months notice period, would result in automatically extending by six months the term of office of all these appointees. For example, anyone who is appointed for a three-year period knows three years in advance that on a particular date his appointment will expire unless it is renewed, but there is no guarantee given at the time that it will be renewed. It is certain that a

three-year appointment does not mean it will continue for three years and six months, any more than that a ten-year appointment will continue for ten years and six months. I think the suggestion that these people do not know when their term of office will expire can be challenged; they know very well the period of time for which they were appointed.

Mr. Scott (Danforth): It is the renewal we are concerned about.

Mr. Olson: I know, but if it were made part of the statutes of Canada then automatically the six months notice would extend almost every appointment that we have in the public service. Perhaps this bill provides a useful discussion on giving some protection to employees by way of a six months notice. Nevertheless I think this is the wrong way of trying to achieve this objective.

Mr. Speaker: The hon. member for York Centre (Mr. Walker).

Some hon. Members: Hear, hear.

Mr. J. E. Walker (York Centre): I have not heard such applause since I addressed an audience in the last election campaign.

I must say at the outset that I find myself in disagreement with the hon. member for Medicine Hat (Mr. Olson), who I thought was a little rough on the member for Danforth (Mr. Scott) when he said this bill was a waste of time. I think it is no waste of time at all to discuss these ideas. Possibly the member for Medicine Hat did not quite know how to begin his opening remarks today, and that was the easiest way of doing it.

I hope that the hon. member who is sponsoring this bill is not cynical to the extent of feeling that no bill or notice of motion brought in during the private members hour ever gets attention. I might point out to him that a great number of them have been referred to committees.

Mr. Scott (Danforth): I was not saying they do not get attention. I was saying my experience is they are rarely if ever passed during the private members hour. On occasion I know we refer the subject matter of a bill to a committee, where it does receive attention.

Mr. Walker: I think the member for Halifax (Mr. McCleave) said he considered this to be the most intriguing title for a bill that he had ever seen, and I agree with him. If I had been able to get on my feet earlier I would have asked the sponsor exactly where the title came from. I was thinking this "purge for the King's-evil" sounds more like a medicinal prescription for stomach cramps than a piece of legislation.

• (5:50 p.m.)

Mr. Scott (Danforth): It is a laxative for ministerial discretion.

Mr. Walker: I believe that the sponsor of the bill this time is possibly carrying the ball for the original sponsor, the former member for Port Arthur. If my memory serves me correctly, when the original sponsor introduced the bill he had spoken for 10 or 15 minutes when he had to be reminded by the Minister of Agriculture (Mr. Greene) that he was speaking on the wrong bill.

There is, as I say, a great deal of confusion and I think it revolves around the title of the bill. At any rate, there are a number of observations in connection with it that I should like to make at this time. One of them is that at the moment these appointments are generally at pleasure, or have a fixed term. Other members have covered the undesirability of making it a criminal offence not to give notice. As I say, the appointments are made for a fixed term or at pleasure, and I can see great difficulties in having to give notice six months in advance.

While other members were speaking I was imagining a board of directors or a commission where three members, for health reasons, incompetence or some other reason, are given six months notice. Their usefulness is over, they have served well and been paid well. What would happen to that board, if it were composed of six members, three of whom had been given six months notice? It would have difficulty making a quorum, if the quorum were more than 50 per cent, at future metings of the board. These members would be under severance notice. The whole work of the board or commission could be delayed if more than half of the members, who may have been appointed 10 or 15 years previously, had been given six months notice.

These members may have arrived at a time of life when it might be better for them to do some other work. If 50 per cent of the members of that board were under six months severance notice, I would not feel this would be fair to the continuing members. I do not believe it woud be fair to the taxpayers of this country to have a board inoperative because of hurt feelings, or because of other characteristics that could develop. Someone

made reference to the way in which these matters are dealt with in private industry. Well, I am not sure that the director of a company is given six months notice by the shareholders. As a matter of fact I think some directors walk into their annual meeting as directors, and walk out of the annual meeting as ordinary citizens.

An hon. Member: As a shareholder.

Mr. Forest: As a member of parliament is treated.

Mr. Walker: That is right; as the hon. member for Stanstead (Mr. Forest) pointed out, we operate under the same conditions. I do not see why this one class of citizen should be dealt with in another way.

One other point has been touched upon. I have a feeling that the old, hard political patronage connected with the appointment of members of boards is a thing of the past. I can think of many members of boards, for instance, who were members at the time this government took office and are still occupying their positions. They are certainly carrying on under no fear at all of having their service suddenly terminated. These members are doing a good job.

There is one other point I should like to mention and that is the case of a member whose usefulness may be finished. All of us in the house are going to reach the day when our usefulness is over. My own view is that if we are wise we will get out while we are ahead.

Mr. Churchill: Do not start naming people.

Mr. Walker: Are there any questions hon. members would like to ask? It is obvious, Mr. Speaker, that there are questions members want to ask.

Mr. Churchill: Yes, I have one question for the hon. member. I am aware of his interest in this bill, but would it be helpful to him if we now called it six o'clock?

Mr. Walker: No, on the contrary, Mr. Speaker, I had one more sentence to utter, and then there are three more speakers who want to make comments on this particular bill. As I am reading the blues of the speech I have just made, sir, I would expect to find some unfinished sentences because of the interruptions that have taken place in the last few minutes. I thank the hon. member for giving us the opportunity of discussing this very interesting bill.

Mr. Deputy Speaker: The hon. member for Lotbinière.

Mr. Churchill: I wish I had called it six o'clock.

Mr. Auguste Choquette (Lotbinière): I have plenty of time to say all I have to say.

[*Translation*]

Mr. Speaker—

[*English*]

Mr. Knowles: Make it dramatic.

[*Translation*]

Mr. Choquette: Mr. Speaker, I have the feeling that consideration of this bill is the best possible way to prepare the establishment of a republic and the abolition of the monarchy.

We are at the point where ministers of the crown are liable to be imprisoned. This recalls the temper prevailing at the time of the 1789 Revolution, when culprits were being sought all over the place, simply to whet the thirst for blood of the revolutionaries of the time, and with my own royalist feelings, I cannot but oppose such a bill. In view of the fact that the hon. member is a member of the bar, I cannot but be astounded that he should confuse the three categories of law: the criminal law on the one hand and, on the other, administrative law and private law.

Now these three categories of law have fundamentally different purposes. The Criminal Code is designed to penalize citizens who disturb public order; on the other hand, private law is intended to give to each his own.

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

[*English*]

Mr. Deputy Speaker: The hour for the consideration of private members' business has expired.

BUSINESS OF THE HOUSE

Mr. Drury: Perhaps, Mr. Speaker, I might indicate the proposed order of business for Monday, and in a general way for Tuesday. First, on Monday, we will start with government order No. 64, third reading of the Bankruptcy Act, followed by order No. 65, second reading of the Canada Student Loans Act; then order No. 71, the second reading of the measure amending the Customs Tariff; order No. 70, the measure amending the Excise Tax Act, second reading; order No.

62, the Canadian Film Development Corporation resolution; then order No. 73, The Canadian Dairy Commission resolution, and a resolution not yet appearing, the Crop Insurance Act resolution.

On Tuesday, it is proposed to continue with order No. 45, the Canada Assistance Plan resolution, followed by, order No. 66 second reading of the bill respecting the Health Resources Fund; followed by the public utilities transfer tax resolution, No. 49 on the order paper. If we complete all that, perhaps some of the items of business left over from Monday will be taken.

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

[The following items were passed in Committee of Supply this day:]

PRIVY COUNCIL

1, 5, 10, 15 and 20.

GOVERNOR GENERAL AND LIEUTENANT-GOVERNORS

1 and 5.

NORTHERN AFFAIRS AND NATIONAL RESOURCES

30 and 35.

END OF VOLUME VI