DOMINION OF CANADA

OFFICIAL REPORT OF DEBATES

HOUSE OF COMMONS

FIFTH SESSION—TWENTIETH PARLIAMENT

13 GEORGE VI, 1949

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COMPRISING
THE PERIOD FROM THE SECOND DAY OF MARCH, 1949,
TO THE TWENTY-THIRD DAY OF MARCH, 1949, INCLUSIVE

BEING

VOLUME CCLXVII FOR THE PERIOD 1875-1949

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OTTAWA
EDMOND CLOUTIER, C.M.G., B.A. L.PH.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1949

HOUSE OF COMMONS

DEBATES

OFFICIAL REPORT OF

DOMINION OF CANADA

CANADA

House of Commons Debates

OFFICIAL REPORT

Speaker: The Honourable Gaspard Fauteux

Wednesday, March 2, 1949

The house met at three o'clock.

PRIVILEGE

REFERENCE TO REPORT IN MONTREAL "GAZETTE" OF MARCH 2

Right Hon. L. S. St. Laurent (Prime Minister): I am again compelled, Mr. Speaker, to rise on a matter of personal privilege, but I hope it can be disposed of without raising any uproar, because it has to do with the rethreshing of old straw.

The Montreal *Gazette* of this morning has on the front page a column with this heading:

Serious Charges
Misuse of R.C.M.P. Laid to St. Laurent as Secrecy Ends
"Methods of Gestapo"
P.C. Leader Urges Prime Minister be Called to Account for "Prostitution"

The article is written by Mr. Arthur Blakely. It goes on to say:

Serious charges against Prime Minister (then minister of justice) St. Laurent, involving the misuse of the R.C.M.P., are contained in the famous secret letter on Hong Kong which opposition leader Drew wrote to ex-Prime Minister King in 1942, and which Mr. Drew made public today.

The letter charges Mr. St. Laurent as justice minister with having attempted "to suppress the truth" in the Hong Kong debacle "by imitating the methods of the gestapo." It urged that he be "called to public account without delay" for "this shameful prostitution" of the R.C.M.P.

A little further down the article continues:

The Drew letter accuses Mr. St. Laurent of having used, through the Royal Canadian Mounted Police, questionable methods to secure evidence which would counterbalance testimony that the twenty military vehicles which were to have accompanied the troopship to Hong Kong could have been loaded had they been made available.

Editorially the leader writer of the *Gazette* makes this comment, under the title, "'War secrecy' concealed strange actions":

These are charges which would seem to require a full and detailed reply. But Mr. St. Laurent says that no reply can be made . . . This irregular use of the R.C.M.P. in Canada has never received the examination which the charge would seem to deserve. The delay in making the matter public has been prolonged for seven years.

I am afraid the inaccuracy must be attributed to the fact that Mr. Blakely was probably not here in 1942, and I do not know where the leader writer of the *Gazette* may have been at that time. But I wish to call the attention of those who may be interested—if there are still any who are interested—to the fact that on July 28, 1942, this matter was fully gone into, as reported at pages 4868 and following of *Hansard* of that year. Mr. Bruce, the then member for Parkdale, raised this question, among others:

How can the government ever justify using the authority of the criminal investigations branch of the Royal Canadian Mounted Police, a great and honoured force, to obtain evidence in a civil inquiry...

At page 4869 Mr. Bruce went on as follows:

I am asking the government to justify its action in using the criminal investigation branch of the Royal Canadian Mounted Police for the purpose of getting information in a civil inquiry—not a criminal inquiry.

Then on page 4870:

I think it is a prostitution—

The word is not new.

—of the great Royal Canadian Mounted Police to ask them to assume a responsibility of the kind which they were asked to assume, and which is a direct responsibility of the minister of justice (Mr. St. Laurent) for having done so.

I went fully into all the facts in that connection, as appears on pages 4870, 4871 and 4872; and when I got through, the hon. member for Parkdale was generous enough to make this statement, as reported at page 4872:

Mr. Speaker, I rise to a question of privilege. As the minister of justice in quoting from a Vancouver newspaper has cited portions of a letter submitted by Colonel Drew to the Prime Minister, to my leader and to the leaders of the other groups, I may say that I also was quoting from that letter and I was not attacking the minister of justice personally.

In reply I said:

I thank the hon. member for Parkdale for the withdrawal of the implication at least which his former words contained.

Anyone who may be interested at this time in these events will find that the matter was fully gone into, with the result that the then hon. member for Parkdale made the statement I have just quoted.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, the Prime Minister has referred to an earlier discussion of this matter, and I should think he might now wish to have

the letter tabled so that the record may be complete. If that is his wish, I am prepared to table it. In any event—

Some hon. Members: Order.

Mr. Speaker: Order.

Mr. Drew: In any event, Mr. Speaker, may I simply say that the letter has been published, and I stand by every word in it.

Mr. St. Laurent: Mr. Speaker, the Prime Minister is not now prepared, and never will be prepared, to break a confidence until such time as the one who stipulated that confidence relieves him of the responsibility involved therein. If others choose to take a different view of the obligation with respect to information received by them in confidence, it is their responsibility, and I do not wish to share it.

Mr. Drew: Mr. Speaker, I rise on a question of privilege.

Some hon. Members: Order.

Mr. Graydon: Fair play.

Mr. Speaker: Order. I would ask hon. members to listen to the leader of the opposition, who has risen on a question of privilege, and let him state his question of privilege. I would ask the leader of the opposition, however, to state his question of privilege and not to make any statement.

Mr. Drew: Mr. Speaker, the question of privilege is very clear. The Prime Minister has left the impression that in what has been done there is a breach of secrecy. I would point out that there has been no breach of secrecy; anything that has been said was said in the proper way to the then prime minister of Canada, and was placed in the possession of this house. The information was received here through the regular channels.

Mr. Speaker: Order.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

PUBLIC SERVICE—TEMPORARY AND PERMANENT EMPLOYEES

Mr. Fleming:

How many persons were in the employ of the dominion government (a) on a temporary basis; (b) on a permanent basis, on each of the following dates: May 1, 1945; January 1, 1946; January 1, 1947; January 1, 1948; January 1, 1949?

Mr. McIlraith:

(In each case the statistics shown are as reported at the end of the preceding month.)

1. (a) May 1, 1945, 83,971; January 1, 1946, 106,761 (includes employees for Christmas rush, 20,000); January 1, 1947, 121,673 (includes employees for Christmas rush, 22,000); January 1, 1948, 92,392 (includes employees for Christmas rush, 9,793); *January 1, 1949, 102,397 (includes employees for Christmas rush, 18,000).

(b) May 1, 1945, 30,477; January 1, 1946, 31,038; January 1, 1947, 30,060; January 1, 1948, 32,497; *January 1, 1949, 37,706.

*Includes November figures for the administrative and lands and development services of the Department of Mines and Resources, which are the latest available.

FREIGHT RATES—REFRIGERATED CAR AND HEATING CHARGES

Mr. Hatfield:

1. At the time the increases in freight rates were authorized, were there any increases authorized on services such as refrigerated car charges and heating charges?

2. If so, under what authority were the increases on services authorized?

Mr. Chevrier:

1. Yes.

2. Increases authorized by board of transport commissioners by order 70425, dated March 30, 1948, under their powers expressed in the Railway Act.

CIVIL SERVICE—RECLASSIFICATIONS IN GRADE OR SALARY

Mr. Diefenbaker:

1. Has a reclassification taken place within the last year of civil service positions?

2. If so, in how many cases was there: (a) an increase; (b) a reduction in grade or salary, or both?

3. In how many cases were there reductions made in the case of civil servants receiving less than: (a) $2,000; (b) $3,000?

Mr. Gibson (Hamilton West):

1. Yes.

2. (a) 5,049; (b) 865.

3. (a) Less than $2,000, 533; (b) between $2,000 and $3,000, 280.

CUSTODY OF NAZI SYMPATHIZERS

Mr. McCullough (Assiniboia):

1. How many persons in Canada were taken into custody during the war for their nazi sympathies or activities?

2. What were the names of these people?

3. How many are still in custody?

Mr. Garson:

1. Germans and pro-Germans, 847; Italians, 632; communists, 133; National Unity party, 27.

2. It is considered that it is not in the public interest to supply this information at this late date.

3. None.

WHEAT—UNITED KINGDOM—TRANSFER OF CREDITS FROM UNITED STATES

Mr. Diefenbaker:

1. How much wheat has been (a) purchased; (b) delivered; (c) bargained for, by the British govern-

ment or by British purchasers, month by month, since the first day of January, 1948?

2. Was any of this wheat bought and paid for by foreign aid funds transferred or credited direct from the United States?

Mr. McIlraith:

1. (a) The purchase and sale of wheat and wheat flour to the United Kingdom is covered by the Canada-United Kingdom wheat agreement.

(b) Delivery of wheat is made to the United Kingdom at seaboard and delivery of the wheat for milling of flour is regarded as completed when the imported cereals division books the flour with the Canadian mills. Deliveries in the January 1948-January 1949 period were as follows:

Wheat and Flour Deliveries Under United Kingdom Agreement
(Period January 1, 1948 to January 31, 1949)

Month 1948	Wheat deliveries (bushels)	Flour deliveries (bushels)	Total wheat and flour deliveries (bushels)
January	11,996,459–20	751,242–51	12,747,702–11
February	11,917,117–40	400,435–43	12,317,553–23
March	6,662,205–50	12,376,748–35	19,038,954–25
April	10,569,227–20	93,227–09	10,662,454–29
May	13,014,486–50	....	13,014,486–50
June	12,535,197–20	....	12,535,197–20
July	12,408,686–20	†2,408,117–08	14,816,803–28
August	*8,597,878–40	602,035–43	9,199,914–23
September	8,407,557–50	5,890,146–26	14,297,704–16
October	10,996,908–30	1,025,225–20	12,022,133–50
November	12,470,368–50	5,657,258–35	18,127,627–25
December	9,587,056–50	19,800–00	9,606,856–50
1949			
January	11,939,366–30	7,200–00	11,946,566–30
Total	141,102,517–50	29,231,437–30	170,333,955–20

* 7,457,286–50 bushels 1947-48 agreement; 1,140,591–50 bushels 1948-49 agreement.
† 86,952–51 bushels 1947-48 agreement; 2,321,164–17 bushels 1948-49 agreement.

(c) Nil.

2. Not known; the payment for Canadian wheat and flour is arranged by the United Kingdom authorities. See also question re purchase of Canadian wheat by United States appearing in *Votes and Proceedings* No. 5, page i, and answer thereto, *Hansard*, volume 88, No. 11, pages 380-381.

*AGRICULTURAL PRICES SUPPORT BOARD—POTATOES

Mr. Hatfield:

How does the agricultural prices support board propose to dispose of the grade one potatoes they are now surveying and entering into contracts with the farmers for payment of $1.15 per hundredweight in the bins on the farm?

Mr. Gardiner: It is not my understanding of the arrangement, Mr. Speaker, that the agricultural prices support board secures any potatoes to dispose of; but it is their hope that the private organizations which have been handling the potatoes of farmers for some considerable time will make such a good job of handling them this year that the potatoes will be well taken care of.

INCOME TAX—CO-OPERATIVES

Mr. Argue:

1. What amount of tax was collected from co-operatives under the Income War Tax Act for the years 1946 and 1947?

2. What was the amount of tax collected in each province for each of the above years?

Mr. McCann:

1. Up until the year 1947, the taxation division did not maintain statistics on the amount of tax declared by, or collected from, co-operatives. The statistics are being compiled for 1947 but will not be completed until midsummer.

2. See answer to No. 1.

INDIANS—RATIONS CHARGED TO BAND FUNDS

Mr. Campbell:

1. Are rations to aged Indians now being charged to band funds?

2. If so, since when and on whose authority?

Mr. MacKinnon:

1. Yes, but only where such costs can be met without seriously depleting the revenue account of the band concerned; otherwise

such rations are purchased from moneys appropriated by parliament for Indian welfare. There is also granted from appropriations a special allowance to aged Indians.

2. The authority to grant assistance from band funds to aged Indians has been provided for in the Indian Act since it was first passed; see section 95 (d).

BUILDING PERMITS

Mr. Fleming:

1. What was the aggregate value of building permits issued in Canada by months in the year 1948?

2. How much of such aggregate value in each month was for (a) residential; (b) commercial and industrial construction?

Mr. McIlraith:

1 and 2.

1948

	(1) (2) Total Value of Permits $	(2) Residential Construction $	(2) Commercial Construction $	(2) Industrial Construction $
January	17,478,810	8,617,254	5,755,471	1,633,648
February	21,047,234	10,845,178	6,465,852	1,719,170
March	42,331,311	23,758,153	9,854,616	2,544,550
April	69,447,531	43,960,039	13,148,474	4,179,004
May	73,631,690	46,304,525	14,565,133	5,406,351
June	75,052,649	47,075,938	14,094,803	4,963,525
July	73,108,839	41,046,219	12,173,335	7,093,090
August	63,652,206	38,663,501	11,365,400	4,486,585
September	56,845,721	34,131,730	11,115,650	5,125,210
October	56,253,810	33,699,234	11,985,048	5,223,606
November	51,307,919	28,932,701	11,891,277	5,300,890
December	46,751,089	22,662,559	12,801,692	3,508,430

(1) Includes institutional and miscellaneous permits.

(2) As reported by 507 municipalities in Canada. No account is taken of the building activity outside of registration areas.

DRAINAGE AND RECLAMATION—BRITISH COLUMBIA—LILLOOET LAKE

Mr. Fulton:

1. Has a contract now been let for the lowering of the level of Lillooet lake in connection with drainage and reclamation at Pemberton Meadows, British Columbia?

2. If so, who was the successful bidder, and what was the amount of the tender?

3. Were other tenders received?

4. If any, who were the tenderers, and what was the amount of the tender in each case?

Mr. McCubbin:

1. Yes.

2. Highway Construction Company, Limited, Vancouver, B. C. $404,000.

3. Yes.

4. Campbell-Bennett Limited, Vancouver, B.C., $407,000. Assiniboia Engineering Co., Ltd., Calgary, Alta., $486,700. Dawson, Wade & Co., Ltd., Vancouver, B.C., $540,000. Fred Mannix & Co., Ltd., Calgary, Alta., $1,215,000.

POSTAL SERVICE—RATES TO NORTHWEST TERRITORIES

Mr MacInnis:

1. What are the postage rates to Yellowknife and other areas in the Northwest Territories on (a) letters; (b) newspapers and periodicals; (c) printed matter; (d) parcels?

2. Is the postage rate on any of these items different from rates to other parts of Canada?

Mr. Bertrand (Laurier):

(1) First class (letters)—4 cents first ounce, and third class (printed) matter, 2 cents each additional ounce or fraction thereof; second class matter (newspapers and periodicals) when mailed by the public—1 cent per 4 ounces or fraction of 4 ounces to each separate address; when mailed from the office of publication or from newsdealers to subscribers—4 cents per pound.

Parcel Post

30 cents per lb. or fraction of a lb.—Bitumount, Camsell Portage, Embarras Portage, Fond du Lac, Fort Chipewyan, Fort Fitzgerald, Fort Smith, Stony Rapids.

70 cents per lb. or fraction of a lb.—Fort Providence, Fort Resolution, Hay River, Port Radium, Rae, Yellowknife.

$1.20 per lb. or fraction of a lb.—Coppermine, Fort Good Hope, Fort Norman, Fort Simpson, Norman Wells, Wrigley.

$1.40 per lb. or fraction of a lb.—Aklavik, Arctic Red River, Fort McPherson, Port Brabant, Reindeer Depot.

Note: Small parcels weighing up to 8 ounces may be prepaid at the air letter rate of 7 cents for the first ounce, and 5 cents each ounce after, if the sender so desires.

(2) Yes. All mail for Yellowknife and the other offices mentioned above must be carried by air. Special rates of postage were established for printed matter, parcels, and news-

papers and periodicals mailed by publishers to subscribers with the object of keeping the volume of printed matter, newspapers and parcels to a minimum so that there would be sufficient space available on the planes at all times for the conveyance of letter mails.

Questions

INCOME TAX—ASSESSMENTS NOT YET MADE

Mr. Fleming:

At January 1, 1949, on how many income tax returns, by years and by district offices, had assessment not been made?

Mr. McCann:

Individuals

By district income tax offices	By taxation years					
	1917-44	1945	1946	1947	1948	Total
Charlottetown	261	745	3,979	5,783	11	10,779
Halifax	1,064	1,580	4,522	19,638	73	26,877
Sydney	927	520	1,484	3,870	14	6,815
Saint John	9	46	826	23,593	42	24,516
Quebec	1,448	1,880	15,171	57,565	77	76,141
Sherbrooke	269	186	1,413	5,356	2	7,226
Montreal	....	5,238	46,990	284,075	768	337,071
Ottawa	430	1,391	8,694	67,924	26	78,465
Kingston	16	88	885	15,317	20	16,326
Belleville	412	278	2,348	14,226	68	17,332
Toronto	1,927	1,493	12,818	194,647	304	211,189
Hamilton	2,162	1,435	32,864	160,985	132	197,578
London	10,344	18,309	57,272	141,079	205	227,209
Fort William	299	433	3,392	8,881	95	13,100
Winnipeg	1,153	4,372	24,716	125,456	244	155,941
Regina	231	6,468	25,840	61,157	63	93,759
Saskatoon	3,878	7,435	12,918	33,951	96	58,278
Calgary	2,206	3,826	22,176	51,421	45	79,674
Edmonton	56	188	3,030	44,410	42	47,726
Vancouver	11,097	13,194	51,924	168,080	218	244,513
Dawson	93	53	102	1,021	2	1,271
Total	38,282	69,158	333,364	1,488,435	2,547	1,931,786

Corporations

By district income tax offices	By Taxation Years					
	1917-44	1945	1946	1947	1948	Total
Charlottetown	33	21	50	202	139	445
Halifax	408	501	1,069	1,380	437	3,795
Sydney	42	49	152	204	45	492
Saint John	60	44	230	898	277	1,509
Quebec	97	100	345	931	297	1,770
Sherbrooke	7	8	58	107	32	212
Montreal	20	1,468	3,111	6,984	2,365	13,948
Ottawa	117	281	788	1,406	404	2,996
Kingston	2	5	28	107	37	179
Belleville	16	17	93	285	79	490
Toronto	1,699	2,503	3,844	7,593	1,725	17,364
Hamilton	178	482	1,270	1,899	491	4,320
London	438	410	1,386	1,826	443	4,503
Fort William	116	61	216	297	71	761
Winnipeg	626	765	2,101	2,744	639	6,875
Regina	22	77	260	715	174	1,248
Saskatoon	50	80	277	881	129	1,417
Calgary	157	359	791	1,194	331	2,832
Edmonton	63	79	573	1,270	382	2,367
Vancouver	980	1,410	4,072	5,942	2,166	14,570
Dawson	17	9	12	18	1	57
Total	5,148	8,729	20,726	36,883	10,664	82,150

Questions

CANADIAN NATIONAL RAILWAYS—ST. MAURICE, QUE.—EMPLOYMENT OF PERSONNEL

Mr. Caouette:

1. Were certain local employees or officers of the Canadian National Railways (St. Maurice division) employed on the recommendation of the minister or through the patronage of their member of parliament?

2. If so, what are the names of such employees; what are their respective duties and what recommendations were made by the minister?

3. What recommendations were made by members of parliament and what is the name of the member in each case?

Mr. Chevrier:

The Canadian National Railways advise as follows:

1. There is no operating division or subdivision bearing the name of St. Maurice, but if the question were of general application the answer would be no.

2. Answered by No. 1.

3. Answered by No. 1.

The management of the railway state that individuals taken into the service of the Canadian National Railways are engaged having regard for their age, their physical fitness, their educational standard, their character and the feeling of employing officers who will be capable of performing the duties assigned to them. Recommendations from individuals can only be considered in applying the foregoing tests. Certainly no employee or officer is engaged merely because of a recommendation by anyone in public life or otherwise.

IMMIGRATION—DR. MICHAEL SEIGNEUR

Mr. Diefenbaker:

1. By what mode or modes of transportation did Dr. Michael Seigneur, his wife and children enter Canada and what were the dates of arrival of each of them?

2. If transportation was by ship, give name of ship and steamship line?

3. Did the Canadian immigration authorities examine their credentials and screen them prior to embarkation or departure from Europe?

4. At what Canadian port or ports were they admitted to Canada?

5. Were they in possession of landing cards? If so, who signed the same?

6. If entry was made by way of the United States by them, or any of them, who were the Canadian immigration authorities who admitted them?

7. When did any of the immigration officials first become aware that Seigneur and/or wife and family were in Canada?

8. Have any documents been issued legalizing the the entry into Canada of the said persons?

9. If so, what is the nature thereof?

10. Was an order in council passed? If so, what is the number and date thereof?

Mr. MacKinnon:

1. Dr. Michael Lucien Seigneur entered Canada from New York by the Delaware and Hudson Railway, on December 1, 1946. Mrs. Seigneur, with her children, entered Canada from New York by Colonial Air Lines, on June 1, 1947.

2. Answered by No. 1.

3. There were no immigration officials in France at the time. Dr. Seigneur, under the name of Vincent Desgarets, did apply to the Canadian embassy at Paris for a non-immigrant visa as a student for temporary entry to study at College Stanislas, Montreal. This was granted.

4. Dr. Seigneur entered Canada at Lacolle, P.Q. Mrs. Seigneur and her children entered Canada at Montreal, Dorval airport.

5. Non-immigrants are not required to be in possession of a landing card under immigration regulations.

6. As no individual record is kept of non-immigrants entering Canada from the United States, no record was made of the entry of Dr. Seigneur and his family.

7. On February 26, 1948, when Dr. Seigneur applied for landing for himself and family.

8. By order in council P.C. 2920, dated June 29, 1948, the provisions of P.C. 4849 and P.C. 4851 were waived in respect of Dr. Seigneur and his family.

9. Answered by No. 8.

10. Answered by No. 8.

QUESTIONS PASSED AS ORDERS FOR RETURNS

LEGAL SERVICES—CHAPLEAU AND PONTIAC COUNTIES

Mr. Caouette:

1. What are the names of the lawyers and notaries residing in the counties of Chapleau and Pontiac who have acted as agents for the different departments or boards of the federal government during the years 1945 to January 1, 1949?

2. What amount of fees has been paid annually to each of them?

SHIPMENT OF GOODS TO CHINA

Mr. Lennard:

1. Have shipments left Canada for China since January 1, 1949?

2. If so (a) what goods and in what quantities; (b) to whom; (c) how are they being paid for?

3. Are shipments still going forward?

DAIRY INDUSTRY—OLEOMARGARINE—IMPORTS OF VEGETABLE OILS AND FATS

Mr. Hatfield:

1. Has the international emergency food committee ceased to function in regards to oils and fats entering Canada?

2. What steps have been taken by the government to protect the dairy industry in regards to vegetable oils and fats entering Canada for the manufacturing of margarine?

DOMINION BONDS—PURCHASES IN 1948 BY BANK OF CANADA AND OTHER AGENCIES

Mr. Fleming:

What amounts of bonds issued or guaranteed by Canada were purchased by months in the year 1948, by the Bank of Canada and each of the other federal government boards or commissions or departments authorized to purchase government bonds?

RADIO BROADCASTING—HAVANA AGREEMENT—APPLICATIONS FOR INCREASED POWER

Mr. Ross (St. Paul's):

1. How many applications for increased power have been received by the (a) Canadian Broadcasting Corporation; (b) Department of Transport, and from what stations, in the years 1944, 1945, 1946, 1947 and 1948?
2. What are the frequencies allotted to these stations?
3. What is the minimum power for security of occupancy of these channels under the Havana agreement?
4. What is the maximum power allowable for these channels under the Havana agreement?

RADIO BROADCASTING—HAVANA AGREEMENT—CHANNELS ALLOTTED TO CANADA

Mr. Ross (St. Paul's):

1. What is the effective date and term of the North American regional broadcasting agreement or so-called Havana agreement?
2. What was the date set at which time the channels allotted to Canada had to be occupied with minimum power?
3. Have there been extensions of this date?

YARMOUTH CENTRE AND FINGAL, N.S., AIRPORTS

Mr. Coyle:

1. Is the government using the airports at Yarmouth centre and Fingal?
2. If not, what disposition has been made of these airports?
3. Are either or both of these airports being used as farm lands?
4. If so, to whom are they rented and under what terms?
5. Are taxes being paid on these lands?
6. If so, to whom, and if not, why not?

CROWN COMPANIES

Mr. Green:

1. What crown companies continue to function?
2. What is the nature of the work carried on by each of such companies?
3. To which minister of the crown, if any, is each of such crown companies responsible?
4. What crown companies remain in existence but are not functioning?

INQUIRY FOR RETURN

SUBSIDIES ON VARIOUS COMMODITIES, 1946-47-48

Mr. H. W. Timmins (Parkdale): On February 9, 1947, an order for return was made to a question of mine which appears on page 389 of *Hansard*, and which had to do with subsidies on various commodities. I have not yet received that return, and I wonder whether the Minister of Finance would look into the matter.

Motions for Papers

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, probably it does not concern only my department. I shall make inquiries however, and see what the situation is.

MOTIONS FOR PAPERS

INTERNATIONAL CONFERENCE ON SAFETY OF LIFE AT SEA—CANADIAN DELEGATION

Mr. Pearkes:

For a copy of the report of the Canadian delegation which attended the international conference on safety of life at sea, in 1948.

Mr. Chevrier: The only report brought to my attention in this connection is that of the international conference on the safety of life at sea, signed at London on June 10, 1948. I presume that is what the hon. member wants, and I now table it.

Mr. Pearkes: I thought perhaps the Canadian delegation would have put in a special report of their own.

Mr. Chevrier: There is no special report.

CANADIAN MARITIME COMMISSION—RECOMMENDATIONS OF NATIONAL ADVISORY COMMITTEE

Mr. Green:

For a copy of any recommendations made to the government or to the Canadian maritime commission by the national advisory committee of such commission.

DRAINAGE AND RECLAMATION—BRITISH COLUMBIA—PEMBERTON MEADOWS

Mr. Fulton:

For a copy of the report known as the McGugan report on the costs, etc., and method to be followed in carrying out the program of drainage and reclamation at Pemberton Meadows, British Columbia.

Mr. Fulton:

For a copy of all correspondence, reports, and recommendations (other than the McGugan report) between the Department of Agriculture and any other department or agency of the federal government and any individual or committee of citizens with respect to drainage and reclamation at Pemberton Meadows, British Columbia.

TRANSPORTATION

INQUIRY AS TO OPENING OF HEARINGS OF ROYAL COMMISSION

On the orders of the day:

Mr. Howard C. Green (Vancouver South): Mr. Speaker, can the Minister of Transport tell the house when the hearings of the royal commission on transportation will begin? I ask the question because when the appointment of the commission was announced on December 30 the Canadian Press indicated

that the hearings would begin in approximately two months. It is now more than two months since the commission was appointed.

Hon. Lionel Chevrier (Minister of Transport): In a conversation which I had some weeks ago with the chairman of the royal commission on transportation he indicated that he was anxious to proceed with the hearings as quickly as possible, and stated that he thought the commission would be ready to proceed by the end of April. Since then I have been informed that some of the provinces have sought some delay in order to prepare their cases. I cannot give any further information.

Mr. Green: Does the minister know which provinces have asked for the delay?

Mr. Chevrier: I am not able to say.

Mr. Green: Will the minister find out?

Mr. Chevrier: Yes.

HOUSING

FAIRCRAFT FLAT-ROOF HOUSES OCCUPIED BY VETERANS—QUESTION AS TO DEFECTS

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): Mr. Speaker, I should like to ask a question of the Minister of Veterans Affairs. Has the soldier settlement and Veterans Land Act branch of the minister's department done anything to correct the defects in the Faircraft flat-roof houses occupied by veterans across Canada?

Hon. Milton F. Gregg (Minister of Veterans Affairs): I shall take note of the hon. member's question and give an answer later.

COARSE GRAINS

INQUIRY AS TO CONFERENCE WITH FEDERAL GOVERNMENT

On the orders of the day:

Mr. J. O. Probe (Regina City): On Wednesday, February 23, the hon. member for Moose Jaw (Mr. Thatcher) addressed a question to the Minister of Trade and Commerce, to which the parliamentary assistant replied, stating in effect that it would be dealt with by the minister upon his return to the house. The hon. member's question was:

> In view of the conclusion last month of the conference on coarse grains between the federal government, provincial governments and the Canadian federation of agriculture, can the minister indicate when he will give a statement to the house as to what was accomplished, and what decisions were reached?

Will the minister indicate whether an answer is being prepared?

[Mr. Green.]

Right Hon. C. D. Howe (Minister of Trade and Commerce): The matters referred to in the question are still under study. I hope to be able to make a statement to the house within the next two weeks.

HOUSE OF COMMONS

CHANGES IN SEATING ARRANGEMENTS

On the orders of the day:

Mr. G. A. Cruickshank (Fraser Valley): I should like to ask a question of the Minister of Public Works (Mr. Fournier). Now that the hon. member for Lake Centre (Mr. Diefenbaker) has been moved forward, when will the hon. member for Grey North (Mr. Case) be moved to the front ranks?

Mr. Fraser: After you uncrook your shanks.

POSTAL SERVICE

NEW STAMP ISSUES—ENTRY OF NEWFOUNDLAND —HALIFAX CENTENARY

On the orders of the day:

Mr. J. O. Probe (Regina City): Mr. Speaker, I should like to ask a question of the Postmaster General. For the purpose of answering inquiries by Canadian and other stamp collectors, will he inform the house whether his department has planned a special stamp issue to celebrate the entry of Newfoundland into confederation, when this is achieved? What other commemorative or special stamp issues are planned for this year by the Postmaster General?

Hon. Ernest Bertrand (Postmaster General): The answer to the first question is in the affirmative; a stamp is now being printed. We also have another historical stamp which is to come out in commemoration of the 200th anniversary of the founding of Halifax.

FISHERIES

SUPPLY OF BAIT TO LOBSTER FISHERMEN, DIGBY, N.S.

On the orders of the day:

Hon. R. W. Mayhew (Minister of Fisheries): Yesterday the hon. member for Rosetown-Biggar (Mr. Coldwell) asked a question about seining for herring in Digby basin. I should like now to answer the question.

The department has received two telegrams with reference to winter seining in Annapolis basin. The department's information is that of six weirs licensed in the basin, one only operated this winter, and it has operated only partly. Three seine boats had been operating up to recently in the basin, but ceased operations at the end of last week.

No shortage of bait in this district has recently been reported to the department. The department is informed that if bait were required, the seiners would gladly sell it on request, as they have done in past years.

PRAIRIE FARM ASSISTANCE

TOWNSHIPS DECLARED INELIGIBLE FOR PAYMENTS —QUESTION OF REINSPECTION

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to ask a question of the Minister of Agriculture, having to do with the fact that some 600 townships in the prairie provinces have been declared ineligible for payment of the prairie farm assistance allowance. Has the minister given consideration to the reinspection of these areas, or to any alteration in the area of qualification? This is a matter of great interest to large areas, particularly in Saskatchewan.

Right Hon. J. G. Gardiner (Minister of Agriculture): As the hon. member knows, there is a board to which all these applications are referred. Whenever a question arises whether a decision by the board is correct or otherwise, reinspection is made, and I presume that where any such question has arisen, that has been done. If, however, there are any districts in which reinspections have not been made, and about which there is question, the board will reconsider them.

Mr. Diefenbaker: If the minister would make a general statement in regard to the whole situation, it would be beneficial, because, as he knows, all of us on the prairies are in receipt of letters from many farmers who believe they are entitled to payment.

TRANS-CANADA HIGHWAY

INQUIRY AS TO CHOICE OF ROUTES

On the orders of the day:

Mr. P. C. Black (Cumberland): I should like to ask a question of the Minister of Mines and Resources about his reply to my inquiry as to the route of the trans-Canada highway. A certain route had been recommended in the early thirties by the federal government and by the different provinces. That is the information for which I have been asking, rather than the results of the request recently made to the provinces as to the route of the highway. What routes were recommended by the different provinces from 1930 on; what routes were approved by the federal government—

Mr. Speaker: Order.

Mr. Black (Cumberland): —and what expenditures have been made?

Mr. Speaker: May I suggest that as the hon. member's question is a lengthy one, it should have been placed on the order paper.

Mr. Black (Cumberland): I think it should be answered. May I have an answer from the minister?

Hon. J. A. MacKinnon (Minister of Mines and Resources): I shall be glad to look into the matter and see whether there is any such information in the files of the department. If there is, I shall produce it.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed from Tuesday, March 1, consideration of the motion of Mr. D. F. Brown for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto of Mr. Drew, and the amendment to the amendment of Mr. Coldwell.

Mr. C. E. Stephenson (Durham): Mr. Speaker, in availing myself of this opportunity to speak I intend to bring to the attention of the government some of the serious problems that face agriculture across Canada, and in particular I should like to refer to those who are engaged in this basic industry in the county I have the honour to represent. Before proceeding I should like to join with others in congratulating the mover (Mr. Brown) and the seconder (Mr. Demers) of the address and to say to them that they did a very fine job.

Mr. Speaker: Order. There is far too much disturbance in the chamber.

Mr. Stephenson: When I spoke last year in the debate I found myself in the same position as I am in today. At that time I asked if it might not be possible to arrange for an interval after the orders of the day have been dealt with during which time hon. members who wished to leave the chamber might withdraw. Then it would not be necessary for the speaker who had the floor to compete with all the confusion that arises.

As I was saying, I should like to join with others in congratulating the mover and seconder of the address. I think they did exceptionally fine jobs with the meagre material they had at their disposal. I should like also to congratulate the Prime Minister (Mr. St. Laurent) upon attaining the high position he now holds. It might be timely to remind the youth of Canada that under our democratic system they have the opportunity of attaining to that same high position. It might also be timely to warn Canadian parents who have the interests of their children at heart, and who wish them to

attain to high office in this country, that they should take cognizance of the actions of those people who would attempt to bring dictatorship to this country and deprive our children of the great opportunities they have.

I should like also to congratulate the leader of the opposition (Mr. Drew). I believe it is becoming more widely known every day that he is a great statesman and a great defender of freedom. I am sure that in the near future he will attain to the great position to which I have just referred.

One thing is noticeable this year—the continuity of the debate on the address. It will be remembered that in recent years the debate was interrupted every few days in order to permit the government to bring down bits of legislation which they claimed were of an emergency nature. In my opinion those bits of legislation were brought down for no other purpose than to distract the people and to divert from the government the criticism being leveled at it. This year instead of bits of legislation being brought down we find that cabinet ministers are being injected into the debate in an effort to redeem the government and to make excuses for their sins. However, I am sure that that has not had a a great deal of effect on the country.

I was much interested in listening to the fine reading by the Minister of National Health and Welfare (Mr. Martin). It was a reading and I understand that copies had already been given to the press in order that they might not miss anything. I noticed the great effort the minister made to pat himself on the back, so much so that I thought he might break his arm, when he told the country what a wonderful job he had done with our money. Someone said that it had been the provinces that had done the good job, but the minister said, "with our money." He should have said the hard-earned money of the taxpayers.

I should like to pay a tribute to the press of Canada. I think they try to present without bias the different views on political issues. In particular I should like to pay a tribute to two publications in my riding. The Port Hope *Guide* is a daily paper that has been published since 1831. *The Canadian Statesman* is a weekly paper which has won distinction across Canada. It has been awarded the national editorial trophy and the certificate of merit for the past two years, and this in competition with all the weeklies in Canada. I think that is a record to be proud of.

It has been said by the Liberal party that this paper has considerable political bias. I will admit that it has seen fit to support the policies of the Progressive Conservative party, but as an indication that it is not biased I should like to refer to the fine picture of the former Prime Minister of Canada which it published over the following statement:

> Honoured today as Canada's greatest statesman, crowned with the record of the longest tenure in office of any Prime Minister in the long history of the empire and commonwealth, Prime Minister Mackenzie King retired from his high office on Monday, November 15, 1948.

Then they went on to state that every Canadian would wish him well-deserved leisure and congratulate him upon his long years of service. I do not think that a paper which would publish a statement like that could be said to be altogether politically biased. Another political party in my riding has claimed that this paper is politically biased. The C.C.F. party have also claimed this paper to be biased because it does not support their policies. When they could not get support, the leaders of that party had notices posted in the factories forbidding their supporters to buy this paper. This is the first time to my knowledge that any political party has boycotted the freedom of the press. I would say that those are communist tactics.

Mr. Fraser: Trying to suppress the truth.

Mr. Stephenson: I hear some remark.

Mr. Fraser: Trying to suppress the truth; that is what they were trying to do.

Mr. Stephenson: In order to show that this paper is a staunch supporter of agriculture I should like to quote some of the articles that appeared in a recent issue with regard to the achievements of farmers in the county I have the honour to represent. The articles which refer to the royal winter fair read as follows:

> W. Carruthers Takes Apple Prizes at Royal
> Wilfred D. Carruthers, Bowmanville, surprised the usual large exhibitors of apples at the royal winter fair by capturing five prizes on his small displays of Spy and McIntosh varieties. His ribbons included two firsts, two seconds and a third.

Here is another heading:

> Reserve champion for oats goes to Garnet Rickard.

He is from Bowmanville. Here is an excerpt from an article in the same paper:

> Maurice Baker, Hampton, fitted and showed the grand champion and junior champion shorthorn bull.

Then there is part of another article to which I wish to refer:

> Latest lists received show Fred Trewin, Nestleton, winning the junior championship on a Tamworth sow.

The junior Durham county team had great success at the royal winter fair, winning one first, six seconds, one third and one fourth in recent years, and many other winners whom time does not permit me to mention.

The whole paper is more or less filled with the achievements of the farmers of Durham county at the royal winter fair in Toronto. I have given these quotations to show that I represent a truly agricultural district.

I should like to make a few remarks now on agriculture in general. In saying that agriculture is a basic industry of the country, I believe that to be so because our great country was built upon it. We know that our forefathers depended on this basic industry for their very livelihood, and the great advance Canada has made is due to their efforts. As I said, they also depended on agriculture for their very existence. That is true today, but people living in urban and metropolitan areas give very little thought to this fact. They assume the attitude that agricultural products just grow on the shelves of the grocery stores, that all they have to do is to go into the store and pick them off the shelves, and the shelves will be restocked from some storage plant. These people give little thought to the long hours and the hard work that the farmers have put in to place these products on the shelves of the grocery or butcher stores.

I think the farmers should be commended for their great war effort. It has been said that an army marches on its stomach, which is true. If it had not been for the effort of the farmers there might have been a very different ending to the last war. At the time farmers were making this great effort to produce the necessary products of the farm, industry was offering higher wages than the farmers could pay their help. As a result of the attraction of high wages in industry, farm labourers left the farms and went to the urban and metropolitan centres. The farmers' sons did the same thing. The result was that pop and mom and the little children were left to carry on as best they could to try to satisfy the great need for farm produce. They worked twelve hours a day before they lost their farm help, but afterwards it was necessary for them to work fourteen and fifteen hours a day.

Nothing was done by the government to see that farmers were given assistance to secure labour, although every other industry seemed to receive some consideration. As a result the farmers found they had to purchase special machinery in order to maintain production, and they purchased tractors, combines, and so forth, at considerable expense. They made a gallant effort. A great many of their products had to be sold at controlled prices, something that I do not think we should forget. I hope the farmers who borrowed money to buy machinery now have it paid for, because the outlook at the present time does not appear any too bright for the future of agriculture.

We now find the government going back years and digging out taxes from these people who worked so hard, but who were allowed nothing extra for their long hours of labour and the work performed by the wife and the children on the farm. They were not given one cent's consideration by way of reduction of income tax for the extra services they performed. The department is now trying to dig out the odd dollar from these people, who gave such great service to their country. It is even going to the extent of asking whether the farmer's wife may have an extra bill shoved down her stocking. When they go to see if the farmer may have an extra nickel hidden away some place, they are demanding it of the farmer in spite of the fact that this government boasts of a surplus of over $600 million.

On an expanding market we always find that the products of agriculture are generally the last to increase in price. We also find on a receding market that they are the first to feel the effect of any change. That is what is happening today. On the Toronto market last fall beef sold for $28 to $30, and the price now is from $18 to $20. I have a letter from one of my constituents who is in the beef cattle business. He says that at the present time he stands to lose $2,500. We see that chickens have gone down 14 cents a pound. Eggs were selling for 70 to 75 cents a dozen a while ago, and just the other week I bought grade A eggs for 44 cents a dozen. We find that potatoes are now selling at $1 to $1.25 a bag. This is the reward of the farmers after the great effort they made on behalf of Canada, and I would say that in great part it is due to the bungling of the government.

Mr. Grant: That is a broad statement.

Mr. Rowe: Broad but it is true.

Mr. Graydon: It is not a narrow one either.

Mr. Stephenson: The Minister of Agriculture (Mr. Gardiner) made a political speech the other night. I am sure it is not the kind of speech that the farmers have been waiting for. He took great credit for the expanding trade Canada had enjoyed since 1935, when the Liberal party came into power. He said it was all due to the Liberal party.

Mr. Gardiner: And in spite of the Tory party.

Mr. Stephenson: The minister has made his statement. Let us see what happened. What is the true reason that we had expanding markets practically from the time that the

government came into power in 1935? The reason is that we had just come through the greatest depression the world has ever known, a world-wide depression. By 1933 or 1934 markets had started to move upward, and when the government came into power in 1935 they were able to enjoy the returning markets. That was the reason there was an increase at that time. During the war we find that the market was expanded owing to the great demand for the goods that were necessary for war. After the war was over those countries that had been devastated by it were not in a position to produce the goods they needed. Canada was fortunate enough not to be touched by the war, and we were in a position to supply what was needed. All the government had to do was to shovel the goods into the market. In many cases they were sold at less than the world market price. It is not hard to go out and sell goods on the market at less than the world market price. If I were a salesman I could easily go out and sell an article for less than the other fellow was asking for it. That is hardly salesmanship, and it requires no great effort. That is exactly what happened; that is why this government had these expanding markets and why Canada enjoyed those exports. But now we find a different position. These other countries are getting back into production and are competing in the world markets, and as a result we are losing them.

Mr. Gardiner: Oh, no.

Mr. Stephenson: Oh, yes, we are. We cannot get the markets, that is all.

Mr. Gardiner: What unsold surpluses have we?

Mr. Stephenson: If the minister will not admit that, let us see what is actually happening; let us take a few of the statements that have been made. Here is one that appeared in the press a short time ago:

> Under the agreement with the Netherlands, the United Kingdom will obtain sorely needed supplies of bacon and eggs to compensate in part for reduced purchases of these foods from Canada.

Mr. Gardiner: That is because we ate them all ourselves, or sent them to the United States.

Mr. Stephenson: Here is something that has actually happened. Between 1939 and 1949 we negotiated over 125 contracts with the United Kingdom for foodstuffs, and had as many as 22 in force in one year. Today we have four: wheat, covering 160 million bushels at $2; cheese, covering fifty millon pounds at 30 cents a pound, an amount less than the total shipments of cheese in any single year during the past thirty years; a contract for 160 million pounds of bacon at $36, grade A Wiltshire, f.o.b. Canadian seaport, the lowest bacon contract we have had in the past ten years. This portrays a situation of such gravity that the Minister of Agriculture (Mr. Gardiner) felt it necessary at the last dominion-provincial agricultural conference to state that the Canadian government can no longer assure farmers of a market in Britain for all the hogs we can produce.

Mr. Gardiner: All they produced were sold.

Mr. Stephenson: If the minister wants to make a speech he may do so later.

Mr. Grant: Leave him alone and let him do it.

Mr. Stephenson: He would like to be left alone, I know. Then our contract this year for 46 million dozen eggs represents a reduction of 62 per cent from last year. It is said that the reason for this situation is the shortage of dollars in the United Kingdom. We will admit that this has been an important factor, but I still say this government has been sitting on the doorstep, paying hardly any attention to export markets, and as a result we have lost them. Are they going to continue to just sit here and wait for these people to come and knock on our door?

Mr. Cruickshank: Let us blast our way in.

Mr. Stephenson: I am afraid I forgot to include the hon. member for Fraser Valley (Mr. Cruickshank) in the list of people I should congratulate. May I congratulate him now on these great, statesmanlike interjections he makes in this House of Commons. I am sure his people back home read them with a great deal of interest.

Many people have thought that we might be losing these markets because other countries are selling their goods to Britain at lower prices. I want to correct that impression. In the latest issue of *Foreign Trade*, which came to our desks just the other day, I find this statement:

> With the exception of condensed milk, the average values, declared for customs purposes, of the principal foodstuffs obtained from Canada were lower than the values of similar products imported by the United Kingdom from other countries. As indicated in the table below, the average value for Canadian wheat in 1948 was £1 per hundredweight, whereas that for wheat from other sources of supply was £1·5 per hundredweight. The average value for bacon from Canada was £10 per hundredweight compared with £11·4 per hundredweight for bacon from other countries.

The article goes on to give a whole list of items, and in each case the prices paid to other countries are higher than those paid to Canada. So it is hard to understand why we have not been able to retain those markets. It might be interesting to have this

table appear in *Hansard*, so everyone may see it, and I would ask the privilege of tabling it.

Some hon. Members: Agreed.

Mr. Stephenson: We have been told by the minister also how much better off Canadian farmers were under these long-term agreements. Well, how many long-term agreements have we now, as compared with what the farmers thought they were going to get? Now we find the minister presenting to this house the Agricultural Products Act, which would give him a virtual monopoly over all agricultural products in Canada.

Mr. Gardiner: That is the bill on which you should be making this speech.

Mr. Stephenson: In reading that legislation I find that if a farmer should violate any of its provisions he may be subject to a fine of up to $5,000 or six months in jail or both. I am going to ask the minister if he still thinks that is a good act.

Mr. Gardiner: Which act?

Mr. Stephenson: Surely the minister is not going to say, like some others, "I did not hear you." Do you still think it is a good act as far as the farmers are concerned?

Mr. Gardiner: Which act?

Mr. Stephenson: The Agricultural Products Act, which you have on the order paper now.

Mr. Gardiner: Yes, it is a good act.

Mr. Stephenson: If it is good, how do you reconcile the statement apparently made by you at the meeting of the Ontario concentrated milk producers association on October 10, when you were reported to have said:

> Mr. Gardiner said that consumers do not appreciate wartime sacrifices of farmers and . . . that farmers have not been able to make consumers realize how much farmers sacrificed under a government controlled price policy during world war II.

Mr. Gardiner: That is why we need the act. If the consumers realized that we would not need it.

Mr. Stephenson: The minister says the farmers suffered under this control policy, but now he wants to bring in legislation which will give him control over everything. The farmers in Durham county were not much interested in the political speech made by the minister the other evening, but they would like to know where our markets have gone for hogs, eggs, apples, honey, tobacco, potatoes and many other commodities. Incidentally I would like to ask the minister again when the department intends to carry out T.B. tests in my county. I have been asking for this during the last three years. I have had promises from the minister that it would be done, but nothing has been done. We heard the hon. member for Lanark (Mr. Blair) tell us that cattle were one source of tuberculosis in human beings. Then on the other hand we have the Minister of National Health and Welfare (Mr. Martin) standing up and saying what a wonderful job has been done in chest X-rays for the detection of tuberculosis; yet here we have nothing being done at the source in order to prevent the spread of this disease.

Mr. Gardiner: If the hon. member will produce the veterinarians, we will do it for him.

Mr. Stephenson: I now want to say a word about the Minister of Agriculture's applesauce.

Mr. Cruickshank: We are getting plenty of it.

Mr. Stephenson: If there ever was an instance of applesauce being handed out by a responsible minister, the statement of the Minister of Agriculture (Mr. Gardiner), to the effect that we cannot sell our apples in the United Kingdom because she is now producing enough of her own, hit an all-time high as the following official United Kingdom import figures show.

Mr. Gardiner: What is the hon. member reading from?

Mr. Stephenson: The official United Kingdom import figures. Here they are. From Australia, in 1947, imports to Britain were 92,707 hundredweight; in 1948 imports apparently were 1,108,995 hundredweight. From New Zealand there were no imports to Britain in 1947 but in 1948 she sent 357,529 hundredweight. In 1947 Canada shipped to Britain 663,145 hundredweight of apples. But in 1948 Canada did not ship an apple to Britain.

I should like to table that report also, if I may have the permission of the house to do so.

Some hon. Members: Agreed.

Mr. Stephenson: My riding being particularly an apple-producing area—and by the way, some of the best apples in Canada are grown there—what I say to the minister is this. When the government saw fit to spend $1,500,000 in the Annapolis valley to root up some of the trees before an election, the people in my riding want to know why some of this money was not spent to procure markets for their apples, or why they did not get a little slice of this money which apparently was spent.

Mr. Gardiner: They got a great deal of it indirectly.

Mr. Stephenson: Instead of having to go around and peddle their apples from door to door in order to get rid of them.

An hon. Member: There is no by-election in Durham.

Mr. Stephenson: I am sorry that the Minister of Trade and Commerce (Mr. Howe) is not in his seat because I understand that he is going into my riding tomorrow night in order to oil up the Liberal machine.

Mr. Green: It needs it.

Mr. Graydon: They will have to get a new one.

Mr. Stephenson: I shall be unable to be there because I have my duties here in the house, which must be attended to.

Mr. Cruickshank: We can spare you.

Mr. Stephenson: But the minister apparently can go to a political meeting.

Some hon. Members: Oh, oh.

Mr. Stephenson: I cannot be there to welcome him as federal member for the riding, but on behalf of the good citizens of Durham I would at this time give him a welcome to one of the finest counties in Ontario. I should also like to say that although there is good fishing in Durham county—

Mr. Rowe: Not political fishing, though.

Mr. Stephenson: —I would warn him that possibly the fishing for votes will not be so good.

Mr. Cruickshank: Your fishing was not bad down in Nicolet-Yamaska, with Sauriol.

Mr. Stephenson: We did fairly well.

In conclusion I should like to say this. During the time the government have been sitting back and allowing the markets to come to their door, without making much effort to procure markets for the goods we have to export, had they done a little bit of looking for those markets we would not find ourselves in the position we are in today. We would also find that, instead of having our surpluses piling up here at home, we would be able to dispose of them in other countries.

The Acting Speaker (Mr. Golding): Order. The hon. member for Durham (Mr. Stephenson), during his address, asked for leave of the house to put on *Hansard* certain statements. Has he the permission of the hon. members to do so?

Some hon. Members: Agreed.

[Mr. Gardiner.]

Mr. MacInnis: What was the source of the papers that he wanted to put on *Hansard?*

Mr. Rowe: He told the house.

Mr. MacInnis: I would ask the hon. member just to keep quiet. Other members in the house have rights as well as he.

Mr. Rowe: Yes, but the hon. member should listen to what is being said.

Mr. MacInnis: I should like to know the source of the figures the hon. member wanted to put on the record.

The Acting Speaker (Mr. Golding): The hon. member for Vancouver East (Mr. MacInnis) is quite correct. Will the hon. member for Durham state what he wishes to have put on *Hansard?*

Mr. Stephenson: If the hon. member for Vancouver East had been in the house he would likely have heard what I said.

An hon. Member: Hold it up.

Mr. Stephenson: Here is the article. It appeared in a government publication entitled *Foreign Trade.*

Mr. MacInnis: That is all right with me, Mr. Speaker.

Mr. Stephenson: The other is the British or rather the United Kingdom import figures.

Mr. Grant: That is one the hon. member made up himself?

Mr. Stephenson: No.

Mr. Grant: Where is it from?

The Acting Speaker (Mr. Golding): I would ask hon. members to refrain from interrupting. It is not fair to the member who has the floor, and it is not fair to whoever may be acting as Speaker, when he is trying to get the opinion of the house on a matter of this kind. I should like to ask hon. members if they are agreeable to having these tables put on *Hansard.*

Some hon. Members: Agreed.

Mr. Stephenson: The tables are as follows.

Apple Imports to United Kingdom

Country Imported From	1947 Cwt.	1948 Cwt.
Australia	92,707	1,108,995
New Zealand	....	357,529
Canada	663,145	....
Other British countries	1,706	18,118
United States	610,843	....
Other foreign countries	121,945	471,883
Total imports fresh apples	1,490,346	1,956,525
Increase in imports of fresh apples in 1948 over 1947		cwt. 466,179

Foodstuff Imports to United Kingdom

Average Value of Imported Foodstuffs

(Per cwt.)

	1938 £	1947 £	1948 £
Wheat—			
Canadian	0·388	0·983	1·014
Other	0·376	1·572	1·552
Wheat flour—			
Canadian	0·572	1·422	1·410
Other	0·469	1·824	2·172
Bacon—			
Canadian	4·324	7·916	10·054
Other	4·542	8·050	11·373
Cheese—			
Canadian	3·432	7·534	8·706
Other	3·267	8·316	8·709
Eggs, shell—			
Canadian	5·069	10·308	11·777
Other	3·805	9·590	11·951
Condensed milk (unsweetened)—			
Canadian	2·021	3·669	3·734
Other	1·877	3·861	3·699
Casings—			
Canadian	11·613	26·999	32·112
Other	12·235	35·639	45·707
Apples—			
Canadian	0·804	2·425	....
Other	0·885	2·163	2·581
Tomatoes (canned)—			
Canadian	1·062	2·433	....
Other	1·098	4·323	4·000
Salmon—			
Canadian	4·318	7·850	10·232
Other	3·858	11·033	11·837

Mr. P. E. Wright (Melfort): This debate has now been in progress for some two weeks, Mr. Speaker, and the general line of approach of the different groups in the house to the problems which we are facing in Canada today has become quite clear. I should like to comment briefly on them, as I see them, and as they have been expressed in the various speeches made.

In the first place, we have the Progressive Conservatives' ideas which have been almost invariably looking backwards. They want to go back to the old wheat board which we had before 1943, and under which we operated on a floor price. Grain was sold in the grain exchange. Unless the exchange went below that price, the grain exchange made any profits that were to be made out of speculation and the people of Canada paid the bill if there was a loss. Others have stated that they would like to go back to the gold standard and the depreciated currency that we have known in the past. I lived in western Canada during the 1930's when we were operating under a depreciated currency, when we were getting approximately $3.86 for the English pound, when we were exporting our wheat, pork and beef to Great Britain and getting back from eighty cents to eighty-five cents on the dollar. And when we went to purchase the things that we had to purchase from the United States, such as farm machinery and many of the household articles which we use, we had to send there $1.17 to get the means of production which we had to have on the farm to produce our wheat at eighty-five cents a bushel and pork at four cents and five cents a pound. Therefore I am not anxious to go back, and I do not think the people of Canada are.

Then they would like to go back to a complete free economy. What does a complete free economy mean? It means monopoly at home and cartels abroad. That is what it means. Certainly neither we of this group, nor do I think the people of Canada, would like to go back to a complete free economy again.

We have the government's approach. They appear to be looking both ways. Some hon. members' speeches would appear to be progressive. They are looking forward; they are looking to the future. Others are looking back. If it is not presumptuous, I should like to give a bit of advice to the government. I was quite a young man when I first went out west. Out there at that time there was a very smart horse dealer who sold me a team of horses. When I got them home and hooked them up and picked up the lines there was one that looked over his shoulder, looked back, and backed up. The other one wanted to go ahead. I never got very far with that team of horses until I traded off the one that was always looking backwards.

Mr. Fulton: Something like your party.

Mr. Wright: I suggest to the Liberals that they should trade off some of their members who are always looking back. They should trade them off to the Progressive Conservatives and then they might get somewhere.

I should like now to turn to western Canada, which has always been a country in which we have looked to next year. It is a next-year country. We have always looked to the future. Today we in this group are looking to the future. We believe that there is a great future for Canada. There is a great future for us in this country if we would just grasp the opportunities we have.

In making their reports—the Minister of Trade and Commerce (Mr. Howe) yesterday, and the Minister of Agriculture (Mr. Gardiner) a few days ago—the ministers gave a fairly glowing account of production in this country. They used dollars as the basis of their reports. We have a gross national production of something over $15 billion and a gross agricultural production of some $2,800

million this year, but I do not think we should use dollars as the standard in measuring our progress. A fairer way would be to give the volume production of goods. So far as volume production of goods in Canada is concerned, we have today approximately the same volume of production that we had during 1944 and 1945. There is a greater dollar value but actually in volume production of goods there has been little increase. That was to be expected, because during 1944 and 1945 we were producing mostly standardized goods, war production. Even the goods which we were using in home consumption were standardized and naturally we were able to get a greater volume of production. Immediately the war was over, we as civilians demanded a more diversified production in this country, and naturally that production, because it was diversified, became less. The government are to be congratulated on the fact that they have brought the production back to where it was in 1944 and in 1945.

However, in spite of this increased production, if we read the financial papers, if we read the annual reports of the chartered banks, if we read the reports of the Canadian chamber of commerce, the manufacturers association, the Canadian federation of agriculture, and the labour organizations, we find a note of doubt as to the future. In giving their reports so far in this debate, the ministers have brought us up to the present, but they have not given any indication of what the future may hold in store for us. We find some of these organizations to which I have referred saying that we are going to have a recession. Others say that that recession may even become a depression. The surest way that they can make it into a depression is to keep on talking about it until they get everybody scared to death, and then they will have a depression. They have not been following a wise course in that respect.

Let me quote a statement which appeared in the *Monetary Times*—and I think it is fairly typical of the expressions which we find in our publications:

> Businessmen are complaining that there was never a time in their memory when it was so difficult to form an intelligent estimate of the state of things to come. So manifold are the imponderables in the international situation, they contend, that about the only way to pick your way through the maze of the future is with a bent pin, like the Chinese do at the race track.

If big business in this country is in the state of mind where it is prepared to admit that it has no plans for the future, that it is just sitting there waiting for something to happen, it is time that we had a government in this country which is prepared to do a little bit of planning for the future and to let the people know what these plans are.

Why do we find the situation that we have today? Why are manufacturers, the farmers and the labouring people in doubt? If you follow it up you will find that almost invariably the statement is that we have become a great trading nation, and that from 30 per cent to 35 per cent of everything we produce in this country goes into the world markets, and we do not know what these markets may do; we do not know whether the people to whom we are selling are going to be able to continue to buy from us.

Great Britain became a great trading nation in the latter part of the nineteenth century and the first part of the twentieth century. She became a great trading nation because she was prepared both to sell and to buy. I say that that is the only way that we in Canada can ever become a great trading nation. We can become a great trading nation only when we are prepared to import as well as export.

In his speech the other day, the Minister of Agriculture spoke of England in the days of Gladstone when she was a great trading nation, but that was seventy years ago. Today the world is changed, and the position in Great Britain has been changed greatly, changed mostly by two world wars. In the first world war Britain had to dispose of some of her assets which she had throughout the world. In the second world war the situation was even worse. In the first two and a half years of the second world war Great Britain carried the load of the defence of democracy in the world, and she did it by disposing of every asset that she had all over the world to get the means of carrying on the war until the United States came in and we instituted lend-lease. What happened at the end of the war? Within three months of the end of the war we stopped lend-lease. The United States stopped it first, and we, like Charlie McCarthy, followed along—"me, too." Then what happened? It was only about three or four months later that we realized the foolishness of the move and that we were not going to be able to dispose of our products. So we made a loan to Great Britain. The United States made a loan of $3,750 million, and our loan was $1,250 million. Immediately that loan was made the United States removed controls, and almost overnight the loan lost about 40 per cent of its value, so far as the purchasing power of Great Britain was concerned. We followed suit, with the result that almost immediately the loan we had made became worth about 70 cents on the dollar.

Then we got into difficulty ourselves with our exchange situation; so we froze $225 million of the loan, thereby placing Great Britain in an even more serious position. After that we had Marshall aid, better known today as the European recovery plan. Under ECA we are again supplying large amounts of goods to Europe. We seem to forget however that war is not over on the day the shooting stops. A war is never over until the damage caused by the war has been repaired. The sooner people throughout the world realize that fact, the better. It matters not who wins a war; everyone must pay for it.

It is just the same as if, living on an island, we found one group in towns and another group in the country. The people in the towns may become dissatisfied with what the people in the country are doing, so they decide to go out and beat them up. We go out and beat them up; we burn a few barns, destroy some stock and come back to town, saying, "Well, we really told those fellows off." But the next day the milkman does not come around; there is no milk. There are no eggs. We are told that the only way we can get milk or eggs is to go out and milk the cow while the farmer is in the hospital, or go out and do the chores required for the supply of eggs. Then we must deliver them to town.

Exactly the same thing is taking place in Europe. We have destroyed Europe in two wars; and until Europe is rebuilt, until she is back in production again, we will not be able to trade with Great Britain or with other countries of Europe. When we have rebuilt Europe and have established trade relations there on a fair basis, we can hope for some prosperity in our own country.

As I have said, as a result of two wars Great Britain has not the dollars with which to buy the surplus we have on the American continent. But she must eat; so she makes barter arrangements with her neighbours. In that connection I should like to tell a story about my own community. We have one of the best agricultural districts in western Canada, one which produces an abundance. Around the fringes however there is an area of bush country. During the depression years, in the thirties, many of our people were sent from the cities to homestead in that bush country. Those of us in the better areas had an abundance; our granaries were full; we had hogs; we had cattle—we had everything. But a few miles away our neighbours had only some cordwood and lumber. They received a dollar a cord for the cordwood, delivered in the car, and $10 a thousand for the lumber. But when we in the other area wanted to buy lumber it cost us $30 a thousand. When they wanted to buy any of the hogs which we sold for $7.50 they had to pay $20 or $25 for them. It took four of our hogs to supply enough money with which to buy a thousand feet of their lumber. It took 3,000 feet of their lumber to buy one of our hogs.

Eventually some of the people got wise, and thought it would be a pretty good idea if we were to trade direct with our neighbours. The result was that one would see a farmer put a couple of hogs on his sleigh, drive away with them, and come back loaded with a thousand feet of lumber. We were practically on a barter basis, because certain people who had control of the finances of this country made money scarce.

The only people who got anywhere during that depression were those who did trade on a barter basis. They built new barns and new homes. Those who traded with them were able to stay off relief. There was in that community, however, another group who followed the old method. They went to the mortgage companies, borrowed money with which to build, and undertook to pay six or seven per cent interest. They then obtained some more credit from the lumber company, and the result was that in about five years the lumber and mortgage companies owned their farms; they were out on the road. There were others who sat down and did nothing, and there were still others in the bush area who did the same thing—nothing. They went on relief.

That is the situation we see in Europe today. When I listen to that program, which is broadcast every Saturday night, and begins "Gold, silver, dollars; gold, silver, dollars"—

Mr. Bentley: "Share the wealth".

Mrs. Strum: "Money, money, money."

Mr. Wright: —it makes me think of the situation in Canada and throughout the world today. Someone is sitting on top of all the gold, silver and dollars, with the result that we cannot exchange our goods. We could not exchange them in the thirties.

I am not saying the barter basis is the only one under which trade should be carried on. But I am saying that it works, and in our own community we proved that it works. I believe England is going to prove that it will work in Europe, and that we had better get wise to ourselves and get in on some of that trade while it is going on—or we will find that we, too, will be on relief, just as were some of those people who refused to barter in the thirties.

Mr. Bentley: Or we will be mortgaged to the hilt.

Mr. Wright: Yes, or we will be mortgaged to the hilt.

What happens when a country exports more than it imports? If the United States and Canada continue to export more than they import, and refuse to bring back goods to Canada for those exports, they accumulate pounds and francs in Europe. The only good those pounds and francs can be to us is for purposes of investment in the industries or resources of Europe. That was the procedure in the nineteenth and early part of the twentieth centuries, with the result that some of the exporting nations owned the basic resources of many other countries.

That has happened right here in Canada. We have imported more from the United States than we have exported to that country; and as a result of the accumulation here of dollars owned by Americans we find that about 50 per cent of our basic resources are owned by Americans. The condition is not so bad in Canada: we know the Americans. They are our neighbours and our friends; and we can trust them. But let me tell you this, that the people of Europe are not going to trust the people of North America who will come in there and attempt to own the basic resources of Europe—their railroads, their power sites, their manufacturing plants. And if the United States or Canada believes it can carry on on that basis, it is in for a disappointment—and it is not because there is no market for our goods.

The food and agricultural organization tells us that only one-fifth of the people of the world have a reasonable standard of living. Today we have a surplus of food, but that surplus is only in areas where production has been high, while in areas where the purchasing power is low there is still a great need for food.

Here is what the food and agricultural organization has to say:

> However, the total supply of food available comprises only part of the picture. Availability per person is another major factor. The world's population has been increasing, and at different rates in different regions. These population increases, over the eleven-year period 1936 to 1947, vary from 3·5 per cent in Europe to over 24 per cent in Latin America. As a result, per capita food supplies have fallen more rapidly, compared with pre-war, than absolute quantities of food produced.

I do not think we will ever reach the point where there is hope for peace as long as there are surpluses of food in one section of the world and starvation in another. We must devise ways and means of distributing the wealth that can be produced on the North American continent. Unless we do that we will find ourselves in the same position as in 1936 and 1937. How did Hitler get the courage to try to conquer the world? He believed the democracies were too weak to resist him, that they could never get together. At that time we were in a depression, we had millions of unemployed, and he thought we were weak.

Exactly the same situation will develop in the world again unless the democracies get together to solve some of these problems of distributing the tremendous productive capacity of the North American continent. This is needed for the development of Asia and India and the Middle East. We must find some method, barter or otherwise, to distribute our production. If we cannot do it in one way, then we must find some other way. There is no ground for the fear of overproduction. In my opinion, we can never really overproduce in this world.

What about our own country? Have we reached maximum consumption here? I do not think we have. I do not know what most people think, but I cannot help thinking of the old age pension of $30 per month that is paid by the dominion government. Some of the provinces pay supplementary amounts of $5 or $10, but mostly there is a means test attached. Out of that money these people must pay rent and clothe and feed themselves. Yet we have sufficient production to give them a better standard of living. It does not make common sense to me. I do not think we have nearly reached our consuming capacity in this country.

What about housing? We need probably 150,000 to 200,000 new houses this year every one of which will require furniture, kitchen equipment and all the things needed to furnish a home. There is a market for the tremendous production of this country, but apparently we cannot build houses. What about the war veterans allowances? This government is paying $30 per month to men who fought in the first year, an amount even lower than the old age pension. Some of the provinces supplement the old age pension, but the dominion government cannot even match that as far as the war veterans allowances are concerned.

Certainly there is a market for what can be produced in this country. I could go on indefinitely referring to groups of people in Canada who could consume more if they had the necessary purchasing power. We have the wealth to distribute; why not do the sensible thing? Why have a depression when there is a market for our goods, both at home and abroad? It does not make common sense.

We could undertake a tremendous construction program. I was astonished the other day when figures were tabled in reply to a question asked by the hon. member for Rosetown-Biggar (Mr. Coldwell). They showed that the government had on the shelf a program that would give employment, on the job and off the job, to some 40,000 additional workers.

Mr. Winters: I wonder if the hon. member would allow me to say that the figures I tabled covered projects for which the drawings and specifications were completed, but there are other projects under active consideration and the shelf is being increased.

Mr. Wright: I am glad to hear the minister's explanation, but I submit that he has left it dangerously late to get his plans in order. It is now four years since the war, and if those are all the plans he has prepared it does not seem to me that they are adequate. Employment could be given to 40,000 people for the next ten years on constructive work in my own constituency. There is need for a power site at Fort à la Corne on the Saskatchewan river where some 80,000 to 100,000 horsepower could be developed.

There are three uncompleted lines of railroad in the constituency. One runs from Regina through Melfort up to Gronlid. When it was first built it was intended to be extended through to Nipawin and from there on to meet the Hudson Bay railroad to Churchill. This line was built back in the twenties by the Canadian Pacific and I suppose the government cannot do anything about it.

But there are two Canadian National lines. One runs to Arborfield and another runs from Saskatoon through Melfort up to Carrot River where it stops. Settlers have gone in to points fifty miles from those railroads to open up the country, but the government apparently has no intention, at least in the immediate future, of extending these lines. The line which ends at Carrot River should be extended through to The Pas in Manitoba to meet the Hudson Bay railroad. That extension would open from ninety to one hundred miles of the best farming country left in western Canada. Three years ago the Saskatchewan government took certain lands out of the forest reserve some thirty miles from Carrot River and established co-operative farms. Two years ago they had under cultivation 2,500 acres of land; this year they put another 4,000 acres under cultivation, and next year they propose to have a further 6,000 acres under cultivation in that area. There is easily twice that much land which has been broken up by individuals who are located 30, 40 or 50 miles from the railroad.

These lines should be constructed because they would prove to be an asset. They would open up new country and give employment. Why should we worry about a depression in Canada? Why should we worry about places to spend our money? We have plenty of places. What I have said applies also to the line that ends at Arborfield. It should be extended through to meet the Hudson Bay railroad. This extension would open up new country and provide additional employment.

The line that ends at Gronlid should be extended to Nipawin. The area through which this extension would pass is one of the best mixed farming areas in western Canada. They have a greater diversified production in that area than in any other area in the west. We produce honey, five million to six million pounds of alfalfa seed a year, red clover seed, grass seeds, peas, rape, registered grains. The land has been tested for the production of sugar beets. We could have a sugar beet factory there. The land is suitable for the production of sugar beets without irrigation, and would justify the establishment of a factory. We have power on the Saskatchewan river. We have everything there except—

An hon. Member: Government co-operation.

Mr. Wright: Government co-operation to go ahead with these schemes and make that province a diversified one instead of a one-crop province as it is at the present time. Those are some of the things which I should like to bring to the attention of the government. I am one of those people who do not believe in hollering blue ruin. I believe we have a great country, and I think all we need is the courage to go ahead and develop it.

Mr. Roch Pinard (Chambly-Rouville): In rising to participate in this debate, it is my intention, while trying to adhere strictly to the rules of the house, to discuss some aspects of the political situation in Canada today in the light of recent developments and circumstances. Amongst the many changes which have made of the year 1948 one of the busiest and most active in the political life of Canada, an all-important event has taken place. I refer to the change in the leadership of the Liberal party during the month of August. If one recalls that our party has experienced such changes only three times since 1893, a period of fifty-five years, one is bound to admit that the event of last August is of very great significance.

It is true that a similar change has also taken place in the Progressive Conservative party, but one is not surprised if in this case the event did not attract the same attention or offer the same interest to the political observer. The reason for such indifference is easy to understand. Even to the most enthusiastic of moving picture fans the sixth or seventh marriage of a Hollywood star cannot offer much interest. Likewise, even to the most devoted, or should I say the most hardened Tory, the advent of the tenth or eleventh leader in the last forty years, to

take charge of the opposition, could not but leave him quite cold, or at least very skeptical.

In the case of the Liberal party the election of our new leader, the present Prime Minister (Mr. St. Laurent) coincided with the retirement from leadership of one whom, I am sure, the history of this country will confirm as having been one of Canada's greatest servants and statesmen, the right hon. member for Glengarry (Mr. Mackenzie King). The people of the country and everyone in the house were pleased to realize that our former Prime Minister had chosen to remain with us as a simple commoner in order to give the country the benefit of his long and unique experience, not only in Canadian but in world affairs. It is indeed comforting to see that the former leader of the opposition, the hon. member for Neepawa (Mr. Bracken), has also decided to remain with us. He too has made a great contribution, and fortunately the house will continue to benefit from his experience. Such an attitude on the part of the former leaders of our two great political groups, in deciding to remain in the service of their country in this house, offers a much better example than that which was given some time ago by another leader of a political party. I refer, of course, to the late Lord Bennett, who was Prime Minister of Canada for five long years.

The leader of the Conservative party at that time launched before the public in the 1935 election his famous slogan "Canada first", which he defended with his usual emphasis. After suffering a crushing defeat in 1935, a defeat which we all remember, he decided to leave his country of birth and origin, which had bestowed upon him such great honours, and he went overseas to England. He changed his slogan, "Canada first", into the strange declaration, "I am going home."

It is doubtful, however, whether the present leader of the opposition (Mr. Drew) will follow such an example after he has experienced the same political adversities. Even if he decided to go back to the province of Ontario in order to become again premier of that province, it is possible that the electors would not accept his change of decision. Then the leader of the opposition would be left with the possibility of offering his services to the premier of Quebec as a friend unless, of course, the latter has then disappeared from public life.

Mr. Gauthier (Portneuf): He would not accept it.

Mr. Pinard: Or possibly, as my friend says, the offer would be refused because the Quebec premier would try to find better political advice. Let us return for a moment to that great event of last August when a new leader was chosen to take over the direction of the Liberal party. On that occasion once more the people of Canada understood the two main reasons that are behind the continued success of our political group. Those reasons are competent leadership and sound national policy. Ever since its inception, the Liberal party has indeed enjoyed competent leadership. I think everyone in the house, even my friends opposite, will agree that it is not necessary for me to demonstrate that fact. No better and more decisive proof could be brought than that of simply recalling that ever since the end of the last century, or if you prefer since the advent of Laurier in 1896, the Liberal party has been in power all the time with the exception of the decade from 1911 to 1921, and the sad period that I recalled a minute ago, from 1930 to 1935.

What better demonstration is there of the brilliant leadership which our group, and I would also say the Canadian people, have enjoyed under Laurier and the right hon. member for Glengarry? On the 7th of August last Liberals from all parts of Canada elected their new leader, the present Prime Minister of our country. Since that date the Canadian people have once more realized how fortunate indeed our group has been that there should be a man so highly distinguished, of so great ability, to carry the emblem of Liberalism and follow the path traced out by these great figures who shine in the history of our nation.

The prodigious ascension of the Prime Minister to the highest political honours is a tribute paid by the Canadian people to his sincerity, competence and ability. The fact of his choice by all Liberals throughout the whole country is also proof of the spirit of unity and good understanding which has always prevailed in our political group. This gesture in selecting once again a Canadian of French origin is another recognition by Liberals of the fundamental principle of equality of the two major races of the nation. It is one of the numerous reasons which justify the contentions of our group, that it really represents the aspirations, ideals and thoughts of everybody in Canada, and justify its claim to being a truly national party.

But, Mr. Speaker, I said a moment ago that not only good leadership but also a sound national policy throughout has been one of the reasons for the continued achievement of our political group in the past. A great French statesman once said that politics should be a fight for ideas rather than a struggle of intrigues. Unless a party is willing to base its political actions on intangible principles; unless it chooses to remain faithful to a living

doctrine; unless it devotes all its energies to the defence of national ideas; it cannot survive.

It is true that other groups have been formed, even in our country, which preferred to count on opportunism or on trying to achieve power by making appeals to the weaker instincts of the masses; or who in their bid for office have resorted to promises or flattery; but inevitably such groups, after agitating public opinion for a while, have had or will have to crumble and disappear under public contempt. Ever since its origin the Liberal party has been faithful to its principles and doctrines, and has tried successfully to adapt its course of action to the continuing and changing needs of our time. Many definitions have been given by our party leaders of such principles and doctrines. All such definitions, though they may vary in terms, have expressed the same idea, for which so many Canadians in the past have been willing, and so many are still willing, to fight. Laurier, who is often referred to as the father of Canadian Liberalism, gave a sound and complete definition of Liberal principles when he stated that Liberals should pursue reforms through moderate and democratic means; that they should try to obtain an extension of the political freedom of the people, and also that they should work towards a vision of a greater independence for our people in the international community. He also admirably summed up those principles when he spoke of the superiority of Liberalism when it tries to favour, by its actions, the attainment of an easier life by a larger number.

It is through constant adaptation of such ideas to our ways of life by Liberal leaders ever since confederation that the whole legislation of our country—I refer, of course, to that legislation which is permanent, not to the transitory legislation—is imbued with Liberalism. For that reason I was pleased to realize, when reading the speech from the throne this year, that under its new Liberal leader this government intends, in carrying on its task, to apply the same principles and doctrines as they were expressed anew in the resolutions adopted by our party at its convention last August.

Under our present Prime Minister (Mr. St. Laurent) and this government, we find in the speech from the throne that other reforms are proposed which after this session will form part of our legislation. The legislation thus enunciated is entirely in conformity with the principles already defined, and one has only to recall some of the measures already proposed or to be proposed to realize that they are in complete accord with the ideals of Liberalism. For instance, in order to facilitate an easier life for a greater number the government has decided to introduce legislation to modify and extend the scope of the Family Allowances Act, and legislation also will be introduced to supplement the national health program which was undertaken last year. Again, in order to give Canadians greater freedom, a measure will be introduced to establish our Supreme Court of Canada as the court of last resort for this country. No doubt it was also in pursuit of this ideal of making our country more powerful, so that it may enjoy greater influence, that a few days ago we decided to sign an agreement by which Newfoundland is to become the tenth Canadian province. In 1905 two great provinces entered confederation, at a time when another great Liberal leader was at the head of government. Now our new Liberal leader welcomes another province into our midst. To add special significance to such a great venture, on both occasions it has fallen to the lot of members representing the same historic constituency of Quebec East, two Canadians of French origin—Sir Wilfrid Laurier and Louis St. Laurent—to welcome the entry of these new provinces into the Canadian confederation.

Again, following the traditions of our party and the policies advocated by former Liberal leaders, the government has expressed itself in favour of the opening of new markets and the expansion of trade. In 1911 Laurier was saying, "Our policy is advance. Our policy has been and will be to seek markets wherever markets are to be found." So I was very pleased the other day to hear the Minister of Trade and Commerce (Mr. Howe) express the same views, and state that this government will continue to try to secure new markets and new openings for our products throughout the world.

But, Mr. Speaker, if the Liberal party has always enjoyed competent leadership it is because it has constantly followed the same sound policies and has constantly defended the same doctrines. Thus I say that today the Liberal party enjoys the confidence of the whole people of Canada. During that time our Tory opponents have been satisfied to criticize, to make appeals based on opportunism, or to change from destructive criticism to electoral appeals. The reason for their constant failure in the last few years, however, has been their refusal to adopt a national policy which could represent the aspirations and ideals of every Canadian. It would appear from some of the policies they

have advocated that their aim and intention has been to bring about a divided country instead of trying to have a united Canada. While constantly opposing the needs of one section of the country to those of another, or again while trying to antagonize one province against the others, on other occasions by their attitude they have tried to create unrest and at times even hatred between the two great races. Thus they have become in fact, even though perhaps unwillingly, the real enemies of Canadian unity. Not only in their speeches but in their writings our friends the Progressive Conservatives seem even today to have some sort of dislike or aversion for the words "Canadian unity." You may look through the declaration of policy that party adopted last October, and in the whole twenty-three pages of what I would call the Tory tale of promises to the people you will not find one word about unity. This pamphlet contains almost everything as far as offers to the people are concerned except an undertaking to work with the people to bring about unity in Canada. Yet after the recent by-election in Nicolet-Yamaska the leader of the opposition (Mr. Drew) interpreted the result as an expression of gratitude by the people of that riding for the great work accomplished by the Progressive Conservative party in the direction of Canadian unity.

After that election we saw in the press that we Liberals who had participated in the campaign were accused of having raised religious or racial cries on various occasions.

I am asking you, Mr. Speaker: Who has in fact raised such an appeal? Is it the members on this side of the house who have constantly worked to establish unity, tolerance and better understanding between the races of this country? Is it the Liberal governments under Laurier and Fielding or is it the government led for so long a time by the right hon. member for Glengarry (Mr. Mackenzie King) and his former colleague Ernest Lapointe, or is it this present government which has raised religious or race cries in this house? On no occasion have you heard that, Mr. Speaker. I would refer hon. members to some words that were used in this very house by the Prime Minister (Mr. St. Laurent) on January 31 of this year, as reported at page 89 of *Hansard*:

> We have always been able to put forward the same policy and to make the same appeal in both languages. There has never been a Liberal government since confederation which has not recognized at all times in its ranks the principle upon which this nation was really founded, the principle of the partnership of the two races. Our party is the only one which has been able to have leaders from both races; and our party has always practised the precept of unity—which is desired I think by most Canadians.

[Mr. Pinard.]

A little further on he added:

> We also stand for national unity, unity based upon the fundamental equality of all Canadians whatever their race or wherever their province.

On the contrary, Mr. Speaker, I do not know whether the leader of the opposition should not be called the real enemy of national unity or whether it should not be he rather than we who should be accused of raising religious or racial cries, in view of the declarations that the leader of the opposition himself has made on many occasions in the past—and I quote his own words as they were reported on one occasion:

> Are we going to permit one isolationist province to dominate the destiny of a divided Canada? I hope that each one of you will answer with a resounding "no" which will be heard in every part of the province of Quebec.

This was said by the leader of the opposition on the occasion of the discussion concerning family allowances; and I could cite many of these expressions by the leader of the opposition along the same lines. For instance, if we are accused of raising the religious cry, I would refer this house to a declaration that was made by the leader of the opposition at one time in his own province. He said this, and I quote his own words:

> If the Roman Catholics say they are going to bring their faith into the political scene by organizing as a political party, then I say "the war is on." If they do, they are starting something that may end in the abolition of the separate schools in Ontario. If it appears that the Roman Catholics have decided to operate as a political group—

Which has never been the case, by the way, and the hon. gentleman knows it only too well.

> —then the contract of 1867 is forfeited and I will be ready to fight to the last ditch.

Those were some of the appeals made by the leader of the opposition. I am surprised to find that today we are the ones who are being accused of raising religious and racial cries. It has never been done by the Liberal party. Nobody on this side of the house has ever tried to do such a thing. Because of the fact that most of the members from the province of Quebec belong to our group, it is untrue to say that the religious or race cry has been raised by anybody on this side of the house.

It is so true that the leader of the opposition has become a real enemy of Canadian unity that he did not go and participate in the election in the riding of Nicolet-Yamaska.

An hon. Member: He was not obliged to.

Mr. Pinard: In fact, he was invited to stay out by the candidate of the party at the time.

Mr. Hodgson: Twenty-three leaders of the Liberal party were down there. He did not need to go down.

Mr. Pinard: I am pleased to find out that the hon. gentleman knows that. If he knows, he should have gone there. And if he had gone there with his Tory friends, I am telling him now that his friend from Nicolet-Yamaska would not be sitting in this house today.

I would point out to you, Mr. Speaker, that when the other day we saw the hon. member for Nicolet-Yamaska coming into this house arm and arm with the leader of the opposition and the Conservative member for Argenteuil (Mr. Heon), it was indeed a strange combination—an extremely sad scene, I should say.

Mr. Hodgson: You did not like it.

Mr. Pinard: We remember what he said during his campaign when he refused, in his radio addresses, to give his confidence to the one he today considers to be his own leader. But as was said at the time by some hon. members of this house—I think it was said by the hon. member for Rosetown-Biggar (Mr. Coldwell) and also by our own Prime Minister—our Tory friends know quite well that one swallow does not make a summer. They will certainly find that out at the next general election, when it is time to go and ascertain whether the people are in favour of this government or not. They will find then, and we will find, that the government still enjoys the confidence of every province, of every race, and of the majority of the electors in this country.

Mr. L. W. Skey (Trinity): In view of the unfortunate nature of some of the remarks made by the hon. member who preceded me, Mr. Speaker, I feel that I should point out to the house now, for the sake of the record, that the leader of the opposition is not in his place and he was not present to hear what was said by the hon. member who has just spoken.

An hon. Member: He should have been.

Mr. Skey: I will not spend any more time on that matter. I should like to offer my congratulations to the mover and seconder of the motion for an address in reply. I congratulate them on making the best of what was not too good a speech from the throne. At the same time I should like to extend my personal welcome to the new members who have entered the house since we prorogued last June.

May I also add a word concerning a new constituency in Newfoundland. The name of the new constituency is Trinity-Conception. As the member for Trinity, Toronto, I shall be pleased to extend my personal welcome to a new member from another Trinity constituency as soon as that member is elected from that grand old dominion.

Before I go on with the general tenor of my remarks, which will deal with housing, I should like to refer to another unrelated matter, namely, Christie Street hospital in Toronto which has just recently been handed over to the city. It has been renamed and is now called Lambert Lodge. It is about three years ago that I first made the suggestion that, when the hospital at Sunnybrook came into full operation, perhaps the government would see fit to extend the hospital facilities in our part of the province by handing Christie Street hospital back to the city of Toronto. I am extremely pleased that, through the tenure of two ministers of veterans affairs, two prime ministers and two different mayors of Toronto, my original suggestion has survived. I am pleased that it is now a fact that the city owns Christie Street hospital and that the facilities and hospital beds, which are so greatly needed at the present time, will be available to the people not only of our city but of York county and the part of the province surrounding the city. A few days ago I was happy to participate in the ceremonies, with several members of the city council and many of the hospital staff of Christie Street and the Prime Minister, at the time the key was handed over. It was following that ceremony that the Prime Minister spoke interestingly on the housing problem in Toronto. Judging from his remarks that day, he has changed his mind considerably from the stand he took on October 28, 1947, when he was reported by the Ottawa *Journal* to have said that he would have no part in passing any legislation to assist subsidized housing in any way. On the latter occasion the Prime Minister said, and I quote from the *Telegram* of Monday, February 21:

> We feel that the proper policy for the federal government is one which is limited to extending financial assistance to individuals and corporations, whether home owners or landlords.

Because the remainder of my remarks will be devoted to housing, I do hope that the government are going to go forward in the general way outlined by the Prime Minister on that day, and that there will be the most vigorous prosecution of, and action on, the housing front in Canada that we have ever seen. I should like to see it equal in some ways the efforts put forth by industry during the war, because I think it is the most acute problem in the country.

According to the Toronto *Star* of Monday, February 14, the financial editor asked this question:

> What has been accomplished in meeting the demand for adequate housing (since 1945)?

His answer was:

> The simple answer to this question is "not very much." In fact, it is not unfair to say that we have failed and failed badly.

It is not amiss for me to point out at this time that, immediately following the war, the housing problems of our country were largely under the control of the federal government through the wartime powers that they had assumed. In 1945 they gave the electorate to understand that they intended to deal with the housing problem. It was not many months after that before they almost threw up their hands in despair and handed it back to the municipalities.

May I turn to another phase of this question, Mr. Speaker? In Toronto on February 13 the veterans held a meeting in Earlscourt legion hall, which was reported in the *Telegram* of February 14, 1949. The report reads:

> At the meeting attended by representatives from Ottawa and Queen's park as well as local housing officials, the veterans aired hundreds of cases of poor accommodation for which returned men are paying high rents, and other housing complaints.

If there is any group in this country to which this parliament and the people owe a fair deal, it is the veterans, and yet they have been those most penalized. I need only remind the house that after we rose on August 31, 1946, the Veterans Land Act was amended and the acreage provisions were raised from half an acre to something close to three acres. With that one stroke of the pen literally thousands of veterans in Canada were denied the thing that they wanted most, namely, a home, a home in which to settle themselves and their families. The Minister of Veterans Affairs (Mr. Gregg) is in his seat and I am sure that he will not deny the fact that the effect of the alteration made by order in council was to stop thousands of building projects and building plans for veterans across the country. Perhaps the government could argue in this instance that the Veterans Land Act was a small-holding act, and was being used for purposes different from those intended by the government. But what it was doing, even though it might not have been used for the purpose that the government originally intended, was meeting the veteran's greatest need at that time. His greatest need was a home, and he was using the half-acre provision to get himself a home. Since then there has been practically no assistance to this group, which deserves it above all others.

My constituency is in the most crowded part of the metropolitan urban area of the city of Toronto. There we see the full effects of inadequate housing. Hardly a week goes by that I do not get a number of appeals from my constituents, asking me for help in the housing field. I think I can speak with authority when I tell you, Mr. Speaker, and hon. members, that it is causing broken families. It is placing a tremendous strain on the budgets of veterans and the workingmen. With high rents and high costs for makeshift accommodation, with the number of restaurant and outside meals that have to be paid for, the crowded housing conditions are causing problems of health which the Minister of National Health and Welfare (Mr. Martin) should be aware of. In some ways it is contributing to juvenile delinquency. Recently it was reported in the press that one family was using sleeping drugs on their children in order to keep them quiet so that they would not be evicted from accommodation which they had secured after great difficulty. That is certainly bad for the children; it is seriously affecting their health and the well-being of that family. But that is not all, Mr. Speaker. It is contributing to another social and political problem. It is contributing to communism.

Yesterday I was interested when the hon. member for Macleod (Mr. Hansell) spoke of communism and referred to it as "organized desperation." I do not think that that is a bad description, because people get to the point in this housing problem where they say to one another: "Things could not be much worse for us. We are ready to try anything." That sort of thing is true not only in my city but also in Montreal. I am sure that it is true in Vancouver and from coast to coast.

May I give you some insight into that, Mr. Speaker. When we had a provincial election in Ontario last year, in my constituency the returning officer looked for polling stations. In some parts of the constituency he found that there was no place in which to place a poll for the people to vote, because the people in those sections were sleeping in shifts. They were on the twenty-four hour shift, and every bit of accommodation was being used in these parts of Trinity-Bracondale.

Now where is the individual to find any help with these problems? He has not received it from the federal government up to the present time, because, just when the young men and the young women need most to save, they find themselves subjected to taxation which can be described as extortionate or confiscatory, and they cannot put aside anything with which to pay for a new house or to provide any part of the cost of a house under the Central Mortgage and Housing Corporation plans. Not only has this taxation been imposed on his or her savings or earnings, but the government's financial policy has led to a cut in the purchasing power of the dollar which amounts to 50 per cent over 1939. In 1939 the Canadian dollar would buy 65 cents worth of goods, using the year 1901 as a base. Now, on the same basis of compari-

son, in October of 1948 the dollar would buy only 32 cents worth of goods. I have here a table showing the purchasing power of the Canadian dollar. It has been prepared by the very reliable firm of George A. Touche and Company, the auditors for the Canadian National Railways. With your permission, Mr. Speaker, and with the permission of the house I should like to place this table on *Hansard.*

Mr. Speaker: Has the hon. member unanimous consent to put this document on *Hansard?*

Some hon. Members: Agreed.

Mr. Skey: The table is as follows:

Table illustrating the purchasing power of the Canadian dollar in terms of index of wholesale prices for the period 1901 to late 1948.

Source: Dominion Bureau of Statistics index of wholesale prices.

Adjusted to Base—1901=100

	Purchasing power of the dollar
1901	$1.00
1902	0.96
1903	0.94
1904	0.93
1905	0.91
1906	0.90
1907	0.83
1908	0.84
1909	0.82
1910	0.81
1911	0.79
1912	0.75
1913	0.76
1914	0.75
1915	0.69
1916	0.58
1917	0.43
1918	0.38
1919	0.36
1920	0.31
1921	0.44
1922	0.50
1923	0.50
1924	0.49
1925	0.48
1926	0.49
1927	0.50
1928	0.51
1929	0.51
1930	0.56
1931	0.68
1932	0.73
1933	0.73
1934	0.68
1935	0.68
1936	0.66
1937	0.58
1938	0.62
1939	0.65
1940	0.59
1941	0.54
1942	0.51
1943	0.49
1944	0.48
1945	0.47
1946	0.45
1947	0.38
1948 to October	0.32

Since at the moment I am directing my remarks to the government I think I could not do better than to read what they said in 1945 when they appealed to the Canadian electorate. Plank No. 12 in the Liberal platform of 1945 stated:

The Liberal government will gradually reduce taxation, now the European war is over. Taxes will come down to free spending power and to give Canadians every opportunity for prosperity, employment and freedom.

That was a fine plank all hon. members will admit. My only wish is that they had stuck to it; because now we have a Minister of Finance who talks about "draining off purchasing power" and who regrets that he cannot "allow private spending to increase." All these things are happening today, while this very creditable promise is forgotten.

Up to this point I have tried to set forth the general problem of housing. I should like now to go a step further and refer hon. members to a document prepared by the community planning association of Canada. This document is entitled What is Government Doing About Housing? The covering letter is signed by Mr. Alan H. Armstrong and is dated January 1, 1949. I believe the house will admit, therefore, that it is up to date.

The federal government, which had the full control of this problem at the end of the war, saw fit to hand it back to the municipalities. However, the municipalities were not equipped to deal with it as completely as I know they would have wished to. What was the result? The result was that—if I may use the word—the two most urbanized provinces of Ontario and Quebec have been driven into the field of housing legislation.

At page 9 of this pamphlet mention is made of provincial housing legislation in Quebec. It is pointed out that the Quebec legislature has had to pass four separate bills, the first of which was to provide a commission of inquiry; the second to empower private employers to make loans to men in their industries in order that they may build homes for themselves; the third to help municipalities by permitting them to provide free lots and free local improvements, half rate taxation and other concessions; and the fourth was a bill sanctioning thirty-year loans by credit unions and lending institutions up to 100 per cent of the appraised value of low-cost homes, and to provide for payment by the provinces of any interest above two per cent on such loans.

That is what the province of Quebec has been forced to do in this problem. I turn now to page 17 of the pamphlet which deals with the province of Ontario. We find that Ontario, too, has had to go into this field. I know the

house is aware that Ontario is providing additional credits for those who build houses under the National Housing Act to the extent of $1,000 per unit. They have also special conditions for veterans. This pamphlet reports that Ontario has been forced to guarantee municipally sponsored rehousing schemes up to a limit of $15 million. The province will grant $300 per lot to veterans housing programs; and the province will guarantee building development corporations up to $2 million. Loans on 10,000 dwelling units will be guaranteed up to an aggregate sum of $10 million.

Here we have the provincial governments wrestling with a problem in connection with which it seems to me they have practically no help from the federal government, up to the present time. I am sure British Columbia is having the same problem but I have no information on that province at hand. However I make the statement because I do not want hon. members to think I am speaking only as a Toronto urban member, because I know the problem is one which extends from coast to coast.

When the Progressive Conservative party met in national convention in October last we recognized this situation as an emergency. In our platform we wrote several planks on the subject, one making provision for the extension of the National Housing Act, the second making provision for an extensive research by the government on buildings costs, and the final one a recommendation of dominion-provincial-municipal co-operation in tackling the problem. I believe there is no one in the house today who does not realize that all three levels of government are involved.

When a national highway became a political issue, the federal government was quick enough in calling a conference of the provincial premiers to discuss this worth-while project, one which I favour, but one which in my opinion is not nearly as important in our national life as is the housing problem in the cities of Canada. I should like to see the federal government call a housing conference and back to the limit its Minister of Reconstruction and Supply (Mr. Winters) at such a conference, giving him power to negotiate with the provinces and municipalities in order to find a solution—not just to produce a nice draft of what can or cannot be done. I should like to see this problem really tackled, so that Regent park would not be the only housing project in Canada that has been developed as a co-operative venture by the dominion, the province and the municipality. We are proud that the city council of Toronto have carried out the Regent park development, the only one of its kind in Canada. But it is a shame that it is the only one; it is a shame that this type of co-operation has not been extended to other communities, as well as in our own, in an endeavour to deal with this urgent national problem.

I have completed my remarks except to say that I hope the new minister of reconstruction will succeed. I hope he will be permitted to meet with the provinces and the municipalities in a conference of the type I have described. There is no doubt that he understands the problem because he said so in Toronto when he spoke there on February 22. But he must do more than understand it; he must fight it and beat it. I hope the government will put its full financial strength behind his department and that we will make the same rapid progress in this field that we were able to make when we turned out munitions of war during a time when we faced a national crisis.

(*Translation*):

Mr. Maurice Gingues (Sherbrooke): Allow me to join those who have already spoken in congratulating the mover and the seconder of the address in reply to the speech from the throne, which is now under discussion. The hon. member for Essex West (Mr. Brown), who is already an old hand in parliament, displayed much talent in moving the address, and the new member for Laval-Two Mountains (Mr. Demers) showed that his constituents have selected as their representative a man of worth, a man who will surely succeed in Canadian politics.

I also wish to join those who believe as I do that the best parliamentary system is the two-party system and congratulate the new leader of the opposition (Mr. Drew). Although I do not share his views, I hope that he will hold that office longer than his predecessors.

Mr. Speaker, it is a great pleasure for me to speak on behalf of the people who live in that beautiful Quebec district which is called the eastern townships, to congratulate one of our fellow citizens on his success and to thank him for the great honour he is bringing to our wonderful region.

I should like more especially to tell you, Mr. Prime Minister, on behalf of the Borromeans, that is the former pupils of St. Charles Seminary, that the professors, the former students and all the pupils of the seminary have been proud of you at each stage of your brilliant career as a lawyer and as a statesman. But on the day when you were sworn in as Prime Minister of Canada, the rejoicing was complete "on the top of the high hill"; the joy was ecstatic; your alma mater was jubilant.

All those who know your old seminary will easily understand that. To all those from other parts of the country who do not know it, I must say that you were a bright student, always getting the highest honours in your class, and that since you left St. Charles, you have been the model of all Borromeans. As the Bishop of Sherbrooke said one day, and I quote:

> Your conduct has made of you an example to follow, a model to imitate, and all this because of the integrity of your life, of your frankness, of your fondness for truth.

The eastern townships, your seminary and Sherbrooke are proud of you. You can rely on our support. We know you and we like your frankness. Politics needs men like you.

Mr. Speaker, in 1945, a federal-provincial conference was held in Ottawa during which the federal government made certain proposals to the provinces. Unfortunately for the aged, the sick and the invalid, unfortunately for the economic future of the country, the two wealthiest provinces refused to co-operate and, in the case of Quebec, counter-proposals were not even submitted. Since then, the government is being branded as a centralizing power, as the enemy of the provinces.

And yet, Mr. Speaker, if we consider the generous way in which the federal government have contributed to social security, assistance to the young, and through many other pieces of legislation, we must recognize the fact that the central government have only performed those functions which are assigned to them in the constitution, and that they never attempted to encroach upon provincial rights.

I sometimes wonder why the provincial government has not yet called a provincial-municipal conference. The time has come for provincial authorities to invite the mayors to discuss municipal finances. The provincial government should restore their autonomy to the cities and towns of Quebec.

Recently, the cities of the eastern townships attempted, one after the other, to introduce a bill in the Quebec legislature in order to obtain the power to amend their charter and levy a 2 per cent sales tax. They were compelled, however, to withdraw the measure on account of the protests from their citizens. They will have to solve their financial problems in some other way. The 2 per cent sales tax levied by the provincial government in the city of Sherbrooke yields about $300,000 per year.

Do you not think, Mr. Speaker, that if a provincial-municipal conference were called where the Quebec government would offer to share this revenue with the cities, the latter would be able to meet their present obligations and plan for their future development?

The same applies to the tax on gasoline, which brings in good money, half of which is paid by city dwellers. Since cities must undertake the building and upkeep of their streets, do you not think that the provincial government infringes upon municipal autonomy in refusing to share this revenue with them?

Those who loudly clamour for autonomy should, to my mind, start by having regard for the autonomy of the government closest to the people, the municipal government. We know our cities are hard put to it to balance their budgets, that they cannot further increase the real estate levy and are duty bound to pay adequate wages to their employees.

How can they be expected to carry out all their responsibilities if the provincial government keeps on draining the sources of income at their disposal? I suggest that the municipalities demand a conference with the provincial government. We shall then see which government most encroaches on the autonomy of others.

Such a conference would also compel realization of the fact that, in our country, all governments—federal, provincial and municipal—must co-operate. This co-operation, on the part of every government, is indispensable if the true interest of the country is to be served. That is, after all, in the interests of every Canadian.

The federal government, it seems to me, has been, up to now, worthy of its responsibilities. However I feel it to be its duty today to alleviate the burden of taxation which the Canadian people have borne with so much courage. Speaking for my constituents, I request the Minister of Finance (Mr. Abbott) to increase the income tax exemptions so as to raise the morale of our people, inspire confidence in the future and bring about those undertakings upon which depends the future development of our great country.

It must not be forgotten that a disheartened people is a people whose collective will may obey any impulse and may accept any belief, even communism, whilst a people whose morale is excellent pays no attention whatever to any dangerous ideology, because such a people is confident and is constantly striving to better its position without fearing that its efforts will be futile.

If the Minister of Finance should object that he will have to find other revenue sources, I would strongly advise him to find them and to rid our people of this disheartening method of taxation, the income tax.

We could, for example, levy a higher tax on alcoholic beverages and luxury goods in general. We could even organize a national lottery and place it under the jurisdiction of the Post Office Department which, I am sure, could sell national lottery tickets as easily as it sells money orders. Such a source of revenue alone would permit the Minister of Finance to exempt from income tax hundreds of thousands of Canadians, freeing them from all the red tape of the Department of National Revenue, and the government would still be in a position to meet the requirements of its social legislation and the national debt.

As I said, Mr. Speaker, the Income Tax Act is a demoralizing measure and I wonder whether the time has not come to look for something better. Those who direct the taxation policy of the government should ponder and endeavour to obtain revenues by other means.

Any word liable to demoralize another person is an evil word and should never be uttered. Likewise and with greater reason, any law which tends to demoralize a people is an evil law and deserves to be suppressed.

The people are aware that they must pay taxes and are ready to do so. They know the government needs revenue but they hate the present taxation methods. Let us find other methods such as I just mentioned. I have already taken the liberty of writing to the ministers concerned to suggest certain methods. I hope they have studied them and that the next budget will bring forth these reforms. The people will be satisfied, their spirits will be better and they will face the future with confidence.

And now, Mr. Speaker, notwithstanding all that it has done to promote the building of houses, I would like the government to improve the National Housing Act. We all know that this act is nearly perfect. If it has not produced the expected results, it is only because of the high cost of building.

The cost of building, however, is about to become stabilized and the government should, in order to make the National Housing Act more complete, absorb part of the interest. At present, a worker is unable to build a house for less than $6,000 to $7,000. The interest on $6,000, at 4½ per cent, amounts to $270 per annum. In other words, on $6,000 the interest alone would amount to $22.50 a month.

In addition, the Sherbrooke property and school taxes amount to $125 per year. If we add insurance and upkeep, the rent comes to approximately $40 per month.

A labourer will be unable to keep his home if he has to build under such conditions. However, it would be much easier for him to purchase a house and keep it if the government absorbed the difference between 4½ per cent and 2 per cent, because there his rent would only amount to some $30 per month.

I therefore urge the government to look into the matter carefully and follow my advice. I am convinced that it is the only way to help thousands of Canadians who wish to buy a house. Being property-owners they will be better Canadians.

Now, Mr. Speaker, may I deal with various matters of particular concern to the constituency I have the honour of representing. A Sherbrooke industry employing some 500 workers, male and female, prospered during the first great war. Right after the 1918 armistice, however, hundreds of glove workers were dismissed and had to look for employment elsewhere. Not only did the industry lose thousands of dollars, but these workers, who had spent many years acquiring the precision which is essential for glove making, were left at loose ends. Glove imports from Czechoslovakia and western Germany were the cause of the trouble.

Remembering this experience, I felt it my duty, as early as 1942, to bring to the attention of the government the importance of this industry to the city of Sherbrooke and to the country at large. At the time the Minister of Trade and Commerce (Mr. MacKinnon) visited the present industries—the Julius Kayser and the Austin Gloves plants. We then supplied the Department of Trade and Commerce with all the information required in order that the government might protect, after the war, an industry that had contributed its share from the economic viewpoint and had given some five hundred local workers steady employment. Unfortunately, I am afraid that imports from certain European countries will again help to nullify the efforts of hardy Canadians who invested rather substantial amounts, only to find that their efforts were useless and that they had better turn to other industries.

Canadian manufacturers are not seeking any favours, Mr. Speaker. All they want is honest and loyal competition.

However, that is not possible with European countries, since the glove-making industry on that continent does not operate the same as it does here. Over there, it is a

family industry. A man will cut the parts necessary to make hundreds of gloves a day and will then distribute them in homes where members of the families will sew them up, at ridiculous wages. Here, our manufacturers must own huge plants, install therein costly equipment, pay good wages and ensure good working conditions. All this compels them to sell their goods at a higher price than imported goods, in spite of the duties imposed by Canada. This importation, it seems to me, is getting unjust and disloyal. There is still time however, and I today request the government to take every available means to protect the industry and to keep these 500 workers employed. The government can, I think, through conferences with the interested countries, arrive at an agreement which will keep this industry in our midst so that it may continue to progress and to make of Sherbrooke the "cradle of the glove-making industry in Canada."

I read in the newspapers a while ago that a group of Esthonian immigrants were to come to Sherbrooke to work for the Dominion Textile Company. These immigrants were technicians, which would enable the company to take on two Canadian workers for each immigrant it would employ. I hear, Mr. Speaker, that these immigrants are here and that the Dominion Textile Company has taken on six Canadian workers for each one of the Esthonian experts. If it is true, it is not so bad then. But they say that the wives and daughters of these foreigners are employed in other industries. If that be true, it is intolerable because we already have here men and women who are looking for work. I read also in the newspapers that the city council of Sherbrooke had allowed that company to accommodate these people in the former military camp "Lord Sherbrooke."

I shall put some questions on the order paper in order that my constituents may get the necessary information on that subject. If I mention it in this house, it is that I want to disengage myself from any responsibility as far as the arrival of these immigrants is concerned. The answers I shall get will show that I had nothing to do, directly or indirectly, with the coming of these immigrants to Sherbrooke.

I am not against selected immigration but I do not believe that the government should grant entry permits to Canada to anyone while there is unemployment in Canada. I trust that before taking action in the future the authorities of the Department of Mines and Resources and of the Labour Department will refer to the member for Sherbrooke.

The member for Chicoutimi (Mr. Gagnon) said the other day during the course of this discussion that he was afraid that the taxes might lead to revolution. As I said a while ago, I want a reduction of income taxes but I believe that the attitude of the present premier of Quebec (Mr. Duplessis), that dictator, towards organized labour could lead to revolution more than the taxes could.

I was very much amazed to learn that Mr. Picard, chairman of the Catholic Federation of Labour, had been called a "saboteur". I know Mr. Picard and several leaders and chaplains of the Catholic Syndicates. I am well acquainted with their patience and tolerance and with the contribution they have made for the betterment of the position of the Quebec workers and I know that they do not deserve to be called "saboteurs". When a man, speaking on behalf of his government, describes in such terms people who are so honest and so anxious to preserve the good relations which must exist between capital and labour, he simply does so, in my opinion, in order to destroy the labour organization, and I say that he acts as the No. 1 organizer of the communist party. Yes, Mr. Speaker, when the labouring classes have lost confidence in their present leaders, they will choose others, and you know which ones they will select. Our province and the whole country will then see the masses turn to plain socialism, which in my opinion is communism's spring-board. The one responsible for that situation will be the man who, through his dictatorial attitude, will have succeeded in destroying the confidence the workers had in their leaders. This is no time for dictatorship; in this period of readjustment the workers need first the confidence of their leaders and especially the honest and sincere leadership of a government having all the autonomy required for the protection of their rights.

As you know, Mr. Speaker, I am myself a worker, more than anyone else in this house. I know by experience the countless difficulties we had to overcome during the last twenty-five years in order to defend the legitimate rights of workers. The Canadian and Quebec worker enjoys today conditions better than those I have known myself scarcely a decade ago.

That is due to the Liberal governments which have always given fair play to the working class, both by placing social laws on our statute books and by enacting measures enabling workers to discuss on equal

footing with their employers. Mr. Speaker, the saboteur is not Mr. Gerard Picard, president of the C.T.C.C.; it is the dictator of Quebec, who sabotages the Liberal legislation protecting our workers.

Mr. Speaker, I have taken part in many struggles during the past twenty years, but never have I witnessed an election such as that of July 28 last in my province. When I went actively into politics, I laid down a policy for my organizers in the matter of electoral manners. This policy was complied with and I am convinced I have improved electoral methods in my constituency.

Personally I have always believed and I still believe that candidates must appeal to the electors' intelligence. That is what I did. However, those who took part in last summer's election know that some people do not hesitate to resort to all sorts of means to corrupt and buy human consciences. I wonder if those methods will not lead us quicker than anything else to the revolution which the member for Chicoutimi seems to fear.

In my opinion, the methods used during the latest provincial electoral campaigns are far more dangerous than taxes to stir up indignation. The people of my province are now crying over their mistake of July 28.

In conclusion, may I say that although the present government is not perfect, taking its administration as a whole it has faithfully fulfilled its mandate.

Today, under our new leader, we may rightly feel confident, for, as I pointed out earlier, he is a man who loves frankness and truth. With him, we know where we come from and where we head for.

I am satisfied with the way of frankness and truth. I shall fully support my leader and begin by casting my vote in his favour when the motion for the address in reply to the speech from the throne is put before the house.

(Text):

On motion of Mr. Weir the debate was adjourned.

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

HOUSE OF COMMONS

Thursday, March 3, 1949

The house met at three o'clock.

PRIVILEGE

IMMIGRATION—COURTESIES EXTENDED TO PERSONS FROM BELFAST

Mr. Daniel McIvor (Fort William): On a question of privilege, Mr. Speaker, I should like to thank the Minister of Mines and Resources (Mr. MacKinnon) for extending courtesy to my two fellow Irishmen from Belfast for one year. He thinks it will take a year for them to make good. They will make good long before the year is up, and again we thank him.

Mr. Robert Fair (Battle River): On the same question of privilege, I wish to join the hon. member for Fort William (Mr. McIvor) in what he has said, and to extend my thanks to the Minister of Mines and Resources. It is well known that the Irish are a peaceful race and likely to make good.

INCOME TAX—REFERENCE TO ANSWER TO QUESTION ON MARCH 2

Mr. Donald M. Fleming (Eglinton): On a question of privilege, Mr. Speaker, I should like to point out that yesterday the Minister of National Revenue (Mr. McCann) indicated that a question standing on the order paper in my name had been answered. The question, and the answer, so far as it was given, are to be found at page 1059 of *Hansard*. The question was as follows:

At January 1, 1949, on how many income tax returns, by years and by district offices, had assessment not been made?

The answer gives information as to four years individually, 1945, 1946, 1947 and 1948, but as to earlier years, it gives in one sum the figures for 1917 to 1944 inclusive. That is not an answer to my question. I ask the minister to see that the information which was asked for is given. The numerous non-assessed returns, totaling about 43,000 from 1917 to 1944, should be broken down by years.

UNEMPLOYMENT IN VANCOUVER—REFERENCE TO REMARKS IN DEBATE ON FEBRUARY 18

Mr. Rodney Young (Vancouver Centre): On a question of privilege, Mr. Speaker, may I say that as reported in *Hansard* on February 18, I attributed to Mr. Hugh Allan of Vancouver, a statement that there might be serious riots and disturbances in that city in event of unemployment continuing. In order that no injustice may be done to anyone, I should like to read the actual statement of Mr. Allan. It is as follows:

Mr. Allan pointed out that the agencies are able to obtain firsthand knowledge of the suffering and distress which is caused by this situation, while others feel that if the situation is allowed to develop and get out of control, riots or other disturbances may possibly occur.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

INCOME TAX—RURAL TELEPHONE COMPANIES

Mr. Burton:

1. Do rural telephone companies organized on a non-profit basis have to complete income tax returns?

2. If so, for what reason?

Mr. McCann:

1. Yes.

2. Sections 33(1) and 35(2) of the Income War Tax Act and section 40(1)(a) of the Income Tax Act require all corporations to file returns. It should be noted that in order to qualify for the exemption, a company must not only be organized, but must be operated, on a non-profit basis.

CATTLE—COMPENSATION FOR T.B. REACTORS

Mr. Robinson (Bruce):

1. Does the Department of Agriculture pay compensation for cattle which are T.B. reactors?

2. If so, what amount do they pay?

3. What steps have been taken by the government towards raising the amount of such payments?

Mr. Gardiner: Stand.

Mr. Robinson (Bruce): Will the minister take another look at this question, with a view to making an early answer? The farmers of Bruce county are interested in the matter; several of them are losing heavily. The question is important, and an answer should be given.

Mr. Gardiner: The matter is receiving consideration, but the point of final decision has not yet been reached.

Mr. Speaker: Question stands.

Questions

WAR ASSETS

Mr. Moore:

1. What was the total value of government property turned over to war assets, since the end of the war?
2. What was the value of such property disposed of in Canada?
3. What other countries purchased from war assets, and what was the value of goods purchased by each country?
4. What is the value of goods still in the hands of war assets?

Mr. McIlraith: It is not possible to get the information asked for in this question. I have discussed the matter with the hon. member who asked the question, and he has agreed to drop it.

Mr. Speaker: Dropped.

INCOME TAX—REFUNDABLE SAVINGS

Mr. Fleming:

What amounts of compulsory savings by years (a) have been refunded; (b) are still retained by the government?

Mr. McCann:

(a) 1942 compulsory savings cheques have been issued in the following amount: $88,572,-391.37.

Cheques in the following amounts have been issued as advance repayments to individuals over 65, estates and bankrupt corporations, on account of 1943, 1944, 1945 and 1946 compulsory savings:

1943	$4,273,317.28
1944	1,637,505.95
1945	50,463.89
1946	4,030.55
	$5,965,317.67

The following estimated amounts of compulsory savings cheques will have been issued on or before March 31, 1949:

1943	$229,020,220.99
1944	89,350,720.64
	$318,370,941.63

(b) The following estimated amounts of compulsory savings are still being retained by the government in accordance with section 18 of the Excess Profits Tax Act, 1940:

1944	$ 73,000,000
1945	71,000,000
1946	17,600,000
	$ 161,600,000

IMMIGRATION—JAPANESE

Mr. Green:

1. Are persons of the Japanese race being permitted to enter Canada from Japan?
2. If so, what group, or groups of such persons are given permission to enter Canada?

Mr. Maybank: Readmission or admission into Canada of persons of Japanese origin is granted only to those who fall within the following categories:

(a) Those whose claim to Canadian citizenship is established and who are admissible to Canada as a matter of right under the Immigration Act;

(b) Those who have established that they possess Canadian domicile and who are admissible as returning residents;

(c) Those who wish to enter Canada for temporary and approved purposes.

The total number involved is very small. Persons readmissible under the law are required to produce acceptable evidence of their right to readmission. Temporary admissions are restricted to students and delegates to approved conferences whose admission would be of assistance in the democratic re-education of Japan and whose visits abroad are approved by supreme commander allied powers.

INCOME TAX—REFUNDABLE PAYMENTS

Mr. Bradshaw:

1. On what basis are refundable income tax payments to be made during the fiscal year ending March 31 next, and what amount of such payments will be made during the said current year?
2. For what year or years is refundable excess profits taxes owing to corporations being repaid during the said fiscal year?
3. What is the total amount of such payments and in respect to what year or years is it being repaid?

Mr. McCann:

1. Cheques for the 1943 and 1944 refundable portion of income tax for individuals have been issued in an estimated amount of $250,570,941 and will be distributed by March 31, 1949.

2. 1943.

3. The 1943 excess profits tax, corporation refundable portion, is due and payable by March 31, 1949. Until assessments are complete, no accurate figure is available but it is estimated that the total will be approximately $65 million. In addition, there is an estimated amount of $2,800,000 payable to individuals on account of excess profits tax refundable portion.

NATIONAL HEALTH—FEDERAL GRANTS

Mr. Coldwell:

1. What percentage of the health grants available has been approved for expenditure in each of the provinces for each of the types of grants?
2. How much money has the dominion given to each of the provinces for each of the types of health grants to date?
3. What percentage of the health grants available has been given by the dominion to each of the provinces for each of the health grants to date?

Mr. Martin:

1. See table 1 on page 1087.
2. See table 2 on page 1088.
3. See table 3 on page 1089.

TABLE No. 1

HEALTH GRANTS ANALYSIS

Per Cent of Health Grants Approved to February 28, 1949

(For fiscal year 1948-49)

Province	Crippled Children P.C. 3401	Profess. Training P.C. 3402	Hospital Construction P.C. 3403	V.D. Control		Mental Health P.C. 3405	T.B. Control P.C. 3406	Public Health Research P.C. 3407	Health Survey P.C. 3408	Public Health P.C. 3409	Cancer Control P.C. 3410	All Grants (a)
				P.C. 3404	P.C. 1690							
Prince Edward Island	66·9	99·1	88·0	99·6	100·0	38·2	85·5	.....	100·0	61·5	53·4	73·2
Nova Scotia	.....	44·1	23·4	8·0	100·0	31·5	28·4	.....	100·0	13·5	3·5	23·6
New Brunswick	100·0	99·3	.....	100·0	100·0	47·3	97·2	.....	100·0	50·8	92·3	43·0
Quebec	8·2	65·5	108·6	88·5	100·0	.....	70·9	.....	100·0	12·7	23·7	78·6
Ontario	6·1	40·9	19·5	65·4	100·0	13·9	93·6	.....	100·0	1·0	.....	22·0
Manitoba	50·2	59·4	11·9	60·8	100·0	25·5	37·8	.....	100·0	36·1	21·5	25·6
Saskatchewan	68·0	68·6	1·1	98·0	100·0	43·3	94·0	.....	100·0	70·0	100·0	43·0
Alberta	5·8	63·3	14·0	99·2	100·0	65·1	97·6	.....	100·0	21·9	54·6	38·8
British Columbia	65·6	57·0	42·3	79·8	100·0	55·0	73·1	.....	100·0	97·9	16·7	55·0
All provinces	23·6	57·5	55·7	76·3	100·0	22·3	76·5	47·3	100·0	23·6	24·1	45·9

(a) Public health research grant excluded from provincial totals but included in total for all provinces.

TABLE No. 2

HEALTH GRANTS ANALYSIS

Amounts of Expenditures under Health Grants to February 28, 1949.

(For fiscal year 1948-49)

Province	Crippled Children P.C. 3401	Profess. Training P.C. 3402	Hospital Construction P.C. 3403	V.D. Control		Mental Health P.C. 3405	T.B. Control P.C. 3406	Public Health Research P.C. 3407	Health Survey P.C. 3408	Public Health P.C. 3409	Cancer Control P.C. 3410	All Grants (a)
				P.C. 3404	P.C. 1690							
		$	$	$	$	$	$	$	$	$	$	$
Prince Edward Island	.....	1,302.99	21,416.66	33.33	5,165.64	.....	.....	.....	2,250.00	1,150.00	351.00	31,669.62
Nova Scotia	.....	5,165.58	48,916.66	.....	12,501.58	4,084.69	24,026.84	.....	5,009.85	.....	.....	99,705.20
New Brunswick	.....	4,223.93	.....	.....	10,338.16	500.00	7,198.40	.....	4,118.10	2,975.97	3,542.30	32,896.86
Quebec	.....	7,500.00	952,385.34	.....	57,475.37	.....	39,162.74	.....	28,261.89	34,312.00	93,091.54	1,212,188.88
Ontario	.....	49,463.12	14,728.90	.....	57,816.48	.....	184,349.95	.....	37,461.88	14,600.00	.....	358,420.33
Manitoba	.....	8,525.00	28,452.00	.....	13,392.83	2,214.89	8,316.50	.....	5,846.85	.....	.....	66,748.07
Saskatchewan	.....	.....	2,498.90	.....	15,306.71	.....	.....	.....	6,525.90	.....	.....	24,331.51
Alberta	.....	6,176.28	2,306.10	3,924.28	15,757.76	296.05	362.64	.....	10,659.25	.....	.....	39,482.36
British Columbia	.....	6,502.99	123,988.59	5,321.61	18,680.41	4,058.61	500.00	.....	8,892.00	47,722.25	.....	215,666.46
All Provinces	.....	88,859.89	1,194,693.15	9,279.22	206,434.94	11,154.24	263,917.07	5,850.00	109,025.72	100,760.22	96,984.84	2,086,959.29

(a) Public health research grant excluded from provincial totals but included in total for all provinces.

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TABLE No. 3

HEALTH GRANTS ANALYSIS

Per Cent of Health Grants Expended to February 28, 1949

Province	Crippled Children P.C. 3401	Profess. Training P.C. 3402	Hospital Construction P.C. 3403	V.D. Control		Mental Health P.C. 3405	T.B. Control P.C. 3406	Public Health Research P.C. 3407	Health Survey P.C. 3408	Public Health P.C. 3409	Cancer Control P.C. 3410	All Grants (a)
				P.C. 3404	P.C. 1690							
Prince Edward Island	.....	17·4	22·0	1·6	94·4	.....	.....	.....	15·0	3·5	1·3	10·8
Nova Scotia	.....	19·2	7·6	.....	91·6	1·9	13·2	.....	15·0	.....	.....	6·5
New Brunswick	.....	19·1	.....	.....	89·7	0·3	5·0	.....	15·0	1·7	2·6	2·7
Quebec	.....	5·3	24·8	.....	94·4	.....	3·7	.....	16·2	2·6	9·0	13·5
Ontario	.....	31·2	0·3	.....	85·7	.....	24·9	.....	19·1	1·0	.....	3·7
Manitoba	.....	27·1	3·7	.....	86·1	0·9	4·4	.....	15·0	.....	.....	3·7
Saskatchewan	.....	.....	0·3	.....	90·0	.....	.....	.....	15·0	.....	.....	1·2
Alberta	.....	18·0	0·3	21·8	94·5	0·1	0·2	.....	25·0	.....	.....	2·0
British Columbia	.....	15·3	11·5	23·3	94·4	1·2	0·2	.....	16·8	13·1	.....	8·5
All Provinces	.....	17·8	9·2	3·4	90·5	0·3	8·8	5·9	17·4	2·3	2·8	6·9

(a) Public health research grant excluded from provincial totals but included in total for all provinces.

VETERANS LAND ACT—PRAIRIE PROVINCES

Mr. Jutras:

How many veterans have been established as full time farmers under the V.L.A. in (a) Manitoba; (b) Saskatchewan; (c) Alberta; (d) the federal constituency of Provencher?

Mr. Gregg: Return at January 31, 1949, of number of cases where financial assistance for full-time farming has been approved under the Veterans Land Act: (a) 3,254; (b) 6,125; (c) 5,741; (d) in the subdistrict of Winnipeg, 1,307. Records under the Veterans Land Act are not maintained according to constituencies.

The answer is complete, with the exception of paragraph (d). We do not maintain a record of constituencies as such.

QUESTIONS PASSED AS ORDERS FOR RETURNS

ST. MARY-MILK RIVER DAM

Mr. Wylie:

1. What has been the cost to date of the construction of the St. Mary-Milk river dam?

2. What was the cost of the diversion tunnel?

3. What was the contract price of irrigation tunnel?

4. What are the names of the firms or individuals who submitted tenders or bids and the amounts of each tender or bid on (a) the dam; (b) the diversion tunnel; (c) the irrigation tunnel?

VALCARTIER ARSENAL—PERSONNEL

Mr. Lennard:

1. Who are the personnel employed at the arsenal at Valcartier?

2. What are their positions?

3. How many of them have had overseas service?

Mr. McIlraith: Return tabled.

ALBERTA AND SASKATCHEWAN NATURAL RESOURCES—COMPENSATION FOR LANDS

Mr. Dechene:

1. What amount of money was paid to each of the provinces of Alberta and Saskatchewan in lieu of lands and natural resources from the year 1905 to 1930 inclusive?

2. What amount of money was agreed upon by the said provinces and the federal government as further compensation for lands alienated when the natural resources were transferred to them?

3. Did the administration of these natural resources for these provinces for the years as above result in a profit or a deficit to the federal government?

FLAX

Mr. Menary:

1. How many bushels of flax were grown in Canada during the calendar year 1948?

2. How much of such flax has been sold for consumption in Canada or to purchasers abroad?

[Mr. Martin.]

3. How much of such flax now remains unsold in Canada?

4. Was the flax grown in 1948 subject to a floor price? If so, what was the floor price?

5. How much of the 1948 flax crop was purchased by the government or by a government agency at a floor price, and how much of the flax so purchased still remains in the government's or a government agency's hands?

VETERANS LAND ACT—ALBERTA—BOWNESS PROJECT NEAR CALGARY

Mr. Smith (Calgary West):

With respect to the Bowness project, under Veterans Land Act, near the city of Calgary, Alberta:

1. Were any negotiations entered into by the director or his agents prior to the building of the Bowness project to come to any agreement with the tax authorities to obtain a maximum of $60 per year for this project?

2. Did the director or any of his agents have any knowledge of what the taxes might be at the time the veterans were being moved to this project and, if so, what was that knowledge?

3. Is this project an "exceptional case"? (Under the V.L.A. 1942 revised 1944, it states "only in exceptional cases will settlement be approved on less than an acre and with exposure to property taxes in excess of $60 per year".)

4. Were any veterans refused purchase of privately owned property because such property was taxed at more than $60 per year? If so, where?

5. Was it known by the director or his agents at the time of building that the water system would be subject to taxation?

6. What was the full cost of the water system on this project?

7. Was the water system taken over from the contractor when it was known to be in very poor condition with excessive line loss?

8. What will it cost to put the water lines in good condition and will this expenditure be authorized?

9. Was the property on which the Bowness project was built at any time condemned or considered unsuitable for the site of such a project?

10. Were any other sites suggested as more suitable at this time?

11. What was the original number of houses intended for this project?

12. What was the original price per housing unit quoted to the purchasers?

13. What was the original price per housing unit quoted to the director?

14. Was the price per housing unit increased above the figure quoted to the director? If so, by how much?

15. Was the price per housing unit increased above the figure quoted to the purchasers? If so, by how much?

16. Is the director aware of the condition of these houses both inside and out? If so, what conditions did he find?

17. Were the septic tanks left far out of the ground, and in some cases built in front of basement windows?

18. Does this conform with the specifications supplied the contractor by the director?

19. If not, was the contractor allowed to continue to install equipment in this manner?

20. Will all drainage systems be properly installed so as to give trouble-free service for the usual time considered fair for proper installation?

CANADIAN BROADCASTING CORPORATION

REFERENCE TO PROGRAM "AFTER-BREAKFAST BREAKDOWN"

On the orders of the day:

Mr. Douglas G. Ross (St. Paul's): Mr. Speaker, I should like to ask a question of the Minister of National Revenue. Is the minister aware of that program of meaningless ravings and tripe, couched in the poorest possible illiterate English, an insult to the intelligence of the Canadian people, which is being broadcast—

Mr. Speaker: Order.

Mr. Ross (St. Paul's): —which is being broadcast—

Mr. Speaker: I would remind the hon. member that the purpose of asking a question is not to make a statement or to give information to the house; it is to get information.

Mr. Ross (St. Paul's): Does the minister know that that broadcast over the C.B.C., "After-Breakfast Breakdown," by Max Ferguson, known as "Rawhide", is taking the place of "Musical March Past" in the morning from eight-thirty to nine? What does the minister intend to do about it? Does the minister think this broadcast is up to the standards of the C.B.C.?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, I am aware there has been a change in the program, although I do not know that I have listened to it personally. I am not in a position to compare it with the program which it has replaced. It is a matter of individual judgment.

INCOME TAX

FARMERS—BASIS OF COMPUTATION—BASIC HERDS

On the orders of the day:

Mr. E. D. Fulton (Kamloops): I should like to ask a question of the Minister of National Revenue. Will he be in a position in the immediate future to make a statement as to the outcome of the conference with representatives of the western beef producers respecting the basic herd? Can he say now whether the outstanding questions have been settled to the satisfaction of the beef producers?

Hon. J. J. McCann (Minister of National Revenue): Yes; a statement will be made shortly in the form of a directive from the department with reference to basic herds. As to the second part of the question, I would say that the points at issue were fairly well resolved as a result of the conference.

Inquiries of the Ministry

TELEVISION

REQUEST FOR STATEMENT OF GOVERNMENT POLICY—RADIO BROADCASTING COMMITTEE

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): In view of the Canadian Press dispatch of today to the effect that the Minister of National Revenue will shortly announce a government plan to make a loan to the Canadian Broadcasting Corporation to permit the inauguration of television broadcasts, two at Montreal and one at Toronto, will the minister make his statement now, or will he outline government policy in the matter?

Will the minister also tell the house when the government will take steps to set up a special committee of the house on radio broadcasting, which has already been asked for during this session on three occasions?

Hon. J. J. McCann (Minister of National Revenue): The matter of policy with reference to television is still under consideration, and in due course will be announced by the government.

The committee on radio broadcasting will be set up in due course—which will be before very long, when hon. members are prepared to proceed with that work.

TRANS-CANADA AIR LINES

REMOVAL OF EMPLOYEES FROM WINNIPEG TO MONTREAL

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): I should like to ask one more question about the proposed removal of Trans-Canada Air Lines employees from Winnipeg to Montreal. In view of repeated representations, including a resolution passed unanimously by the Manitoba legislature two days ago, calling for reconsideration and abandonment of the proposed removal of a large group of Trans-Canada Air Lines employees from Winnipeg to Montreal, is it not possible for this removal to be deferred until the matter can be brought before the parliamentary committee on railways and shipping owned and operated by the government?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I have said on two or three occasions that the move is a matter of internal management in which as minister responsible I do not intend to interfere. I remember distinctly reading a published statement by Mr. McGregor in which he said the move would not take place until October, 1949. That being so, I hope we shall have a committee before that time.

Inquiries of the Ministry

FISHERIES

LAKE WINNIPEG—QUESTION AS TO SALE OF WINTER CATCH

On the orders of the day:

Mr. William Bryce (Selkirk): Mr. Speaker, I should like to ask a question of the Minister of Fisheries. Is the minister aware of the fact that lake Winnipeg fishermen face a serious situation in not being able to sell their winter catch of fish? Will the government use the Fisheries Prices Support Act to relieve this situation so that thousands of pounds of fish will not be left to rot?

Hon. R. W. Mayhew (Minister of Fisheries): The hon. member was good enough to send notice of his question. I should like to tell him that the attention of the fisheries prices support board was drawn to the situation of the lake Winnipeg fishermen who, we are informed, have been unable to dispose of part of their winter catch through the normal trade channels in Winnipeg.

As the hon. member is aware, the administration of the Manitoba fisheries is a provincial matter; accordingly our information on the situation has been limited. The prices support board, however, on the first intimation of the problem sent two investigators to Manitoba to assess the situation and to provide the board with the facts of the case. This review is in progress, and until a report is forthcoming the hon. member will realize that I am not in a position to make any further statement.

BUTTER

PRESS REPORT AS TO REDUCTION OF PRICE—QUESTION OF FLOOR PRICE FOR SECOND-GRADE

On the orders of the day:

Mr. E. G. McCullough (Assiniboia): I should like to ask a question of the Minister of Agriculture. In view of the announcement in the *Globe and Mail* of today, which states that, according to a government source, the price of butter is about to crack, will the government state its policy to protect the dairy industry?

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, the reference in the *Globe and Mail*, I understand, is to some discussion they had with provincial dairy authorities, not with federal dairy authorities; therefore I am not in a position to make a statement.

In answer to the other part of the question I may say that throughout this whole year there has been a floor price under butter, which was established by this government. A contract has been entered into with Great Britain by this government for the sale of all surplus cheese. The control over fluid milk sales is under the provincial governments.

Mr. McCullough (Assiniboia): I should like to ask a supplementary question. Will the government use the Agricultural Prices Support Act in order to place a floor price under second-grade butter?

Mr. Gardiner: The Agricultural Prices Support Act is available in connection with the regulations that are already there. I have stated already that there is a floor under No. 1 butter, and of course it will be lower on the other grades.

PRICES AND TRADE BOARD

DECISION OF ONTARIO SUPREME COURT IN MCGINN CASE

On the orders of the day:

Mr. H. W. Timmins (Parkdale): Will the Minister of Finance take the house into his confidence with respect to the McGinn case, which has been referred to before? It has to do with a wartime prices and trade board order. Will the minister inform the house whether an appeal has been or will be taken?

Hon. Douglas Abbott (Minister of Finance): The answer is that an appeal has not been taken. The judgment was a verbal judgment. The appeal related to the "just and reasonable" provisions in section 8 of the wartime prices and trade board order. A seller of nails was convicted of selling at prices that were higher than reasonable and just, having regard to the provisions of the order. He appealed on two or three grounds, including the ground that the evidence adduced did not justify the finding of the trial court. I am informed that the court of appeal maintained the appeal on that particular ground I am bringing to the attention of my colleagues the question whether an appeal should be taken, but my own personal view is that one should not be taken.

POSTAL SERVICE

CENTENARY OF DISCOVERY OF COAL AT NANAIMO, B.C.—QUESTION AS TO COMMEMORATIVE STAMP ISSUE

On the orders of the day:

Mr. G. R. Pearkes (Nanaimo): Will the Postmaster General consider striking a special stamp to commemorate the centenary of an event which was of tremendous importance to western Canada, namely, the discovery one hundred years ago of coal at Nanaimo?

Hon. Ernest Bertrand (Postmaster General): I will ask the hon. member's permission to read the question before giving an answer.

CANADIAN PACIFIC RAILWAY

SWIFT CURRENT-SIMMIE, SASK.—REDUCTION OF SERVICE

On the orders of the day:

Mr. T. J. Bentley (Swift Current): I should like to ask the Minister of Transport if it is the intention of the Canadian Pacific Railway Company to reduce the train service between Swift Current and Simmie, Saskatchewan, to one train a week, and if so, why?

Hon. Lionel Chevrier (Minister of Transport): I have no intention of being discourteous to the hon. gentleman, but I would point out to him that I have no responsibility in this house for the Canadian Pacific Railway; neither is that railway responsible to me for its schedules or train services. I think the hon. gentleman could get the information he wants just as quickly as I could, by writing to the offices of the Canadian Pacific Railway. If he does that and cannot get an answer, I shall be glad to communicate with them.

RED RIVER

OPENING OF ST. ANDREW'S LOCK DURING PERIOD OF HIGH WATER

On the orders of the day:

Mr. Fernand Viau (St. Boniface): I should like to direct two questions of an urgent nature to the Minister of Public Works. The matter I wish to discuss affects, as to floods, not only the city of St. Boniface, but the city of Winnipeg and all the surrounding farming area of the Seine, Red and Assiniboine rivers. Would he consider sending a qualified engineer from his department to review the decision of the local engineer at Winnipeg with respect to the opening of St. Andrew's lock in the province of Manitoba before the period of high water in the Red river has been reached? Second, if not, would he give to this house as early as possible a complete report of the technicalities which compel the engineers of his department to refuse the opening of St. Andrew's lock during the period of high water in the Red river?

Hon. Alphonse Fournier (Minister of Public Works): I certainly will consider sending out another engineer from the department to look into that situation and see if the decision of the engineer in Winnipeg is correct. As to the second part of the question, I shall have to await the report from that engineer before making an answer.

Inquiries of the Ministry

UNITED KINGDOM

DOLLAR EXCHANGE FOR PURCHASE OF UNITED STATES AND CANADIAN GOODS

On the orders of the day:

Mr. Gordon Graydon (Peel): I should like to ask the Minister of Trade and Commerce how much additional dollar exchange was granted by the United Kingdom government to the British West Indies for the purchase and import of United States and Canadian goods, as was indicated in the minister's statement on January 4 last?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The amount is $3 million.

RECONSTRUCTION AND SUPPLY

REFERENCE TO QUESTION WITH RESPECT TO TABLING OF ANNUAL REPORTS

On the orders of the day:

Hon. Robert H. Winters (Minister of Reconstruction and Supply): On Monday, as reported on page 958 of *Hansard*, the hon. member for Vancouver South asked a question with respect to the tabling of reports of the Department of Reconstruction and Supply. The Department of Reconstruction and Supply Act does not require the tabling of an annual report. The former minister reported orally to parliament from time to time, and written reports of various agencies which report to the minister have been tabled, but the tabling of an annual report on the general departmental activities is not required. If the hon. member wishes specific information with respect to the operations of this department, immediate steps will be taken upon request to provide it.

Mr. Howard C. Green (Vancouver South): I think if the minister will check up the act which originally set up the department he will find that in section 7 there is a provision requiring that the annual report be tabled. It may be that that subsection has been subsequently repealed, but I am sure it is in the original act, because I read it myself before I asked the question.

CAMP HILL HOSPITAL

QUESTION AS TO CONTRACT FOR ALTERATIONS TO ANNEX

On the orders of the day:

Mr. W. Chester S. McLure (Queens): I should like to direct a question to the Minister of Public Works, or the Minister of Veterans Affairs. Were public tenders called for the alterations to Camp Hill hospital annex at Halifax, and if so when, and what was the contractor's price?

Hon. Alphonse Fournier (Minister of Public Works): Speaking to the best of my knowledge —I have not had time to look over the file— I believe tenders were called for and the contract awarded to G. M. Cape and Company. I do not know offhand the date and the amount, but I can give that information later.

HOUSING

FAIRCRAFT FLAT-ROOF HOUSES OCCUPIED BY VETERANS—QUESTION AS TO DEFECTS

On the orders of the day:

Hon. Milton F. Gregg (Minister of Veterans Affairs): Yesterday the hon. member for Peterborough West (Mr. Fraser) asked a question with regard to Faircraft flat-roof houses occupied by veterans. The Veterans Land Act administration has corrected defects in a total of thirty-five Faircraft houses. There are about eight more to do.

IMMIGRATION

ORDERS IN COUNCIL LEGALIZING ENTRIES INTO CANADA

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a question to the Minister of Mines and Resources, following the answer he gave yesterday in connection with Dr. Seigneur. Will the minister table immediately all orders in council passed since July 1, 1948 which in any way legalize the entry of persons who have come into the country illegally, or which in any way alter the provisions of the Immigration Act having to do with the qualifications of immigrants?

Hon. J. A. MacKinnon (Minister of Mines and Resources): I shall see what is involved and take the question under advisement.

Mr. Diefenbaker: Those orders in council should be tabled.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed from Wednesday, March 2, consideration of the motion of Mr. D. F. Brown for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto of Mr. Drew, and the amendment to the amendment of Mr. Coldwell.

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, my purpose in rising to take part in this debate is to deal with certain matters affecting shipping and the shipbuilding industry; to refer at the same time to certain misconceptions which seem to be present in the minds of hon. members concerning these industries; to deal with statements that have been made by the hon. member for Vancouver South (Mr. Green) and the hon. member for Cape Breton South (Mr. Gillis), and, if time permits, to make reference to the statement made by the leader of the opposition (Mr. Drew) about the royal commission on transportation.

Prior to the war practically no deep-sea cargo ships were built in this country, and certainly none were being operated under the Canadian flag. We had a ship repairing industry but we had no shipbuilding industry. When I say that, I mean it in the sense that we had no shipbuilding industry engaged in the construction of deep-sea dry cargo vessels.

Twice in the last thirty-five years, as a part of our war effort, we have been called upon to build up these industries at considerable expense to the country. These industries, like many others in Canada, were the product of war necessity. The ships which we built were munitions of war. They were good ships, but they were built for a purpose, and they were built to a standard type in an emergency.

At the cessation of hostilities there were in Canada some 109 dry cargo vessels of the 10,000 ton type, and forty vessels of the 4,700 ton type. These vessels had been built in Canada. They were owned by the Canadian government and operated by the Canadian government under the Canadian flag. In addition to these 149 vessels there were 104 ships built in Canada which were lent to the United Kingdom under the mutual aid program, or chartered to the United Kingdom for operation under the United Kingdom flag to assist in the war effort of that country. That made a total of 253 ships. Twenty-six of the 104 ships have now been returned to Canada; fifty-eight more will be returned in 1950, and the balance of twenty is being retained by the United Kingdom. Of the ships owned by the government of Canada at the cessation of hostilities, eighteen were sold foreign, and twenty were retained by the United Kingdom under the mutual aid settlement. The remainder, including fifty-eight vessels yet to be returned by the British government, a total of 215 ships, were sold to Canadian operators with the proviso that they should not be transferred to foreign registry without the consent of the government.

The member for Vancouver South—and I am sorry he is not in his seat at the moment —accuses the government of lack of policy. I am delighted to see him coming into the chamber now. These ships were sold by the government to private Canadian operators, at reasonable prices, under a deliberate and

carefully-outlined policy of creating a merchant fleet under the Canadian flag.

For the first two years after the sale the operation was profitable and provided good wages for Canadian seamen. Furthermore, late in 1947 an independent body, the Canadian maritime commission, was created for the very purpose of advising the government from time to time on policies relating to the maintenance of the shipping and shipbuilding industries. Shortly after its creation the commission, at the beginning of 1948, foreseeing the time when competition for cargoes would be keen and would become keener as freights declined, advised the government to adopt a replacement plan. That time has now arrived. Freight rates have declined by about twenty per cent on a general average, and world shipping today has become overtonnaged.

Even during the war years, foreign nations were planning on replacing the tonnage destroyed. Nearly three years ago they initiated a construction program which was limited only by the capacity of their yards and their ability to secure or produce steel. In the two-year period from December 31, 1946, to December 31, 1948, the United Kingdom and other traditional maritime nations added over ten million deadweight tons to their dry cargo merchant fleets. It is evident that the introduction of such a volume of tonnage, including many newer and speedier ships, must put the Canadian wartime-built fleets at a decided disadvantage in competing for available cargoes.

The statistical position is that in spite of a contracting international trade, world shipping tonnage seeking employment is now about thirty per cent greater than it was prior to the war. Up until recently the increased tonnage of the United Kingdom and other foreign nations has been absorbed into international shipping at the expense of the United States. It must be obvious that all of Canada's 215 war-built vessels cannot hope to compete under these conditions, and that owners in liner trades particularly must replace their vessels with faster and more modern craft in order to compete with foreign vessels. The government is willing to help these operators to do this, but the desire and the incentive to remain in the shipping business depend upon the operators themselves. I submit that the wisdom of the replacement plan, which is one of the means devised to assist operators in obtaining new and modern tonnage, is fully justified.

I should like to say a word in explanation of the replacement plan. If an owner, feeling the need to improve his competitive position, desires to sell a ship which he has purchased under the restrictive flag covenant, he applies to the commission for permission to do so. The commission considers all aspects of the application, including the effect of the proposed sale on Canadian trade and employment. If the commission is satisfied that the sale is in the interests of the country as a whole, it recommends to the government that permission be granted. As a condition to the sale, however, the owner must place the whole of the purchase money in escrow. If the owner still owes money to the crown on the original purchase of the ship, the commission permits him to borrow out of the escrow funds sufficient money to enable him to pay off his mortgage, but the loan must be replaced. In effect the plan creates a compulsory building reserve to secure replacement within five years from the date of sale, with a possible two-year extension.

Under the plan thus far, twenty-six vessels have been sold, twenty-one 10,000 tonners and five 4,700 tonners. These sales have been approved for transfer out of Canadian flag. The gross proceeds of the sales, amounting to $16,602,250, are being paid to escrow. The policy in this plan is to provide the Canadian merchant marine with modern fast vessels which will be able to meet foreign flag competition.

Mr. Green: May I ask the minister whether the ships which have been sold have been put under foreign flags, or are they still under the Canadian flag?

Mr. Chevrier: The twenty-six ships I have reference to have been placed, or are in the process of being placed, under foreign flags. Some ships were sold months ago, and they are now operating under foreign flags. At the moment there may be one or two, perhaps five at the most, that have not been transferred.

Mr. Green: But they are to be?

Mr. Chevrier: They are to be. In my view it is far better to have fewer ships, which are capable of meeting foreign competition, and which will give steady employment to Canadian seamen, than to have a large number of ships which cannot be employed owing to their inability to compete with vessels of other flags.

The design of the plan is to see that the replacements are built in Canadian yards, thus providing work for Canadian labour, and maintaining our shipbuilding and ship repairing industry at a level that will meet our needs should we face another emergency, as we have done twice before.

I am aware that there are pressure groups in the country which seek to bar any constructive effort to build up a modern and

efficient Canadian merchant navy. I am amazed that some members of the house have been misled by that propaganda.

Mr. Green: I hope the minister was not referring to me.

Mr. Chevrier: We find paid advertisements appearing in the press.

Mr. Green: On a question of privilege, Mr. Speaker, I understand that in opening his remarks the minister referred to my speech during this debate. At that moment I was out of the chamber, speaking to the Minister of Finance. Now the minister says some members have been misled by listening to pressure groups. I have asked him whether he is referring to me, and I think I should have an answer to that question because I was the only one named by the minister.

Mr. Chevrier: Oh, no. The hon. gentleman was not in the house when I began my remarks, but I said I intended to deal with his remarks and those of another hon. member, and if permitted to do so I intend to deal with those remarks within the next few minutes. But before I come to that—

Mr. Green: Were you referring to me when you made that statement?

Mr. Chevrier: The hon. member will find that out in a few minutes, if he will just restrain himself.

Mr. Green: That is not fair.

Mr. Howe: What question of privilege is this?

Mr. Green: It is a question of privilege because the Minister of Transport (Mr. Chevrier) said certain hon. members had been listening to pressure groups and had made misstatements as a result. I want to know whether the minister was referring to me. If so he is entirely wrong, because I made my own statement on my own investigation of the circumstances. I am sure the minister did not mean to be unfair, but in effect he has been.

Mr. Chevrier: I submit, Mr. Speaker, that there is no question of privilege here. I made a general statement, with no reference to the hon. gentleman other than saying I intended to deal with his remarks in the course of the debate, and if I have your permission I propose to do so. Then the hon. gentleman will know whether or not I was referring to him.

It becomes more and more apparent to me, Mr. Speaker, that the type of criticism brought forward by these pressure groups is much more intended to be destructive than constructive. I was going on to say that we find paid advertisements appearing in the press to the effect that the Canadian government is sabotaging the merchant fleet. In this debate we have heard hon. members of this house talk about men being thrown out of work, indicating that men were being laid off on a wholesale basis. The hon. member for Vancouver South (Mr. Green) read a letter which stated that the Canadian companies were selling their ships, and that there were no more jobs. It is hardly necessary for me to point out the absurdity of this propaganda—

Mr. Green: You just said twenty-six ships have been sold to foreign registry.

Mr. Chevrier: —when I say the last report of the commission to me shows that only twenty-six ships out of a total of 215 have been approved for sale to foreign owners by the Canadian operators, as at the beginning of 1948. It therefore becomes apparent to me that this type of criticism is destructive and the replacement plan is intended to assist the seaman as well as the shipping and shipbuilding industries.

Mr. Young: Would the minister permit a question?

Mr. Chevrier: May I be allowed to continue, Mr. Speaker? I have far more than I can deal with in forty minutes, but if I have time afterward I shall be glad to answer the hon. gentleman's question.

I submit that the replacement plan has been carefully thought out. It deserves consideration and a trial. It has been fully publicized in the press, and labour also has received full details through the union representatives.

Mr. Green: Of course no ships are being built under it yet.

Mr. Chevrier: In deciding whether owners may sell vessels abroad, due regard is had as to whether the ships can obtain profitable employment under the Canadian flag, and whether the sale would have detrimental effects upon Canada's trade. In some cases permission to sell has been refused. The replacement will proceed on a gradual and orderly basis and is not a wholesale slashing of the Canadian fleet, as some would like us to believe. Surely it is better, instead of having a ship laid up—when it rapidly deteriorates, and gives no employment to Canadian crews—to allow it to be sold and the proceeds used to secure a better ship built by Canadian labour.

This brings me to the question of how large a Canadian-flag fleet we can reasonably expect to support in this country. After the war Canada operated the fifth largest fleet in the world. As our war-built fleet did not appear on the high seas until about 1943, we

were fortunate enough to escape the heavy losses suffered by the United Kingdom and our other allies. We therefore jumped from having practically no fleet at all to the position of being a major maritime power. The United States likewise built a tremendous fleet for war purposes the like of which had not been seen before. Since the war the United Kingdom, Norway, Denmark, Holland, Sweden and other countries have been rapidly replacing their war losses, since their very existence depends upon their fleets. Not only these but other countries such as South Africa, Australia, Argentina and India, who were not substantially engaged in seafaring, are now embarking upon a maritime program. The result is that at this immediate moment, as I have stated before, the world is overtonnaged.

It has been suggested that Canada should adopt restrictive practices, such as attaching conditions to her export trade. The hon. member for Vancouver South suggested that fifty per cent of our exports should be carried in Canadian bottoms. I wonder how much thought he has given to that suggestion. I wonder if he knows the difficulties and complications which have attended a similar restriction as it was put into effect in the United States. Under the conditions I have outlined, the policy as it is in operation now in the United States is hurting the trade of that country. The United States is giving away vast sums of money for the rehabilitation of Europe; and in its wisdom congress has laid down that part of the money so given must be spent in American shipping services. You may ask why Canada does not do the same thing. Canada is still straining her economy to the utmost to restore the buying power of her customers abroad. If, however, we say to the foreign buyer, "You must ship in Canadian bottoms, using scarce dollars," he will go elsewhere; and this at a time when we are anxious to sell our surplus Canadian goods. Such a policy would drive away trade rather than encourage it.

It is startling to find the hon. member for Vancouver South making this suggestion. The United Kingdom must find means of paying for our grain and timber. One such means is by way of her shipping services; but if we were to follow the hon. member's suggestion that fifty per cent of our exports to the United Kingdom must be carried in Canadian-flag bottoms it would mean that our farmers and our producers generally would have still greater difficulty in disposing of their products. It would mean that the lumberman in British Columbia would have the same difficulty in disposing of his goods. The suggestion of the hon. member involves further restrictions on British buying power in Canada. Our Canadian shipping must be the tool of trade, rather than a means of preventing trade. It is all very well for members of the opposition, who have no responsibility, to make these suggestions. As far as I am concerned I have no intention of being a party to any scheme which would prejudice the interests of Canadian producers, and of the country as a whole, in order to benefit any one group.

Another suggestion made by the hon. member is that it may be necessary "to have some provision for government subsidies." Again I wonder how much time he has spent in research on this subject. Having regard to the size of the Canadian fleet at the present time, and having regard to the number of ships that will be returned to Canada in 1950, does the hon. gentleman have any idea what it would cost per annum to subsidize a fleet on that basis? It would cost the Canadian people at least $20 million a year to put our ships on a competitive basis with other British ships, and still provide no guarantee that they would be employed.

Mr. Green: What is your policy?

Mr. Chevrier: I am giving it to you.

Mr. Green: No, you are not.

Mr. Chevrier: I say here and now that I am not prepared to ask the Canadian taxpayer for any sum of this magnitude unless there are far more cogent reasons for such expenditure than those already given. We should be foolish, Mr. Speaker, if we did not realize and take into consideration the serious obstacles which must be overcome in maintaining a Canadian-flag fleet. First, there is the high cost of building it in Canada as compared with the United Kingdom. I am not prepared to say what it is with reference to proportions, but roughly speaking the cost of building an ordinary 10,000-ton ship in the United Kingdom is approximately seventy-five per cent of the cost of building it in Canada.

Mr. Green: How does it compare with the United States?

Mr. Chevrier: Secondly, there is the high cost of Canadian operation, which exceeds the cost of British operation by forty-nine per cent. Then, there is the question of the availability of cargoes. Even if it were subsidized to the extent I have mentioned, it is very doubtful if we could keep our present merchant marine employed—

Mr. Green: What are the United States figures?

Mr. St. Laurent: Will the hon. member let the gentleman who has the floor make his speech?

Mr. Green: The Prime Minister is very good at interrupting, too.

Mr. Speaker: I would ask the member for Vancouver South (Mr. Green) to abide by the rules.

Mr. Chevrier: I have no objection to interruptions, provided I am allowed—

Mr. Green: You will not answer any questions.

Mr. St. Laurent: Is it not a rule of this house that a member must rise before addressing any remarks to the house?

Mr. Speaker: Order.

Mr. Chevrier: Hon. members must realize that deep-sea shipping is an international market, at present severely restricted by the exchange difficulties of other nations. Canadian ships must earn dollars to pay their wages. The suggestion that fifty per cent of Canadian exports should be carried in Canadian ships is obviously completely unrealistic in the light of today's world trading conditions. Do not think for one minute the government is not actively concerned in seeing that the Canadian fleet is employed. Had it not been for the activities of the Canadian maritime commission last year, I think it can safely be said that a number of Canadian ships would be laid up and lying idle on account of inability to procure cargoes.

I am glad to say that at the moment no Canadian ship is permanently laid up for lack of employment. The policy of the government is that a reasonable proportion of cargoes purchased in Canada should be carried in Canadian-flag bottoms. What that reasonable proportion is, must of necessity depend upon a number of circumstances, and particularly upon the circumstances of the trade. The Canadian maritime commission is in constant negotiation with shippers and buyers on this subject. As I said before, no Canadian ship is idle at the present time, but Canadian owners must realize it is up to them to modernize their fleets. The government is prepared to assist them, but they must first show their determination to help themselves and thus help the country maintain a Canadian-flag fleet.

It is likewise up to those employed on our Canadian ships to see that Canadian ships are operated with the same skill and efficiency as the ships of other flags. I regret that in the last few years a number of minor disputes and stoppages of work have impaired the efficiency of the Canadian-flag ships, especially those engaged in liner service. If the differences between owners and labour cannot be resolved, the outlook for the future of Canadian shipping is not good.

From what I have said so far, it will be seen that there are so many factors involved that it is impossible to give an accurate estimate of the future size of the Canadian-flag fleet. It must depend upon the pattern of world trade and the ingenuity of the Canadian operator. Whatever the future may hold, the scheme of replacement as propounded by the Canadian maritime commission is a wise and constructive plan in its long-term implications. If some seamen are forced to seek other employment by reason of the operation of the plan, that is surely preferable to a situation under which the whole fleet grows gradually obsolete and can give no employment.

Let me say a word about the Canadian coastal trade. The member for Cape Breton South (Mr. Gillis) said that Canadian shipowners were selling their ships either to Great Britain or to Greece; that Canadian seamen were being beached, and that these ships were not only taking our overseas trade from us but also were operating from port to port along the Canadian coast, thereby depriving us of our coastal trade. That statement is incorrect. There is not one Canadian vessel sold foreign with government approval under the replacement plan which has been or is now operating in the Canadian coastal trade. There has been no change in our coastal laws.

In the Canada Shipping Act we find the term "British ship registered in Canada", which of course means a vessel flying the Canadian flag, a Canadian ship. Such a vessel also falls within the ambit of the expression "British ship" as used in the act, which means a vessel owned and registered in any part of the commonwealth.

A ship which is not a British ship may not transport goods or passengers from one place in Canada to another place in Canada, either directly or by way of a foreign port. Furthermore, under part 13 of the act no foreign-built British ship—that is to say, a ship registered within the commonwealth but built outside the commonwealth—is entitled to engage in the Canadian coastal trade unless she pays a duty of twenty-five per cent of her value and is thereupon licensed to engage in coastal trade. Subject to this, every ship which engages in coastal trade must be built, registered and owned in some part of the commonwealth.

The act does give the governor in council the power to suspend those provisions, but this is only done in case of emergency, in an

isolated case where no British ship is available to carry the cargo. In practice what happens is that an application to use a non-British built ship is made to the customs and excise division of the Department of National Revenue. The application is referred to the Canadian maritime commission, which investigates the circumstances of the application and only recommends that permission be granted if it is urgent that the goods be carried, and if there is no Canadian or British ship available. When permission is granted to a non-British built ship, it is assessed and pays a proportionate share of the twenty-five per cent import duty, depending on the length of time of the particular voyage or voyages. An exception is made where the movement of grain from the head of the lakes to the bay ports is urgent and sufficient Canadian lake ships are not available. Then the Canadian wheat board is permitted to charter United States bottoms. The same situation exists in connection with the transportation of petroleum cargoes on the lakes, but the twenty-five per cent is still paid. Apart from the lake trade, in all the innumerable coastal voyages which took place in Canada during 1948, there were only eighteen cases in which such recommendations were made, and then only because it was in the interests of the country that the goods be moved and no suitable Canadian or British bottoms were available at the time.

These provisions were inserted in the act for the purpose of restricting the coastal trade in Canada to vessels built and owned in the commonwealth. The member for Cape Breton South, in his mistaken effort to prove that Canada was sacrificing her coastal trade to vessels of foreign flag, stated that Great Britain prohibited foreign vessels from engaging in her coastal trade, and recommended that we follow her example. He is again mistaken. There is no statutory provision in the United Kingdom which debars foreign shipping from participation in the United Kingdom coastal trade. This trade is open to the flags of all nations. There is, in fact, a considerable amount of foreign tonnage engaged in the United Kingdom coastal trade, and it will probably continue to be so engaged. Thus we see how confusing and misleading are the statements made by the members of the opposition on this subject.

Members of the opposition are undoubtedly trying to create the impression, for their own purposes, that the government is careless of the interests of shipowners and Canadian seagoing labour. Nothing could be further from the facts. To any reasonable person who knows the true situation, it is obvious that the government is doing everything in its power to maintain the industry on a sound basis and to give permanent employment to Canadian seamen.

During the course of his remarks on the address in reply to the speech from the throne, the leader of the opposition referred to the royal commission on transportation, and I should like to quote his remarks as they are reported at page 45 of *Hansard*:

> Royal commissions have a very useful and very important function, if they are given terms of reference which clearly define their responsibilities, and if they are given a task which can be performed in a way that will lead to some useful results. There is reference in the speech from the throne to a royal commission to deal with transportation, which at the present time is being used mainly for the purpose of diverting public attention from the fact that this government has failed to deal effectively in any way with the problem of freight rates, something which should be dealt with by the government with the information now available instead of setting up a further inquiry into this very subject.

After that statement the leader of the opposition went on at great length to deal with dominion-provincial relations and to chastise the federal government for its failure to co-operate and to consult with the provinces. Later he gave us a lecture on how he understood his duties as leader of the opposition, and told us that he intended his criticism to be constructive and not in the slightest degree destructive. Since the leader of the opposition has been in this house I have not seen much evidence of constructive criticism, but I have seen a great deal of evidence of politics.

Some hon. Members: Oh, oh.

Mr. Fraser: Speak for yourself.

Mr. Graydon: When he sees it, nobody knows it better than the minister.

Mr. Speaker: Order.

Mr. Chevrier: May I say that this statement applies clearly to the references which the leader of the opposition made to the royal commission on transportation. In the first place, the leader of the opposition complains about the establishment of a royal commission on transportation, but that is exactly what the provinces wanted.

Mr. Green: Only because the government did not deal with the freight rates.

Mr. Chevrier: On at least two occasions the provincial premiers came to Ottawa and in their submissions to the federal government—

Mr. Green: Where was the minister then? Over in Europe.

Mr. Speaker: Order.

Mr. Chevrier: —they demanded a royal commission on freight rates. They were told that their submission would be carefully

reviewed. Now that the government accedes to their request, the leader of the opposition is critical. That is his privilege, of course. But let me go on to see how constructive he has been in his criticism. In the second place he complains about the terms of reference of the royal commission. Let me say to him that the terms of reference, in almost their entirety, are the same as those submitted by the premiers of the provinces to the federal government. Here again there has been consultation with the provinces. If we consult the provinces, the leader of the opposition criticizes us. If we refuse to consult the provinces, we are accused of riding roughshod over them. I wonder when it will be possible to do anything that will meet with the approval of the leader of the opposition.

Mr. Drew: Mr. Speaker, I have no intention of interrupting the minister's train of thought on this subject.

An hon. Member: Why are you doing it then?

Mr. Drew: I would simply point out—

Mr. Speaker: Order. May I suggest to the leader of the opposition that he ask the minister's permission to interrupt him.

Mr. Drew: I was assuming that the minister wished to be corrected.

Mr. Chevrier: Yes; the leader of the opposition may interrupt me.

Mr. Drew: I wanted to point out to the minister that this was not a consultation with the provinces but was a request made by seven of the nine provinces. I wish no impression left that, as premier of Ontario at that time, I was a party to this recommendation or that I approved of it.

An hon. Member: You stuck your neck out.

Mr. Speaker: Order.

Mr. Chevrier: I will deal with that matter in a moment. But before I come to that, let me say that the hon. gentleman asked for permission to ask a question. But, faithful to his tactics since he has been in this house, he has not asked a question, but made a speech.

Mr. Drew: I rose, Mr. Speaker, to say that I expected I would be able to correct the minister. I have done so. That is exactly the purpose for which I rose.

Mr. Chevrier: I do not mind being corrected when I am in error; but when I am not in error, Mr. Speaker, I object to being corrected.

Mr. Graydon: The minister is never out of error.

Mr. Speaker: Order.

[Mr. Chevrier.]

Mr. Green: Why did the minister run off to Europe?

An hon. Member: Very smart.

Mr. Speaker: Order.

Mr. Chevrier: Let me tell the hon. member for Vancouver South (Mr. Green) that he is faithful to the tactics of his leader. Instead of dealing with the question at issue, he goes off at a tangent and starts to talk about something else.

Mr. Green: Why did the minister not stay here?

Mr. Cruickshank: Why did the hon. member for Vancouver South (Mr. Green) not stay here for the veterans affairs committee?

Mr. Speaker: Order. I would again call the attention of hon. members to something that should not be forgotten, namely, freedom of speech. Hon. members should abide by the rules, and the hon. member who has the floor should not be interrupted without his permission.

Mr. Chevrier: When I was interrupted, Mr. Speaker, I was saying that when the federal government consults the provinces it is criticized by the leader of the opposition, and when it does not consult the provinces it is accused of riding roughshod over them. May I add that I can come to no other conclusion than that, if we had consulted the right province, perhaps the leader of the opposition would have had no fault to find. As a matter of fact, we consulted the premier of Nova Scotia, who had been selected by the provinces as the spokesman for them. On more than one occasion we had conversations with him, and I am sure that the leader of the opposition will have no fault to find with that action on our part.

Mr. Drew: Does the minister want to know whether I have or not?

Mr. Chevrier: I am making the statement.

Mr. Drew: And the statement does not mean anything.

Mr. Speaker: Order.

Mr. Chevrier: The leader of the opposition should be extremely careful and cautious in his statements concerning the royal commission on transportation. I say that because when he was the premier of Ontario he had the opportunity of sending counsel to the freight-rate hearings. He saw fit neither to do that nor to send counsel with a watching brief. That, of course, was his responsibility, so he will be obliged to answer for it. I say to him that should the board of transport commissioners, in their wisdom, decide to do away with the mountain differential, the

result will be an accentuation of the transcontinental rate and, incidentally, an accentuation of the rates in central Canada.

Mr. Speaker: I am sorry to interrupt the hon. member, but his time has expired.

Some hon. Members: Time.

Mr. Green: Time.

Mr. Chevrier: I am almost through.

Mr. Speaker: Has the hon. member unanimous consent of the house?

Some hon. Members: No.

Mr. Chevrier: I have just one more word to say. May I add this, that because of the interruptions at least fifteen minutes of my time have been taken. However, I was going to tell the leader of the opposition (Mr. Drew) that he should not be too critical of royal commissions, because when he was minister of education in Ontario he set up a royal commission known as the Hope commission—

Some hon. Members: Time.

Mr. Chevrier: —and that commission has been in existence for three years.

Mr. Graydon: Is this debating the speech from the throne?

Mr. Chevrier: It has not reported and—

Some hon. Members: Time.

Mr. Chevrier: —so far as I can see it looks like an everlasting Hope.

Mr. Graydon: Is that in the speech from the throne?

Some hon. Members: Time.

Mr. Gibson (Hamilton West): You can't take it.

Some hon. Members: Time.

Mr. Cruickshank: Shame!

Mr. Speaker: Order.

Mr. Garson: A great sporting bunch! Sportsmen all!

Mr. Speaker: Order. The minister has exhausted his time and, unless he has leave of the house, he cannot go on.

Mr. Low: Carry on.

Mr. Chevrier: On a point of order—

Mr. McGregor: No, no.

Mr. Jackman: Mr. Speaker, on a point of order—

Mr. Coldwell: On a point of order, may I say that the hon. member for Dufferin-Simcoe (Mr. Rowe) the other night was given some twenty minutes beyond his time. I should like to hear the end of the minister's speech. I should also like the minister to discuss—

Mr. Case: You will see the end soon enough.

Mr. Coldwell: Where I was brought up I was always told that the Conservative party was the gentlemen's party.

Mr. Graydon: Order.

Mr. Coldwell: I only wish these members would behave like gentlemen.

An hon. Member: Sit down.

Mr. Graydon: Ask him to come across the floor.

Mr. Coldwell: I wish to ask the minister a question—

Mr. Speaker: I would impress upon hon. members the necessity for order and decorum in the house. During the four sessions I have acted as Speaker, I have succeeded, without great difficulty, in keeping order. I hope to be able to do so at this session. I would ask hon. members on both sides of the house to add dignity to our proceedings, to preserve decorum and to respect freedom of speech.

Mr. Coldwell: I rise to ask the minister a question.

An hon. Member: Sit down.

Mr. Speaker: I must tell some hon. members, without naming them, that I will not tolerate certain remarks which come to my ears from a certain side of the house. The next time I notice who has made such remarks against the Speaker, while I have always tried to be fair to both sides of the house I shall have only one thing left to do, something which would be most disagreeable to me, namely, to name the member or members who are doing it.

Mr. Coldwell: I rise—

Mr. Baker: We in the maritime provinces are interested in this.

Mr. Coldwell: I rise to request that the minister be given time to deal with the allegation that Canadian ships have been placed under Panamanian registry to escape fulfilment of the conditions laid down by our laws affecting seamen.

Mr. Jackman: On a point of order, when the time of an hon. member, whether he be a member of the government or not, is exhausted, and the house, through courtesy, allows him to continue, it is a well-recognized custom that the minister or member shall not indulge in pure politics.

Some hon. Members: Oh, oh.

Mr. Jackman: Well, if hon. members do not like it, I for one would insist, as is my

right, upon not allowing the minister to have extra time—if he is going to indulge in politics, and not going to contribute information to the house.

Mr. Speaker: May I suggest to the house that the minister be given a few minutes to conclude his speech?

Some hon. Members: No, no.

Mr. Speaker: Since the minister has been interrupted at different times, I believe that would be fair.

Mr. Casselman: He is fifteen minutes past his time now.

Mr. Fournier (Hull): On a point of order, the standing order reads that no member shall speak for more than forty minutes. I am sure the minister did not speak for forty minutes. The leader of the opposition took up at least two or three minutes, and the cat-calls and interruptions have taken up more time. If Your Honour is to apply the rule, I would ask that the minister be given that time. He has not spoken for forty minutes.

May I make this further comment, that ever since this debate began nearly every member on the opposition side of the house has asked for time, and we have given unanimous consent.

Mr. Chevrier: Mr. Speaker, I should like to deal now, if I may—

Some hon. Members: No.

Mr. Ross (Souris): Under protest.

Mr. Chevrier: —with the statement made by the leader of the opposition at page 45 of *Hansard,* particularly that part which states as follows—and I am sure if hon. members will hold their patience they will see that this is not at all political. It is entirely legal, in the sense that it has to do with the act itself. I refer to the statement that at the present time the investigation "is being used mainly for the purpose of diverting public attention".

Mr. Jackman: On a point of order, may I ask for a ruling as to whether or not the minister's time has expired?

Mr. Cruickshank: Shame.

Mr. Stuart (Charlotte): The members from the maritime provinces are very much interested in this.

Mr. Cruickshank: Let it go.

Mr. Speaker: Order. If the minister has not unanimous consent he may not proceed.

Some hon. Members: Shame.

Mr. Garson: Congratulations!

[Mr. Jackman.]

Mr. Gibson (Hamilton West): Now we go from the sublime to the ridiculous.

Mr. Park Manross (London): Mr. Speaker, have I the floor? I am sure hon. members who were shouting "shame" were not looking at me.

Mr. Garson: Looking at your party.

Mr. Manross: I was listening willingly to the minister, but not so willingly when he got off the ship.

After extending the usual congratulations to the mover and seconder of the address in reply, may I say I am pleased to see so many new faces in so many new places in the house. And, speaking of these new faces in new places—and, Mr. Speaker, there is quite a commotion in the chamber; are they holding a convention over there?

Mr. Speaker: Order.

Mr. Manross: Thank you. New members freshen us up; they do us good. Of course, I am sure we did better at our convention than the Liberals did—and the members opposite know, sir, that I would not be prejudiced.

Some of the terms we use in the house with respect to other places strike me as being funny. For instance, we refer to the Senate as "the other place". When I was a boy and my grandmother had occasion to admonish me she would say, "If you are not a good boy, you will go to the other place." I always imagined it was red; but I thought it was hotter. However, after looking at it, I am ready to go. I hope the Prime Minister (Mr. St. Laurent) will make a note of that.

This debate gives an hon. member an opportunity to say a few words about his own riding and I want to speak about the city of London. I should like to see the dominion government do something in the city of London to unleash our business district. This is not the fault of the dominion government. London has grown, the dominion has grown, and the departments of government have grown. The dominion government now occupies buildings which block the growth of our retail district.

If you go north from the main corner you run into the *Prevost,* which is the navy training station. Then there is a dominion public building and the old customs house which blocks off any more retail business on that street. When you go south you run into the subway of the Canadian National Railways. When you go east you find a whole block on the best part of the main street taken up by the armouries, and retail trade cannot go that way.

Now is the time for the dominion government to get out of some of these spots and let

business take its regular course. It may be thought that I am placing a lot of emphasis upon this, but the facts are that there are 1,329 employees of the dominion government with a pay roll of $2,858,000 per year and a rentals and upkeep cost of $98,000 a year. These buildings could be sold for about $1 million at present real estate values. As a matter of fact one building just about half the size of the armouries was sold for $436,000. I called this to the attention of the Minister of National Defence (Mr. Claxton) and he replied to me by letter as follows:

—the accommodation at present occupied by both the navy and army in London is not satisfactory, but it will have to be retained until alternative accommodation can be secured. A survey of available accommodation in London would indicate that it will eventually be necessary for this department to erect a new building or buildings—

And again:

—this department will implement the plans it has made.

There is vacant space at Carling Heights and Wolseley barracks at the north end of the city, and I think the government could dispose of the armouries and permit our business district to grow.

The other day the minister of national health and fanfare, or welfare, gave us quite a talk in connection with his one paragraph in the speech from the throne, the one that has to do with a national health program. Incidentally, he spoke in London the other day and said that if you want to keep healthy you should do what he does, that is to lie down for a half hour at eleven o'clock, for a half hour at one-thirty, and for a half hour at four-thirty.

An hon. Member: It is just about four-thirty now.

Mr. Manross: That is probably where he is. That is something for the Minister of Labour (Mr. Mitchell) to muddle over and try to get incorporated in the labour code. Perhaps we should try it out here first. We all want to keep healthy and perhaps we should have three half-hour rests each day. But that is just in passing, because I noticed it in the paper.

Coming to a serious subject, I should like to say a few words about the blind. As hon. members know, previously in this house I have dealt with the blind. The reason I bring up this matter again is that in his speech the minister of health did not forecast the introduction of a blind-persons act. As perhaps all hon. members know, the Canadian council of the blind are sponsoring a six-point plan.

As their first point they ask that there should be a blind-persons act rather than the Old Age Pensions Act. They feel that their problems are entirely different and I agree with them. They are not old age pensioners. As point No. two they ask that the word "pension" be discarded as far as the blind are concerned. They would like to have it called a blindness allowance. It is not a pension, it is not insurance against old age, it is simply a foundation for future enterprise.

No. three in their six-point program is the elimination of the means test. There should be no means test as far as the blind are concerned.

No. four is the request for an adequate blindness allowance in relation to the cost of living. We all know what that means under present circumstances. These people cannot get along on the regular pension rates. They are asking for an increase and I think they should have it. Between the ages of 20 and 40 years many of these people are learning Braille and craftwork and it is necessary that they have an allowance so that they may be able to live the kind of independent life lived by the normal citizen.

As No. five, they ask for a reduction of the residence requirement. Under the present regulations they must have lived in this country twenty years before qualifying for an allowance. Hon. members can understand how someone might be here only five years—we are after immigrants—and he might have an accident or something might happen to his eyes. They feel that as long as a person is a Canadian citizen he should be entitled to the allowance, whether he has been here one year or twenty years.

Their sixth point, which has to do with medical or surgical treatment for blind conditions, has been pretty well conceded. Most municipalities and provincial governments are assisting in this work.

The blind are a happy people; they are fine people to get along with. They do not want sympathy; they want to be independent. But they do feel that they should have a special blind-persons act, and I agree with them. I do not know how many hon. members have seen the Canadian council of the blind magazine *Outlook*, which is edited by the president of the council, who lives at 174 Devonshire street in my riding. She edits this magazine in an office in her home and is one of the two blind editors in Canada. She is doing a fine job.

According to the order paper, we are supposed to be talking about the speech from the throne. As usual, there are a lot of things that were not in the speech. I have underlined one or two sentences in the speech from the throne, one being as follows:

At home we have been blessed with good crops.

That is quite fine. It is too bad that we were not blessed with a good government to sell those crops. However, that was left out. If we had had a government that had so arranged that those crops could have been sold at the right prices to increase the national income, so that the farmer got his proper share of that income, we would have been much better off, instead of having to cut down trees and throw away potatoes.

I was rather amused at the speech made the other day by the Minister of Agriculture (Mr. Gardiner), who had just come back from England. I was reminded of an apple dumpling—a lot of apples surrounded by crust. The minister had crust enough to try to make the Canadian farmers believe that England grows all the apples she needs, that she does not have to import any. Of course it has since been proved by the hon. member for Dufferin-Simcoe (Mr. Rowe) and the hon. member for Durham (Mr. Stephenson) that the minister was wrong.

Then I would term the parliamentary assistant to the minister the whipped cream on the apple dumpling. He came up to London and Middlesex West and said that England was a land of milk and honey, that the people there had everything, that they were the best dressed and best fed people he had ever seen. The picture he painted was that the country was in great shape. Was that not a foul ball to pitch to the women's council or the women's club when they were engaged in collecting food parcels to ship to England? It took the wind out of their sails because they thought they were sending something that was needed. Of course, he thought that his statement would get out into the back concessions, and serve more or less as an alibi for the failure to sell our apples, potatoes and farm products. He thought that, if he could make them believe that England had everything, that would be a perfect reason why we could not sell anything. But they did not accept it. He should have gone over to his neighbour in the next farm, talked it over in the barnyard, and then left it there. Of course, you cannot expect a professional politician—I have not reached that stage yet—to make his bed and lie in it. Most of them make up their bunk and lie out of it.

The next paragraph of the speech from the throne has to do with the report of the royal commission on prices. I do not know whether I can talk about that under the rules, but there were many meetings of the prices committee before these royal birds were appointed with their big salaries. There was one fellow receiving $125 a day, which is not peanuts. We had hearings on bread, milk, butter and all those things, and the cost of living kept going up all the time because more taxes were required from the people to operate the committee. There are interruptions, Mr. Speaker. It is a great thing to have a lot of assistants. There is one thing I wish you would arrange, Mr. Speaker. I have a lot of parliamentary assistants but they do not get paid. If you will give them $1,000 apiece I am sure we will go great guns.

There is a provision in the speech from the throne for governmental assistance to the producers of iron and steel. What does that mean? It means that we have to assist the industry. But what is the purpose of the industrial development bank? Do they not, by lending money, attempt to fill the gap between the regular bank and the stock promoter? Oh, no; they will not do that because they want the situation handled in such a way that they can nationalize the steel industry. They want complete control over it.

There is a section of the speech from the throne which reads:

> You will be asked to make the customary provision for essential services. Prosperous conditions now prevailing are being reflected in the buoyant level of national revenues; a condition to which due consideration is being given by my ministers in the preparation of forthcoming budgetary proposals.

I do not know what that means. The optimists say it means that taxes are coming off, and the fellows who are not optimists, who think they know the top sources of authority in the government, say that they are going to keep the taxes on. Having been in the soft-drink business, I should perhaps make a special plea in that connection and ask the government to take the taxes off soft drinks and chocolate bars for the benefit of children. You cannot say that is selfish interest on my part, because I was in the business. Now the bank is; but the trouble is, it is not the industrial development bank.

Then there is another paragraph of the speech from the throne which says something about communists, and warns us about them. There is something that is really up to date. Our leader was talking about communists in 1938 and 1939, and everybody said that what he was saying was far-fetched and that he had a lot of funny ideas. Having known him for a number of years, however, I can say that he is not quite as funny as some people think. He usually thinks ahead pretty well. He projects his mind into the future. Of course I know that there is no one in the house who wants to increase the communist element in Canada. In my estimation the best way you can overcome it is by improving our own way of life. The more we can produce, the more we can have in our democratic way of life, the more envious the communists

will be, and the more they will think that democracy is a pretty good ticket. It is a strange thing, but you never see a happy communist. I do not know why that is, but you never see one. I suppose the reason is that communism is a sour ism based on envy and hatred of successful people. If the communists would spend less time hating and more time loving and pushing, as genuine Canadians do, they would not have any cause for envy. They would be happy then, but they would not be communists. Everybody is worried about communism, and we have to do what we can.

The people of your ridings and the people of my riding are worried about many things. No. 1 is the cost of living.

Mr. MacNicol: Housing.

Mr. Manross: No. 2, housing. Do not get ahead of me. No. 2 is housing, and No. 3 is taxation. Nos. 4 and 5 are freedom and espionage. Why do I mention such a thing as that? There is a feeling in the country today that you hate to go out of your front door and walk down the street because you feel that somebody is watching you. The farmer hates to go out in the open because 250 new spies have been appointed to come around and see what he is making. They want to know how many pigs he had last year, how many died, and what he did with the rest of them. It is a form of control spirit. My hon. friend the member for Lake Centre (Mr. Diefenbaker) was in Toronto the other night, and I noticed in the paper that he said that under communism you are counted, and under democracy you count. I thought that was pretty good logic. The people feel that there is a lack of freedom, and they should not.

I did not think that a fellow from a town would be talking about the farmers because, as you know, I do not even get out into the country where I live. My riding is entirely urban. I thought that the fellows in the cities were the only ones who had weird forms to fill out, and who were under control. The Dominion Bureau of Statistics sends a representative around and he tells you that you had better send in such and such a form if you do not want to pay $100. They want to know how many pounds of coal you used last year, and how many kilowatts. I do not know what a kilowatt is, but I put a figure down just the same because I have not $100. I thought that the people in the cities were the only ones who were troubled in this way, but I was talking to my roommate, the member for Middlesex East (Mr. White), the honey man, and he tells me that the farmers are subjected to controls. I told him that was a lot of rot, that I did not believe it. I went over and picked up the income tax form that a farmer has to fill out. This may be the one used by prairie farmers. I do not know whether there is any difference in the forms. If any of you fellows on the farms have not an accountant you are out of the picture right at the start. You are finished, because you would have to have an accountant and a lawyer to understand this form, and no two lawyers can agree on one thing.

Here are some of the items on which they have to supply information: crops and seeds, wheat, oats, barley, hay. It does not say whether it is tons of hay or hayseeds. There are an awful lot of hayseeds in London. Then there is an item for livestock, cattle, hogs, horses, sheep. You have to give information as to how many little piggie wiggies you had last year, how many of them died, and how many were sold. Then you come to the part dealing with mama. You have to show how much she used on the table last year. You have to show the value of the stuff you ate. How can you figure what the value is? Wheat is $1.55 and then you may get 20 cents more, and then 20 cents more. Pigs are so much one time and a different price another time. How are you going to know what she ate? Talk about controls; boy, the farmers are really under them. The next heading is "Livestock held for sale." For now, or the future value? Say I have two pigs and two calves; what are they going to be worth next year? You have to put that down or one of these 250 spies will be banging on your door. Then they will charge you not only what you did not pay on your income tax, but interest on what you should have thought you should pay. It is a great thing, this control.

Then we come to "Income tax not paid; how much?" You do not know when you make it out, but you have to answer that question. Can you imagine anyone putting that in? Living in the city, I do not have to put it in; that is done for me, but that is just another example of the magnitude of these powers under which they are trying to control the lives of all of us. A farmer does not only get this form, which is a complicated thing. He also gets this big book, twenty-seven pages long; and the last paragraph is headed, "If a farmer dies during the taxation year, who files the income tax return?" You may as well say, "If I should die before I wake, who my income tax will take?" And we pay for that; the taxpayers pay for it. That is something else wrapped up in all these emergency powers and controls. I do not wonder that the farmers are crabbing. I always thought they were the luckiest people in the world, though I know some now

who are down to two cars. They are controlled just like us in the cities, so we need not think we are being picked on. We are all picked on under this system, and we want to get out of it. We are through with it.

Mr. Townley-Smith: There is still another sheet, a nice blue one.

Mr. Manross: Well, you can take up that one for your riding. On January 26 of last year I said that by April 1, 1949, the dominion government would have a surplus of $50 for every man, woman and child in Canada, through these excess taxes. Well, I used to prepare budgets for a business, and I was not very far out. Nor was I very far out in that statement, because $50 for every man, woman and child in Canada would be about $600 million, and they tell us that is the surplus. That is the money of the people of the country. They do not understand seven hundred million dollars or eight hundred million dollars or even one million dollars, but if you have $50 of somebody's money and they cannot get it, they understand that. Put that in your campaign book.

You know, Mr. Speaker, I do not take myself as seriously as some people think, which is probably a good thing. But only the other day I found my picture in the London *Free Press*.

Mr. MacNicol: That is a good paper.

Mr. Manross: A dandy paper. Under the picture it says simply "Park Manross" and below that, "London M.P. critical." That is all; but when you go further down the story deals with something I said about the government. At the top of the page, however, there is just my picture, with the comments I have noted; and I had flowers sent to me at the hotel by wire. You know, your good points have to be in the headlines or no one reads them. The story was that the King regime is the top profiteer. They should have paid some attention to that when they were investigating the profiteers in Canada, because the biggest profiteer in this country has been the dominion government, taking $50 out of the pocket of every person in Canada, even little Billy and Joe.

Then I looked at the speech from the throne; I thought something might be there. I hope I am not trespassing on the ground of the hon. member who is going to follow me if I say a word about old age pensions, because I know that is one of his pet hobbies. However, I will not go very far with it. He asks what is the government's attitude in regard to old age pensions. Why, they made that clear last session in a bill they introduced. Here it is. A diplomat works for five years and gets a pension of $3,000 a year. If he works ten years he gets $5,000 a year. That is their pension plan. And who gets the jobs? Henchmen. That is their policy in regard to old age pensions. They do not pay any attention to anyone else, because the old age pensioners do not go out and do anything for their party. They should think a little more about the deserving citizens of this country, the crippled, the invalids, the old and the blind. As you know, my pet hobby is the blind. I have worked with them and had the pleasure of being with them for a long time. It seems to me that this sort of thing is wrong, saying to certain diplomats, "You have been a good boy, Mr. So-and-So. You have done a lot of good for the party. We cannot send you to the Senate, but we will send you to Trinidad or Shangri-La and in five years you will be eligible for $3,000 a year for the rest of your life". That is a nice job. They buy tickets and charge them up, and we do not even see them on the boat. To me that is a kind of monkey business and monkey business is for monkeys. We should not indulge in that sort of thing; it is not good enough for Canadians, who are sick and tired of being pushed around.

I have not much more to say; I know hon. members will be glad of that. There has been a lot of double talk so far, and I hope the government will become more definite in their policies. They should have been more definite in the speech from the throne, because after all they write it and somebody else reads it. But they do not want to tell you what they are going to do. They will tell us before the election, no doubt; they will tell us a lot of things they are going to do, but if they get in they will never do them. But if they do not get back to their original role of being small "l" liberals they will not even form the official opposition. Some of the answers they give you remind me of something I saw in a Toronto paper the other evening. A chap was in talking to his banker, asking for a loan. The banker replied, "Well, Mr. Graham Towers is head of the industrial development bank, which is part of the Bank of Canada", and so on, and the fellow got pretty disappointed in the end. Finally he said, "Mr. Banker, does Graham Towers know more than God?" The banker replied, "I think so, but I doubt it". That is the sum and substance of some of the ministers' statements. I will not take up more time today, Mr. Speaker.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the previous speaker was perfectly correct in his guess as to the subject on which I would speak in this debate, namely the right to old age security.

Since the end of last session I have been able to collect a considerable amount of new material on this subject though, as all hon. members are aware, the subject itself is not a new one for the representative in this chamber from Winnipeg North Centre. I mention the name of my riding to remind older members of this house that for a good many years my predecessor, the late Mr. Woodsworth, pressed the claims of older Canadians and fought for and won the beginnings of an old age pension system. Since coming to this house as his successor I have felt that this is indeed one of our most important domestic problems.

At the outset, I want to join with the large number of members on all sides of the house who have asked for some immediate relief for our present old age pensioners. The amount of pension varies from province to province across this country. In some provinces, it is only the $30 provided by the federal statute. I regret to have to say that is still the case in my own province of Manitoba. In other provinces provincial supplements are being paid. Even so, in no case can it be said that Canada's elder citizens are being properly treated. I sincerely hope that the government may see fit before this session ends to introduce legislation increasing the amount of the pension to at least $50 a month and bringing the eligible age down to sixty-five.

This afternoon, Mr. Speaker, it is my purpose to go a little bit further into this question of old age security and to argue once again, as strongly as I can, the case for putting old age pensions, indeed all forms of social security, on a firm foundation. This would mean moving in the direction of two things: on the one hand, an over-all social security scheme and, on the other hand, a contributory plan to make it possible to pay adequate benefits. As I proceed I shall have something to say about the details of what is involved in a contributory plan, but at the moment I simply outline that as the theme of my remarks this afternoon.

Without delay we should get our old age security, and our social security generally, on a much firmer foundation so that, on the one hand, people will receive proper benefits and, on the other hand, those benefits will go to all our people as a matter of right. We simply must get away from this degrading means test which is so unfair and so hard on so many of our people.

In connection with the demand for proper old age security, I would point out that labour is asking for it today in even stronger terms than ever before. Indeed, labour is responsible for the emergence of the idea of an old age pension in this country. At the present time, many unions that are renegotiating collective agreements are concentrating on pension and retirement plans. In addition to the demands of labour on the employer on the one hand, and on the government on the other hand, for retirement plans, we have the counterpart of boards of trade and chambers of commerce passing resolutions, urging this government to get on with the business of setting up a proper old age pension and social security plan. In addition to what is being said by these bodies, industry, through its various publications, is claiming it is moving in that direction. Whatever industry's motive may be does not concern me at this moment. I am pointing out the fact that the idea of retirement or pension benefits for all the citizens of this country is becoming an accepted idea in all quarters.

Not only is it accepted by those groups to which I have referred, but some form of over-all social security is now in the platforms of all political parties. I shall not take the time to indicate when those ideas got into the various platforms. I should say to the government, though, that the idea of old age pensions has been in the Liberal platform since 1919, which makes it shameful that they have done so little to put old age security on a proper basis in all those years.

I would say, also, that the experience of our older citizens at the present time, in their efforts to keep alive on the meagre amounts allotted to them, makes this question a vital one to us. All of us are human enough to be concerned for those who are now our elder brothers or sisters, and the amounts they receive simply do not sustain life properly at all. We all realize too, that sooner or later this problem is one we all must face.

I should like to suggest one other reason, Mr. Speaker, for the urgency of this problem, and that is the world situation. We are all conscious of the fact that we are in a world which is being subjected to a conflict of ideas. Basically, that is what is happening between the east and west. We who feel our idea is the superior one, who want our democratic idea to prevail, must face the fact that, if it is going to prevail, our people must become more thoroughly convinced that it is the correct one. The fact is, Mr. Speaker, that so long as that freedom about which we are talking contains so much insecurity, our people are not thoroughly convinced that ours is really the better way, and that is the most serious weakness with which we are faced in this conflict of ideas. I suggest that nothing

could contribute more to our determination that our democratic way of life shall prevail than the building of security into the fabric of our life. I propose that the place to begin is with an old age security program as part of an over-all social security plan.

Last year, during the debate on the address I spoke on this same subject. That was on March 2, 1948. On that occasion I gave figures, which I obtained from the Dominion Bureau of Statistics and which indicated that the problem of old age security is increasing as the years pass by. Some hon. members may remember that the house gave me permission to put on the record quite a few tables which I felt were useful to anyone studying this question. I am not going to repeat those figures, as there were too many of them. But I should like to refer to one set of figures which I gave the house at that time. These figures came from the Dominion Bureau of Statistics and they indicate that in 1941 there were in Canada 767,815 people of 65 years of age and over. This represented 6·7 per cent of the total population of Canada in that year. According to the Dominion Bureau of Statistics forecast for the future, in 1971 the people of 65 years of age and over in Canada will be twice that number, namely, 1,523,000. This will represent 10·4 per cent of the anticipated Canadian population in 1971. It so happens that, in the same period in which there is this tremendous increase in the percentage of older people, there will also be a decrease in the percentage of children. On the other hand the group in between, namely the working population, will increase both in numbers and in percentage, according to this official forecast.

As I pointed out last year this means that, although the problem of old age security will be greater because of the larger number and the larger percentage of older people, it is also the case that there will be a larger group in the working brackets. This means the working group can produce extra wealth to make possible an adequate retirement for our older people. I pointed out last year, and I think it is worth repeating this year, that the Dominion Bureau of Statistics, which looks at these things objectively, made a most interesting comment. I quote from Bulletin No. F-4 put out by the bureau:

> This trend—

That is, the increase in the number of older people.

> —together with the increase of productive workers, suggests that the burden of dependency will be spread over a greater number of people, and hence the effect of an increase in the aged population with the heavier burden which it entails will not be so costly a problem per capita.

[Mr. Knowles.]

There is one other paragraph from the comment on this matter by the Dominion Bureau of Statistics that I should like to quote:

> The trend toward an increasing proportion of old people in the population implies an intensification of the problems of the aged. The emphasis upon change and the depreciation of tradition prevalent in modern industrial society, and the social structure which such a society engenders have placed the aged in a precarious economic and social position in which more of the responsibility for their welfare is being of necessity assumed by the state.

I submit, Mr. Speaker, that we should keep ourselves conscious of this problem that is ahead of us in the next few decades. On the one hand, the number of our older people will increase, and we must be concerned with their welfare and their right to security. On the other hand, it is not an insoluble problem because our working force will increase, and we can produce more wealth. Therefore a larger proportion of current wealth can be used to provide a proper old age pension. It behooves us to consider what is being done today in a country like the United Kingdom. We are all conscious of the lack of resources and of the difficulties that country is facing. Despite those difficulties, if that country is doing what it is in terms of social security for all the people, from the cradle to the grave, surely we, with our much greater resources and with our expanding working force, should do not less —as is now the situation—but a great deal better.

In the face of this growing problem, as I thought about it and studied it between sessions, I asked this question: What are we doing? What are the statistics—indeed are there any—that would show whether or not we are making any headway in the matter of providing old age security? As I was pondering that question last summer, there came to me in the mail a copy of *Industry*, published by the Canadian Manufacturers Association. I found it to be a most interesting document. I look at it every time it comes, and I shall be quoting from other copies of it in other debates this session, for I must take issue with some of its statements. But this one which was issued in July, 1948, had on the front page an interesting article entitled "Without fanfare." The first paragraph reads as follows:

> Many things socialism is promising labour are already in existence because capitalism has extended to thousands a great many employee benefits without any brassy publicity or fanfare of political trumpets.

As I read through the article I found that it gave figures indicating what private industry is doing in the matter of employee retire-

ment plans, health benefit plans and so on. Let me say that it is quite an impressive story. But having read that story, I wondered what the total picture might be; so I took the liberty of writing to the research division of the Department of National Health and Welfare, and set out a number of questions. At this moment I wish to express my thanks to the employees in that research division for the work they did. Considerable effort was involved on their part, and as a result of it, and of the references they gave me to other departments, I was able to put together a table that shows what we are doing in terms of providing for our own old age. As I say, I have this information in the form of a table which I should like to read to the house; I am not asking that it be put on *Hansard* without my reading it. But I hope that *Hansard* will be willing to put it in tabular form. After I have read the table I shall make comments about some of the items so that hon. members and others who study the matter will know whence they came. The table is as follows:

Contributors to Old Age

A. Railway companies		181,788
B. Through life insurance companies		
(a) Ordinary and industrial	68,303	
(b) Group	101,606	
Total		169,900
C. Annuities branch		
(a) Pension plans, excluding persons covered under other items in this table	5,631	
(b) Personal contracts, excluding those under which no serious effort to save is evident	47,000	
Total		52,631
D. Armed forces		36,191
E. Industrial plans		447,445
F. Federal civil servants		31,585
G. Provincial employees		26,409
H. Municipal employees		25,978
Gross total		971,936
Less allowance for duplications in above table		175,000
Net total		796,936

I should now like to go back and comment on some of the items. I would point out that this information has come from the research division of the Department of National Health and Welfare, from the Dominion Bureau of Statistics or from other government sources. I changed only one figure, namely the number allowed for duplications. This figure I reduced considerably, to make sure that any error would be on the safe side. There has been produced, as a matter of fact only within the last few days, a survey of industrial pension and welfare plans, a preliminary report, put out by the Dominion Bureau of Statistics under date of February, 1949. That report came to my desk only today, but it corroborates the figure that I have given with regard to industrial plans.

With regard to the life insurance figures that are in this table, I would point out that they do not include the kind of life insurance policy that pays a lump sum on death. What I was concerned about here was to find the number of persons who are contributing to any kind of plan that will give the contributor a monthly payment for life when he retires. As will be noticed, the figures under the annuities branch are less than the total figures of the contracts that are in existence; but they have been reduced by the annuities branch themselves on the basis of their examination of these contracts. They point out that there are quite a number of contracts which have been taken out, but the holders of them are not pursuing them diligently, no doubt because they are unable to do so.

In the matter of industrial plans, hon. members will note that I have separated railways from other industrial plans, but those two figures taken together would give the total figure shown in the bulletin to which I just referred.

As to provincial employees, I must point out that Quebec is not included. Those who did this work for me were unable to get figures with regard to Quebec. I would also point out that these figures do not include school teachers and other employees of school boards across the country. Solely on my own, I am suggesting figures so that we may try to build this picture up as nearly as possible to what it actually is. For example, since there are in Ontario 8,000 provincial employees contributing to pension plans, I suggest that it might be fair to take that figure for Quebec. It is just a guess, but I am sure that there are no more than that.

With regard to school board employees, including teachers and others, I suggest that we add roughly the same figure as would represent those who are contributing to municipal plans. I know in my own city of Winnipeg, for example, the school board budget is just about half the total city budget. This would seem to suggest that the number of employees is about equal as between school board and other municipal departments. I should imagine the figure of 25,000 would be an outside figure—but I would wish to err on that side.

Add those two amounts of 8,000 and 25,000 —or a total of 33,000—to the figure of 796,936 as shown in the table I read a minute or two

ago, and we arrive at the figure of 829,936. That figure then, so far as I can get it together, becomes the total number of Canadians who are contributing to some sort of plan for their retirement or their old age.

Please note that I am not going into the question as to how many of these plans to which people are contributing are adequate. My fear is that many of them will prove to be inadequate. However, I have no way of finding out what the amounts are. I point out however that at the present time we have a large number of superannuated civil servants who are drawing retirement benefits which are now hopelessly inadequate, but to which they contributed in the years gone by.

In response to a question of mine figures were placed on *Hansard* a few days ago showing that 1,031 superannuated civil servants or widows are drawing pensions today of less than $20 a month; and, in fact, that a total of 3,743 superannuated civil servants or their widows, federal in all cases, are drawing pensions of less than $40 a month. These figures can be found in *Hansard* of February 16 at page 584. I interject that example as I go along only to indicate that one must not assume that the 829,936 people who are contributing now to their own old age will automatically have sufficient retirement when that time comes.

Getting back to the figure itself, I suggest that this 830,000, to use a round figure, does represent the figure I have been trying to discover. I shall be perfectly fair and admit that there might be some others who should be added to this; because the figure does not include those persons who are able to save enough money in bonds, or to get together enough property to live on. I do not know just how one would find out what that figure would be. I took a shot in the dark and said to myself that it might be 50,000. I doubt if it would be that high in this country.

Mr. Jackman: Hear, hear.

Mr. Knowles: And the hon. member for Rosedale supports my guess; I shall accept his judgment that that is an outside figure. But even if I were to add that 50,000, it would bring the total up to only 880,000.

Now let us look at this number of people who are providing for their own old age in relation to the number of people in the ages known as the working bracket at the present time. There are in Canada today—

Mr. Jackman: May I ask a question? When the hon. member was giving his calculation for his figure of 830,000 people who came under pensions or annuities plans of one kind or another, he did mention people who had insurance contracts, particularly on the endowment plan, but where no annuities schedule was set out. I do not believe he gave the house any figure for that. Many people will have contracts with insurance companies, and when they retire they will be able to elect to take their money in the form of a pension. Did the hon. member have any figure at all to show how many endowment contracts are held with insurance companies?

Mr. Knowles: No, I was not able to get that figure. But if my hon. friend has it I should be glad to accept it. I believe my figure of 50,000 people, outside of the 830,000, who would be able to live on such income as they put aside, including endowment insurance, is probably a pretty generous figure. However, if the hon. member can produce evidence to show that it should be more, I shall be glad to accept his figure—because I am trying to present a true picture of the situation.

The hon. member will see in a moment, however, that it would have to be a tremendous figure to alter the basic situation in any way. Here it is: There are in Canada today between the ages of twenty and sixty a total of 6,676,700 people. I have shown that there are only 830,000, or perhaps 880,000, including these other groups, who are making some provision for their own old age. The former figure is 12½, the latter 13 per cent.

That is the problem facing us now, and which will face us in the future—that with all the work being done by private industry and by superannuation and retirement plans of one kind or another, and with all the acceptance there is behind the idea that this sort of thing should be done, only 12½ or 13 per cent of the number of people between twenty and sixty in the working brackets are now providing for their own old age.

This means that when we reach the year 1971, out of 1,523,000 people who will be sixty-five years of age or over, not more than 13 per cent of them—in other words, less than 200,000—will have any retirement benefits; and in this I am not dealing with the question as to whether or not such benefits as they have would be adequate, although that is a very real question. This means that 1,300,000 people sixty-five years of age and over in 1971 will have no provision of their own for their old age.

Mr. Brooks: Does the hon. member mean that none of these people is making provision through savings, and so on, to provide for old age?

Mr. Knowles: I included that group in the 50,000 I mentioned, and which the hon. member for Rosedale thought was an outside figure. But you can add 100,000, if you like.

Mr. Jackman: I do not wish to be held to that.

Mr. Knowles: Another 50,000 raises the amount by only one-half of one per cent; so you may raise it by 200,000, if you wish, and you would still have only 15 per cent.

Mr. Jackman: There were 3,000,000 purchasers of victory bonds at one time. Have you overlooked them?

Mr. Knowles: But the hon. member knows that the extent to which purchasers of victory bonds are able to convert them into retirement moneys they could live on for the rest of their lives is extremely limited.

To get back to my figures, this means that instead of 41 per cent of our elderly citizens receiving old age pensions, as obtains today, in the event of there being no change in the meantime we would have from 70 to 75 per cent of our elderly people in 1971 having to go on the old age pension.

Of necessity many of these figures are estimates; but they are estimates prepared by people who are in the business, and they cannot be very far out. As I have already indicated, however, 50,000 one way or another changes the figure by only one-half of one per cent. So that, in the main, that is the picture—namely 70 to 75 per cent or perhaps more of our elderly people in 1971 having no provision for themselves, despite all the good work private industry claims it is doing —and in this speech I am not detracting one iota from what is being done by way of making provision for old age by any agency whatsoever.

Surely this makes it evident the time has come to put our provision for old age security on a firm foundation. The only way it can be done is by an over-all contributory plan which calls for one contribution from the people of this country, in return for which there will be coverage for all the things which hit individual citizens from the cradle to the grave.

In addition to the argument which I have advanced already, that there are so few who are able to make provision for their old age, I would say that the other side of the argument holds true as well. We have reached the point where 15 per cent of our people are able to make provision for their old age, but it should be noted that many of those people are contributing to plans into which contributions are made by industry, and by the state or from the consolidated revenue fund. That means that many people are helping to provide pensions for others when they themselves are not able to qualify for a retirement plan. The only answer is an over-all scheme that includes everybody.

There is another aspect of the problem which is becoming quite acute. I refer to the man over forty years of age who finds trouble today getting employment. One reason, among many, that makes it difficult for such a man to get employment is that in many industries retirement plans are in operation. Employers are ready to admit that in many cases the man over forty may have more ability than a younger man, but they contend that if they employ the older man it ups the cost of their pension plans. The result is that a plan which is essentially good becomes a barrier to employment. The only answer again is an over-all plan that will take in everyone.

In connection with the need for over-all coverage I would cite the experience we have had in connection with a good piece of legislation now in existence, namely, unemployment insurance. I speak as a protagonist of that kind of legislation, but I would point out one serious difficulty that has been encountered. No matter how much you explain to a man who is out of work because of ill health that actuarially he is not covered, it still does not go down. You can tell him that unemployment insurance is like fire insurance in that you are lucky if you carry it for a number of years and do not have to draw on it. But, if a man has paid premiums for a number of years and becomes unemployed because of poor health and is unable to draw benefits, such explanations do not go down. I know because I have tried to give that explanation of the act as it now stands. The only answer to that is what I am proposing, that we move on from the kind of social security we now have in unemployment insurance to a wider scheme that provides protection against unemployment, ill health and old age, all in one piece of legislation.

I stated earlier that I intended to say something about the meaning of the word "contributory" in relation to social security. There are some who think of contributory social insurance only in terms of private life insurance set-ups which provide for the contributor getting back only the amount that he has paid in, plus such interest as that money may have earned. That creates all sorts of problems when you realize the varying amounts that people might pay in and the varying number of years during which they might contribute, and so on. But that is not the meaning of contributory social insurance when you talk in state or national terms.

What we mean by contributory social insurance is that those who are working shall contribute to a fund out of which benefits are paid to those people who need them, whether because of ill health, unemployment or old

age. In return for those payments we who contribute now while we are earning would be entitled to benefits when we reached old age or when we found ourselves in some other situation where we needed them. In other words, it is quite different from setting up a fund into which money is put and out of which can be paid to each individual only what he has put in. A contributory scheme is in effect an arrangement whereby we plan our total production in any one year or in any one decade so that enough of that production can be used for the maintenance of those who need it because of unemployment, sickness or old age. In other words, social insurance is a charge on current production, and a contributory scheme is an arrangement to give effect to that principle.

A short while ago a very worth-while round table was held at the university of Toronto on this whole question of social security and a very interesting report was prepared by John S. Morgan, associate professor of social work at the University of Toronto. I should like to quote a few sentences from that report, as follows:

> There was considerable argument as to who really pays the costs of social security, although all schemes have different apparent distributions of costs through employer's contributions, employee's contributions and state subsidies. It was recognized that, in the end result, all social security costs are a charge upon the productive capacity of the community. They may be hidden in the cost of repairing neglect, as for example in hospital costs, public assistance, prison and reformatory expenses and mental health expenditures; or they may be openly met by preventive and insurance measures. So far Canada has, in large measure, shirked the problem and preferred to keep the real costs of having no integrated plan for social security hidden in a complex tangle of federal, provincial and municipal responsibilities for patching and repairing the neglect of her human resources. The Canadian people are beginning to awaken to the need for something more constructive and more positive in their approach to social welfare.

I submit that that language is very much to the point. However, I should like to offer another quotation in connection with this matter of over-all social security and this time my authority is none other than Winston Churchill, who had something to say about it on March 21, 1943. I intend to quote from one of Mr. Churchill's many broadcasts made during the war years.

Mr. Mitchell: Could the hon. member indicate the source for the record?

Mr. Knowles: I am referring to Mr. Churchill's "Onwards to Victory", and I quote from pages 53 and 54:

> The time is now ripe for another great advance, and anyone can see what large savings there will be in the administration, once the whole process of insurance has become unified, compulsory, and national. Here is a real opportunity for what I once called "bringing the magic of averages to the rescue of the millions." Therefore, you must rank me and my colleagues as strong partisans of national compulsory insurance for all classes for all purposes from the cradle to the grave.

Incidentally Mr. Beland Honderich of the Toronto *Daily Star* recently pointed out that the life insurance companies are fond of quoting that sentence of Mr. Churchill's as though it was an endorsation of private life insurance. But I ask hon. members to note that "bringing the magic of averages to the rescue of the millions" is done by national compulsory social insurance, according to Mr. Churchill.

Mr. Martin: Just as a matter of interest, does the hon. gentleman recommend that we should have a compulsory system in this country? The solution of the problem is not just as easy as it seems.

Mr. Knowles: If the minister will only do what was suggested a little earlier today and hold his patience for a minute, I will answer his question. There is one other quotation that I want to give before I make my concluding remarks:

> Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

That is from article 25 of the universal declaration of human rights which was passed by the general assembly of the United Nations last December, and for which Canada voted. I submit that the words of the Secretary of State for External Affairs (Mr. Pearson), when he expressed Canada's views on this declaration of rights, should be accepted. He said that we accept this document "in the hope that it will mark a milestone in humanity's upward march." I strongly urge the government of this country to consider the wishes and desires of the Canadian people by giving full implementation to that article of the world bill of rights.

As members are aware, I speak on this subject repeatedly. I have done so a good many times on the basis of human interest. As the war came to a close I pleaded for old age security as a part of the new order that had been promised to us. Two years ago I spoke of it in relation to plans in other countries. Last year I made my case on the basis of the growing problem as shown by figures from the bureau of statistics. This time I have tried to document my plea by giving figures as to the inadequacy of the plans now in effect, good and all as they are. Indeed, I am convinced that it is our most important social problem.

In conclusion I would urge the government to do two things. One of them can be done immediately. The other, as the Minister of National Health and Welfare (Mr. Martin) realizes from the question he interjected, does take a bit of time, but a beginning can be made immediately. The thing that can be done without delay is to increase the old age pension at this session to $50 a month payable at age sixty-five. That can be done by parliament by amendment of the Old Age Pensions Act. There is no question about it; we are all for it; it is up to the government to bring in the legislation. The other thing that takes time is to get a contributory plan under way. I am fully aware of the fact that that involves consultation and co-operation with the provinces; but the point is, it has got to get started some time; and if this government will give the lead, I am sure the provinces will agree. I insist that now is the time for action on this all-important question of proper old age security.

Mr. C. T. Richard (Gloucester): Mr. Speaker, in offering my congratulations to the mover (Mr. Brown) and the seconder (Mr. Demers) of the address in reply to the speech from the throne, I am not attempting to continue the time-honoured custom, but I believe that I express the opinion of everyone in the house when I say that both members acquitted themselves very creditably in their difficult task. The hon. member for Essex West (Mr. Brown) dealt with the subjects of his discourse in a masterly way, and showed that he had made a deep study of them.

(*Translation*):

Mr. Speaker, I regret to notice that the new member for Laval-Two Mountains (Mr. Demers) who seconded the address in reply to the speech from the throne is not in the house. I should be very happy if I had his eloquence and fluency to tell him with what pleasure I listened to his maiden speech in this house.

As regards those who did not understand him, because they do not know his language, they certainly cannot have failed, while listening to him, to admire the beauty and harmony of the delectable French language.

He does honour to his province, because he has, in delivering his speech, given irrefutable proof of the fact that true education includes more than a mere smattering of sciences, certain other elements being indispensable, especially a deep knowledge of sound philosophy.

Consequently, if there are still among his own compatriots some who question the efficiency of the Quebec educational institutions, I believe his speech fully refuted their view and I am quite confident that Quebec is in no danger of being surpassed by the other provinces.

(*Text*):

There have been some notable changes in the house since we last met, changes which are probably unprecedented in our political history, because at one session we are welcoming the new leaders of the two major political groups. Although the session has only begun, they have shown great qualities of leadership. Incidentally, they are both possessed of very good looks, and they grace the front benches so well that it would be unfortunate if any event should disturb them. There is always a danger in transplanting, especially if either of them should be a little sensitive to any rough handling.

To the former Prime Minister, the right hon. member for Glengarry (Mr. Mackenzie King), I have not much to say, because so many eloquent voices have been raised in the house to extol his qualities of mind, and the great achievements of his career, that I could not add very much. He has the consolation that his fondest dreams have been fulfilled. During his tenure of office and his long public career, he has seen enacted those measures which have brought such help and assistance towards banishing poverty and suffering, and bringing security to those in privation. There is no doubt that there are thousands and thousands of aged people, widows and orphans, who will bless him in years to come for having taken them out of the category of forgotten people.

I choose as the theme of my remarks the economic situation of the maritime provinces. In doing so I want to assure the house that I do not blame any political party for our situation. But while not blaming anybody, I will not spare any either. I do not believe that we can attribute our economic situation in the maritimes to any particular regime, to any fixed period since confederation, or to any act or measure during those years which brought about such a change that, from being the most prosperous provinces at confederation, we have become the weakest link in the chain. Let me warn the house also that when I speak of the economic situation in the maritimes I mean the conditions which existed during normal times, and to which we will have to return after the effect of the boom years of the war is over.

There may be some who will take the recital of our grievances with no more consideration than complaints from any other province, but I want to say to the house that our grievances are real. They are of just as much concern to the people of Canada as a whole as they are to the people of the maritime provinces. This situation was recognized

last year by the three major political parties when, at their respective conventions, they passed resolutions dealing with the problems of the maritimes.

In support of my argument that it is the concern of the whole nation that a solution be found, and that the million people inhabiting the maritime provinces be given a fair hearing at the bar of public opinion, let me quote from a survey which was prepared last year by the Department of Trade and Commerce, the data of which speak for themselves. I find this very significant paragraph in the report:

> That area, speaking of the maritime provinces, has been beset by a long history of adverse economic conditions, small scale and near subsidized industry, vulnerability of specialized industry in Nova Scotia, and relative lack of urbanization and of accumulated wealth.

This survey also points out these very disturbing facts: that the income per capita in the maritime provinces ranges from 68 to 74 per cent of the average national income in Canada; that the total production per capita in the maritime provinces in 1945 was $533, compared with a national average of $963, or a difference of almost one hundred per cent; and that the total production of the maritime provinces was five per cent of the total for Canada, though we possess ten per cent of the population. The survey continues to show the great disparity between income, wealth and production in the maritimes and the figures for the entire dominion. Therefore anyone studying these figures must come to the conclusion that the economic situation in the maritimes is alarming.

There are those in the two largest provinces of this dominion who, viewing the growth of this country, its emergence from a colony to a full-fledged nation, its mounting population and so on, think of the smaller provinces, including the maritime provinces, as fortunate indeed to be associated in this confederation so they may profit by the overflowing wealth of the two great provinces. But let me point out, Mr. Speaker, that the maritimes did not always depend on others. The position of the maritime provinces at the time of confederation was quite different from what it is today. No better proof of that can be found than in a comparison of the figures I have cited as to wealth, production and income with the figures available as at the time of confederation. Let me point out also that contrasts always have the effect of making each of the contrasted objects appear in its strongest light. No better judges of the true position of the maritimes at confederation can be found than the leading statesmen of that day, who are now called the fathers of confederation. The maritime provinces were self-sufficient. They possessed natural ports open to world trade the year round. They were in a favourable position to trade with the American states; and if they were barred from that market, all other markets in the world that could be reached by our ships were open to them. This enviable position was recognized by the most ardent advocates of confederation. I have quoted from the survey on economic conditions in the maritimes. Let me give by way of contrast the situation that existed at the time of confederation, and I quote Galt, at page 63 of the debates on confederation:

> Taking the census of 1861, this trade represents thirty-five dollars per head of the population.

He is speaking of the trade of Upper and Lower Canada.

> The value of the import and export trade of New Brunswick, for the same year, is $16,729,680, amounting to sixty-six dollars per head of its population.

That is, it was almost one hundred per cent greater than that of the upper Canadian provinces.

> The aggregate trade of Nova Scotia for the same period amounted to $18,622,359 . . . and in the case of Prince Edward Island the import and export trade amounted to $3,055,568 . . .

Thus it will be seen that at the time of confederation our trade was more than fifty per cent higher than the trade of Upper and Lower Canada. As far as the revenues of the maritime provinces at the time of confederation were concerned, let me again quote Galt at page 66 of the debates:

> It will be observed that as regards these provinces their income and expenditure are such that they will enter the confederation with a financial position in no respect inferior to that of Canada.

By "Canada" he meant the upper provinces.

> If an objection were made with respect to any province in regard to its financial position, it would be against Canada. The lower provinces have been and are now in a position to meet, from their taxation, all their expenses, and cannot be regarded as bringing any burden to the people of Canada.

We are in a much humbler position today, Mr. Speaker. Time and again since confederation we have been forced to come to the central government to plead for increased subsidies in order to maintain our services, which always have been below the standards of those in other provinces. Let me repeat that we will never solve the economic problems of the maritime provinces by increased subsidies. That is a palliative which relieves the tension for a certain length of time, but it is never a cure. Bear in mind that at that period of our history we in the maritimes were not torn by strife, disunity and discord. We had already reached a spirit of compromise and understanding. Our leaders at the meeting at Charlottetown already were formulating a maritime union. When repre-

sentatives of the upper provinces reached Charlottetown during those deliberations, they were welcome but uninvited guests. They came as onlookers, not as negotiators for a federal union. They found so much progress had been made among the maritimers toward a maritime union that they decided if a federal union were to materialize they must act at once. It was then that offers were made for a federal union.

On the other hand, what was the position of the upper provinces at that time? They were torn by dissatisfaction and disagreement; and again I quote Galt during the debates on confederation:

> The house must not forget that it will forever remove the great and crying evils and dissensions which have existed in Canada for the last ten years, and which have threatened to plunge the country into the most disastrous and lamentable state of discord and confusion.

That was the situation in the upper provinces. I want to quote again from the debates on confederation. I hope I am not tiring you, Mr. Speaker, but I wish to prove my case from the very sayings of the fathers of confederation. Here is another extract:

> Because just so surely as this scheme is defeated—

The speaker was referring to confederation.

> —will be evolved the original proposition for a union of the maritime provinces, irrespective of Canada . . . They will form themselves into a power which, though not so strong as if united with Canada, will nevertheless be a powerful and considerable community, and it will then be too late for us to attempt to strengthen ourselves by this scheme.

These are not the words of a maritimer speaking to his people; they are the words of the great Sir John A. Macdonald, addressed not to the maritimers but to his own people. Those words were meant to apply to the people of the upper provinces, as the next quotation from Sir John A. Macdonald shows:

> If we are not blind to our present position, we must see the hazardous situation in which all the great interests of Canada stand in respect to the United States. I am no alarmist. I do not believe in the prospect of immediate war. I believe that the common sense of the two nations will prevent a war; still we cannot trust to probabilities . . . .
> Our trade is hampered—

That was because of the civil war and differences between England and the United States.

> —by the passport system and at any moment we may be deprived of permission to carry our goods through United States channels—the bonded goods system may be done away with . . . Our merchants may be obliged to return to the old system of bringing in during the summer months the supplies for the whole year. Ourselves already threatened, our trade interrupted, our intercourse, political and commercial, destroyed, if we do not take warning now when we have the opportunity, and while one avenue is threatened to be closed, open another by taking advantage of the present arrangement and the desire of the lower provinces to draw closer the alliance between us, we may suffer commercial and political disadvantages it may take long for us to overcome.

This was the situation in the upper Canadian provinces. Without an outlet to the sea, their foreign trade was bottlenecked and depended on the whims of our neighbours to the south.

In the confederation debates Cartier gives a clear comprehension of this handicap when he says, and I quote him:

> Twenty years ago our commerce for the year could be managed by communication with Great Britain in the summer months only. At present, however, this system was insufficient and for winter communication with the seaboard we were left to the caprice of our American neighbours through whose territory we must pass. Canada having two or three elements of national greatness, territory and population, wanted the maritime element, and as he said, the lower provinces had this element and the seaboard.

Therefore, these words are applicable only to the upper Canadian provinces. We in the maritime provinces possessed that seaboard and had the choice of the United States or the overseas market. The entrance of the maritime provinces into confederation assured the provinces of upper Canada of this maritime element, as Cartier calls it, and assured their future prosperity which was then so precarious.

I have quoted copiously from these debates on confederation to show the exact picture of the maritimes at the time of confederation. Some people may consider such a review inappropriate, since it is all water under the bridge. However, we have to have recourse to such a study if we want to understand the real purpose of confederation. Macdonald called it a treaty, and as such it must be regarded. The pact of confederation must be read in the light of the conditions and circumstances in existence at the time it was effected.

Now, we maritimers have knowledge of all these facts. It is therefore somewhat galling to be always treated as if we were the adopted provinces of the two greater provinces, and that we should therefore be grateful to these more prosperous provinces for the bountiful munificence which overflows their boundaries. To use a common expression, we are getting sick and tired of it. I have quoted from the surveys certain figures which show that our economic situation is due to a lack of accumulated wealth and the growth of any industrial centres. The fathers of confederation felt that confederation would bring an increase in our industrial centres. This was held out as an inducement to the maritime provinces to sacrifice their wonderful position and enter a pact of confederation about which they were somewhat doubtful.

Have the cities of our Canadian seaboard had such a growth? The answer is to be found in a consideration of the expansion of the United States cities along the United States seaboard. When we consider that our cities have the same geographical position and the same climate, and that only an imaginary line separates the two of us, and when we consider the way our cities have steadily fallen behind, it is hard to understand how progress has passed us by.

There is a great deal of history connected with this matter of accumulated wealth and the development of our industrial centres on the Atlantic seaboard. Some may say this situation has come about because of uncontrollable events and that, confederation or no confederation, we would be in the same situation.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at seven-thirty o'clock.

Mr. Richard (Gloucester): Before the dinner recess, Mr. Speaker, I was trying to prove that the economic situation of the maritime provinces was not due to any events beyond our control. I maintain that this economic situation which has followed from confederation to our own day is the result of the adoption of certain tariff and fiscal policies which concentrated capital, and therefore industry, in the two dominant provinces of the dominion; and those two provinces hold that dominant position because they possess size and population. In our desire to protect and promote our industries I maintain that policies have been adopted which were quite beneficial to certain provinces but quite detrimental to others. Let me point to a few examples.

First, there is our banking system. It may be the soundest in the world but yet it tends to gather the people's savings from the most remote parts of the country and centralize them in focal points of the dominion. It is encouraging corporate financing on a large scale and is promoting amalgamation to the point where we in the maritimes have been deprived of certain industries. Some of them have been completely wiped out.

The same thing may be said of our insurance companies which are great gatherers of the people's savings. I dare any of these institutions to deny that in the maritimes the ratio of our savings employed for commercial purposes is the lowest of any in Canada. I am not the only one who holds these views, and maritimers are not the only ones who hold them.

An exhaustive study of economic conditions was made by the Duncan commission. What was the result of that study? It is contained in this significant finding:

> We are far from saying that the dominion, within its sphere of control, has done all for the maritime provinces which it should have done.
>
> It must not be overlooked that the task which has been placed upon the federal authorities in bringing such a vast territory as Canada to its present point of growth and prospect has been colossal. The calls made upon its attention and resources by that task may well have prevented it from rendering to the older and well-settled communities of the east as much help as these communities were entitled to expect, or as much help as it has afforded to other parts of Canada. It is not possible in such an undertaking as the making of Canada, with its geographical and physical conditions, and its variety of settlement and development, to maintain always an accurate balance, apportioning to every section of this extensive country the exact quality of benefit and quantity of advantage which would be theoretically and justly desirable. But reasonable balance is within accomplishment if there be periodic stock-taking.

I should like to quote also from the White report, which followed the Duncan commission inquiry:

> We are in accord with the claim of the maritime provinces and with the finding of the Duncan commission that these provinces have not shared proportionately with the other provinces of Canada in the economic advantages accruing to the dominion as a whole from confederation.

In other words, in this great and rapid growth which has brought Canada in such a short period of time to the position of being one of the leading nations of the world, we of the maritimes became the expendables.

I have shown that no selfish motives prompted the people of the maritimes to enter confederation, and that their sole aim was to contribute their share to the building up of a great nation. The attitude of the people of the maritimes has not changed since. We have supported every move and every expenditure made in other parts of the dominion where such expenditure would tend to its greater development, even when at times such support was to our own detriment.

We contributed to the great development of the west by supporting wholeheartedly an expensive colonization policy. We realized however, that we could derive little benefit from it because in the maritimes we had nothing comparable to offer in the way of attracting settlers.

We have contributed our share to the building up of our vast railway system. We have contributed to the construction of inland water routes and the deepening of the St. Lawrence river even though this was injurious to our own ports. Maritimers, in other words, have been Canadians first and have never stood in the way whenever anything was to be done for the benefit of Canada.

Let me cite another example of our spirit of co-operation whenever the interests of Canada were paramount. When the provin-

cial and federal authorities made a study of the reallocation of taxing powers, the maritime provinces were among the first to throw in their lot, even though we felt we would not derive as much benefit as would the other provinces, owing to the fact that our population would not increase as much as theirs would.

Vast industrial projects which were postponed during the war are being proposed, and these are attracting our attention. In the distribution of capital for the carrying out of these projects we in the maritime provinces demand our share. I cite the Chignecto canal project as an undertaking which would give us cheaper hydro power, an advantage which we in the maritimes need. I also cite the Quoddy bay power project, about which I might speak at some length if time permitted me to do so.

I think it was Johnson who said: of joy and grief, the past is the object; the future, of fear and hope. We in the maritimes entertain the fear that we may be left to our own resources and may continue to lag behind in the national march to greater progress. But we also cherish the hope that all Canadians will join with us in trying to solve our problems. We do not begrudge the prosperity which has come to the other provinces, but we wish an opportunity of sharing in that prosperity.

I admit, Mr. Speaker, that we in the maritime provinces do not possess any great natural resources, but what we have we wish to have developed to the fullest extent. I cite the fishing industry as one example; to the maritime provinces it has a value of some $28 million a year. Until a few years ago this industry was languishing, but now with the assistance given by this administration in the construction of boats and in the establishment of freezing and processing plants, a great change has come about. We also give credit to this administration for the construction of breakwaters and wharves which afford protection to our fishing fleets. We hope that many more will be constructed, as they are greatly needed.

Let me also point out that we in the maritimes depend on the New England market; it is our natural market. We cannot hope to have the upper Canadian provinces take our exportable surplus. As I say, the New England states market is our natural market, and we hope that trade treaties will be entered into with the United States so that we may be able to seek that market. We had that opportunity in 1911. We missed it, probably, and we know what happened then. But should the opportunity again be presented, I assure this house that we will not again be deceived.

Some may say that I am criticizing the administration which I am supporting, but I might point out that the Liberal party was the first to recognize the situation in the maritime provinces. In proof of that, I point to the Duncan commission, whose findings were implemented by the grant of increased subsidies, the restoration of proper freight rates, bonuses to coal mining, and in many other respects. Moreover, the assistance given last year for the reclamation of our marshlands has been of great benefit to the maritime provinces.

In conclusion, I contend that the bringing up of the economy of the maritime provinces to the level at which it should be is not the concern of one administration or of one political party, but is the concern of all Canadians. There are in the maritimes a million Canadians who wish to see the day when existing inequalities of opportunity may be wiped out and when we may have the fulfilment of the real object of the confederation pact.

Mr. Alan Cockeram (York South): Mr. Speaker, may I first of all welcome to the house those new members who were elected during the recess and say that they have come to a great fraternity, and that we are all very pleased to see them here. Also may I extend my congratulations to the Prime Minister (Mr. St. Laurent) upon his election to that high office, the highest office this country has to offer.

I want now to offer my congratulations to my own leader, the hon. member for Carleton (Mr. Drew), whom I have known since the first war, who has come to this House of Commons and has shown what an excellent leader he is. During all the years I have known George Drew I have never had any doubt about his ability, not only as a man who sticks to his principles, but as a fighter. And I believe those who sit to your right, Mr. Speaker, must realize that this time they are up against an unbeatable opposition.

The question facing parliament today is, as I see it: Are we to trust our future to the planners by further delegating powers of this parliament, or are industry and business, which have the ability to expand and to utilize the vast natural resources of this country, to be given the opportunity to do so.

Neither the government nor the planners have the ability or the means to develop this country as it should be developed, unless we continue our present high rate of oppressive taxation. It would be a costly experiment, which the country could not stand, because neither the government nor the planners have

the ability in industry that the trained industrialists possess.

During the past few years there have been discovered and confirmed in Canada large bodies of natural resources such as iron ore, titanium, uranium, and petroleum. These natural resources will require hundreds of millions of dollars to develop in the years that lie ahead. There are approximately up to the present time 475,000 square miles of the prairie provinces which are considered as prospective oil lands with a petroleum potential running into billions of barrels of oil. It is estimated that to develop this large oil field possibly a billion dollars will be required in the years ahead.

Allowing for the fact that 50 per cent of this money will be generated internally, we will still require $500 million, which must be raised in the capital markets. The maintaining of an artificial value for our dollar, which has resulted in an outflow of capital every year since it was established, will not develop the petroleum industry in this country.

In Quebec and in Labrador, which is shortly to become part of Canada, there have been discovered tremendous bodies of iron of a suitable quality, and it is estimated that it will require something like $300 million before this area is fully developed and the ores can be delivered to the steel mills.

There are large deposits of titanium which have been discovered in Quebec, and the recent method of separating titanium from titaniferous ore, not only makes possible a titanium industry only thirty miles inland from the gulf of St. Lawrence, but will give this continent a large second-grade supply of scrap iron. These great resources are today awaiting development, but the extent and speed with which they will be developed depends on the amount of risk capital that will be available.

By continuing the artificial value of our dollar we are hindering the development in this country so essential at this time, if we are, first, to utilize our resources to the fullest extent; second, to prevent a recurrence of the depression which followed the first great war; third, to stabilize our economy by increasing our productive capacity of materials and goods that will be in demand in the future; fourth, to make the contribution we should make and may expect to make some day to hemispheric defence; fifth, provide security of supply of essential goods in the event of global war, when many of these resources, known to be available in Canada but at present undeveloped, are cut off from present other world sources; sixth, provide for the industrial expansion of this nation, and thus assure employment for those of our people who toil in our factories.

The effect of the action of the government in establishing and maintaining an artificial value of our dollar has been very pronounced in the mining industry of Canada, particularly the gold industry.

The last report the Minister of Mines and Resources (Mr. MacKinnon) tabled in the house only a short time ago, states:

> The restoration of the dollar to parity early in July, 1946, reduced the price of gold to Canadian producers to $35 an ounce from its previous level of $38.50 an ounce. As a result of these adverse influences there was only a slightly higher output of gold in 1946 and an increase in the value of output from $103,823,990 in 1945 to $104,096,359 in 1946. At the close of the fiscal year, the gold industry was entering a depressed phase, more especially in reference to exploratory drilling, which was showing a marked decline, and to prospecting. Nor was there any substantial improvement in production.

I should like to point out that that is the report of the Minister of Mines and Resources. This was the effect on an industry of placing an artificial value on our dollar, the primary importance of which industry is its function in strengthening the foreign credit position of this nation, particularly in relation to the United States.

That was the effect on an industry wherein, for every man employed underground, ten other Canadians are provided employment to service the industry, on our farms, in our factories and elsewhere in the Canadian economy.

This action not only resulted in decreasing the number of jobs in the industry itself, but reflected itself ten times over elsewhere in the Canadian economy. Today, with unemployment showing itself because of our loss of export markets, it is time to ask ourselves as Canadians whether we can afford the luxury of maintaining an artificial value for our dollar, when without it we could have greater activity in the gold mining industry, producing a product for which there is stable demand and which strengthens our foreign credit position.

Today in Canada there is concern as to the adequacy of future risk capital for the development of this nation's natural resources. Looking at our present position in terms of jobs, and seeing our export markets falling off on the one side, and an outflow of capital on the other, is it any wonder the press carries stories to the effect that Canadian authorities are belatedly concerned about the effect of their own policies and about inadequate sources of risk capital for Canadian development? When the present artificial

value was placed on our dollar I pointed out to the Minister of Finance (Mr. Abbott) that such action would almost certainly destroy the confidence of foreign investors in the money policies of this country. The warning at that time went unheeded.

Now, almost three years later, the wisdom of this accepted policy of the bureaucrats is being questioned, and the effect of it upon our economy is forcing the government to recognize how important the flow of risk capital is to Canadian production, employment and development. It is apparent that Canadians themselves cannot provide the flow of risk capital that could be employed to advantage in the development of this great country. In spite of the position the Minister of Finance (Mr. Abbott) has taken on this matter in the past, will he not now admit that one of the greatest needs of this nation at the moment, if we are to provide continuing employment and to give our people the standard of social security the government is always promising, is to give freedom from foreign exchange control that will permit capital to flow to and from the United States.

If that is done and parliament is given assurance that there will be no more tampering by the bureaucrats, there will be an adequate supply of capital which will ensure development and utilization of our resources, which will provide employment for our people, which will make reductions in taxation possible and provide a continued high standard of living for the Canadian people.

The constituency which I have the honour to represent, namely, York South, is composed largely of the class of people who are dependent for their livelihood upon continued gainful employment. During the last depression that riding was hit as hard as, if not harder than, any section in the Dominion of Canada. But in spite of that, during the two wars there was no riding in the Dominion of Canada that had a greater percentage of voluntary enlistments.

At the present time the people in York South are beginning to see layoffs in some of the factories and they are becoming fearful that, as a result of government policy, there will be less and less employment in our factories. If we as a country fail to develop and utilize the resources which God has given to us, with which we are so well endowed, we will not be able to maintain employment in the future.

The people of York South are interested mainly in employment, but they are also interested to a large extent in the subject that was discussed in the house this afternoon, old age pensions. They are interested in housing and many other things which can be provided only if employment is kept at the highest possible level. As the people in my riding and throughout Canada read government reports, which indicate that employment is less secure because our export trade is undoubtedly diminishing, they ask what steps this government is taking to guard against unemployment. We did hear the Minister of Reconstruction and Supply (Mr. Winters) state the other day that the government had elaborate plans for a public works program if, as and when there was a slackening in business. But I suggest that there are better ways of achieving the desired result.

I think it is generally recognized that when the government spends large sums of money the people do not get the greatest value for the money that is expended. No matter whether the amount is large or small, it must come out of the taxpayers' pockets. I suggest that one way of ensuring employment is to liberate ourselves from the objectionable feature of exchange control. In a country in the early stages of development, such as Canada is today, in a country with an abundance of natural resources and with people who are honest and industrious and motivated by an inherent desire to live as free people, I believe we have come to the position where it is neither desirable nor necessary for this parliament to continue to delegate to any board powers such as we have conferred under the Foreign Exchange Control Act.

During wartime, under an entirely different set of circumstances, all parties were prepared to delegate the powers of this parliament in an effort to divert as far as possible the nation's resources and manpower to an all-out war effort. Today, four years after the cessation of hostilities, these powers are still being delegated. Parliament is being asked to extend the Foreign Exchange Control Act, not for one year but for two years until 1951.

Leaving unanswered all the questions that a free people have the right to ask, why is it necessary, in specific relation to Canadian conditions as they now exist, to continue to delegate such powers for a further two-year period? What special facilities has such a board to see and act upon problems which business itself would or could handle in the normal course of events? How does controlled exchange affect the Canadian economy? One thing is certain: we are losing our overseas markets, and once lost they will be hard to regain.

Before this house is asked to pass upon the extension of the Foreign Exchange Control Act, the bill should be sent to the banking and commerce committee where experts of the

Department of Finance could be questioned as to the relevance of the various sections to conditions at the present time. When the Foreign Exchange Control Act was passed in 1946 it was intended, largely if not wholly, to deal with our exchange position with the United States. When the bill was before the banking and commerce committee on July 15, 1946, Mr. Rasminsky, alternate chairman of the foreign exchange control board, was asked the following question which appears on page 87 of the minutes of evidence:

Mr. Fleming: I formed the impression from an answer given by Mr. Rasminsky that the reason for the bill is confined to our exchange relations with the United States? Am I correct in that?

Mr. Rasminsky: I would put it in this way, that in the whole world situation as it appears at the present time, the character of our exchange relations with the United States causes a certain amount of preoccupation which is, as I understand it, the reason for the bill.

At the time the foreign exchange bill was before parliament such a measure may have been necessary because our trade balance, excluding gold, was then adverse and that adverse balance had been increasing from the first of that year. That adverse balance has been changed from the $38·5 million when the present act was passed in 1946, and from a high of $102·7 million in May 1947, to a favourable balance of $1·5 million in November, 1948. I have not the figures for the last two months, but I presume our balance of trade with the United States, excluding gold, continues to reflect our heavy exports to that country and purchases under ERP.

Our official holdings of gold and United States dollars, which were a matter of grave concern when the foreign exchange control bill was passed, have shown a definite improvement in the past year, which is due largely to three things. First, the government has at last modified its policy of imposing embargoes against the export of our products. Second, purchases made by ERP have amounted to $593 million. Third, there was a borrowing of $150 million from the United States. Judging from statements by responsible government sources, it is reasonable to assume that our holdings of gold and United States dollars have more than doubled in the year just past. It is interesting to note the holdings of United States dollars and gold from the early days of the war and from the time the Foreign Exchange Control Act was passed.

From the date of establishment of the Foreign Exchange Control Act to September 1948 the Canadian holdings of gold and United States dollars amounted to:

	million
September 15, 1939	393·1
December 31, 1939	404·2
December 31, 1940	332·1
December 31, 1941	187·6
December 31, 1942	318·5
December 31, 1943	649·6
December 31, 1944	902·1
December 31, 1945	1,508·0
December 31, 1946	1,244·9
December 31, 1947	501·7
March 31, 1948	607·5
June 30, 1948	741·9
September 30, 1948	854·9
December 31, 1948	(not yet available)

The improved condition of our foreign exchange position with the United States gives rise to the question how much longer this nation should continue to carry on its statute books a law such as the Foreign Exchange Control Act, which in effect strikes at the very core of the economic freedom of Canada.

Under the authority of this act Canada today, by maintaining an artificial value of the Canadian dollar, is subsidizing imports from the United States, and at the same time the government tells the Canadian people, burdened as they are by unwarranted taxation, that the reductions they are demanding in taxes may not be possible for the reason that the budgetary surplus for the fiscal year ending March 31, 1948, of $640 million is not really a surplus because the government, among other things, had to advance the foreign exchange control board $370 million during that year. This $370 million was used to purchase United States currency. In other words, money collected from the Canadian taxpayers in excess of the cost of government is being used to gamble in foreign exchange, and not being used for domestic debt retirement. Total purchases of United States funds during 1948 amounted to $402,631,226. Will the government tell the Canadian people what premium, if any, was paid on the purchase of these funds?

When the Foreign Exchange Control Act was before the banking and commerce committee in 1946 Mr. Rasminsky stated as follows, as recorded on page 83 of the minutes of evidence:

Whether the existence of foreign exchange control is an undesirable deterrent to foreign investment in Canada—I think the answer to that lies in the results.

This bill in its present form has been on the statute books now for over two years,

and the government is asking parliament to grant another extension until sixty days after parliament reconvenes in 1951. Before doing so, however, I think, as Mr. Rasminsky suggested, that we should look for the answer in the results. Let us examine what has been happening to the flow of capital between Canada and other countries.

A review of the flow of capital between Canada and other countries for the past ten years indicates unmistakably the adverse effect of the present policy of maintaining an artificial value of the Canadian dollar. The figures on the flow of capital from and to Canada since 1938 are as follows:

	million
1938	+ 28·9
1939	+ 72·1
1940	+ 28·8
1941	+ 33·0
1942	+105·5
1943	+172·2
1944	+ 97·0
1945	+191·0
1946	+134·6
1947	— 18·0
1948 (11 months)	— 17·2

The year 1946 was the year in which our money was placed on parity with that of the United States. In that year we still had a surplus of United States money coming to this country. The money coming from outside sources amounted to $134·6 million. In 1947, instead of having capital coming in to be invested in Canada, we find that we lost $18 million, and in 1948 we lost $17·2 million in eleven months. These figures demonstrate that since the government put our money on a parity basis there has been no new investment in Canada, and what money was invested is being withdrawn.

The record shows that following the placing of an artificial value on our dollar, and the enactment of the Foreign Exchange Control Act, Canada has been an exporter of capital, which is an amazing thing for a country as young as this, a country that requires so much money to bring about its full development. The adverse effect on the inflow of capital was reflected in the annual report of the Bank of Canada to the Minister of Finance (Mr. Abbott) tabled in this house on January 14 last. There it is stated that a greatly increased sale of corporate securities would aid our economy at this time but the government is making it impossible for outsiders to buy any of these corporate securities.

In this report the governor of the Bank of Canada pointed out that only one-fifth of recent expansion by private business had been financed by new security issues. The balance had been financed out of current depreciation allowances and retained current earnings. Some companies in Canada, such as Imperial Oil Limited, are selling some of their current established business interests in order to finance business expansion in Canada which they now have in hand. This company disposed of their holding in International Petroleum to the extent of $80 million in United States funds, which helped the Minister of Finance.

What further evidence is required that Canada today faces the need to assist rather than to deter capital expansion, especially for developing this country and to provide employment, increase production, and hold inflation? During the years prior to July, 1946, when the artificial value was placed on our dollar, we increased our liquid reserves of gold and United States dollars, and the bulk of this increase was due to transactions on capital account. The real control exercised under the present act, and exercised in accordance with government laid-down policy, is with respect to capital transactions. The adverse effect this measure has had, and will have in the future if allowed to continue, by maintaining an artificial value of our dollar, is the responsibility of the present government, and for this they will have to answer to the Canadian people.

The adverse effect of the parity action of the government in 1946 is evidenced on every side. The tremendous cost to the nation in the future, if this policy is pursued, it is impossible to estimate accurately. If we are to get our house in order so as to weather the economic storm that some people think lies ahead, and evidence of which is appearing on all sides today, it is now certain that we cannot depend on the planners or the bureaucrats to do it for us. One characteristic of the planned economy provided for in the foreign exchange control legislation is that policy changes come as bolts from the blue. In this regard it runs true to all planned economies. Planners never like to admit they have made mistakes, but hold on to their powers and policies in the hope, like Mr. Micawber, that something will occur, something will "turn up" at some other point of the plan which may provide a good alibi.

They cover up deficiencies when the promises of the planners fail to materialize and that failure becomes obvious to all. Then the situation becomes a crisis, such as we had in November, 1947. In that connection I would remind hon. members that right after the Minister of Finance (Mr. Abbott) had come out with a glowing statement in respect to the exchange position, I pointed out that, in spite of the pleasure he seemed to derive from presenting the report of the Bank of Canada with respect to foreign exchange, he had only enough United States funds to last until the end of October or November 1947. The statement I made at that time proved to be true, and in November the minister had to put on his radio program of taxation and embargoes.

Regard is seldom had for the fact that a board of planners just cannot see the problems of every business in the economy as those problems are seen by those who have to stand or fall by their success in the business world. As a result the country pays dearly for the experiment of having the government handle business.

My final question is: Can the government, on its record, be trusted to use such powers in the way they represent to parliament that they are to be used? The former leader of this party, the hon. member for Neepawa (Mr. Bracken), in a statement found at page 54 of *Hansard* for December 8, 1947, repeated a statement which had been made by the former Minister of Finance, Mr. Ilsley, at page 2547 of *Hansard* for June 17, 1946, in which Mr. Ilsley said:

> We have no intention of using this exchange control legislation to restrict anything but certain types of capital movement.

In spite of that statement, however, through the present Minister of Finance this government has used the Foreign Exchange Control Act as authority for its radio decrees. Certainly when that matter was before the house not one hon. member had any idea that we were giving the Minister of Finance power to put on special taxes over the radio. It seems to me the Minister of Finance has brought to this parliament a degree of levity unknown to this house in one holding so responsible a position. Within the short period of two years he has assumed mastery of all problems of business and finance that have taxed the ingenuity of economists and political scientists through the ages. The truth is that he has become so indoctrinated by the invisible government to whom the destinies of this country are entrusted that he holds in contempt the experience of the average business man; but he has failed to convince this house that he is really in control of the financial policies that determine the fate of the people of Canada. He recalls to me the statement made by one famous British statesman about another: "He is indebted to his memory for his jokes"—which we hear so often in this house—"and to his imagination for his facts".

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, one of the advantages of this debate is that it gives hon. members an opportunity to bring to the attention of parliament and the government the problems of the people of their constituencies. In that connection I must say that not for many years have I found, at the opening of parliament, the people so upset by immediate worries and so fearful of what the future may have in store for them. My ground for that statement is that seldom have I been approached by so many individuals and organizations before leaving Vancouver to come here for the opening of the session; and I regret very much that the people in my city who find the going tough will find very little hope or comfort in the speech from the throne.

It is not my intention tonight to analyse the speech from the throne paragraph by paragraph. I have not the time for that, and I doubt very much whether it would be worth the time if I had it. However, I do wish to draw attention to one paragraph, about which I want to say a few words. In the third paragraph we read:

> Employment is at higher levels than ever before. In striking contrast with communist countries, the free economy of our country is demonstrating its ability to provide for all a high standard of living, social justice and individual freedom. It is the view of my ministers that a steady advance toward the goal of social justice for all is an effective safeguard against the influence of subversive doctrines.

I agree with the last sentence of that paragraph. But the economy of this country, free or otherwise, is not providing for all a high standard of living, social justice and individual freedom. The mover of the address, the hon. member for Essex West (Mr. Brown), said:

> The year 1948 was good to Canada. In that year the highest peacetime levels of production and external trade were achieved, and the levels of income and employment were the highest on record.

When the Prime Minister (Mr. St. Laurent) took part in the debate he made a similar assertion. These statements, I suppose, are based on facts, and I am not going to dispute the facts; but if the mover of the address draws the conclusion or wishes the house to draw the conclusion that, because Canada has had record production and record income in the year just past, all the Canadian people are better off than they were before, I do dispute that because it is not the fact. For large

sections of our people this increased production and increased national income do not mean anything because they do not participate in their benefits. They not only do not participate in those benefits, but their position is worse than it was last year, and the year before that, and the year before that. So what rot it is to say we have a high standard of living. Some of us have, but there are many people in this country who have not a high standard of living and whose standard of living is going down day by day as the cost of living goes up. Persons on fixed incomes such as old age pensioners, recipients of war veterans allowance, blind pensioners, persons on small superannuation such as many superannuated civil servants, unorganized workers, wage and salary earners, small farmers, and a host of people who are unable to increase their incomes as the cost of living goes up, are worse off in 1948 than they were in 1947. They were worse off in 1948 than they were in 1944 and 1945 when nearly half of our production went for war purposes; that is something that ought to make the members of this house and the members of this government sit up and think.

Let me give one or two examples of what is happening to those people with low fixed incomes. In 1945, the maximum old age pension was $25; in December, 1948, it was $30. The value of the pension in 1948 in terms of 1945 dollars was only $22.50, which means that the old age pensioner was $2.50 worse off in 1948 than he was in 1945. Two dollars and fifty cents may not mean very much to the members of this house, but $2.50 per month means a great deal to a person who has only $30 per month. The same thing applies to the blind people.

Turning to war veterans allowances for a moment, we find that in 1945 a married man received $60 per month. In December, 1948, he received $70 per month. The value of the $70 he received in 1948, in terms of 1945 dollars, amounted to only $52.50. This left him $7.50 worse off in 1948 than he was in 1945. The position of those in the other groups I have mentioned is similar, that is, they are poorer in 1948 and so far in 1949 than they were in 1945. This is true despite the fact that, according to the Prime Minister (Mr. St. Laurent) and the mover of the address (Mr. Brown), Canada had a higher national income in 1948.

Let us see what that means. It carries its own implications. If these people are receiving less of the national income than they were in 1945, others must be receiving a larger share of the national income than they did in 1945. I submit, Mr. Speaker, that is not social justice, whatever else it may be called. Indeed, it is the very opposite of social justice, it is social injustice.

I think it was the leader of the opposition who, in complaining of high taxation, said that taxes were so high people had nothing left for savings. Perhaps the leader of the opposition and I are not speaking for the same people. Tonight, I am speaking for the people who do not pay taxes, at least do not pay direct taxes. I am speaking for that large section of the nation whose incomes are too low to bring them within range of income taxes. Do not forget that the Minister of Finance in his 1947 speech said that this group comprised more than half of those who received incomes in Canada. Not only have the people I am speaking for nothing left for savings; they do not get enough for a decent living. Because of the fact that they do not get enough for proper nourishment, they are daily drawing cheques on the bank of life which will mean a shorter life.

The contradictions in our system of production and distribution are again becoming apparent. One contradiction is that the more productive we become the less secure all but a very few are. Today the ability to produce is catching up with and overcoming the ability to consume. We are building up surpluses and the more surpluses we build the more insecure the people are. It is for that reason so many people are worried and in distress. Once more we are entering a period of surpluses.

I shall now deal, Mr. Speaker, with the particular situation in my own city. Before leaving for Ottawa I was invited, along with other members of parliament from Vancouver, to attend a meeting called by the officers of the community chest and council. The heads of several of Vancouver's welfare agencies also attended the meeting. The purpose of the meeting was to discuss the problem of the employable unemployed who, for one reason or another, such as waiting for unemployment insurance or the exhaustion of unemployment insurance benefits, find themselves in difficulty. The municipality looks after the unemployables. After the employable unemployed have exhausted their unemployment insurance benefits, there is nothing for them but charity. In this group I have mentioned, one finds married men with large families who cannot get along on their unemployment insurance.

I want to draw the attention of the house to the fact that this is not a condition that applies only to Vancouver. In the Montreal *Gazette* of March 1, I noticed a report of a meeting of the federation of Catholic charities in the city of Montreal. The director of the organization was reporting to the annual

meeting of the directors. In part, this is what he said:

Meagre unemployment insurance payments to Canadians out of work were described as "a crime against justice and charity" last evening by Father Patrick J. Ambrose, director of the federation of Catholic charities.

Then, he said this:

It is to be deplored that to date unemployment insurance has not kept pace with the rising cost of living. People today who are in receipt of this insurance are unable to live,—whether they be single or married and with dependents.

That is just the situation we have in Vancouver, where perhaps it is even worse than it is in the city of Montreal, or in any other part of Canada. The situation became so serious that the government had to take cognizance of it and send a minister out to the Pacific coast to investigate.

I have in my hand a news item from the Vancouver *Sun* reporting an interview with the Minister of Fisheries when he was in Vancouver about ten days ago. In the four cities of Vancouver, Victoria, Nanaimo and New Westminster there are 50,000 people out of work, and from 35,000 to 40,000 of those are in the city of Vancouver. Some of this unemployment is seasonal. A great deal of it is due to falling markets, particularly in the lumber industry. Some of it is due to the lack of work in the Vancouver shipyards. The shipyard workers have been unemployed since early fall. As the Minister of Labour (Mr. Mitchell) indicated when I questioned him in the house recently, some of the unemployment may be due to an influx of settlers from other provinces. But whatever the cause, the point I wish to make is that the situation in Vancouver is serious. I greatly regret that the Minister of Labour seemed so unconcerned about the matter when it was brought to his attention. But if he is unconcerned about it, responsible people in Vancouver, whose job it is to look after the homeless and the jobless, are not unconcerned; they are worried.

At the meeting to which I have already referred, and which was attended by some of the other Vancouver members and myself, the executive secretary of the community chest and council stated that the welfare agencies were worried about two aspects of the situation. In the first place, as men and women with feeling, they were concerned over the human suffering and distress with which they were obliged to deal daily; and in the second place they were afraid that if something were not done to relieve the misery and frustration of the people they might overflow human endurance and result in riots or other disturbances. It is a long time since we had unemployment demonstrations in Vancouver, and we do not want to see them come back.

With all the experience the government has had in the last twenty years, with all that we have learned about how to plan, to produce, and to distribute, surely we shall not sit by now and see men, women and children suffer for the want of the essentials of life which we have in considerable abundance.

Specimen cases were brought to the attention of the meeting, at least they were attached to the minutes of the meeting which I received. I wish to mention one or two cases which I think are typical. The first is as follows:

This family consists of father, age forty, mother, age thirty-four, and seven children, ranging from two to thirteen.

In October, 1947, the man was injured while working as a longshoreman and after a period of hospitalization was pronounced capable of light employment by the workmen's compensation board. He was allotted a compensation pension of $20 a month.

May I say that is one of the sad features of workmen's compensation. A person doing heavy manual work will be adjudged, by doctors of the compensation board, capable of doing light work. But there is no light work for people of that kind. I know because for years I have been dealing with cases of that class.

This man is registered with the handicapped section of the national employment service, who have told us that at present no jobs are listed at their office. His own efforts to find employment have been unsuccessful apart from a few days at Christmas with the Vancouver post office. He is not drawing unemployment insurance benefits.

The total family income is $20, workmen's compensation—

I would ask hon. members to note this income for seven people.

—and $35, family allowance. Out of the total of $55, $22 is paid for rent, leaving $33 a month for all other living expenses.

I figured that out and it comes to about twelve cents per day per person. If this were happening in other parts of the world—and it does happen elsewhere—it would excite our pity and we would be sending assistance to such people. But when it is at our own door, it is almost impossible to get anything done about it. I continue:

Public assistance has been refused on the grounds that the man is employable.

The children of this family seem to be suffering from malnutrition—

It is amazing that such should be the case, on twelve cents per person per day for food!

—and the mother, who is pregnant, is not getting the kind of food she should have. One of the children, who has been hospitalized, is ready to come home but will not be able to get an adequate diet there.

I am reading this for a purpose. I will read one other case, and it will be much shorter:

When this man, a highly skilled English technician, decided to come to Canada, he states he was encouraged to do so by the officials at Canada and British Columbia houses in London. However, when he arrived in Vancouver, he found that the only place where he could practise his skill had an age limit of employment that absolutely debarred him.

He too is on charity, not having acquired sufficient unemployment insurance to carry him over. I do not want to paint the picture worse than it is, but I want this house and this government to understand that for the last three months in British Columbia the situation has been serious. I know that it has been aggravated by abnormal weather conditions, but most of it is due to the normal operation of our economic system. As I said, lumber mills are shut down because of the lack of markets. Unemployment among the shipyard workers was bad before winter set in. The government has no excuse in this matter. They cannot say that this situation came upon them unawares. They knew, if they knew anything at all—which I sometimes doubt—what was coming. Previous actions show that they knew years ago that supply would sooner or later catch up with demand and that there would be unemployment which could not be met by the provisions of the Unemployment Insurance Act. That is made quite clear by the proposals made in the green book to the provinces in 1945. If the government was sincere in making those proposals, then I suggest there is something it can do to meet situations such as exist in British Columbia. They can make agreements with those governments which are prepared to make agreements; then they will be able to pay the unemployment assistance they proposed in 1945. If all the provinces do not agree—and it seems that some do not want to—agreements could be made with those who do. We do not want to have a veto applied here, no matter from where it comes. British Columbia is one of those provinces with which an agreement is possible.

It was my intention to speak at some length on the shipbuilding and merchant marine situation on the Pacific coast. However, after listening this afternoon to the Minister of Transport (Mr. Chevrier), I have decided to omit some of the things I intended to say. I do that because I find myself in agreement with much of what the minister said, and particularly his general approach to the question. However, the minister did not answer all my questions.

The situation on the Pacific coast at the present time—and I believe the minister is aware of it—is that our shipyards are idle. Many of the ships the government built and sold to private companies have been sold to foreign owners and are under foreign register. Our sailors have been replaced by foreign crews. Other ships, though still under Canadian register, are manned by foreign crews; and the displacement of Canadian crews by persons of other nationalities is continually going on. It is not incorrect to say that Canadian sailors are walking the streets of Vancouver looking for ships, while persons of other nationalities are manning our ships. I do not know what solution the minister has for this situation.

This afternoon he told us there is a stipulation in the agreement of sale of government-owned ships that, if a resale of the ships is made outside Canada, the purchase price must be set aside for the construction of new ships. However, what worries me in that connection is the length of time allowed in the agreement before the money must be used for new shipbuilding.

Although I have not seen it, the minister pointed out this afternoon—and I do not doubt his word—that the agreement of sale states that building need not begin for five years, and that an extension of two more years may be granted. That is seven years altogether. I suggest to the minister that seven years in this fast-moving world is an awfully long time; and if there is no building of ships for the Canadian merchant marine for seven, or even five years, there may be very little merchant marine left at the end of that time. Not only that, but the skills acquired by our shipbuilders and sailors will have been forgotten. I suggest to the minister that something more than what he proposed today is necessary before it will be satisfactory to a great many people in the part of the country I come from.

The minister also said this afternoon that this was not a good time for the building of ships, and that perhaps there was too much tonnage now. The minister may be right, but I shall make two observations: First, Canadian ships now being sold by the people who bought them from the government are, I am told, being sold at a higher price than their past owners paid for them, or that the government received for them two or three years ago. Secondly, the shipbuilding and ship-repairing association news letter of December 15, 1948, states that according to Lloyd's latest returns 1,160 merchant vessels of over 100 gross tons each were under construction in world shipyards at that time, but that of that number only two will fly the Canadian

ensign, neither of which will be engaged in overseas trade.

This may be a bad time for the building of ships. I am not an expert in the matter, and if the minister says so I shall accept his word. However, there appears to be a great deal of opinion on the other side. May I say, I made these notes before I heard the minister speak this afternoon, and I made a note to propose to him and to the government that without delay they undertake a modest shipbuilding program of fast cargo ships. I have used the words "modest shipbuilding program" because I do not believe a large shipbuilding program is indicated at this time. I make that suggestion to the government, because I am convinced that, if the government will not do it, the shipping and transportation companies certainly will not. They are great free enterprisers, every one of them —provided the government supplies the funds.

I shall close with just one further observation. I agree with the minister—and I made my position quite clear on this point at a meeting of shipyard workers in Vancouver before I came to Ottawa—that it is not necessary for Canada to have a large merchant marine in order for her to hold her position as a leading trading nation. As a matter of fact, if Canada expects to continue as a great trading nation, it is folly of a major order to think that we can become self-sufficient in everything. The nations of Europe today are short of things to exchange in trade with us. Trade is the exchange of goods for goods, or goods for services, or service of one kind for service of another. If we are going to trade with, let us say, Norway, or even with Great Britain or many other countries in Europe, it is quite possible that if we are to make a deal we will have to sell our goods for services—perhaps shipping services of one kind or another. To that extent I agree absolutely with the minister.

The time has come when we must have more economic co-operation than we have had in the past. In my opinion there is no use in trying to co-operate in political and military matters so long as we are competing on the economic front. After finishing with this point I would suggest three things to the Minister of Transport (Mr. Chevrier) which I think the government should do. One, Canadian registered ships should be manned by Canadian officers and crews. Two, the government should start at once a modest program of shipbuilding. Three, labour should be given representation on the maritime commission. I recommend those three things for the consideration of the government.

[Mr. MacInnis.]

There is another matter I should like to bring to the attention of the government—housing. Representing as I do a constituency in the city of Vancouver, I make no apology for saying something about housing. Indeed, I think I would be subject to censure if I did not refer to the urgent need for housing in the strongest possible terms. Today, nearly four years after the war, housing is still British Columbia's most urgent problem. Despite the amount of new construction, and it has been considerable, the situation is not improving. I shall refer for the most part to conditions in Vancouver, but I know that conditions are bad in other parts of Canada, in all parts as a matter of fact. This is indicated by an item which appeared in the *Listening Post*, published by the Canadian federation of mayors and municipalities. In the issue of December, 1948, it states:

> A year ago, when the November, 1947, edition of the *Listening Post* was issued, housing was Canada's biggest headache. Six months ago when the Gallup poll completed a coast to coast survey, housing was Canada's biggest headache. And today, housing is Canada's biggest headache.

It seems to me that after such a definite assertion has been made by such an authoritative source, no more need be said for the necessity of action on housing. But if the government wants more evidence as to the need for housing I shall draw attention to a source that is very close to the government itself, Mr. Mansur, president of Central Mortgage and Housing Corporation. Speaking at a meeting in Kingston, I believe some time in November, he said:

> Our estimates today show that 800,000 household groups in Canada are sharing accommodation. Of those about 250,000 families wish to have a place of their own.
>
> Our surveys indicate that 17 per cent of houses are shared by more than one family. In small towns in Ontario, it is as high as 20 per cent.

Speaking later at a meeting in Toronto, as reported in the Vancouver *Sun* of January 25, 1948, he said:

> The number of people who need front doors of their own exceeds by 350,000 the number who have them . . . It is my guess that the immediate need is of the order of 150,000 units.

I notice that the Canadian construction association estimated that the number of housing units that will be constructed in 1949 will be around 83,000, which would be 67,000 short of what the president of Central Mortgage and Housing Corporation said was needed immediately.

Having referred to Central Mortgage and Housing Corporation I must commend the corporation for the work it has done in providing homes for veterans in Vancouver. Many of these houses have been constructed in the constituency I represent. One project of some 800 homes was completed at the

beginning of the winter. I have heard many complaints in the house since I came here about poor construction of homes constructed by Central Mortgage, but I have received no complaints in connection with poor construction.

There is another project just starting in Vancouver known as the Fraserview project, where Central Mortgage is to build 1,100 homes. Construction has not started as yet, although clearing has. They took over a whole area and some property had to be expropriated. I am sorry that at the beginning the corporation did not have that regard for the feelings or rights of the private property owners that it should have had. But amends have been made and I think the property owners' interests will be safeguarded, and the project when finished will be appreciated by the people of Vancouver.

I urge the government to do without delay what it should have done years ago. Conditions, I believe, are more favourable now than they were last year or even six months ago. On February 11 the premier of British Columbia said that he was ready to attend a dominion-provincial conference on housing. The city of Vancouver has applied for charter amendments to enable it to set up a housing authority and to discharge whatever share of obligation may fall upon it in the matter of building homes for those who cannot build for themselves.

Mr. Maurice Bourget (Levis): Mr. Speaker, as I represent a riding which is vitally interested in the construction and repair of vessels, I learned with the greatest satisfaction from the speech from the throne that the government proposes to come to the aid of the Canadian shipbuilding industry. I should not like to allow this occasion to pass without taking a few minutes of the time of the house to draw to the attention of the ministers concerned the importance of this question. I do not know exactly the manner in which this question will be resolved and submitted for our consideration, but at the same time I hope that the aid will be adequate and forthcoming immediately for this great national industry, which during the course of the war recently terminated employed more than 75,000 workers.

I hope that the maritime commission, which was formed in 1947, has been able to study the question in the intervening period, and to submit any necessary recommendations in order to demonstrate to the government that this important industry should continue to exist for very good reasons. This industry, which played a role of the greatest importance during the war, also has a role no less important in time of peace.

At the beginning of my remarks I stated that the shipbuilding industry is one of vital importance to my constituency. Those who have had occasion to visit the shipyards at Lauzon know that they are ideally equipped for the construction of ships of all kinds up to a tonnage of 16,000. Situated in a remarkable location for the building of ships, the yards have the most modern equipment, enormous launching slips, and also two drydocks, one of which is considered to be the finest in Canada. As to our workmen, I am happy to be able to say again in the house that in my riding we have expert men who demonstrated during the last war their willingness to give their best in the service of their country, and who only hope that in time of peace they will have the opportunity to render further service.

In passing I also wish to say that our workmen are skilled craftsmen and good citizens. The best evidence of their fine spirit and ability is shown in the quantity and the quality of the ships constructed by them in the course of the last conflict, and by the great appreciation which was expressed to them by those in charge of our wartime shipbuilding program. The recognized ability of our workmen is easily explained by the fact that for generation after generation they and their forefathers have been engaged in shipbuilding.

(*Translation*):

Incidentally, I should like to put on record the number of workers employed in our shipyards during the last war, as well as the amount they received in salaries for those same years. In 1941, the total number of people employed in the two shipyards—I only mention the two most important yards we have in the constituency of Levis, but there is a small one known as Davie Brothers, which however I shall not mention in so far as the statistics I am now submitting to the house are concerned—was 1,696, and they received $2,787,396.63 in salaries; in 1942, 3,673 workers were paid salaries of $6,484,448.23;

in 1943, 5,069 employees earned $8,119,736.90; in 1944, 5,319 employees received $10,557,599.96 in salaries; and in 1945, 4,526 workers were paid salaries amounting to $9,241,605.15.

Mr. Speaker, I must point out that I have not mentioned the years 1939 and 1940 for which I have been unable to obtain accurate figures.

It has been intimated on various occasions that during the war all shipyards were naturally going at full capacity on account of the circumstances. Mr. Speaker, I wish to take this opportunity to quote other figures which will prove that the government's policy has enabled our workers to obtain employment involving good salaries. Here are the figures: in 1946, 1,584 workers were paid $3,325,468.72; in 1947, 2,599 employees earned $6,081,354.52; in 1948, 2,432 workers were paid $5,677,414.98. Thus, for the years 1941 to 1948, we have a grand total of $52,274,625.09 for salaries paid in the county of Levis alone, where there are but two shipyards.

On many occasions, the opponents of the Liberal government here have tried to spread among the public the notion that the Liberals were only giving assistance abroad. The figures I have just quoted show to what extent this government's policy was wise and that it has helped in making work available for thousands of our workers.

At the present time, our two shipyards, Davie Shipbuilding and George T. Davie & Sons, employ, according to the latest reports available, nearly 1,500 workers. Naturally this offers a contrast with the 5,500 who were employed by these companies in 1944, when the peak of employment was reached in our district. And today—as I said earlier, I am offering these remarks so as to get the ministers to grant more contracts in my constituency—the heads of those companies tell me that they still have work for a few months but that, failing other contracts in the near future, they will be compelled to reduce drastically the number of their employees.

You will readily realize, Mr. Speaker, what a disastrous effect this laying off of hundreds of workers would have upon the economy of our district, which depends almost exclusively on the operation of these shipyards for its living. It might also be proper to remind the house that these shipyards, as well as any other industry, necessarily need a minimum number of employees, without which they cannot operate normally.

For that reason, I must urge as strongly as possible, upon the ministers concerned, that they take the necessary steps to avoid the unfortunate situation which would prevail should the activities of these yards be further curtailed.

The hon. members will readily understand that these areas, where industry was intensely active during the war, are now in a precarious position owing to the rapid growth of their population during the war years.

As far as my own constituency is concerned, thousands of workers came for employment from all parts of the province of Quebec. These workers, having been employed five, six, seven and eight years, are now permanently established in our midst. I feel, therefore, that in all fairness, the governments, both provincial and federal, have the foremost duty of providing special assistance to the areas or constituencies affected.

I understand that it would be difficult, as far as shipbuilding is concerned, to have the same activity as during the war. On the one hand, in view of the fact that we need to replace many obsolete merchantmen, I feel it would be proper to begin replacing them now. On the other hand, I understand that the Department of National Defence intends to order several new ships for the Royal Canadian Navy. I hope that its program will be carried out without delay.

It would be disastrous to let our lack of interest or foresight jeopardize an industry in which the government invested millions of dollars during the war. We must also prevent our technical experts and skilled labour from going elsewhere or emigrating to the United States. I feel confident that the government will take the necessary steps to avoid such a disaster. A country like ours, which must export over 35 per cent of its production, can surely keep its industries in operation and should logically have a faster and more modern merchant navy to sustain the ruthless competition that exists in the field of shipping. It is therefore fitting, under the circumstances, to build new and better ships if Canada wishes to retain its leadership in this field.

According to the data I have obtained, Canada's exports by water, in 1947, amounted to the sum total of 18,001,435 tons. Cana-

dian ships carried 19·9 per cent of these goods, British ships, 43·5 per cent, American ships 21 per cent and those of other countries, 15·6 per cent. In the same year, Canada's imports by water totaled 9,836,283 tons. Canadian ships carried 27·9 per cent of these goods, American ships, 45·9 per cent, British ships, 7·3 per cent and those of other countries, 18·9 per cent. I feel changes are in order if we wish our development to equal that of other countries in this regard.

I hope that in the legislation they intend to lay before the house, the government will include some solution to this shipbuilding problem, a major one not only in my constituency but in several others in practically every province. I understand that south of the border the government is helping this industry through a system of subsidies. I do not know that it is the ideal solution; at any rate this industry must be supported and helped somehow. We should also keep in mind that it could prove very useful and even essential in a national emergency.

Considering the acknowledged necessity of preserving this industry, I believe you will agree with me, Mr. Speaker, that from a psychological and social standpoint, it is much better that the government should give this industry direct or indirect assistance rather than pay millions of dollars in unemployment insurance benefits to employees made jobless by its closing.

There is also another matter to which I should like to refer briefly, since it was mentioned by my good friend and colleague from Simcoe East (Mr. Robinson) and is closely related to shipbuilding. This matter is steel. I hope that the government, as announced in the speech from the throne, will also help this basic industry so that our shipyards will not be delayed in fulfilling contracts they have already secured or might secure in the future.

While on this subject, Mr. Speaker, may I be permitted to draw most particularly the attention of the government of my province to the establishment of a steel industry in Quebec. We all know of the rich discoveries of high grade iron ore in New Quebec. According to studies made by two eminent professors of the science faculty of Laval university, this ore might be treated in electric ovens in our own province. It has been shown that we have the necessary water power to generate enough electricity to process over ten million tons of ore per year. I am confident that the provincial government will have enough foresight and patriotism to prevent such an economically promising industry from moving elsewhere. We would then become independent of foreign countries for the steel requirements of our present and future industries.

Mr. Speaker, since the budget is to be brought down earlier this year, I wish to take this opportunity of asking once again on behalf of my constituents that the Minister of Finance (Mr. Abbott) reduce taxes to an appreciable extent. As I pointed out in an earlier speech, I believe that the national debt burden incurred during the last war should not be borne entirely by the present generation but that a large part of it should be paid off by future generations who may have the good fortune—I sincerely hope so, at any rate—of enjoying better times than the years we are now living through. I would also ask him to be so good as to grant a special exemption this year to family men whose sons and daughters over the age of 21 are taking advanced courses in colleges or universities. During the war it could be alleged that such students could easily work their way through college but I believe that during the next and subsequent holidays—this is not a hope but merely a statement of fact—they may find it harder to get a job. As a rule it costs a college student an average of $1,000 a year for his keep and tuition. Therefore, I do not doubt that all members of this house, regardless of party, will support my suggestion and that the minister will comply with my request, because the loss in revenue which these exemptions would entail would be compensated by the valuable asset this country would acquire thanks to the training of an elite that would greatly contribute to this country's development.

Mr. Speaker, I would not like to bring my few remarks to a close without paying my humble tribute to the one who with such dignity directs the destinies of our party. Scornful of financial advantages which he might have gained through an active law practice, he has placed all his talents and energy at the disposal of his fellow countrymen. May I say, Mr. Speaker, in a spirit of true Canadianism, that all true Canadians are proud of him and are grateful for the sacrifices he has imposed upon himself in order to bring honour upon the racial group of which he is one of the worthiest sons.

On behalf of my constituency and in my own name, I wish to thank him and to tell him how much we admire him. I hope that divine Providence will grant him the health and the courage necessary to carry out his heavy responsibilities. His moral greatness will cause him to find his reward in the discharge of his duty. The history of our country will reckon him as a brilliant Prime Minister and a great Canadian.

(Text):

Mr. T. B. Barrett (Norfolk): Mr. Speaker, in rising to take part in this debate I should like, first of all, to conform to the usual practice of this house by paying a tribute to my friend the member for Essex West (Mr. Brown) and to our new confrere the member for Laval-Two Mountains (Mr. Demers), the mover and seconder of the address. I should like also to extend my good wishes to the new members who are sitting with us for the first time this session, three of whom have brought a great deal of pleasure and gratification to the members of my own party. Finally, I should like to congratulate the Prime Minister, my own leader—who without doubt will be our next Prime Minister—and the new members of the cabinet.

From my observation there is another feature of this debate which seems to be traditional and that is for each member to refer to his own constituency as being more favored than any other place on earth. To a man taking an objective view of this thing, for instance one of the friends of the Minister of Justice from Tasmania, these contradictory claims would appear to be ridiculous. Looking at it another way, however, it might be due to the fact that:

> Such is the patriot's boast where'er we roam,
> His first, best country, ever is at home.

If, therefore, in the course of my remarks, I seem to imply that my constituency of Norfolk is particularly blessed and the most pleasant place in which to dwell, it can be taken to mean—it is just that for those of us who live there. If it were otherwise, we would no doubt move elsewhere.

Norfolk is not like that country, described in holy writ, whose rocks are iron and out of whose hills you could dig brass, although in the early days, I believe there was an iron mine there which provided iron for the first foundry in upper Canada. Ours is not a rocky land. Our hills are wooded and the slopes are gentle, making for easy cultivation. In other words, it is mainly a county of diversified agriculture. It is the heart of the great flue-cured tobacco-growing area where the bright-leafed Virginia tobacco is grown. We also have a great deal of the area devoted to fruit growing. Apples, peaches and many other types of fruit can be grown, and all of a quality unexcelled. Other areas are devoted to dairying and general farming.

In addition to this, there are many spots which are attractive to tourists, especially along the lake shore. Many years ago a forestry station was established in that part of the country by the Ontario government. It is a place of great beauty and interest to visitors as well as being an institution of great value. A great deal of marginal land has been reforested, not only by individuals but by municipal bodies as well, through the influence of this station. It is a great mecca for tourists from far and wide. Only this year two very enterprising men from Delhi established a restricted area for a game preserve on a tract of land which, until a few years ago, was wasted by erosion. They reforested that spot, dammed the stream, and stocked the forest with game and the stream with fish. Now that area is an attractive spot for tourists.

Bounded as the constituency is on the south by lake Erie and Long Point bay, we have an important fishing industry. In fact, Port Dover is the home port of the largest and best equipped fresh water fishing fleet in the world. Fishing and farming have many problems in common. Both are subject to uncontrollable and natural hazards in the way of weather and uncertainty of markets. Fishermen also have another problem and that is the uncertainty of the incidence of desirable species of fish from year to year.

The Ontario government, with the co-operation of the Ontario federation of commercial fishermen, is making an extensive study of this matter and is carrying on experiments. It is hoped that, with greater knowledge, many of these difficulties will be overcome. This, of course, is not the concern of this government. But I would point out that an extremely severe blow was dealt to the fishermen when the Canadian dollar was raised to parity with the United States dollar. Most of the catch is sold in United States markets, and the premium which the fishermen received on United States funds often meant the difference between a profit and a loss on the year's operations.

Another thing which is the concern of this government is the upkeep of the harbours

and wharves along the lake. I have taken this matter up before in the house and I am happy to say that last year considerable work was done in the matter of dredging and repairs at Port Rowan harbour and Nanticoke harbour which lies east of my constituency. A couple of years ago in Port Dover harbour, some dredging was done which provided much-needed anchorage; but the wharf at Port Dover is in a deplorable and dangerous condition. I have mentioned this matter before. I do not intend to pursue the subject now, because I have had assurance from the minister that it will be looked after this year, and I am confident that it will be.

While I am on this subject, though, I should again like to bring to the attention of the government the matter of a ferry service between Port Dover and Erie, Pennsylvania. This is a matter of concern not only to my own constituents but to the cities and towns to the north of us in the Grand river valley, which are greatly interested. It would be a great boon to the tourist trade. It would provide a short route across the lake for the people in the thickly populated areas of western Pennsylvania and eastern Ohio. It would also provide a short route from Port Dover to a great many points in our own north country which holds such great attractions for the United States tourists.

In the opinion of the government there seems to be some physical handicap which makes prohibitive the cost of dredging for this purpose. I do not altogether subscribe to this view, but it is a debatable matter. I am inclined to think that the benefit which would accrue from this service would more than offset the cost. I understand, however, that the boards of trade of the cities and towns north of us, together with the Norfolk chamber of commerce, at the present time are looking into the possibility of overcoming this difficulty and of providing a harbour where such expensive dredging will not be necessary. I would at this time bespeak a sympathetic hearing for them when their survey is completed and they present their plans to the government.

I shall now turn to the agricultural side of the picture. I know that it is the opinion of a great many people in the country—and maybe even of some hon. members in this house—that the farmer is a chronic kicker, that he would not be satisfied even with the Garden of Eden, even if he did not have to pay any taxes. I myself do not subscribe to that view. From my observation, I do not think the farmer in this respect is any different from anybody else; and often his kicks may be far more warranted than those of others.

In the first place, the average farmer is not in the business for the purpose of making a great deal of money in a hurry. I am not arguing that some of them do not make money. At the present time, I think most of them are getting by fairly nicely. But they are farming because they like the kind of life farming provides. They like the independence and freedom of it. They do not want to be bossed around by somebody else. They want to run their own little show in their own way. They know that they must pay for this independence. They realize that they must derive their income from the sale of their goods in an open market. They realize that if they are efficient and industrious their return will be greater and that, if they are not, it will be less. They cannot go on strike and demand wages which will give them a standard of living to which they think they are entitled. They realize that this is part of the price they must pay for their independence, and I do not think they complain too much about it. What they complain of is the modern tendency to control and regulate them, to hold down the prices of their goods in order to provide cheap food for those people whose wages they are obliged to help to pay.

They know that the average farmer could probably take the money he could realize from the sale of his farm, equipment and stock, put it into some good security, go out and work for ordinary wages and make far more money, with far less work, than he can make by running his farm. I am not speaking of the specialized farmer, but rather of the average small farmer. Because he loves this independent life, he does not do that. Therefore anything that interferes with his independence is most annoying to him.

Another thing that is worrying him at the present time is the fact that he sees his markets slipping away; and he is extremely fearful that the prices for his products will drop at a much faster rate than will the prices of the things he must buy. He blames this government—and I think rightly so—for bringing this condition about.

There is another matter which makes the farmer see red, namely, the methods of the income tax department in collecting this tax. The average farmer does not object to paying his fair share of taxes; but when he receives a threatening letter, often followed up by an inspector who comes around and threatens him with heavy penalties for not filling in his income tax form for several years, he is not only worried but mad.

I was talking with one of those men only last fall. I shall not quote him verbatim—I wish I could. However, his language was most picturesque and lurid when he was

referring to some of these men clothed with a little brief authority who had come pestering him to fill out these forms. As my colleague from London (Mr. Manross) pointed out this afternoon, the average farmer cannot begin to answer the hundred and one questions asked on these income tax forms. He may have a general idea as to whether he broke even in a certain year; but when he has to tell how many hens' necks he wrung, or how many shingles blew off his barn, or how many apples the old sow ate, he just throws up his hands in disgust. Then when he receives these threatening letters for not having filed his income tax, when he knows very well he was not taxable—and I know the Minister of Agriculture (Mr. Gardiner) will bear me out in this, because he has said that not one in a dozen of them is taxable—he can see no reason why he should be troubled in this way.

The man with whom I was speaking last fall told me he had received one of these letters. Speaking with me, he said, "I cannot answer those questions, and I am not going to try". I said, "Well, you should file a return; that is the law, and there are severe penalties for not complying with regulations". He said, "Well, they cannot fine me $25 a day, because I have not got $25. If they want to put me in jail all winter, and feed me, it is all right with me". But the majority of them do not take such a philosophical view of it.

There is another feature of the income tax regulations which has proved irksome, particularly to the European-born farmers in my constituency, of whom there are a great many. These are thrifty, industrious people, and very desirable citizens. It is due largely to their industry that the tobacco-growing business has become such a success in that area. They have transformed land which only a few years ago was practically worthless into what is now the most valuable land in the county, or probably in the province.

Their farming methods, however, are slightly different from those of the average Canadian farmer, because they operate in family groups. They draw up agreements among themselves, and while these are informal they are nevertheless binding. The agreements state that the sons, when they become old enough to work, will work with the fathers on the farms until they reach the age when they wish to get married or start working on farms of their own. The fathers will set them up with sufficient capital to start out on their own responsibility. The trouble they now have is that the income tax regulations provide for taxation not only of the farmer in respect of the income derived from his own labour, but also on that derived from the labour of the whole family. He feels that an allowance should be made by way of a deductible expense in respect of the wages they would have had to pay out if they had engaged outside help. Or, failing that, they should be allowed to file their returns on a partnership basis.

I understand that last year regulations were made providing that the only way they could take advantage of this partnership basis scheme was to have a written agreement, and to have it registered. The regulation was made only last year; but these inspectors and income tax authorities are trying to make it apply as far back as 1941. These are honest people; but they are not familiar with our ways; indeed, we do not understand these things ourselves. They are worried and upset, and they are disgruntled over the whole thing.

Another matter was brought to my attention recently. I refer to the procedure of bringing curers up from the southern states. The curing of tobacco is a technical operation and requires the services of men with great skill, if it is to be done properly. For many years it has been the practice of these growers to engage the same curers, year after year. Prior to the war, all a man did was to write or wire to his curer and give him the approximate date upon which their leaf would be ready to be brought into the kiln, at which time the curer would come and go through the ordinary regulations at the border, following which he would go to work.

During the war it was necessary of course to tighten up on the immigration regulations. As I understand it, the farmers here in Canada had to apply to the Department of Labour for permits to get these men. Then the permits had to be sent to the men themselves who, in turn, would have to take them to a county agent, or the equivalent in the southern United States, thus entailing a great deal of delay and red tape. A man often had to lose a day's working time—and their time is valuable—to comply with these regulations.

This procedure is still being carried on, and the growers feel that, now that the war is over, the regulations are not necessary. They are anxious to have them eliminated so that there may be a return to the old simplified system which obtained before the war. This delay often means that the curer either arrives several days before he is needed, and has to be paid these high rates of wages or, having to go through all these regulations, he may arrive a day or two late. This is almost as serious, because when the tobacco is ready to be harvested it has to be done at the right time, and taken to the kiln as soon as possible.

Another matter has been brought to my attention, and seems to be one worthy of con-

sideration by the Postmaster General (Mr. Bertrand). I refer to the bringing up to date of the rural mail delivery service. As we know, this service was inaugurated away back in the horse-and-buggy days, when there were very few good roads. In those days the mail was delivered by horse and cart, the chief idea being to serve the greatest number of farmers by the shortest possible route. At that time the average farmer received his mail only about once a week. Yet the delivery was a great boon. However, we have now advanced a long way since those days. Most of our roads in settled districts today are well surfaced. The mail is delivered by car and the farmers feel that they should have their mail delivered at their door or their gate. It would mean very little more by way of time and mileage to the driver, but would be of great convenience to the box-holder. Often a farmer has to walk a mile to get his mail. While that might be all right so far as exercise is concerned, the ordinary farmer really does not need exercise.

Another matter was dealt with at considerable length by the hon. member for Nanaimo (Mr. Pearkes). I refer to the poultry council. I am particularly interested in the requests made by this council because the chairman lives in my constituency. The council is made up, not only of poultry men but of hatchery men, feed men, processors and dealers. They have come together to try to solve the problems of the poultry industry. They were induced by the government to expand their business during the war and since in order to take care of the overseas contracts which entailed considerable investment, and now they are greatly worried because they see that the overseas markets are likely to be lost. I just want to bring this matter to the attention of the minister, who is conversant with the requests that have been made.

Another matter which my constituents have referred to me was dealt with quite fully by the hon. member for London (Mr. Manross). I refer to the incurables and blind. We all realize that the needy old must be looked after and I think everybody is quite satisfied that an adequate pension should be paid. But after all, old age in itself is not a calamity; it is something that we are all striving to attain to, and in the ordinary course of events we can provide for it. But, when fate strikes in the form of blindness or incapacity brought about by disease or accident, it is a terrifying disaster. If anyone deserves help and comfort and assistance, it is these people.

I have also had representations from the jewelers association in my constituency. I wrote to the minister and received the answer I expected to get, an answer which I realize was the only one he could give, that the matter would be taken into consideration. I should like to add to what has been said already on behalf of these men. The men who came to see me were principally young veterans who are trying to establish themselves in business. They find themselves severely handicapped by what they consider, and I think rightly consider, an unjust and discriminatory tax. They pointed out that other luxuries are not taxed, and also that many of the things in which they deal are not luxuries but must still pay this tax of twenty-five per cent. I recommend to the minister that the tax be abolished.

Finally, there is a group of people for whom we on this side of the house have pleaded on many occasions. I refer to the imperial veterans who are denied war veterans allowances. There are a few in my constituency and there are a small number spread all over Canada. It has always seemed to me to be hard and unreasonable that the department should not grant these men, who are past the age for heavy work—many of them are not able to work at all—and who have spent their most productive years in this country, this war veterans allowance. I know that certain technical excuses are made for not doing it, but I feel that they could be overcome. The amount of money entailed would be small when compared to the millions being spent by the government on other things. For example, the Department of Veterans Affairs puts out a periodical every month. It is a nice paper, but it is mainly to advertise the department. I think it could well be done away with, and the funds required now to publish it could be put to better purpose by providing for these old imperial veterans.

Mr. H. R. Argue (Wood Mountain): Mr. Speaker, I rise to take part in this debate because I feel that there are many important matters that the people of my constituency would wish me to bring to the attention of the house. There are many important matters affecting the Canadian people at the present time which need to be emphasized in this house. Since last session a number of changes have taken place in the personnel of this parliament. We have a new Prime Minister of Canada (Mr. St. Laurent) because the Liberal party had a convention and chose him as their leader. We have a new leader of the Conservative party in the house, the hon. member for Carleton (Mr. Drew).

But there are other changes that affect the people in some localities probably as much

as the changes that have occurred in the leadership of these two parties.

As hon. members know, the constituency of Wood Mountain, along with the constituency of Weyburn, was wiped out by the redistribution last year. A new constituency of Assiniboia was formed from parts of the two old constituencies. I have the pleasure and the honour now to be the candidate in the new constituency of Assiniboia. As I have said, that constituency includes a large part of the present constituency of Weyburn. I am sure hon. members will agree with me when I say that the present member of parliament for Weyburn (Mr. McKay) and his predecessor, Hon. T. C. Douglas, now the premier of Saskatchewan, have both represented this constituency in a very excellent manner. My only hope is that, should I be successful in the election, I shall be able to represent this new constituency in the same way that Weyburn constituency has been represented in the past.

We have heard many speeches in this debate, and presumably we shall hear more. We have heard a number of speeches by the leader of the opposition (Mr. Drew). We have heard a number of speeches by the various cabinet ministers on the government side of the house. We should realize that those speeches were made following recently held national conventions of those two parties. Neither the leader of the opposition nor any member of the government has yet stated what the respective policies of the two parties are on the main issues that face the Canadian people at this time. We do not know their agricultural program; we do not know their health program if they have one, except for the speech made by the Minister of National Health and Welfare (Mr. Martin) the other day, which I believe depicted a totally inadequate program. We do not know their policy as to old age pensions, social security, and so forth.

In two of his main speeches in the house the leader of the opposition dealt with his stand during the dominion-provincial conferences. These conferences are now in the past, but the matters discussed at them are still important issues at the present time. At that time the federal government was asking the provincial governments to abandon the income tax, corporation tax and succession duty tax fields. In return a fixed minimum grant would be paid to the provinces, which grant might be increased, depending upon changes in population and the gross national production. I submit that of equal importance to the taxation proposals submitted at that conference were the proposals of the government for the implementation of a program of better health services and better old age pensions. While the conference broke up without agreement, the government has used that reason as a convenient excuse for not going forward with the social security program it placed before the conference at that time.

I want to point out that, out of ten governments assembled at that conference, eight were in agreement, seven of the provinces and the federal government. I was sorry at that time to see the present leader of the opposition, then the premier of Ontario, and the present premier of Quebec, Mr. Duplessis, would not come to an agreement with the federal government—not that their not having come to an agreement should make any real difference. But the fact that they did not agree has given the government a convenient alibi, though not a very good one, for not proceeding with its social security program.

It was stated by the then Minister of Finance, Mr. J. L. Ilsley, that the federal government wanted to maintain certain taxation fields—the amusement tax field, the gasoline tax field and the pari-mutuel tax field. He said that the fact that the provinces wanted the federal government to get out of those fields entirely was one reason why the conference broke down. However, since that time the government has withdrawn of its own volition from those particular fields. The retention of those taxation fields in 1946 by the federal government helped impede an agreement, but since then the government itself has abandoned them.

In 1946 the Minister of Finance announced that separate agreements would be signed with the provinces. As a part of the conditions of those agreements, the signing provinces agreed to levy a 5 per cent corporation tax in addition to the federal government's corporation tax, but the agreeing provinces would have the amount collected by way of the 5 per cent tax within their provinces deducted from the amount of their annual grants. This provision does not therefore affect the agreeing provinces in any way, but it means that the province of Ontario can charge a corporation tax of 5 per cent, and the corporations within the province of Ontario are no worse off than in other provinces because the Ontario government levies a tax of that amount.

The same thing applies to the succession duty field. Any non-agreeing province may levy a succession duty of 50 per cent of the federal tax, and people paying succession duties may have that deducted from their federal succession duty tax. This means that

the federal government offered to the provinces of Ontario and Quebec revenues to an extent that would make it possible for them not to sign the agreement. I think the federal government did that for a purpose. They were not interested, in reality, in implementing the proposed social security program. Therefore they made it possible for the provinces of Ontario and Quebec to remain financially solvent and thus find it unnecessary to sign the agreement.

The hon. member for Winnipeg North Centre (Mr. Knowles) asked the leader of the opposition, at page 459 of *Hansard,* whether or not his party believed in a contributory plan of over-all social security, and there was no answer to that question. Today the people of Canada want to know where the official opposition stands with regard to a social security program. In spite of the fact that they had a convention not many months ago they are not telling the country what they propose to do. At the time of the conference the federal government also said that they had a vast shelf of public works projects ready which could be launched the moment there was unemployment in Canada. Today there are almost 200,000 persons in Canada obtaining unemployment insurance benefits, and the Minister of Reconstruction and Supply (Mr. Winters) stated not so long ago in the house that the shelf of construction projects would only employ a little more than 40,000 people within a year. There are 200,000 unemployed in Canada today, and the government has a program for the employment of 40,000. I submit that shows that the government either cannot or will not face up to its responsibility, and is not prepared to meet a depression if and when it comes.

Mr. Knowles: Put the government on the shelf.

Mr. Argue: I believe the people of Canada will put this government on the shelf, and I think the government knows it.

Mr. Gillis: Don't take off a dirty pair of socks and put on a dirtier pair.

Mr. Argue: I was interested in the speech the other day by the Minister of National Health and Welfare (Mr. Martin). You know, I like the minister; he seems to have a big heart, and when he tells a story he tells a pretty tall one. It was a very tall story he told parliament the other day. He spoke of the vast amounts of money being made available for a health program in this country. Well, let us see what sums of money are being spent on health, not what the minister stated or appeared to state were being spent but the amounts shown in answers tabled in the house today in reply to questions placed on the order paper by the leader of this group (Mr. Coldwell).

On May 14 of last year the then Prime Minister announced that $30 million was being made available for a health program during the present fiscal year. Remember, Mr. Speaker, that the government which announced that $30 million health program last year is the same government that said in 1945, "We have $150 million that we will spend on a complete health program for the people of Canada." They waited from 1945 to 1948; then instead of announcing a $150 million program they announced a $30 million program, thereby carrying out twenty per cent of their undertaking to the people of Canada. But the $30 million, though little enough, would be helpful if the people could have any assurance that they were going to get it this year.

Some hon. members make a great point of the government spending by order in council money which has not been voted by parliament, and every member of this group condemns that practice. This government is continuing the practice in connection with its health program. Order in council P.C. 3409 of July 28, 1948, allocates among the provinces the $4,395,000 voted by parliament for general health grants on the basis of the 1947 intercensal population estimate; and the order in council sets forth the amounts of money that will be made available to each province. But the total amount made available to all nine provinces by that order in council is $300 more than the amount approved by this house. Here is another example of the government authorizing the expenditure of money in excess of that voted by parliament. Such a practice cannot be too strongly condemned.

Then there is another order in council, P.C. 5504 of November 30, 1948, amending P.C. 3403 of July 28, 1948. In that order in council the $13 million for hospital construction is divided among the provinces in proportion to their population according to the 1947 intercensal population estimate. That is a fair enough basis for dividing this money; but only one of the provinces has yet had approved anything near the total amount made available by that order in council. I refer to the province of Quebec. That order in council makes available to Quebec a hospital construction grant of $3,842,650. But lo and behold; in reply to the question of the hon. member for Rosetown-Biggar (Mr. Coldwell), the minister says that instead of $3,842,650 having been approved, the grand total is $5,427,552. Somebody is approving grants to the province of Quebec for the construction of hospitals far in excess of the

amount allocated by parliament and apportioned by order in council. This gives to Quebec 142·7 per cent of its share of that hospital grant. New Brunswick has had approved absolutely nothing. The province of Saskatchewan has allocated to it the magnificent total of 1·1 per cent of the grants approved by the order in council. Up to February 28, 1949, the total amount made available and paid to the provinces for purposes of hospital construction was $1,194,693.15. A few days ago in the house the Minister of National Health and Welfare stated that approval of grants had been given for the construction of 6,401 hospital beds which, on the basis of the money so far made available to the provinces, is at the rate of $186 per approved hospital bed. At the time the statement was made last year as to the government's program, the house was told that $1,000 would be made available per hospital bed for the treatment of ordinary cases and $1,500 per hospital bed for the treatment of chronic and convalescent cases. Surely what has been done is far short of an adequate health program.

I would remind you, Mr. Speaker, that the $30 million approved by parliament last session, if it is to be available this year must be spent before March 31. Eleven months of the fiscal year have passed and we have one month to go. In the eleven months that have passed the minister has spent only $2,086,957.29. In 1945 this government said to the people of Canada, "We have ready a program which will give you $150 million for health services". They waited until 1948 before doing anything, and then cut the $150 million to $30 million. Then they waited until now and, with only one month left in the present fiscal year, the $30 million has become $2 million. I say that kind of deal for health services is wholly inadequate.

If the government had initiated its complete health program, the province of Saskatchewan, which has attempted to go forward with a hospital program of its own, would have found the cost of that program very much less. Today families in Saskatchewan must pay for hospital services up to a maximum of $30 per family, but if the federal government had implemented its promise to the people of Canada the $30 could be cut by sixty per cent or from $30 to $12. The people of Saskatchewan want a health program but they are getting little help from this government.

[Mr. Argue.]

This government, Mr. Speaker, has done very little in the way of providing adequate health services and has done almost nothing by way of providing adequate pensions, but it is still collecting enormous income taxes from many poor people. Imagine the exemption today being as low as $750 for a single man and $1,500 for a married man. These exemptions were first applied on January 1, 1947, more than two years ago. The exemptions have not been increased within that time, yet the cost of living has increased from 127 to 159·6. There has been an increase of 32·6 points in the cost of living within the last two years, but the government maintains the same income tax exemptions that it applied two years ago.

The income tax, Mr. Speaker, is a heavy burden on farmers, on workers, and on small businessmen alike. The average person cannot live decently and buy the necessities of life when the exemption from income tax is as low as it is at present. The C.C.F. group believes the exemption should be increased to at least $1,250 for a single person and $2,500 for a married man.

I come now, Mr. Speaker, to a discussion of the government's wheat program. No member from the prairies can do his duty in this house if he does not bring before parliament the thoughts of his constituents about this most important commodity. The British agreement has been receiving a lot of abuse. The Conservative party has now come out for the opening of the Winnipeg grain exchange and for a dual system of marketing grain. One would think, from their speeches, Conservatives had nothing to do with the wheat agreement, that they had condemned it wholly and completely from the start. The present member for Neepawa (Mr. Bracken), then leader of the Conservative party, said, referring to the wheat agreement in this house on August 14, 1946, as recorded at page 4811 of *Hansard:*

> Any agreement such as this which tends to level out the inequalities, and the wide fluctuation of prices in the past, is a step in the right direction.

That is what he said about the agreement, that it was a step in the right direction. The members of this group supported that agreement. We shall always support, Mr. Speaker, commodity agreements between governments for the sale of agricultural products, but we say now, as our leader said at that time, that the farmers of Canada should be given parity prices. An international agreement for wheat, amongst other advantages, is one very effective instrument for closing the Winnipeg

grain exchange. You can talk to any farmer in the west and you do not have to go into a long discussion about the advantages or disadvantages of the grain exchange. He will tell you very quickly that he has always been skinned when selling his grain by that method in the past and he does not want it now. And he will not want it at any time in the future.

On motion of Mr. Argue the debate was adjourned.

Business of the House

BUSINESS OF THE HOUSE

Mr. Graydon: May I ask the acting leader of the government what the business tomorrow will be?

Mr. Fournier (Hull): We will continue with this debate.

At 10.30 p.m. the house adjourned, without question put, pursuant to the order of the house passed on February 22, 1949.

HOUSE OF COMMONS

Friday, March 4, 1949

The house met at three o'clock.

Mr. KARL HOMUTH

WELCOME TO MEMBER FOR WATERLOO SOUTH ON HIS RETURN AFTER SERIOUS ILLNESS

Mr. Rodney Adamson (York West): Mr. Speaker, the house frequently takes time to pay tribute to one of its members who has died. This day I should like to pay tribute to one of its members who has refused to die.

The presence here today of my deskmate, the hon. member for Waterloo South (Mr. Homuth), is a tribute not only to Canadian surgery, but also to a great and fighting heart.

HOUSING

INTEGRATED PLAN—STATEMENT AS TO MODIFICATIONS

Hon. Robert H. Winters (Minister of Reconstruction and Supply): Mr. Speaker, on Thursday, February 24, I advised the house that the integrated housing plan was under review in the hope that some modified form could be arrived at to overcome certain difficulties which had occurred in isolated cases during 1948. For reasons which I will mention, no applications for integrated housing contracts have been accepted since December 31, 1948. It has now been decided, however, to proceed with the plan, with certain changes.

The integrated housing plan was developed in 1945 to encourage builders to construct moderate-priced houses for sale to veterans. Under the plan the builder entered into an agreement with the corporation by which he agreed to build a specified number of houses of a certain type or types, and to offer them for sale to veterans at or under the maximum selling price set out in the agreement.

Central Mortgage and Housing Corporation for its part agreed to arrange priority assistance for the builder, and to purchase any house that he was unable to sell to a prospective house owner, at a price which would cover the estimated costs of construction and the cost of the land upon which it was built.

The agreement required that the builder should finance the construction of his houses by loans under the National Housing Act. Thus the plan consisted of an agreement between the contractor and the corporation, which refers only to the sale price to the purchasers and the corporation's commitment to repurchase. On the strength of the agreement, the builder obtained the financing from lending institutions who were doing business under the National Housing Act.

More than 13,000 units have been undertaken under the plan, and almost all of those completed have been sold. We have acquired under our repurchase commitment forty-three housing units, as of the end of the year. Despite the fact that the plan has for the most part gone well, there has been adverse criticism because of the fact that some veterans —about one hundred in all—have been in danger of losing down payments made to the builder, or have had to pay higher prices than contemplated by reason of the contractor being unable to complete the house because he experienced financial difficulties. The plan is in essence a price-fixing arrangement, and there is no direct contact between the purchaser and the corporation. Nevertheless some purchasers have relied on an assumption that the agreement between the builder and the corporation would give them protection, and have not taken normal precautions in their dealings with the builders. While there is nothing in the arrangement that justifies this assumption, the government feels that it would not be prudent to proceed with the plan without taking steps to correct this situation by reducing the possibility of its recurrence and making provision for remedial action where failure does occur in the future. To accomplish this purpose I believe that contractors should not accept down payments before completion of the house, or alternatively, that down payments accepted before completion of the house and its delivery to the prospective purchaser should be trusteed. In addition a provision must be included which will permit the corporation to obtain control of the property as soon as difficulties of the kind mentioned occur, so that remedial action may be taken.

Because of the foregoing, and because it is desired to have the integrated plan proceed, the following modifications will be made:

(a) Provision will be made in the integrated agreement that sales shall not be finalized until the house is at least ninety per cent completed.

(b) That down payments by the purchaser shall be placed in trust immediately by the contractor until the completion of the sales transaction and the delivery of possession to the purchaser.

(c) That in support of his application for mortgage advances the builder shall produce paid bills for construction materials that have gone into the house, or lien waivers from the suppliers of such materials.

(d) That the builder shall deliver to the corporation, when the house has reached the first-floor joist stage of construction, a conveyance of the property, to be held by the corporation until a sale has been arranged to a prospective house owner, or until the property is taken over by the corporation under its commitment to purchase it from the builder. This will give the corporation effective control of the property during the period of construction.

(e) Because most builders rely upon down payments, now to be trusteed, for working capital, the corporation shall advance to the builder at the time it gets the conveyance—that is, at the first-floor joist stage of construction—the difference between the loan under the National Housing Act and the sale price to the corporation. This amounts to approximately half the down payment that will be made by the purchasers. This sum will be recovered by the corporation from the builder on sale of the property to the prospective house owner.

The arrangement which I have outlined introduces a number of new features which are restrictive to builders, and we have not yet received the reaction of the trade. Accordingly we will again review the plan as to its manner of working and in the light of the veteran demand for houses under it.

Mr. Lockhart: May I ask the minister one question? He has completely overlooked any mention of inspection.

Mr. Chevrier: Where is the question?

Mr. Lockhart: Now, don't get in the mood you were in yesterday.

Mr. Chevrier: The mood was on the other side, not on this side.

Mr. Lockhart: I should like to know if the matter of inspection is covered, because the minister knows that some serious things have happened in my district. Is inspection being looked after?

Mr. Winters: The same conditions with respect to inspection prevail.

Mr. Johnston: May I ask the minister a further question in that regard?—because this serious condition has prevailed for some time. I thank the minister for the statement he has made, outlining the revision of the plan, but I should like to know whether the new arrangement will apply to buildings now under construction under the integrated plan.

Mr. Winters: If the down payment has already been made to the contractor, this arrangement cannot be effective.

Mr. Johnston: Was it contemplated that assistance would be available under this housing plan where a builder should find himself in difficulty? Is any arrangement being made to protect him?

Mr. Winters: All these cases are under review, such as that of the Bow River Construction Company in Calgary.

Mr. Timmins: Will the minister state how many applications by builders have been made in connection with integrated housing since the department stopped accepting applications?

Mr. Winters: I cannot answer that question now.

CAMP HILL HOSPITAL

REFERENCE TO QUESTION AS TO CONTRACT FOR ALTERATIONS TO ANNEX

On the orders of the day:

Hon. Alphonse Fournier (Minister of Public Works): Yesterday the hon. member for Queens (Mr. McLure) asked the following question, as reported on page 1093 of *Hansard*:

> I should like to direct a question to the Minister of Public Works, or the Minister of Veterans Affairs. Were public tenders called for the alterations to Camp Hill hospital annex at Halifax, and if so, when, and what was the contractor's price?

Public tenders were called at the beginning of 1945, and were received on April 18, 1945. The following are the bids that were made:

E. G. M. Cape and Company Limited	$1,934,921
Fundy Construction Company, Halifax ...	1,991,000
Nova Scotia Construction Company	2,133,600
Foundation Maritime Limited	2,192,837

On May 15 the contract was awarded to the lowest tenderer, E. G. M. Cape and Company Limited.

HOUSE OF COMMONS

EASTER ADJOURNMENT

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a question to the Prime Minister. To those of us who come from the farthest parts of the country the date and length of the Easter recess may be of greater interest than they are to those who are privileged to go home over the week ends. In view of the variety of opinion expressed in

the press as to the possible length of the recess, is the Prime Minister in position to let us in on the secret?

Right Hon. L. S. St. Laurent (Prime Minister): There is no secret about it. I have been talking to the whip on our side, and he tells me that he has been discussing the matter with various members but finds that there is perhaps as great a divergence of opinion as there is in the newspaper stories. No decision has been arrived at, but it does seem to me that we have to choose between a short recess at Easter, perhaps from Good Friday to Easter Monday, and one that would give hon. members from all parts of the country an opportunity to go home if they saw fit to do so, thus necessitating a recess of a couple of weeks.

I think if we are to have the longer recess it might be just as well to take both the week before Easter and Easter week. In any event they are both only partial weeks. Such a recess would give hon. members from all parts of the country time to get to their respective homes and have a few days there before being required to come back. The choice between the alternatives will probably have to depend upon what progress we can make in the meantime, because the business of parliament will have to be discharged. I hope we shall have made such progress that the longer recess will appear to be justified, not only to ourselves but to the public.

TRADE WITH BRITAIN

REPORTED DECLARATION OF WHEAT AS SURPLUS IN UNITED STATES

On the orders of the day:

Mr. T. L. Church (Broadview): I should like to ask the Minister of Agriculture (Mr. Gardiner) a question. Has the government any statement to make on the recent report by Charles F. Brennan, secretary of agriculture in President Truman's cabinet, that he was declaring wheat a surplus commodity in the United States under the European recovery program? What reduction will it make in—or will it eliminate entirely—Marshall plan dollars for the purchase in Canada of non-American wheat? How will it affect Canada?

Right Hon. L. S. St. Laurent (Prime Minister): Information did come to us this morning, although not officially, about this statement by the secretary of agriculture in the United States that wheat was surplus. We were somewhat disturbed about it, although it would appear that the appropriations being urged upon congress at the present time for United States dollars in aid of the recovery of the United Kingdom are not being reduced.

Of course those United States dollars are important, perhaps essential, to the recovery of the United Kingdom; but they are only a portion of the dollars the United Kingdom government has for its requirements abroad It may be that it is more important to the United Kingdom that the number of United States dollars under ERP remain the same than it is to have them attributed to any special commodity.

I hope that whatever is done will not affect the capacity of the United Kingdom to carry out those contracts it has made with us, both for 1948-49 and for 1949-50. It should not affect the capacity of the United Kingdom to carry out those contracts if the same number of ERP dollars is available to pay for part of the requirements of commodities the United Kingdom must import.

Mr. Coldwell: Will the government consider making a statement to the house, as requested by me some time ago, as to ways and means of increasing British exports to Canada, in order that Great Britain may have the dollars to meet her needs for the commodities which we have to sell?

Hon. Douglas Abbott (Minister of Finance): If I may reply to the question, I had it in mind to speak on that question in this debate, because it has been raised on a number of occasions. I had intended to outline to the house the numerous ways in which for a number of years past Canada has made special efforts to encourage the importation of United Kingdom goods. I am not prepared to say whether I will do that in this debate or at a later stage—possibly in the course of my budget remarks. But I want to make the statement now: there is no real impediment to the importation of British goods into Canada, other than the difficulty which, understandably, the United Kingdom is experiencing in expanding her production of goods which we require, and placing them in the Canadian market at competitive prices.

Mr. Coldwell: What about the non-discriminatory clause of the Geneva agreement?

Mr. Hackett: At competitive prices.

Mr. Abbott: I said that.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed from Thursday, March 3, consideration of the motion of Mr. D. F. Brown for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto of Mr. Drew, and the amendment to the amendment of Mr. Coldwell.

Mr. H. R. Argue (Wood Mountain): Mr. Speaker, when the house rose last night I had been dealing with a number of subjects, one of which was the policy of the government in respect to improving health facilities throughout Canada. I had referred to a number of orders in council that had been passed by the government. One particular order in council provided for an increase—

Mr. Speaker: Order. I must say to hon. members that there is so much noise in the house that the hon. member who has the floor cannot be heard.

Mr. Argue: One of those orders in council authorizes an expenditure of money in excess of the amount appropriated by parliament. Such a practice cannot be too strongly condemned. Another order in council divided the appropriation for hospital construction grants among the provinces according to the population of the province based on the 1947 intercensal estimates. Of the total of $13 million available, that basis of division gave $3,842,650 to the province of Quebec; but, according to answers tabled yesterday by the Minister of National Health and Welfare (Mr. Martin), the province of Quebec has had approved not $3,842,650 but $5,427,552. I do not object to the province of Quebec getting that sum of money if it is voted by parliament. I would support such a move, but I do object to the government's approving for hospital construction in any province an amount of money larger than the amount approved by parliament and allocated by order in council.

I should like to refer to another part of the speech of the Minister of National Health and Welfare in which I think he was attempting to take unto himself and the government a great deal more credit than they deserve. On page 839 of *Hansard* he said:

> I feel I may say that the new energy put into research by the national cancer institute and the national health program brings the money available for health research this year to an all-time record of more than $1,250,000.

Last session the government asked parliament to approve for health research an amount of only $100,000. Of the $100,000, up until the end of the first eleven months of the present fiscal year only $5,850 had been spent. The minister is shaking his head, but if he will look at the return that was tabled yesterday he will see that is correct. I have it in my hand, and it shows that the total spent for public health research is something less than $6,000. With an expenditure of less than $6,000, the Minister of National Health and Welfare is attempting to take credit for an expenditure of more than one and a quarter million dollars for health

research. I submit that the whole speech of the minister was a gross exaggeration when dealing with the government's supposed accomplishments.

I also discussed to some extent last night the wheat policy of the government, and I was about to refer to the stand taken by the leader of the C.C.F. group, the member for Rosetown-Biggar (Mr. Coldwell), when the Canada-United Kingdom wheat agreement was being debated in the house. I quote from page 4825 of *Hansard* of August 15, 1946:

> I believe the government would be well advised to consider this suggestion: that, in the event of the costs of production rising for the next few years, as they will do largely because of the government's failure to maintain the ceilings, any difference there may be between what the farmer receives for his wheat and the increased cost of production should be made up out of the consolidated revenue fund of Canada.

Costs of production were much lower in August 1946 than they are today. The general wholesale price index, which is the index of the prices of all commodities, was 109·3 at that time. The index for January 1949 is up to 159·3, an increase of 50 points. The C.C.F. group believes that a compensatory payment should be made to farmers, and if it is made on the basis of the increase of 50 points in the wholesale index, then farmers should be given at least an additional payment of 71 cents a bushel.

Our farmers believed that when the price for the last year of the wheat agreement was being discussed a figure would be decided upon taking into consideration the "have regard" clause, the clause which says that towards the end of the contract a figure for the last year will be arrived at which will take into consideration whether or not the prices in the first years of the contract were below world prices. We shall soon be facing a general election. The Minister of Agriculture (Mr. Gardiner) knows very well that the most important issue in the prairie provinces in any election is the question of wheat prices. If he expected to obtain a substantial payment on account of the "have regard" clause, I think an announcement would already have been made. I submit that the "have regard" clause amounts to very little, and possibly will amount to nothing—not through any fault of the British, because Britain cannot pay dollars she does not possess. I say, however, that the government should have regard to the farmers of Canada, and because of the "have regard" clause in the contract the government should see to it that the farmers receive a fair price for their wheat, a price in accordance with world prices that have prevailed for the duration of the contract.

I was sorry to hear the announcement by the Prime Minister (Mr. St. Laurent) in which I understood him to state that wheat was being declared a surplus commodity in the United States. I am afraid this action may place our whole British market in jeopardy. As I have understood it from press reports in the past, as soon as any agricultural product is declared surplus in the United States, ERP dollars cease to be available for the purchase of that commodity in any country other than the United States. If that policy is followed I am afraid our whole wheat market is in serious danger.

Another question of deep concern to the people of the prairies is the adoption of a scheme which will adequately protect them in time of crop failure. At every session since I became a member of parliament I have asked for changes in the Prairie Farm Assistance Act which would make payments available on an individual basis. The government surely know that under the present act many farmers are discriminated against, though in fact they have crop failures, because they cannot come within the provisions of the act. One farmer may have a complete crop failure, but because the farmers around him had good crops he cannot qualify for the prairie farm assistance payments. I have received a number of complaints about this legislation in the past, but this session I had a new one. Farmers in a particular township where the yield was just over eight bushels per acre complained that other surrounding townships received prairie farm assistance payments, but that since none of the townships directly alongside them qualified, they were unable to qualify under the act. These farmers pointed out that townships diagonally across from them received the payments, and that portions of townships alongside them were declared within the bonus area, but they were excluded. Therefore while blocks of other townships in the immediate vicinity were brought under the provisions of the act, the farmers in the particular township of which I speak could not qualify for these crop failure payments.

The whole act needs to be completely revised. There have been many inequalities in the past, and there will be many more in the future if the act is not completely overhauled so that payments may be made on an individual basis. Only in this way can fairness and equity be brought about. On the basis of present prices and costs of production the maximum payment of $2.50, even if it is obtained, is far short of being sufficient to provide the farmer with enough money to carry on his operations. Again this session, as I have done at every previous session since I first came here, I urge that the payment should be increased from a maximum of $2.50 an acre to at least $6, and that payments should be on an individual basis.

I see, Mr. Speaker, that my time has expired. There are many other problems I should have liked to discuss, but I shall deal with them at another time.

Mr. Thomas Reid (New Westminster): Mr. Speaker, in rising to take part in this debate, while there are other matters I wish to deal with, I should like first of all to make some comment on the remarks made by the last speaker, the hon. member for Wood Mountain (Mr. Argue). Last evening, just as he was beginning to deal with the national health program, I came into the chamber from a conference; I listened intently to what he had to say; I read his remarks carefully in *Hansard*, and I have listened this afternoon. I cannot help coming to the conclusion that he must be so much interested in the new riding he is going to contest that he has been blind to the actual facts of the case.

Mr. Argue: Then you tell me.

Mr. Reid: Now, Mr. Speaker, if there are to be any interruptions, let me in on the free-for-all; I think I can take care of myself.

Mr. Smith (Calgary West): And everyone else.

Mr. Reid: You know that, too. Not only was the hon. member for Wood Mountain eager to condemn and criticize the dominion government; he is one of the few men belonging to that party who by his remarks has actually condemned the government of the province of Saskatchewan, as I shall prove very shortly.

In his remarks this afternoon the hon. member covered somewhat the same ground that he covered yesterday. You know, Mr. Speaker, that doctrine came from Europe; if you tell a certain kind of story often enough and loudly enough you will get some people to believe it. Perhaps that is why the hon. member went over the same ground this afternoon.

When he began his remarks yesterday the hon. member uttered one of those left-handed compliments which really looks like a compliment until you get the rest of it, and then you see it is really a kick in the pants for the one he is speaking about. He said he liked the Minister of National Health and Welfare (Mr. Martin); then he went on to refer to the minister's statement in the house last week as a tall story. Well, I can tell you that it was a story of accomplishment by the dominion government, a statement of actual facts; and I think that any fair-minded man reading the speech of the minis-

ter would agree that he was careful to give every bit of credit possible to the various provincial governments for what they have done in the matter of health. I do not think it is fair to say the minister was taking glory to himself.

The hon. member said that the $30 million health program had been in effect for eleven months. That is the first error in mathematics I am going to correct. The $30 million was approved on June 30, 1948; and why a member of parliament would rise in his place and deliberately say it had been in effect for eleven months, when any schoolboy of eight or more would know it was not eleven months from June 30 to the beginning of March, is something I cannot understand.

That was the first misstatement. Then the hon. member went a little further and tried the old trick we have seen before of setting one province against another. He mentioned the province of Quebec and what it is getting, but there again he was all wrong. If he had been more careful and not so biased, with his mind made up to simply damage and criticize the government, he might have noticed the difference between allotment and expenditure. Under the new national health program introduced and being carried out under the able administration of the Minister of National Health and Welfare, the allotment for hospitals is on a cumulative basis. This enables any provincial government to come forward with a one or even five year hospital scheme if that is their desire; but no provincial government will receive more at the end of five years than it is entitled to under the national health program.

To make the statement that the province of Quebec has got away with more money than the province of Saskatchewan is untrue, Mr. Speaker, in the light of the actual facts. If the hon. member was not aware of it, he should have been.

Mr. Argue: May I ask the hon. member a question?

Mr. Reid: I do not mind answering questions. I know the hon. member was making a speech for the backwoods last night, so I kept quiet.

Mr. Argue: You can't take it.

Mr. Reid: I can take anything you can ask.

Mr. Argue: If the parliamentary assistant does not want to answer a question, I shall not press it.

Mr. Reid: Let us have the question. I hope it is a sensible one.

Mr. Argue: Is the parliamentary assistant aware of the fact that the minister stated on page 835 of *Hansard* that projects had been approved for the province of Quebec to the amount of one hundred per cent of this year's grant, when in fact the projects approved amounted to more than one hundred and forty per cent?

Mr. Reid: I have not that copy of *Hansard* before me. I do know, however, that if the minister so stated, it is correct. I repeat that what the hon. member stated is not correct.

Coming back to the province of Saskatchewan, it surprised me a little to listen to a member of the C.C.F. group condemn his own province. Is any member of this house going to insist that the dominion government, under the national health program, should go to every province, prodding the authorities and ask them if they will come under that program? Under the British North America Act, health and education are entirely within the provincial prerogative. Not having reached an agreement with the provinces, the provinces might have had to wait, but under the new plan the dominion government has gone far in an endeavour to assist the provinces. Wherever it appeared to be necessary, the Minister of National Health and Welfare has been good enough to send efficient officers to the various provinces to explain the dominion scheme to them.

Everyone who knows anything about what is happening in Saskatchewan must give the authorities and the people of Saskatchewan a great deal of credit for what has been accomplished in the matter of hospitalization and social services. I say that in all fairness. The province from which I come is endeavouring to emulate what has been done in Saskatchewan, because we believe a fair standard has been set by that province. It is true that according to the table appearing at page 1087 of *Hansard*, Saskatchewan has only received 1·1 per cent of the hospital construction grant. This is simply due to the difficulties experienced by that province, as well as other provinces, in sending in accounts for projects. This table reveals the exact picture of the projects that had reached the hands of the minister at the time it was made up.

Mr. Coldwell: May I ask the parliamentary assistant a question? Is it not a fact that the province of Saskatchewan completed so many projects at its own expense that it is now being discriminated against because it cannot get part of this grant?

Mr. Reid: The question of discrimination in hospital grants is a matter of debate. For instance, under the national health program there is $30 million available, and there is an allotment for the various schemes, as the leader of the C.C.F. knows. He may argue, as some do, that in Saskatchewan more hospitals have been built than in most of the other provinces, and that the province is therefore

unable to reap the benefits of the scheme as other provinces are able to do. Would the hon. member say that Saskatchewan has reached the ultimate with regard to hospital construction and hospital beds?

Mr. Coldwell: No.

Mr. Reid: I do not think he would. I am merely pointing out, to the member who made the derisive remarks last evening about the dominion government's scheme, that all the government can do after providing the $30 million is to hope that the provinces will come forward and accept these grants as quickly as possible.

Today I have received a copy of a telegram from the province of Saskatchewan. If the table presented by the minister were presented next week, it would show that twenty-eight additional hospital projects have now been approved by the Department of National Health and Welfare. These projects were approved only the other day. It would also show that a cheque for $234,000 had been sent to the province of Saskatchewan, which would materially alter the schedules we produced in *Hansard*. I am bringing this fact to the attention of the house, because I believe the member for Wood Mountain, wittingly or unwittingly, overlooked the fact that there is a difference in the schedule, as anyone could see who turned the page to the table showing commitments and expenditures. Commitments are one thing, expenditures are another. But is any member of parliament going to say that the dominion government should hand over money before the province is entitled to it? It would be a most unfair thing if the government were to hand out funds before the projects were approved and expenditures made.

Mr. Gillis: What about New Brunswick? It drew a zero.

Mr. Reid: That is another story. We are hoping that not only New Brunswick but the other provinces which have not yet reached a high scale of health facilities will be encouraged and enabled under the $30 million program to bring up the standards of health of their people.

Mr. Gillis: I did not mean that as sarcasm. I merely wanted the explanation.

Mr. Stuart (Charlotte): On a point of privilege, Mr. Speaker, two or three statements have been made about hospital schemes not being adopted in my province. I do know that schemes are being considered in many parts of the province, and in my own constituency a project is being considered which calls for the building of a hospital that will cost nearly a million dollars.

Mr. Brooks: One of the reasons is that we need a new health department in New Brunswick.

Mr. Speaker: Order. May I take advantage of this occasion to suggest to hon. members that it would be fair to allow the hon. member for New Westminster to speak for more than forty minutes, because of the interruptions that have occurred.

Mr. Reid: In answer to the last member who spoke, I may say that I can find little fault with what is happening in New Brunswick. Judging from the information which I have received, it is my opinion that the minister of health in that province and his deputy are among the finest in Canada.

I now come back to where I left off regarding misstatements made by the hon. member for Wood Mountain (Mr. Argue), and point out to him that it was not eleven months. It was only eight months.

Mr. Argue: Eleven months of the fiscal year.

Mr. Reid: Yes, but that is a cute way to put it for the people in the backwoods, Mr. Speaker. All hon. members know that it is put out for the consumption of the men in the backwoods. It was eight months of the fiscal year. We were setting up a program.

Mr. Coldwell: Saskatchewan is not in the backwoods.

Mr. Gardiner: Saskatchewan was under a good Liberal government for a long time.

Mr. Coldwell: We shall talk about that at some other time.

Mr. Reid: He is just a little wrong in his arithmetic, because on page 1136 of *Hansard* he said:

> Up to February 28, 1949, the total amount made available and paid to the provinces for purposes of hospital construction was $1,194,693.15. A few days ago in the house the Minister of National Health and Welfare stated that approval of grants had been given for the construction of 6,401 hospital beds which, on the basis of the money so far made available to the provinces, is at the rate of $186 per approved hospital bed. At the time the statement was made last year as to the government's program, the house was told that $1,000 would be made available per hospital bed for the treatment of ordinary cases and $1,500 per hospital bed for the treatment of chronic and convalescent cases. Surely what has been done is far short of an adequate health program.

This is a gross misrepresentation of fact. The hon. member has divided money actually paid out by the number of hospital beds approved, instead of dividing the amount of construction approved by the number of beds approved, which would mean about $1,000 and not "$186 per approved hospital bed."

Mr. Argue: How many beds?

Mr. Coldwell: That was not clear in the return.

Mr. Reid: These are facts, Mr. Speaker. A proverb in the country from which I come says, "Facts are chiels that winna ding".

I think I have covered most of the statements made by the hon. member in his criticism of the dominion program of national health. I spoke of the $30 million program; He however chides the government for offering a $150 million program in 1945, and then he says that all we got was $30 million. I think every hon. member is aware—but again the man in the backwoods might not be aware of it—that there were two provinces which would not agree. The hon. member told us that in his speech. Having stated that, he keeps on saying that all we got was $30 million. I agree that, until we got the nine provinces to agree, the offer made in 1945 could not be carried out because health and education are two matters within the jurisdiction of the provinces.

Mr. Argue: Offer separate agreements.

Mr. Reid: When the dominion government found itself up against the impossibility of reaching an agreement with all the provinces, should it have sat down and done nothing? Should it have said, "Well, we cannot do a thing about it until all the provinces agree"? No. The dominion government, realizing that it had an interest in national health, and that many municipalities were in need of assistance, made available $30 million. But they could not go to the provinces and tell them that they must do this and that, but they did the next best thing. The sum of $30 million was appropriated under certain definite agreements, of course. Every inducement has been offered to the provinces to take advantage of the $30 million; I can say without fear of successful contradiction that there has been an uplift already in the health services of the people of this country since the inauguration of the new health plan.

I think I have pretty well covered the remarks made by the hon. member, but I want to repeat, as he repeated in his statement, that it is a little unfortunate that he takes a left-handed crack at the province from which he comes, because that province is having some difficulties, as are some of the other provinces, in the matter of commitments, expenditures and finances. When he says that Saskatchewan has allocated to it the magnificent total of 1·1 per cent and that Quebec has received a great deal more, I say that he has done his province a great injustice.

Mr. Argue: Nonsense.

Mr. Reid: Yes, a great injustice.

I wish to deal with one or two other matters before I take my seat. This is my nineteenth session in the House of Commons. I have sat under three Prime Ministers, two leaders of the Liberal party, and six leaders of the Progressive Conservative party. There is no doubt that the house has taken on a little more life this session; some say it is because it is a pre-election year. That may be so; but it has taken on some life because of the fact that we have two new leaders in the house. I am not going to criticize the many statements made by the leader of the opposition (Mr. Drew), except to say that he comes into the house at a little disadvantage when compared with the present Prime Minister, the new leader of the Liberal party.

Mr. Jackman: We won't swap, though.

Mr. Reid: I wish the hon. member would read a little more scripture. There he would find that he that ruleth his spirit is better than he that taketh a city. Mind you, they must have had somewhat the same kinds of men back in those days. There is one thing I shall say about the new leader of the Liberal party. Whatever the new Prime Minister says in Quebec or in any other province, he will say exactly the same in British Columbia. I well remember, and so does every other hon. member from British Columbia—I think they will agree with me in this, if not openly, at least in their hearts—that as members of the Liberal party, at almost every election when the hon. member for Glengarry (Mr. Mackenzie King) was the leader and Prime Minister, we were told by electors, for example, "We think you are all right, Tom, we have nothing against you; but that leader of yours is always catering to the province of Quebec. And so I do not think we can very well vote for him." When we ask them now about the province of Quebec under the new leader of the Tory party they are silent out there. They will not tell you anything about—I was almost going to say—the alliance with Duplessis. It comes very close to that. In the forthcoming election we shall not now be accused or have the same kind of misstatements that have been thrown at us previously.

I do not know whether it would be wise to say what I am about to say, but I see my hon. friend sitting across the way. We as Liberals in British Columbia would be a little more uneasy in our minds if the hon. gentleman from Saskatchewan had obtained the leadership. I think the hon. member for Nanaimo (Mr. Pearkes) was right in his address when he said that people clear across the country were crying, "We want John; we want John!"

Mr. Pearkes: Mr. Speaker, on a question of privilege, I think the hon. member is trying to insinuate that the hon. member for

Lake Centre (Mr. Diefenbaker), and perhaps myself, were not loyal to the present leader of this party.

Some hon. Members: No, no.

Mr. Reid: They are using the old Tory tactics. No reasonable man could take that out of my speech, and he knows it. When the Lord accused His disciples they all began to protest: "Lord, is it I?"

Mr. Fulton: We have watched your tactics too long not to know what you intend to do.

Mr. Reid: Well, I heard a voice over there, but it did not say a great deal.

Some hon. members in the debate have delved into the past. The imperial conference has been brought out again. I am not one who likes to delve into past history, because I do not believe the people are interested in it. Let me give a striking example. During the last by-election in Yale, letters were sent throughout the constituency from Mr. Grote Stirling and from others telling about the imperial preference on apples, and blaming the Liberals. One has only to look at the results to realize whether they did any good. Now we hear it being raised again. I have mentioned it simply because an hon. member has been interrupting me—and one who was not in the house at that time. But I did have the privilege of sitting in the house all through that debate; and let me tell him there is some difference between sitting here, listening to it and taking part in it, than there is in reading it. I was one who at that time listened to and took part in that debate.

Sometimes I think those who came to the House of Commons later, and who have read about these things, misconstrue the stand taken by the Liberal party of that day. Our stand was that the late Lord Bennett endeavoured to put a ring around the British empire, to the exclusion of all other countries. As a matter of fact, in Calgary he said on October 26, 1932:

> One thing was certain, that nations outside the empire will be asked to pay some tribute for the privilege of trading with the empire.

And if anyone wishes to read about that, let him go to the library and read the debates of the House of Commons for 1932 and 1933. He would find out what British statesmen thought of that conference. He would learn what some of the finest newspapers of that day in Britain thought of the conference. But the one interesting thing about that debate, and about those years in the House of Commons, is that the Conservative party of that day were telling us all the time that the condition between 1930 and 1935 in Canada was due to world conditions. But the minute the Liberal party took office in 1936—"Oh no, the Liberal party was to blame". So long as they were sitting over here it was due to world conditions; but when we assumed office —well, of course it was all switched, and it became the responsibility of the Liberal party.

I have listened in this session to many speeches which, I must say, somewhat amazed me. Speaker after speaker has risen in the house and in the same speech has advocated in one breath more and greater expenditures and, in the next breath, a reduction of taxes of all kinds—luxury taxes, income tax and excess profits tax. I am frank when I say that I just cannot understand that kind of doctrine, at all, not but what some changes will have to be made.

What are some of the things they have asked for?—to build schools; to help with teachers' salaries; to build the trans-Canada highway. And, in passing, let me say something about that. If anyone will look at the records of the House of Commons for those years he will find that many Liberal members, then sitting in opposition, pleaded with the then government to build the trans-Canada highway and thus employ the thousands upon thousands of men who were on relief, rather than keep them in camps. The dominion government of that day spent $176 million—and today there is nothing to show for it. There is nothing at all to show for it.

But now they come along and urge the dominion government to build a trans-Canada highway. In addition to that, we hear some advocating expenditures for irrigation dams, higher family allowance payments, pensions and assistance for incurables, increased old age pensions, which I am in favour of, the building of more low-rental houses, the building of ships for a merchant marine. All this takes money. I must confess, if I knew more about social credit perhaps I could explain how this could be done without increasing taxes.

Some hon. Members: Hear, hear.

Mr. Reid: But I do not know. And I am one of the few members in the house who have never ridiculed the Social Credit party. I have always maintained I did not understand it.

Mr. Blackmore: Too bad.

Mr. Reid: But when the hon. member for Calgary East (Mr. Harkness) was speaking the other night and gave us the glowing account of oil wells brought into production, the thought went through my mind: They are going to get their $25 in Alberta yet.

Probably it will not be from social credit, but it might be from those good oil wells to which the hon. member referred.

Mr. Harkness: They may pay more than that yet.

Mr. Reid: I maintain there are some members of parliament who are leading the people up false channels. We have heard a lot about bribery to win elections. When I came to this land away back in 1909, a land which by the way has been very good to me, I was told that I was going to the land of promise. It seems to me however that it is becoming of late a land of promises. I can speak freely of it because, since I entered public life since 1922, I have made only one promise in my life, and that one has been faithfully kept. That was a promise to give the utmost of my services to all the citizens. There again I think of the old Presbyterian doctrine, that it is better not to promise, and do, than it is to promise and not fulfil.

We hear hon. members rise in their places and dangle promises before the people, and yet they talk about bribery. Is there any name for these false promises except bribery? No; it is worse than bribery. Because, if a government has spent money here or there, the people have got it; but many of these things which are being promised, the people may never get. Shortly I shall challenge any member to get up and tell me which expenditures of government he would reduce. However, before asking him to do so, may I say there is one other procedure I cannot understand, when people say, "Do not pay your debts. Just leave the national debt, and pay no attention to it at all." Well, I am one who has endeavoured during a lifetime to pay his debts, and this suggestion does not appeal to me greatly. At the present time the interest on our public debt is $445 million; then we have subsidies to the provinces of $100 million; family allowances, $270 million; veterans payments, $300 million; old age pensions, $65 million; post office, $75 million; public works, $70 million; national health program, $30 million; defence of Canada, $250 million. All these total $1,605 million. Then, the total taxes in 1948, taken in excess profits and income tax amounted to $1,286,878,849. That is away below even the ordinary commitments at the present time.

I challenge any member to rise in his place and tell me which of the items I have enumerated he would be in favour of reducing. When he gets up to speak he can tell us how you can reduce taxes and increase expenditures.

An hon. Member: What about old age pensions?

[Mr. Reid.]

Mr. Reid: I have never changed my position on old age pensions. I am glad the hon. member mentioned this matter, for I want a better deal for these pensioners. Some interesting speeches have been delivered this session against communism. I am one of those who believe that we can never stop the growth of communism in this country by merely crying "bad wolf". Let me give another illustration. During the Yale by-election both the Liberals and the Conservatives devoted a lot of time, both on the platform and over the radio, to an attempt to warn the people against communism. One has only to look at the results of the vote to see how much attention was paid to that cry.

I do not generally refer to it as communism. I have asked some of those who belong to the L.P.P. in what countries communism is being practised today. I know of no country where it is being practised. It is true that some countries started out under Karl Marx doctrines, but no country has so far operated that way. What they have in Russia today is Stalinism, not Karl Marxism. I would say that the great menace facing the world today is soviet imperialism.

I was astounded at the attitude of certain men in the greater Vancouver area over a statement which I had made with regard to a proposed visit of two Russian scientists to investigate what the international Pacific salmon fisheries commission had done at Hell's Gate and throughout the province. Word to that effect came from the United States embassy to the embassy here and each member of the commission was asked if he was agreeable to this visit being made. As one of the three Canadian members I was asked and I said, "No, I have no objection to anyone coming, but if they come I think it would be only fair to ask the soviet to allow two of our scientists to go there to see what they are doing in connection with fisheries". As I say, I was astounded at the reaction of that statement. I received terrible letters of abuse from certain people in and around the greater Vancouver area. I was called all kinds of names. I did not think there was anything unfair in saying to a country, "We will show you what we have if you in turn will show us what you have". I was abused for taking that attitude.

I have linked up these two questions for the moment. There have been many faults in capitalism or free enterprise. Looking back over history we find that there are some pages that are not so bright. However, up to the present time that system has given man more of this world's goods and more freedom than any other system. But we will have to adopt some new rules in the game,

in order to control the greed of some men more than we have in the past. Coming now to old age pensions, I believe that the people of this country are demanding more along the lines of social security. I should like to see far more of it in this country. I am of the firm belief that if that were done we would stop the spread of this thing that is termed communism.

Before I close I should like to say just one word with regard to trade. I am sorry I have not the time to go into this more fully because I feel it might be a contribution. Great Britain has been our best customer. What I say now is in no carping sense to the members of the C.C.F. I am delighted to see that they are now great supporters of the British, but there were times when that was not quite so evident. I want to remind them that we on this side of the house have just as much good feeling for the people of the British Isles, even though they are now under a Labour government, as any other group in the house. It is to our benefit and interest that we do everything we can to see that that great market for our wheat and other products is not lost.

I am not a financier, but there have been times when I have spoken in this house about silver bimetalism. There were days when we were pinning our faith on metals, but I have learned since that the faith of man can be used to successfully carry out the exchange of goods between nations without the use of precious metals. But we are now faced with an impasse. Contrary to general opinion, I am one of those who believe that our Canadian dollar is not tied to anything. Many believe that the Canadian dollar is tied to the United States dollar, but I contend that we have a dollar of our own. However, all you have to do is to try to exchange it across the line and you will find that they are not ready to take it. With our adverse balance of trade we have to pay the United States the coin they want.

Many countries including the soviet union still put their faith in gold. No one knows the gold holdings of the soviet empire, but accounts come out of that country that they are searching feverishly for gold. It may well be that they are able to do a lot of trading with gold. I wonder what the United States is going to do with the 25,000 tons of gold it has buried in vaults? That is what it works out to. The United States has eighty per cent of the world's gold and with gold valued at $35 per ounce they have a total value of $25,000 million. Without knowing what the Russian holdings are, the world's gold supply is said to be around $28,000 million.

I am just wondering if we are going to continue forever to pay men to dig into the earth to find gold and then transport it across the line to bury it again in the earth? That seems to be all that can be done with it. In the case of most countries—Switzerland is one exception—and this applies to Great Britain particularly, the supply of gold for exchange is gradually dwindling. I am wondering if the United States should not break the impasse by again redistributing the gold chips, shall I say, to the various nations? So long as we continue to talk about sterling and United States dollars, so long as we do not get any closer than that, there is little hope for an improvement in our trading position.

Let me remind my friends in the C.C.F. that the Labour government has departed from the old traditions. Great Britain was built up with free trade, but now the Labour government is carrying on by means of quotas. That is not generally recognized. Trading by quotas means that they pick out from that country or this country certain quantities of goods. Therein lies some of the difficulty in connection with our trading relations with Great Britain.

I am sorry my time is exhausted as I would like to have dealt with this matter in detail. I rose principally to correct the record and to put it straight as to the government's national health program.

Mr. W. G. Blair (Lanark): Mr. Speaker, it is quite apparent that this Friday afternoon is health day in the House of Commons. I am delighted that the debate has taken this form. For years I have tried to use the debate on the address in reply to the speech from the throne as a vehicle to talk to the members, and to try to bring before them the necessity for some action to bring about betterment of health conditions in Canada, and a definite health plan for Canada. For this I offer no apology. It is not so much because of my own interest in these matters as it is that I realize there are conditions in Canada, the high cost of hospitalization and the lack of opportunity for treatment, that make it a matter which should receive the attention of all members.

We must recognize today that, with nations as with individuals, we are faced with the fact of the survival of the fittest, and if Canada does not raise the standard of health of her citizens to a maximum equal to that of any other nation she will fall by the wayside in international affairs. We must recognize a nation's health at its full value, not only from the human point of view, but from the economic side as well. We must realize that money spent on health is money saved.

Sickness and disease do not stop at provincial boundaries. A disease of epidemic proportions in one district may readily spread to another province. Only those who are not conversant with the facts will quarrel with the spending of public money to care for the health of the people. Surely no one thinks that we can afford to go on losing money as we are today on account of sickness, simply because we are spending such a small amount publicly on prevention.

Death, disease and sickness are proportionate to the amount of money spent on health services. Society has two responsibilities with regard to sickness. One is the adoption of curative measures, and the other is the adoption of preventive measures. The history of our health services in Canada shows that up to the present time we have been paying more attention to curative measures than we have to preventive measures. We have not achieved the results that will follow if we pay more attention to preventive measures.

It is almost 200 years since Jenner discovered vaccination and made the conquest of smallpox possible. At that time the average duration of life was thirty years; now it is close to seventy. But still there are thousands of people who are dying unnecessarily each year, largely because they lack the opportunity for treatment. I emphasize that phrase, "the opportunity for treatment." There is a growing demand from the public for release from the ever-present possibility of the high cost of hospitalization or sickness.

The doctor in general practice today is very often faced with the problem of giving adequate treatment or adequate diagnosis. The facilities are not there for him. The duty of the state is to care for those who by reason of infirmity are incapacitated as far as gainful employment is concerned, and those who unfortunately cannot afford to pay for treatment.

We recognize today the importance of education and health. These two subjects are very close together, and the standard of living is also an adjunct. It may be said that people are becoming too prone to take advantage of free clinics, and that they try to get as much as possible for nothing. This is not a reasonable attitude. Most of us wish to give them the best in legislation for the benefit of all people without breeding a class of people who lose their self-reliance. We are aware of the deficiencies in our present health set-up, but we must be careful to take the proper steps towards the right kind of program. We should be aware of the financial plight of our hospitals, and the necessity both for new buildings and for extensions. We should be aware of the prohibitively high cost, to patients, of hospital care. We should be aware of the difficulty of a large part of our population in obtaining treatment services, both curative and preventive.

Hospitals should be houses of healing with a sound financial atmosphere. Unfortunately that does not exist in Canada. Hospital boards are left in anxiety and despair to maintain their institutions. We have been too prone to think that hospitals are philanthropic or charitable institutions. There is a crippling shortage at the present time, and we must not ignore the needs of our citizens.

Before I enter into a discussion of health problems, there is another matter closely allied with the question of health, and which was discussed by the hon. member for Spadina (Mr. Croll) in his speech in this debate as reported at page 218 of *Hansard*. He was referring to refugee doctors. On behalf of the medical profession of Canada, may I say that I strongly resent the speech he made in Toronto, a report of which appeared in the Ottawa *Journal* of January 31 last. He is quoted as saying:

> The Canadian medical profession has actively worked to discourage the entry of refugee doctors into Canada.

The same type of statement was made by Dr. Keenleyside, the deputy minister of mines and resources, and it was repeated in an article in *Maclean's* magazine of February 1. Dr. Keenleyside said:

> The only trade union that has been adamant in its official opposition to the admission of competitive D.P.'s has been the medical profession.

Such a statement is inaccurate, mischievous and misleading. To clarify the situation I intend to present the facts to the house. Severe criticism has been directed towards the medical profession, and there has been considerable controversy over the admission of doctors from central Europe. This has taken the form of a rash of speeches, editorials, and even sermons. There are potent reasons for caution in opening the gates to all who have had some training in dentistry or in medicine.

In Canada and in the United States medical schools are graded by a rigid standard set up by the American medical association. Under this classification the nine Canadian schools at present giving full courses are fully approved and classed A. There are no standards for medical schools in Europe. A graduate from Europe may be from a good school or he may be from a school that is completely unknown to the licensing bodies in Canada. Some of them are known to have very low standards. Some of the European schools, which were of a high standard a generation or two ago, have fallen far below the standard of our own Canadian universities.

There was a time when Vienna and Berlin were important post-graduate centres in medical teaching. In fact, they were a mecca as far as post-graduate training was concerned, but they no longer hold that position. You can understand why that is so apparent. Medical standards in Canada are high. They are probably as high as can be found in any country in the world. We cannot afford to lower our standards with medical imports of low standard, or imports who have been out of practice for so long a period that they are not competent to practise their profession without further training. Public interest does not permit a double standard of qualifications; and all physicians, whether trained in Canada or elsewhere, must measure up to the licensing requirements in effect.

Let me make it clear, Mr. Speaker, that a doctor whose medical degree has been obtained anywhere in the world can establish himself in Canada, provided: first, that he enters the country legally; second, that he obtains an enabling certificate; third, that he passes the examination of the medical council of Canada; and fourth, that he registers this certificate with the provincial licensing body. The statement of the hon. member for Spadina (Mr. Croll) that the medical profession is actively working to discourage the entry of refugee doctors into Canada is utter nonsense. The Canadian medical association is not uncharitable or unkindly toward these members of the profession who are in such a sorry plight. They are glad and happy to render any assistance in their power. The matter of competition is not a factor. The public should be informed that medical acts are designed not to protect the doctors but solely to protect the public. There are in Canada areas that are medically overpopulated, as well as those medically underpopulated; but I would point out that of the sixty refugee doctors who came into this country in 1947 and were licensed, only five have taken up practice in rural areas. It has been suggested that refugee doctors be admitted on the understanding that they must reside in country districts. Canada has never compelled any of her new citizens to live in any circumscribed areas; and there would be a hue and cry if the authorities should devise regulations compelling any doctors to live in the country if they wished to live elsewhere. We do need doctors in certain rural areas; but the fact is that doctors are not there now because of the conditions of practice and the question of remuneration.

For the benefit of the house I have looked up certain statistics in regard to D.P. doctors in the camps of Europe. The world health organization has been concerned over the displaced members of the medical profession, and the following statistics were presented at a meeting of that organization in Geneva in September, 1947. The figures were as follows:

	Germany		Austria		Italy
	U.S. Zone	British Zone	U.S. Zone	British Zone	
Dentists	750	150	15	3	10
Physicians and Surgeons	881	413	139	17	45
Ophthalmologists	24	9	2	2	2
Paediatricians	72	33	1	..	70
Nurses	2,077	1,452	..	..	246

I would point out that the figure for nurses includes nurses of all kinds, registered nurses, practical nurses and those in training, and that where no figures are given it means there is no record. The records of the Middle East, India and Shanghai have not been completely filled out, but the estimated totals are:

Dentists	958
Physicians and surgeons	1,612
Ophthalmologists	40
Paediatricians	176
Nurses	3,775

These statistics show that it is necessary to make a complete inventory of every professional person in a displaced persons camp; and when this is brought up these points should be considered: first, what professional training did they have, what sort of school did they come from, where were they educated; second, what proficiency do they possess now; third, when did they last practise; fourth, why have they not returned to their native land; fifth, where would they like to live? Many of these people require post-graduate training. The world health organization is making a survey of the need throughout the world for these displaced persons and especially for displaced doctors. When we consider some of the other countries of the world we discover these facts. Ethiopia, a country of 12 million persons, reported at the close of the war that not one native doctor or nurse was left; they had been entirely liquidated by the enemy. Czechoslovakia reported that, of the 12,000 doctors in that country when war began, some sixty per cent or 7,000 were either killed or missing. Now we turn to the Far East. China, with over 400 million people, had less than 12,000 trained doctors. During the war the Chinese army was served by 30,000 medical officers, and of these only seven per cent had any medical training whatever. India with 400 million people reported 40,000 doctors to serve that population. Liberia, with a population of 2,500,000, has only one doctor.

In Canada we are served by 13,000 doctors, which with an estimated population of 13 million gives an average of one doctor per thousand people, an average higher than anywhere else in the world. This number can

take care of the medical needs of our country, and can also make allowance for those who come to our shores from time to time from other lands. In addition, the university of Saskatchewan is well on its way to developing a faculty of medicine. Ottawa university has a faculty of medicine, well equipped and with classes which will soon graduate. The university of British Columbia is considering establishing a medical school. There may be some argument about areas that are overpopulated, and it may be said that the distribution might be improved. But it is very apparent that in comparison with the rest of the world Canada is reasonably well off for doctors. I would draw attention also to the fact that a large number of young veterans of the last war who came back and started in medicine will be graduating from our schools in the next year or two. So it might be well for people whose statements show they are totally unacquainted with the facts to become fully conversant with such matters before making inaccurate public utterances.

Now, sir, I come back to the matter under discussion when I entered this debate. When I came into this house a week ago Wednesday, the day of the speech by the Minister of National Health and Welfare (Mr. Martin), I could see that something unusual was going to happen here. I wondered what it was all about. Perchance it was some grave international incident or something of that kind. The press had copies of papers and were going over them; the galleries were full; the diplomatic gallery was filled with officials of the Department of National Health and Welfare. Then I realized just what was going to happen. Finally the minister came upon the scene; he was the principal actor, and he rose to speak on the health grants which were introduced last spring. From his description of those grants I gained the impression, which I think was general, that they were a personal gift from the minister or from a beneficent government. Sir, we of this party believe that this or any other government is justified in spending money on public health. Let there be no argument about it. We do reserve the right, however, to criticize the administration when we feel the money is not being spent to the advantage of the Canadian taxpayer.

I listened with interest, sir, but with a growing sense of resentment as the speech proceeded. The minister was very confident about himself. During this speech he exhibited—and I am going to talk plainly to him—a manner of braggadocio not in keeping with the ideals or traditions of those who throughout the centuries have sought to heal. I remember, sir, the wonderful accomplishments of the provinces when they were working with their own resources in the field of health. I remember the sacrifices made by physicians and surgeons, nurses, men and women who have devoted their lives to healing and the elimination of misery. I remember the work of those other voluntary agencies which have been responsible for so much good in the field of health during the past years. The ethics of the medical profession and those who are associated with them in the art of healing have never permitted advertising. Throughout the whole speech the minister did not hesitate to use the pronouns "I" and "we" when referring to his work and that of the officials of his department. I might point out to the minister that he has only held this position for two years. His whole speech showed a misconception of the picture of health in Canada, and especially of the other agencies which have been responsible in the past decades for the fight against the inroads of disease, misery and suffering.

On the 30th day of June last year, in the dying hours of the session when everyone was tired, hot and anxious to get home, I dealt at length with these grants. It will be impossible to cover them today, but I am going to touch on one or two. First, the grant for crippled children is praiseworthy. But, in view of the fact this grant only amounts to $500,000 for the nine provinces, I should say it seems to be a small amount when compared with the expenditures of the provinces at the present time. The various service organizations have supported the provincial effort. If the best possible results are to be obtained, I believe credit should go where credit is due.

I am familiar with the background of the promotion and financing of a crippled children's camp, "Merrywood on the Rideau", in my constituency of Lanark. I happen to know that this camp was substantially financed by Rotary clubs as well as by a grant from the province of Ontario. From my knowledge of the money that has been spent on this one small project, the grant given to the provinces by the federal government for this purpose is entirely inadequate.

I now come to the question of arthritis. It is an old question and one that has been discussed in this house very often.

Mr. Matthews (Kootenay East): It is an important question.

Mr. Blair: Yes, very important. I cannot find myself in agreement with the Minister of National Health and Welfare (Mr. Martin) in his approach to the subject. During the past year the public press has contained many reports concerning a recently formed Cana-

dian arthritis and rheumatism society. There are many inaccuracies in these reports. Before further discussion of this society I shall give you something of the history of it.

The Canadian rheumatism association, which is a counterpart of the American rheumatism association, had always met annually along with the Canadian medical association. The exception to this rule was during the war years. This society was a branch of the Canadian medical association. In 1947 the meeting of this association was held at Sunnybrook hospital, Toronto. In that year the Canadian medical association met at Winnipeg. There were nine members present and they were informed by the president of the association that the dominion was sponsoring a new arthritis society and that the Canadian rheumatism association had better get in on it. This is the manner in which the government was approached by the Canadian rheumatism association.

At the next annual meeting of the Canadian rheumatism association in June 1948, the fact that the new Canadian arthritis and rheumatism society had been organized was not even brought up for discussion. The organization meeting of the new Canadian arthritis and rheumatism society was held in Ottawa in 1947 and January of 1948 under the chairmanship of the federal Minister of National Health and Welfare (Mr. Martin). No preliminary discussions concerning this new national society were held in any open meeting of any medical society in Canada.

Mr. Martin: The deputy minister was the chairman.

Mr. Blair: The Canadian medical association was represented by the secretary, Dr. T. C. Routley, and one delegate. Most of the doctors present were from governments, the Department of Veterans Affairs, health and research agencies and institutions. Very few general practitioners were present, and they are the ones who come in contact with arthritis. On the official program, three of the four speakers were associated with the Department of Veterans Affairs. There were no elections, and the committees were all appointed. Few of the doctors had any previous training in arthritis work.

The new Canadian arthritis and rheumatism society has existed for thirteen months. To date, there has been no public meeting of the society. It is presumed the original committee is still in charge. There has been no discussion of this society in any open meeting of the Canadian medical association or its provincial branches. The only information that doctors have concerning this new society is what has appeared in the public press and the bulletins of the Department of National Health and Welfare. A combined lay and medical arthritis society had previously been organized in British Columbia and it offered to join forces with the new society.

It has been my opinion that the Minister of National Health and Welfare made a great sacrifice when he entered parliament. In the financial world, as a promoter of stock companies, he would have been a success. His promoting abilities were fully shown when he organized the Canadian arthritis and rheumatism society and printed the first prospectus for his stock. He sold off all the common stock of no par value and retained the preferred shares with promise of interest and profits for himself.

The reports in the public press appearing at infrequent intervals dealing with the new society and its officers make reference almost exclusively to Sunnybrook hospital. It is reported that this hospital now functions as an arthritis centre and has special equipment and new treatments for arthritis. Apparently the press is under the impression that the Department of Veterans Affairs hospitals give courses of instruction for general practitioners. No notices of these courses ever appeared in any of the medical journals of any medical society in Canada. It is well to look into the true situation. The Department of Veterans Affairs doctors have no better training in arthritis work than any other doctors and it is doubtful whether they have any new treatment. It is doubtful whether these hospitals have any new equipment. Other general hospitals have much the same type of equipment. I mention the equipment in the Queen Elizabeth hospital in Toronto, which has one of the two Hubbard tanks in Canada. The Toronto Western Hospital is well equipped, and the patients there receive special attention in an outdoor arthritis clinic. It is doubtful whether there is in Canada any teaching hospital; that is a hospital connected with a hospital school that has an arthritis clinic used for teaching purposes. There are few doctors in Canada who have received any specialized training in the treatment of arthritis.

I have a few suggestions to make as to how this matter could be handled. I am making these suggestions because I have criticized the set-up. I made the suggestions before in this house. The first thing that is essential is a correct diagnosis, and correct treatment in the early stages. This would reduce the number of patients with crippling conditions, and it would decrease the number of hospital beds for chronic cases. There is

an immediate need for information and assistance for doctors and especially general practitioners because they are faced with the problem of treating patients with arthritis.

The problem of arthritis should be part of general medicine. These patients are found in all hospitals across the country seeking relief. The matter of specialized treatment is so important that there should be specialized teaching of the care of arthritis in all the medical schools where there are medical students and internes. It should be taught in general hospitals where there are patients of all ages and both sexes. In Sunnybrook there is only one age group, principally male, except a few nurses who are unlucky enough to contract this disease. I have suggested in previous speeches in this house that there is a necessity of refresher courses.

The objectives of the new society, when announced at the organization meetings, were commendable. It is obvious, sir, that the new society was organized in close co-operation with the Department of Veterans Affairs. This leads the average practitioner in Canada to fear that the society, in using D.V.A. doctors, may sponsor a form of state medicine, and they actually are afraid. Health matters, sir, are still under the jurisdiction of the provinces, and state medicine has not yet been adopted in Canada. The problem of arthritis is too big and too far-reaching to be controlled by a small group. It demands the attention of the whole medical profession, and especially the general practitioners who are in touch with it from day to day. It should be discussed with the Canadian and provincial medical associations. Medical schools should be consulted, because it is necessary for them to teach the care of arthritics. A survey of the whole situation should be made, giving the number of patients and the present requirements for attacking the problem. Above all, sir, a stop should be put to this ill-advised publicity which is giving misleading information to the public. To raise false hopes is a cruel type of propaganda. At the present time the propaganda is taking the form of such headlines in the papers as "war on arthritis", "tackling the arthritis problem", and so on. I know where these press reports come from. These are the headlines that we read every once in a while in the papers.

I noted that in the bulletin put out by the Department of National Health and Welfare, volume III, No. 6, March, 1948, there were eight pages devoted to arthritis. That is praiseworthy. I shall tell you something further. Three of the pages in this bulletin show pictures of Sunnybrook hospital. That is the only place in which they have seen arthritis that they know anything about. That is the impression they give. Before statements are given to the people with a build-up such as "war on arthritis" it would be well to remember that there are six hundred thousand people across Canada, of whom one hundred and twenty-five thousand are crippled in bed or in wheel chairs, who are looking for relief from this terrible condition. They are begging for something to be done now.

We have had a lot of propaganda so far but we have had very little action. Mention has been made several times in this debate of a national health plan, and something was said about it in the speech from the throne. It is discussed and glibly talked about. The Prime Minister talked about it when he introduced the health grants last May. He made a statement which will be found on page 3935 of *Hansard*. One hon. member on this side of the house quoted it the other day. He told us what these expenditures would mean in the preservation of health and the saving of human life, to say nothing of the lessening of human suffering and misery, and not infrequently despair. He told us it was beyond calculation. No hon. member in this house could disagree with that; no hon. member could say that it is not true of any sums spent for health reasons; but I point out to you, Mr. Speaker, that these conditions have been waiting for thirty years before the party which forms this government took any action. It was on their program in 1919. It would be difficult to estimate the casualties which have occurred and the misery endured during those thirty years before the Liberal party made any attempt to deal with this situation.

At the time of the introduction of the health grants in May 1948 a full debate was promised. That debate was left to the last day of the session. The minister kept promising all through last session that we would have a chance to debate this matter. At two o'clock on the afternoon of the last day of the session we got a chance to say something about it. We approved these grants; we approved grants to raise the health standard in Canada; that is, we approved the spending of the money to raise health conditions in Canada, and we voted for them gladly.

This party has long realized the necessity for a plan of health in the Dominion of Canada. Let there be no doubt where this party stands on that now. We stand in favour of a plan which, in co-operation with the provinces, will give the people the maximum of services, and yet be a plan of freedom, where the doctors will not be civil ser-

vants, and which will allow free choice between doctor and patient. We have got a full realization of the deficiencies in treatment services in Canada and in our preventive services, and we stand ready to implement a plan to overcome these deficiencies, and which will raise health standards in Canada to the equal of that in any other country of the world.

(Translation):

Mr. Gérard Cournoyer (Richelieu-Verchères): Mr. Speaker, at the outset I wish to express my congratulations to the new members of the cabinet: the former prime minister of Manitoba (Mr. Garson), the former Under-Secretary of State for External Affairs (Mr. Pearson) and the young minister of reconstruction (Mr. Winters). Their experience and their brilliant qualities, applied to the service of Canada, will surely give very good results.

I now want to say a word about the leader of the opposition and member for Carleton (Mr. Drew); he has been outstanding in several ways, some more or less brilliant than others. He succeeds a long line of leaders of the opposition. The seat of the leader of the opposition has been in unstable equilibrium these last few years. I therefore wish him success in his career and I trust the members of his party will make his reign as leader of the opposition long and agreeable and on behalf of the Liberals I can assure him of our fullest co-operation.

I wish every success to the member for Nicolet-Yamaska. I have known him personally for many years and our relations have always been most friendly. His integrity in the practice of his profession, the devotion with which he discharges his duties as protonotary, will certainly be of use to him in the exercise of his mandate. I know what principles he expounded during his election campaign; I believe he will soon realize that he has come to the wrong parliament and that the man who is today foisting his leadership upon him is merely Dr. Jekyll's Mr. Hyde.

I also congratulate the new member for Laval-Two Mountains (Mr. Demers). His speech on the address has shown that his services will be useful to his party and that the people of his constituency had every right to give him their confidence.

Mr. Speaker, the speech from the throne this year is a complete, constructive and realistic synthesis of each and every one of the problems which are presently troubling the minds of our people as Canadian citizens and citizens of the world. Seldom has a sessional statement of government policy been submitted for our consideration with such concision and lucidity, such clearness in presenting the facts and such determination in planning for the future. In short, this document reveals the qualities of logic, sincerity and deep wisdom of the man who personally inspired it in his capacity as adviser to His Excellency, our Prime Minister.

Under these circumstances, as a member of this house, I share the hopes of our people. Like so many Canadians, I was labouring under the illusion that the Conservative party, having a new leader, would carry out constructively its task of criticizing the government's policies and shed about that amount of light which our democracy has a right to expect from the official opposition, whose duty it is to co-operate in the good management of the country.

To me and to all Canadians that was a sad disappointment.

So far, we have seen the leader of the opposition delve into his own past for the sole purpose of disowning it. We have seen him rummage about for old speeches. We have seen him endeavour, quite clumsily at times, to resuscitate past problems and demand solutions for matters settled long ago.

Provincial autonomy is his main theme. On that note the leader of the opposition sings, as Roosevelt would have said, from both sides of his mouth. He demands autonomy with a great show of eloquence, but when he was the leader of his party in Ontario, he was demanding the abolition of provincial governments.

Another of his themes is communism; he merely amplifies what all people say just as sincerely and with much more practical common sense.

Finally, he refers to a letter dating as far back as 1942 and dealing with the Hong Kong tragedy; he is the only one who has not forgotten all about that letter or perhaps who has read it.

The satisfaction which the leader of the opposition takes in handling his old papers, in reading old letters, could easily be understood if it were but the harmless foible of those who enjoy evoking their past because they no longer have the strength to live their present.

Those are men of another era, and the Canadians will never entrust the destinies of their young nation to a group of mummies, however eloquent the latter may be.

The bold and dynamic policies of the Liberal party, which marches resolutely and fearlessly toward the future, is noticeable throughout the speech from the throne.

Let me point out a few examples, in connection with the Atlantic pact, with the development of our merchant marine and our shipyards.

If the Progressive Conservatives have thought they could win over the province of Quebec and gain votes through their silence and their equivocal stand on the Atlantic pact, they have made a mistake which can only be expected from tenth-rate politicians.

To think that the French Canadians refuse to take their place among free men who oppose communist slavery is to be greatly misinformed as regards their intelligence, their fundamental vigour and their Christian spirit.

Never perhaps has there been such a degree of unanimity among Canadians of both great races as to the ultimate aims of our international policy. Never has their confidence been greater in their Prime Minister who, taking the lead among the rulers of democratic nations, has sounded the call to all men of good will and issued to the western nations that slogan which the French Canadians know so well: "Let us unite!"

Only the Tories, these men of a bygone century, still think they can wave the old bugaboos to reap votes in the province of Quebec. Quebec considers these vulgar tactics as an insult. Just as the people of Quebec opposed imperialistic wars where they considered that Canada's interests were not at stake, so today they join with enthusiasm the movement of free humanity to save peace without neglecting justice, and to maintain Christian values, which are so deeply Canadian, even if this entails preparing for war.

It seems to me, however, that we attach too much importance to the purely military aspect of the Atlantic pact. In a radio speech the Prime Minister gave the democratic alliance an economic and cultural meaning which corresponds to the pacifist sentiment of our people as well as to the new needs of our national economy.

The constitutional evolution of Canada, the crumbling of the former world order have shattered the framework of the British empire; in other words the framework within which were formerly brought into play our economic, cultural and international relations with other countries is now disappearing.

India and Pakistan are precariously accepting dominion status; Burma is no longer a colony; Ireland becomes a republic; South Africa is subjected to a nationalistic storm; even Newfoundland, that old colony, is severing its ties with the mother country to become the tenth province of Canada.

In addition to these geographical disturbances, there are the monetary struggles, the conflict in currency and the dollar situation. Our imperial trade routes in the sterling area threaten to close up. Thanks to the tremendous efforts of the Liberal government, they are still open to the greatest advantage of our farmers and manufacturers. The very framework of the British empire is crumbling, according to some people. So much the better, will say all true Canadians who consider that their young nation was cramped and paralysed in this association which was too seclusive and too much dominated by its sister, and equal, Great Britain. Let us now replace this old order by a new order. Let us replace the free association of British nations with a larger association of free men from all races. Amongst this enlarged commonwealth, amongst this alliance, which would not be imperial but human in character, Canada would play, unrestricted, her part as an adult nation, respected throughout the world because she aims only at promoting the ideals of peace, and has no other imperialistic designs than that of expanding the domain of human happiness.

The economic and cultural alliance brought about by the Atlantic pact does not stop at promoting Canada's peace-loving dreams and humane ideals. It can become the framework of our own national economy which depends on our export trade to such a fantastic extent. Our Prime Minister has said that it will take more than the pooling of our armed forces to bring peace to the world.

Canadians keep close watch on those world markets that spell for them prosperity or unemployment. More particularly have my constituents in Richelieu-Verchères—shipbuilders, sailors, farmers, dealers—grasped the real economic significance of our international problems. They are peace-loving people, but they are determined that their stamp of manhood and their Christian faith shall survive.

They are also realistic and patriotic. That is why they rejoice over the fact that Canada is no longer bound by a too narrow imperial framework, and put their trust in the new economic, social, and cultural order pledged by the Atlantic pact.

The signing of the Atlantic pact will contribute not only to the peace for which we are all yearning, not only to our material well-being, but also to the development of our navy and our shipyards.

I represent the constituency of Richelieu-Verchères, where are located the most important shipyards in the country. Those yards have been developed and improved during the war, as a result of the Liberal government's policy. I wish to take this opportunity to pay a tribute to the workers of my village, of the town of Sorel and of the whole district. Their industry, their technical knowledge, their ability and especially their willingness to co-operate, have permitted the employers' spirit of enterprise to make an admirable contribution to the creation of a Canadian navy and to the victory of the allied forces.

As a matter of fact, at the very beginning of the conflict in 1939, Canada only had 35 ships with a combined capacity of about 240,000 tons. These vessels were left-overs from world war I. My older compatriots remember seeing the few shipyards of that time close their doors one after the other. This almost complete shut-down of the shipbuilding industry, during the whole period between the two wars, explains why our navy had so few units in 1939.

But during the war our shipyards, especially that of St. Joseph de Sorel, were so extensively developed that in 1946 our navy included 448 merchant vessels of various tonnages without mentioning the corvettes, mine sweepers, tow-boats and invasion barges. These figures indicate the productive capacity of our shipyards.

The vessels were placed at the disposal of Canadian companies. Unfortunately the latter are experiencing certain difficulties. I trust that the Canadian maritime commission which was established on November 6, 1947, due to the initiative of the genial Minister of Transport (Mr. Chevrier), will soon suggest the necessary steps to be taken in order to ensure the survival of our marine industry.

Section 6 of the act creating it provides that the commission shall recommend to the minister such policies and measures as it considers necessary for the operation, maintenance, manning and development of a merchant marine and a shipbuilding and ship-repairing industry commensurate with Canadian maritime needs.

The task of the commission is not as simple as it looks on the face of it for, although our prosperity rests fundamentally on our trade, our Canadian merchant marine and our shipbuilding industry have not been sufficiently encouraged in the past to compete with others. The minister has pointed out the difficulties himself.

Practically all countries whose ships ply the seas have enacted rigid laws to control coastal navigation, that is to say, water transport of goods within their borders. Since 1789 in the United States and since 1793 in France, to mention but those two countries, ships of foreign registry are not allowed to transport goods between two ports within their respective boundaries. These countries have reserved for themselves their boats, their seamen, their waterways and their coasts. In Canada, not only does the British navy enjoy the same privileges as the Canadian navy, but in addition, ships of other countries may carry on coastwise trade on our shores, subject to the maritime commission's permission.

Until the provisions of the shipping act are made more rigid for all boats not built in Canada, and until the provisions of subsection (i) of section 12 of the 1930 imperial conference's report are acted upon, I do not think our navy will be able to survive. The trade between two points in Canada should be restricted to ships registered in Canada and manned by Canadian seamen.

I shall support this statement with a striking example. Hon. members know that Sorel is about to become one of the great steel producing centres in Canada. The titanium ore treated there comes from Havre St. Pierre and not from Ungava as many are led to believe. It means that millions of tons of ore would be shipped from Havre St. Pierre for treatment in the Sorel plants. The American company which will operate this plant will surely need ships to transport this material. But not a single Canadian company will be able to compete with foreign shipowners, the British or Norwegian companies, for example.

True, in England ships can be built for less, because of lower labour costs and different working conditions. Moreover, the operation of a Canadian ship costs $680 per day, while that of an English ship only amounts to $460 per day. Under such conditions no Canadian operator can tender with any hope of success.

If we let commonwealth and foreign ships compete with Canadian ships in coastal trade, we can easily see what will happen. The hon. member for Gaspé (Mr. Langlois) who spoke of this matter last year, as reported on page 4150 of *Hansard* for 1948, said, and I quote:

The least we could do would be to charge duty on ships built outside Canada. Only by legislation

reserving coastal trade to our own ships and levying duties on foreign-built ships will Canada promote the organization and maintenance of a Canadian merchant navy and at the same time establish in our country a sound and prosperous shipbuilding industry.

If it is to survive, our merchant marine must be protected by legislation. Because of the type of labour to whom they provide employment and a means of livelihood, shipyards need state assistance.

It should be recalled that during the war, the shipbuilding industry, apart from subsidiary concerns, employed as many as 53,000 men and, last year, still kept 16,000 on the pay roll.

Regulations dealing with our coastal trade should be a boon to sailors, operators, workers and shipbuilders. It is not a matter of sentiment but a case of survival.

Realizing the full import of this problem, the Liberal delegates meeting at the party convention held in Ottawa in August, 1948, passed the following resolution:

1. The Liberal party is in favour of supporting the efforts of the Canadian maritime commission to strengthen the Canadian merchant marine and to protect it against any foreign competition in Canadian waters.

2. The necessary amendments to the Canada Shipping Act, 1934, to establish a separate registration system for Canadian ships.

I hope the day is not far off when the people of my constituency will see a Canadian merchant marine, proudly flying a Canadian flag, sail the majestic St. Lawrence and the seven seas.

The present government has brought about great achievements in the field of the shipping industry, for which the people will be grateful.

On behalf of my constituents, I wish to thank the government for having allowed the continuation of shipbuilding at St. Joseph de Sorel, where the Marine Industries' shipyards, a concern which is a credit to our province and to Canada, are located.

At the end of the war, we were worried. Our population had considerably increased as a result of the opening of the Sorel Industries' and Marine Industries' shipyards. Thanks to the millions of dollars lent France by the present government, our men have been able to work since the end of the war with the same spirit and the same devotion they showed during the war for an equally noble cause.

[Mr. Cournoyer.]

These ships are finished, the yards are almost closed, but once again the government helped us, and, through the Minister of National Defence (Mr. Claxton), the shipyards of my constituency and its workers got an order for a new icebreaker. Unfortunately, due to circumstances over which the government—or for that matter, anybody—has no control, construction has not started on this project. I hope that before long the people of Sorel and of the surrounding district will forget the hard times and worry they have known throughout this winter.

I also wish to thank the present Minister of Transport. If the Sorel Industries concern, which produced so much ordnance, is still in operation today, it is because of the contracts received from the Canadian National Railways. Those splendid workshops are now repairing used railway cars, but I am sure it could build new ones. I earnestly request the minister to take this request under consideration.

There would be much to say about government policies since the war. The Liberal party is not perfect; it is a human institution. But it must be admitted that, in every field of Canada's political activity, much has been achieved in the general interest of the public.

If the senior member of this house, the distinguished member for Glengarry (Mr. Mackenzie King) was prime minister of his country longer than any other man in the world, it is because his economic and social policies were considered best for the people.

At the beginning of my remarks, I referred to the difficulties encountered by the world in its search for a new order. The people of Canada are seeking a new social and economic order just as the world is also seeking a new order.

This is where the matter of taxes comes in. Taxes are high; they must be lowered. As a matter of fact, the real hardships caused the taxpayer by the high level of taxation are enlarged and magnified by irresponsible politicians who, for electoral purposes, strive by every possible means to induce among the people a psychosis of resentment and discontent.

Nobody likes taxes. To ask for their reduction requires neither imagination nor heroism, as everybody favours this theory. But I maintain that the Progressive Conservative party should be the last to blame the

government in this respect. Indeed, if that party had been in power during the war, we would be paying three times as many taxes, and I shall prove it.

The house will recall that during the war they were never satisfied with the Canadian effort. Billion dollar expenditures on behalf of Great Britain were too scarce; army estimates were never high enough and Canadian fighters always too few in number. They blackmailed the government by pitting the other provinces against Quebec. Had their advice been followed, full conscription would have been in effect at the beginning of the war. In short, expense was never too high. Moreover, after Germany's defeat, they began clamouring for conscription to fight Japan. That is why there were no Progressive Conservative candidates in Quebec for the 1945 election.

Mr. Pouliot: They felt that our soldiers never went far enough.

Mr. Cournoyer: I am in full agreement with the hon. member. I do not think the government has anything to learn from these shortsighted Progressive Conservatives. They seek only to bring the people back under the yoke of the Bennett administration; at that time, workers did not pay income tax, but as the fable goes:

Though they did not all succumb, all were afflicted.

Taxes are heavy, unquestionably, but we must not forget that already Canadians have received a billion dollars since family allowances have been in operation. Taxes are high, but all veterans have been re-established; taxes are high, but the Liberal administration covers the nine provinces with hospitals and fights disease more daringly than any other country ever did. Our government wages war on cancer, mental diseases and other ailments that lower the productivity of our people. Taxes are indeed high, but the government has undertaken a vast and essentially Christian program whose purpose is to distribute more evenly among all Canadians the wealth of the nation.

Canada's farmers and workers realize that low-income earners and farmers are not the most adversely affected, especially if family allowances are taken into consideration. The wealthy and large corporations are the ones who benefit most from lower taxes.

Besides, this taxation situation is not peculiar to Canada. While all nations of the world are being taxed more heavily than we are, while nearly all foreign governments have increased their taxes, the Canadian government was able to manage the affairs of this country and reduce taxes on three different occasions.

Mr. Truman has just increased the taxes in the United States. Mr. Dewey, the up and coming man during the last election for the presidency of the United States, is fighting against his own supporters, in the New York legislature, for an increase in taxation. The provincial government, just recently approved by the electors, raised the sales tax by 1 per cent. It took over the 3 cent gasoline tax that the Ottawa people had just surrendered; it again prescribes a monthly school charge; it raised the corporation taxes; school text books are no longer free.

In Canada, the government has surrendered the 3 cent gasoline tax, duties on estates of less than $50,000, the 25 per cent amusement tax, besides granting three successive tax abatements. In addition the government refunded, with interest, approximately $240 million, last year, and $270 million this year, of compulsory savings.

Well, notwithstanding what goes on in the world, we have every reason to believe—and I hope for it and ask for it eagerly—that the government will reduce taxes, thanks to their good administration, without giving up their social security program but by getting the money necessary for its application from those who possess the largest share of the wealth of the nation.

The Liberal party, under the guidance of the Prime Minister (Mr. Louis St. Laurent), that great Canadian of whom we are proud, will direct our country in the difficult search for a new world order through our alliance with the democratic nations, and for a new social order through justice for all social classes in Canada. On problems as important as that of our merchant marine, they will apply the solution of the national interests of Canada, and their internationalism will always be enlightened by the nationalist care of a young nation with faith in its future.

(Text):

Mr. Rodney Young (Vancouver Centre): Mr. Speaker, this is the first time that I have had the honour of taking part in the debate on the address in reply to the speech from the throne. As I look around me I see a great many empty benches. Naturally I regret

that, but I am proceeding on the hypothesis that what we lack in quantity we make up in quality, and that I am addressing the most intelligent portion of the membership of the House of Commons.

Mr. Lalonde: What about your leader? He is absent.

Mr. Young: Before proceeding with my main subject, I should like to make some comments in a humble way on the remarks that were made by the member for New Westminster (Mr. Reid). We listened to scorn and a certain amount of sarcasm being heaped upon the head of the member for Wood Mountain (Mr. Argue) earlier in the afternoon. Apparently he had made an error in calculation on the matter of the eleven months or less than eleven months that had elapsed since the government health program went into effect. The comparison was made that a six year old child would know better. I remember that only a few days ago the member for New Westminster, in answer to a suggestion from this side of the house that smaller chocolate bars were a way of gypping the youngsters of Canada, made the statement that smaller chocolate bars were healthier and, said he, "I venture to say I can prove that it is a fact." A fact is a very important thing. As the member for New Westminster said this afternoon, facts are chiels that winna ding. My pronunciation of the dialect is not as good as his because I am two generations removed from the old sod, but nevertheless I, too, would venture to remark that chiels are facts that winna ding, and that the children who listen to his statement are bound to misinterpret it, to say the least. They will not think of the hon. member in a very kindly way. If they had been able to vote for him I am afraid they would be likely to vote against him in the coming general election.

The reproach was made that we on this side of the house are in favour of better old age pensions, that we want to look after the incurables, and that we want to take care of a certain number of veterans who are not very well cared for at the present time, and that at the same time we are in favour of a reduction of taxation. The comment was made that that seemed to be contradictory. Let me say that we think that exemptions of $750 for a single person and $1,500 for a married person are much too small. The exemptions should be much higher than that because of present high prices, and because of conditions in the country. At the same time we do not feel that if our policies were carried out it would necessarily mean a cut in social services, limited as they are, or that it would prevent the improvement of existing social services. We propose to cut taxes at the end where taxation is hurting the most people, who can least afford to pay, and increase taxation amongst that small section of the population which has the most money and can most afford to pay. It seems to me that it is reasonable, that it is logical, that it is humanitarian, and that it is plain common sense.

The suggestion has been made in this house, and it was made again this afternoon, that one of the causes of communism is the lack of social services, and that if social services were improved we would have less to fear from the growth of communism. I do not deny that statement but I would suggest that we in the C.C.F. group have advocated that social services should be extended to those countless thousands who need them, and need them desperately, not because we are afraid of communism but because we think it is the decent, humane thing to do. Psychologically that seems to me to be a much worthier reason, and I would suggest that it is the point of view that should be adopted by the government in relation to the problem.

In the days of the depression it used to be a common saying amongst our people that the poor get poorer and the rich get richer. But the days of the depression have gone, we have come through a war, and we have been in the piping times of peace for the last five years. During that period the poor have still got poorer and the government has got richer. The poorest amongst the poor are the old age pensioners, and every time they pay for food, shelter and clothing they pay a part of that taxation which has accumulated to the point where we expect a surplus of at least $500 million, and we have had larger surpluses annually for the past two or three years.

When the government come to us and say that they are engaged in cyclical budgeting, and that they want to save during the fat years in order to take care of the lean, I say to them that paying off the national debt is an excellent piece of business and it is good law, but they should remember their fathers and their mothers before they remember the bondholders. I believe in the statement in the good book: remember thy father and thy mother that thy days may be long in the land that the Lord thy God has given thee. I believe that is true today, and that it is a better rule than remembering the bondholders and paying off the national debt. I believe that any surplus should go where it is so urgently needed.

In this debate I have listened to members of the Conservative party, the Liberal party, the Social Credit party and the C.C.F. All have agreed that something should be done for the old age pensioners; and I believe that

year after year, if asked this question, they would be so agreed. Yet nothing comparable to what is necessary has been done to date. However, we are looking forward with the thought that a general election is in the air. We hope the government, with the sort of generosity that is always shown before a general election, will move in the interests of these old people who have spent their lives building up our country, who have made it possible for us to enjoy what we are enjoying today, and who at this late stage of their lives should be given some ease and comfort and some security in their declining years.

I want to deal also with the matter of superannuated civil servants. When asked why something cannot be done for these people the reason is always advanced that superannuated civil servants are paid out of a fund that is on an actuarial basis. Of course, to some of us who understand insurance and know what an actuarial basis means, this may sound very logical. But to the individual who is trying to live on $40 a month, all this talk does not mean very much. Financially it may be the correct thing; but from the point of view of the human being, he neither understands it nor will he tolerate it. We employed these people in the service of the state in various activities, whether humble or important. They gave years of service to our nation, and we are an honest people who wish to pay our debts. We will not lightly forgive a government which permits the superannuated civil servants of the country, in their grey hairs, to suffer as these people are suffering today; and I say that, despite actuarial bases or any other kind of financial excuse for not coming through with what is absolutely necessary for our retired civil servants.

In the course of my remarks I should like to deal with the situation that has developed in my city of Vancouver. Out there our people have returned to the period of the depression. It is as though the years in between have vanished; the piping times of peace, when we enjoyed high wages, full employment and full pockets have gone, and we are back in the days of the soup line. I have newspaper pictures here showing men lined up at a long table, and the headline is, "Soup kitchen business brisk." The writer goes on to say:

> "Soup kitchens" are operating in Vancouver to fill the stomachs of hungry men who have exhausted their unemployment insurance benefits or are not eligible for any. Shaven and unshaven, clean and unkempt, with the haggard look that comes from weeks of desperation, hundreds of forlorn men haunt the premises where social agencies ladle soup by the bowl or hand out meal tickets.

Now in my province they run to over fifty thousand, many of whom are not eligible for unemployment insurance or who have exhausted their eligibility and have no means of maintenance. I have here a news report which should interest the house, because it quotes the chief of the community chest, a very responsible person chosen from other responsible people in our society, who is capable and willing, and who has the leisure and possibly the security to interest himself in carrying on where government social security ends and where the need is still felt. In his speech, which is reported in the Vancouver *Sun* of March 1, he says:

> The retiring president said at the chest's annual meeting Monday night that "hungry and cold people get a bit impatient when they wait on the enactment of statutes." He said both single and family men have used up their unemployment insurance benefits and have no income. The matter must not be "smugly smoothed over" for another year, he said.

This is not an impatient C.C.F.'er, but the head of the community chest in Vancouver.

In my constituency we have one of the most beautiful natural parks in Canada. It is known from coast to coast and all over the continent. Wherever you hear tell of tourist paradises, you hear mention of Stanley park in Vancouver. It is an area which was left for our leisure, for our enjoyment; and before I left Vancouver I walked through that park, which is close to my home. Sitting on the benches in the bitter wind were the unemployed men, homeless and foodless. Under their clothes were stuck newspapers to keep out the wind. That is the sort of thing that is transpiring.

Mr. Cruickshank: Ugh!

Mr. Young: Did I hear the hon. member for Fraser Valley (Mr. Cruickshank) say "Ugh"?

Mr. Cruickshank: You heard me say you were talking utter nonsense.

Mr. Young: Thank you; happily that will go into the record.

Mr. Cruickshank: I hope so.

Mr. Young: And no doubt the seven thousand unemployed in the hon. gentleman's own constituency will appreciate the grunts that he uttered in this house a few moments ago.

Mr. Cruickshank: They will also recognize what I have done in their behalf.

Mr. Young: Mr. Speaker, I do not propose to be interrupted by the hon. member at length, though I do not mind the odd interruption. I should like to go on and say that the Canadian society of incurables has sent most hon. members, perhaps all of them, a letter setting out their case, part of which

I am going to present to the house because I believe it is worth listening to. They say:

> We cannot forget that thirty years have elapsed and the cycle of Mr. Mackenzie King's premiership has been completed since the desperate need of our Canadian incurables was first presented to our federal government. Members of parliament are still agreeing whole-heartedly that something should be done for them and yet nothing is being done.

And a little further on:

> Much has been said about an over-all security plan. That sounds reasonable if it could be brought into immediate existence. We are told that it cannot be done, and in the meantime our incurables are existing shamefully or else dying in poverty.

Then the letter concludes:

> We do not believe that the social and economic security of our incurables depends upon a proper relationship between our provincial and federal governments. That excuse will not pacify us any longer. If that were so, right thinking men would have remedied that difficulty before this. We believe that if the federal government so desires they can see that every incurable in Canada is receiving a proper pension of at least seventy-five dollars or more before this session is over. We believe that you do want to, otherwise life is not worth living for the thousands of people for which you are directly responsible clear across Canada.

I have had a great many letters similar to this, but if I were to present them all I would not have time to speak on any other subject. So I am going to present just one other letter dealing with this matter of the necessary social services for which this nation has looked to our present government over the years, as they are related to the $500 million the government is sitting on for the future, and which possibly they used to reduce our national debt last year. Here is a resolution from the Canadian non-pensioned veterans' widows, of which I shall read only part:

> that all non-pensioned veterans' widows whose late husbands served in any of His Majesty's forces during the great war, 1914-18, be considered under the War Veterans' Allowance Act, whether said husband served in an actual theatre of war or otherwise.
>
> We appeal to the dominion government for the necessity of making prompt provision for the non-pensioned widows of imperial veterans, by the extension of the War Veterans' Allowance Act under the same conditions as the Canadian non-pensioned widow, providing that such widows have been domiciled in the Dominion of Canada for a reasonable time. For example, —

This is a good example, I think.

> —the immigrant who has resided not less than a period of three years, can apply for the family allowance; we would urge that the imperial veterans' widows have the same privilege when applying for allowance.

It seems to me that what I have read is reasonable. It comes not from people who, if we support them, will reach a stage where they will not want to support themselves. These people cannot support themselves. These people are a crying shame to our country and to our civilization. It is a shame that a land such as Canada, one of the wealthiest in the world, rich in natural resources, despite its enormous wealth and with only twelve million people as compared with Great Britain which has forty-eight million people in that tight little island, is unable to inaugurate a social security program.

On a previous occasion the Minister of Agriculture (Mr. Gardiner) said that some of these social services enjoyed by the British people were instituted by a Liberal government. More honour to the Liberals of Great Britain and less honour to the Liberals of Canada. The final touches were put to the program the British people now enjoy by a parliament just as we have here. If I stood up in that parliament and looked around, however, I would not be able to say to myself, as I am able to do here, every fourth man I see is an honoured and learned member: almost every third member is a member of the legal profession. In the British House of Commons I could look around and see bricklayers, ditch diggers, coal miners and sailors; I could see the representatives of a democratic people and they would represent every form of energy devoted to the interests of humanity, whether it be the energy of the brain or the energy of the muscles. I look forward, Mr. Speaker, to seeing that happen in this house. The reason I look forward to it is that the needs of the people have not been met.

In deciding what is going to happen in our country in the next few months, Mr. Speaker, it would be well to look at the history of elections in Canada since confederation. It is a notable fact that, before any party has taken office federally, that party has been in office in a majority of the provinces. The sole exception to this rule was the last election, which was a victory election. When the party in power federally has lost office in a majority of the provinces, then it has gone down to defeat at the next election. An examination of the political situation in Canada today shows that the Liberal party is no longer in office in a majority of the provinces. If the political rules that have developed in this country have any validity, then this government is like Belshazzar at the feast. It sits sated before the political tables from which it has eaten so long and the handwriting is on the wall, "Mene, mene, tekel, upharsin."—You have been weighed in the balance and found wanting; your kingdom will be divided amongst your enemies.

I say to the government, that is about to happen. On the other hand, I look at the official opposition. I look at them in the early afternoon when they are all in the house. I

see men who have been out in the political wilderness for many years. I find that the average age of that group is probably much higher than the average age of the house as a whole. I find that they look extremely senatorial and dignified. Had the Conservative party been in office, it is quite possible some of them would have occupied seats in that other place ere now. I watch them and see that they have a hungry eye when they look at the front benches on the government side. During the war years they were the greatest patriots. Amongst that group there are two holders of the Victoria Cross. These are the gentlemen who called for an all-out effort during the war and called for conscription. They said "Everything for our country." Today, with those hungry eyes fastened on the government front benches, they are in an alliance with Duplessis. Men are working for them in the elections who, only a few years ago, the Conservatives cried out should be in jail. At that time they said these men were opposed to patriotism—traitors to our country. But today they have compromised, and what a compromise!

I say that the people of this country have no choice between the official opposition and the government. It is impossible for a group to straddle the fence as the official opposition proposes to do. When the records of the debates in this house are examined it will be found that the official opposition has not brought up the economic conditions of the immediate future or the problems that face the country from the point of view of bread and butter. They have dillied and dallied with the ancient history of our country and the more recent history of our country in the form of dominion-provincial relations. Worse than that, they propose to bring up the story of Hong Kong. I would say this, Mr. Speaker, that the men and women who survived but who lost brothers and sons in the Hong Kong disaster have suffered enough. To bring this up now in order to make political capital out of it is a stab in the back to the people of Canada. The object of this move is headline hunting. I say that the people of Canada will not thank the Progressive Conservative party for it and will make that fact known at the next election.

In my constituency, Mr. Speaker, we have fine homes and beautiful gardens. As I said before, we have one of the great parks of Canada. There is also the business section and, in the eastern section, there is a slum quarter. As the member for that constituency, I have frequented that quarter, I have called upon these people and discussed their problems with them. I have examined the record and found that, when that area pays rates to the city of Vancouver, the city of Vancouver has to pay back additional money to that area in the form of the cost of juvenile delinquency; in the cost of crime; in the form of providing policemen; in the cost of hospitalization for the various social diseases; in the cost of tubercular prevalence; in the cost of infant mortality. All of these things cost more than the city receives from that area. I say this, Mr. Speaker, that the time has come when we in this country are getting into the plight of the people in Europe, we are developing slum dwellers.

I believe that the children of our country should live normal, natural lives. I believe that every child in an ideal society, such as that for which I hope we are struggling—and I include every member in this house—would rise at dawn and sleep at dusk. It would run in the grass. It would stand in the streams in its bare feet, and standing on the round stones it would feel the water rippling and enjoy the sunshine. It would be able to smell the grass, and it would be able to take part in the natural earthbound existence which the natural person has. The children in the slums in my area are cut off from that. They are cut off from anything normal and natural. When they grow up they are foredoomed. Society is against them. Many of them go into the criminal courts. They appear in those courts as pleaders, as vagrants and as criminals. They are there on petty crimes which are always prevalent in an area where an individual has no chance. I believe in equality in a real sense. I believe in equality of opportunity. I believe that everyone in this country has the right to a break, when they are small, anyway. They will all grow up differently. We are all built differently. But if they are given an even break we shall have a better Canada and it will be a more worth-while Canada.

We who sit in this house have these responsibilities, Mr. Speaker, and after we leave this house, nothing that we do or say in the way of an explanation as to how this could not be afforded and that could not be done will redeem that. We ourselves will be responsible, when we go before the people, more for what we have failed to do than for what we have done. And especially responsible will be this Liberal government, and the hon. members who sit on the back benches will be just as responsible as the hon. members who sit on the front benches, because no government survives without the support of all its members.

I do not want to dwell too much on this, but I do want to point out that a special committee on housing was set up by this house fourteen years ago. That committee on

housing brought in a report which reads in part as follows—I shall read section 4 first:

The formation, institution and pursuit of a policy of adequate housing should be accepted as a social responsibility.

Section 5 reads as follows:

There is no apparent prospect of the low-rental housing need being met through unaided private enterprise building for profit.

Section 13:

The slum areas which have been shown to cast very heavy expenses on many branches of public administration such as health, welfare, fire prevention, administration of justice, et cetera, may justify public assistance, which is likely to prove as sound financially as it is certainly desirable socially.

Therefore all the remarks I have made on slum conditions, all the reasons that I propose to urge on this house for low-rental subsidized housing, were made fourteen years ago by a committee of this house, and yet where are we today? We still have not got it.

There was a report in the newspapers dealing with some of the figures of the experiments which have been made in subsidized housing in the United States. In San Francisco some of the most significant figures came to light. The revenue and expenditures situation in the slum area compared with an equal non-slum area were as follows: Revenues from the non-slum area were $555,600. From a slum area of equivalent size the revenues were $368,000. But the expenditures in the non-slum area were only $86,000 and in the slum area they were $741,000. I have not time to give a breakdown of these figures although I have them here.

May I say this, especially to the Prime Minister, whose published statements in the press of late have shown some slight departure from his original statement made, I believe, some time ago in which he implied that he would not be himself a member of a government that went into the housing business. His more recent statements tend to show that there is a possibility that there is something in this need of people being housed, which is a responsibility of the government.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at seven-thirty o'clock.

PRIVILEGE

EXPLANATION OF STATEMENT MADE BY HON. MEMBER FOR NEW WESTMINSTER

Mr. Thomas Reid (New Westminster): Mr. Speaker, I rise to a question of privilege. My attention has been drawn to the fact that from my speech this afternoon the inference might be drawn that I had suggested that the hon. member for Yale (Mr. Jones) had leanings toward communism. It will be recalled that I referred to the by-election in that constituency, and to the kind of propaganda used.

Let me assure him that I had no such thought in mind. The hon. member for Yale has no more thoughts of or leanings toward communism than I have, or than most hon. members of the house have; and I should not like that impression to remain. What I meant to say was that we no longer can use the word communism as something frightening, or a word to frighten people.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed consideration of the motion of Mr. D. F. Brown for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto of Mr. Drew, and the amendment to the amendment of Mr. Coldwell.

Mr. Rodney Young (Vancouver Centre): Mr. Speaker, I should like in the few remaining minutes of my time to refer to the matter brought up yesterday by the Minister of Transport (Mr. Chevrier). He referred to the sale of Canadian ships to foreign flags, the reduction of our merchant marine and the consequent unemployment which would follow if that procedure was very far spread.

I should like to say that the house would expect—and I presume it will receive from the minister concerned—some assurance that Canadian companies are not retaining ownership of shipping and transferring it to foreign flags. Because there is abroad among the sailors on our ships a very definite impression that that has taken place in at least one instance. I have letters on my files to that effect.

We all realize that during the period of the war many young men from Canada went to sea for the first time. They did so in order to help us win the battle of the Atlantic. They had their ships sunk from under them —not once or twice, but sometimes three or four times. Those men have adopted seafaring as a means of making their livelihood, and as their way of life. They received adequate training.

It was suggested that there had been labour trouble in the merchant marine, and that this had an ill effect on the prospects of the industry. Let me say this, that the labour troubles over a period of years have given to our sailors a higher standard of wages and conditions than are to be found in

other merchant navies. The minister himself said that the average wage of a Canadian mariner was $49 higher than that of a British mariner. A Liberal government is liberal, not only in name but, I hope, in its outlook upon the standard of living of the Canadian worker. And it is in the interests of liberalism, as it is in the interests of Canada, that when a standard of living has been achieved no private corporation should be allowed to whittle down that standard of living by hiring cheaper foreign labour. Every effort should be made by the government, when ships are sold, to see to it that pressure is brought to bear to have new keels laid to maintain the standard of labour.

Mr. Mayhew: I know the hon. member would like to be fair. I am quite sure the Minister of Transport did not imply that labour was the cause, any more than the owners of the ships. He did not make any charge against labour.

Mr. Young: I do not wish to be misunderstood.

Mr. Mayhew: That was the inference you left.

Mr. Young: The minister will bear me out when I say that in industrial struggles there are two points of view. I am sure the minister believes that, too. However, I would say that I do not speak because I am subject to any pressure group. Everyone here knows that that would be unlikely, in view of the party with which I am associated. It is not likely I would be subject to the pressure of any group which seeks to gain orders for the building of new ships at the expense of the Canadian taxpayer.

But I have been to sea; I have been in the black gang; and I know many of the conditions and the great effort which has been made through the years by our Canadian seafarers to get decent conditions and wages in their particular vocations. I want to see it maintained, and I am sure the minister also would wish that.

Mr. Cruickshank: May I ask a question?

Mr. Young: Owing to the shortness of time at my disposal, it would not be fair if I were to permit the question.

Mr. Cruickshank: I would ask it now, or at the conclusion of your speech.

Mr. Young: Before taking my seat I should like to draw the attention of the government to the safety regulations on the Vancouver waterfront. May I draw their attention to the fact that for that whole waterfront area at the present time the federal safety inspectors number only two. It is the opinion of people who should know, and who are experts in longshoring, that it requires a minimum of six safety inspectors.

The provincial government has jurisdiction over safety regulations, through the workmen's compensation board, as far as the highwater mark. But as the longshoremen in Vancouver work mainly on the ships and on the docks a good deal depends upon the safety regulations being carried out by the federal inspectors. I am given to understand by all sides that the inspectors who are at present engaged on the Vancouver waterfront are doing an excellent job, so far as it is within their power, having due regard to the fact that there are only two of them. It is by no means their fault, individually, that accidents have occurred. However, the rigging used in longshoring is cumbersome in many ways, and if it is to be properly inspected and found to be in good condition we must have a better safety inspection.

I should like to draw attention to the fact that the men who are used for first-aid work are often recruited from among the longshoremen who, after many years of service, have reached an age which is too far advanced for their jobs. That is, they cannot carry out the extremely heavy labour of longshoring. Very often these men are recruited as first-aid men. If they go on the job and a piece of tackle is missing, they are sent back to the yards to pick up that tackle. They may be absent two hours or perhaps a day. If anyone were hurt during their absence no first-aid man would be on the job. In my view the regulations should be more strict respecting the knowledge of first-aid men on the waterfront. I feel this will bear some investigation on the part of the minister concerned.

Then, if I may be permitted, I should like to thank the authorities responsible for the offer of assistance in starting a steel plant in British Columbia. We need a steel plant out there. We have the materials; we have the coal; we have the iron; we have the mines. If it is possible—and I hope it will be—to make financial arrangements whereby the money will be furnished dollar for dollar with the government, it may go a great distance toward relieving the present unemployment situation, and will give us what we need so badly on the west coast, a primary industry to provide employment to thousands of people who come in from other parts of Canada to enjoy our climate, and also people from stricken Europe.

We wish to have a satisfied citizenry, and we also hope that we may not be inflicted with a continuance of the terrible condition of unemployment existing today. In our view

the government would be well advised to give every possible support to this endeavour.

Mr. Cruickshank: As the hon. member's time has not expired, would he permit a question now?

Mr. Young: Yes.

Mr. Cruickshank: I know the hon. member wishes to be fair. He said in his address that in the Fraser Valley constituency there are some 7,000 unemployed. I believe he will agree that most of those are loggers unemployed because of weather conditions.

Mr. Young: I wish to be fair, as the hon. member has said. While it is true that I could answer by saying yes, if I were to do so I would be only partly fair. These loggers are domiciled in the Fraser valley in most instances. It is true that they are employed in the lumbering industry; but in most cases they are residents of the Fraser valley.

Mr. Cruickshank: Quite true; but, by way of a supplementary question, the unemployment is due mainly to the weather conditions, is it not?

Mr. Young: It is not due to the weather mainly, because it was announced that the probability was that the logging camps would be closed down in British Columbia for as much as four months; and if the hon. member will look at the figures of the bureau of statistics—

Mr. Speaker: Order.

Mr. Young: —he will find—

Mr. Speaker: The hon. member will understand that I cannot allow him to go on indefinitely.

Mr. H. W. Timmins (Parkdale): Mr. Speaker, may I at the outset of my remarks extend my congratulations to the mover (Mr. Brown) and the seconder (Mr. Demers) of the address in reply to the speech from the throne. These two hon. gentlemen have been given the privilege of taking a leading part in a time-honoured tradition and to them belongs the satisfaction of a job well done. The speech from the throne occupies a real place in our parliamentary system because it provides an opportunity for members of parliament to speak on behalf of the people back home. In the United States they call this traditional speech the speech on the state of the union. In Canada it is the speech from the throne. It is, in fact, a national stock-taking.

In my constituency of Parkdale the cry is for tax relief. The people contend that the income tax and the hidden taxes are getting to be more than they can bear. There is something wrong with a government which takes from the people a surplus of upwards of $700 million in one year and a surplus of upwards of $600 million the next year. In the army we used to call any additional thing "buckshee." These taxes are buckshee taxes, they are something additional, they represent something that is not needed. The people back home are asking about these buckshee taxes. These taxes have become too heavy and the people are very resentful.

Among these taxes is one that has been referred to a number of times in this house, the tax on soft drinks. A return which I have received shows that in 1946 the revenue from this tax was $17·5 million. In 1947 the amount was even more, and in 1948 it was still higher. This tax has reached the point where the industry is being stifled to some extent. The tax is stopping the people from buying. That means the possibility of unemployment in the industry. I am told by representatives of the industry that if the tax were taken off the saving would all be passed on to the public so that they would be able to buy their soft drinks at the price they paid before the war.

I spoke to the minister about some of these indirect taxes and he gave me to understand that when they got to the point where they were interfering with industry, where there was a likelihood of unemployment, he would have to do something about them. Despite what may have been said by others in this house about this tax, the fact is that this industry is finding the going pretty tough and there will be unemployment if something is not done about the tax.

There is another tax we have not heard so much about, but it is quite important. I refer to the 25 per cent tax on toilet articles and cosmetics which used to be only 10 per cent. In 1941 during the war it was raised to 25 per cent. This tax is getting to the point where it is stifling buying by the public. I know of one United States firm which came here in 1932. They have done a lot of business and employed many people but they are considering seriously giving up because of the results of this tax. It will not be long before you find other companies giving up by reason of the tax. I know another smaller firm in Toronto which finds the going pretty hard for the same reason.

I think all of us want our women folk to look their best and we expect them to purchase cosmetics. They feel resentful over this tax and I submit that the Minister of Finance (Mr. Abbott) should reduce it at least to the point where it was in 1941 when it was only ten per cent. Those of us who were overseas during the first great war

remember the comedienne, Elsie Janis, who was the toast of London in those days. She used to sing a song which went something like this: I want a man, a determined man, determined to do what I want him to do. I say to the Minister of Finance that the women of Canada are saying that they want a determined man who will reduce this tax to the point where it was in 1941.

There is also an anomaly in connection with this tax. Shaving cream, hair shampoo, shaving soap and toothpaste are all subject to the 25 per cent tax. I imagine that every one of us uses every day probably those articles upon which we have to pay tax of 25 per cent. They are just ordinary necessities used to cleanse the human body. But toilet soap, another article used to cleanse the body, bears a tax of only five per cent. Why should not this heavy, irritating tax of 25 per cent be reduced, at least to five per cent, so that it would be in line with the toilet soap tax? I see no reason why necessities like shaving cream, shaving soap, toothpaste and hair shampoo should not be reduced, preferably by taking off all the tax, but in any event to five per cent in line with toilet soap.

I come now to the matter of income tax. Right now people are striving to the limit of their resources to pay this tax, and by the end of the year they have very little to put away for old age and so on. I think we are all finding it increasingly difficult to pay this tax year by year without getting behind. The present exemption of $1,500 for a married man is worth only $750 at the present day value of the dollar, and that is a pretty small exemption. I ask the minister to take cognizance of the platform of the Progressive Conservative party in which we recommend that the exemption be raised to $2,500 for married people and $1,250 for single people. Then we urge a further exemption of $200 for dependent children.

There is one more tax to which I should like to refer, the tax on widows' incomes. Today under certain circumstances a widow who has brought up a family and who is maintaining a home is entitled to an exemption of only $750. She must maintain herself the same as a married person who has an exemption of $1,500. I submit to the minister that that exemption should be raised. At the age of 65 years the widow's exemption is by the Income Tax Act increased to $1,250, but we must remember that a widow who has brought up a family and who is maintaining a home may find her expenses just too heavy in the years before she reaches 65. I submit that the age limit should be reduced from 65 years to 50 years, so that the exemption would apply at the earlier age.

For the greater part of my time tonight I should like to speak on the subject of the desperate need for housing in this country. In the face of increasing population—and there were over 83,000 new family formations in 1948—and in the face of increasing immigration—and there were over 125,000 new Canadians who came here last year—the Liberal government has assumed a negative and defeatist attitude to the production of housing in Canada. The records show that in 1946 only 65,000 houses were built. In 1947 the figures are 72,346 housing units, and in 1948 81,000 housing units. Of the number built last year only 26 per cent were rental units whereas rental accommodation is the type most in demand. As building costs go up, and the size of down payments increases, there are fewer and fewer people who can buy houses. Actually the builders who were building under the integrated housing plan have now run into certain difficulties.

The Minister of Reconstruction and Supply (Mr. Winters) advised the house today of an amendment to the integrated housing plan, but I can tell him that, although his changes are laudatory, as a matter of fact they are not going to help the ordinary builder very much in building more houses in 1949. Some of the things that the minister has suggested, and which must have been given to him in good faith by his advisers, are rather difficult to accomplish in the housing business. I want to tell him that when he expects a builder part way through his job to present bills that have been paid and waivers of liens in respect of the job that is being performed he is asking for trouble. There is nothing more certain in the world than that he will run into trouble, if his department asks for that sort of thing. There are also new features of the National Housing Act which have caused trouble. I have seen clippings from the papers and I have had letters from builders who tell me that the National Housing Act is not working out to their satisfaction, and is not working out to the satisfaction of the general buying public. We are running into very serious difficulties in that regard at the very beginning of 1949.

We should remember that at least 90 per cent of the housing units which have been built in Canada in the last four years have been constructed by private builders. They have been constructed by private enterprise, and in spite of the building priority system because, and as a matter of fact, in most cases the builders get no priority at all for materials. They obtain materials wherever they can find them. The private builder has been carrying the load in spite of the government. It is my considered opinion that the problem of housing in Canada will only be solved

when the government gives private builders the materials to do the job, and gives them the green light to go ahead no matter what.

I should like to trace the attitude of the government on the question of housing as it has been indicated to the public since before the 1945 election. We can well remember those things that were said by cabinet ministers, and the promises that were made that, when the Liberal party was elected to power, houses would be turned out like tanks off a production line. They also said they had a housing program for Canada. The years have shown there is not any housing program for Canada. There has just been a series of expedients, of little things that are supposed to fit together, and they have not fitted together at all. There is no such thing as a housing plan for Canada even today.

Since 1945 we have heard the various utterances of the cabinet ministers and responsible parties. For a few minutes I am going to take the time to review them. The first was in July, 1947, and was a pronouncement of the then minister of reconstruction. He said:

> The government takes no responsibility for solving the entire housing problem for this country. It is perfectly ridiculous to suggest that it is a government responsibility. Every city has its own housing responsibility, as has every province. The government is responsible for the returned men, and its responsibility stops at that point.

I am going to suggest that the quotations I am about to give the house indicate that statement apparently still stands. "The government is responsible for the returned men, and its responsibility stops at that point."

In May of 1948 the then minister of reconstruction had this to say at page 3642 of *Hansard*:

> Because of very high construction costs and because the building industry is now working at capacity, I do not think that the present is an opportune time to attempt the initial steps into the low-rental housing field. Certainly at this time I am not prepared to recommend capital subsidies or contributions to a rent reduction fund by the dominion.

To carry on a little further, the present Prime Minister (Mr. St. Laurent) became leader of his party, and very shortly afterwards he made a statement which has been quoted many times in the house, and which fits into the chronological order of the things I have to say. I will therefore read it. He said:

> No government of which I am a part will ever pass legislation for subsidized housing.

He watered that down a short time afterwards, when he gave a press statement in which he said:

> For the present the government will not consider subsidized housing for the low rental groups since it is convinced that no further money put into housing programs could build a single additional dwelling.

[Mr. Timmins.]

I wish to take issue violently with that statement because it shows a complete lack of knowledge of the subject. As a matter of fact, commencing in 1949 there are a good many factors which indicate that, given some leadership and direction, we could build a great many more houses in 1949 than were built in 1948. The first factor is that the lumber situation is a great deal easier. Throughout the country one can get lumber now, and it was hard to get last year. Then again labour is a good deal easier to secure. A year ago you could not get a labouring man on a building job. The boss had to do the labouring work himself. In addition to that, carpenters are now coming into the residential field. I know of one builder to whom three carpenters came in a period of two days within the last two months, and he took on two of them. The labour situation in residential building is getting better every day.

As to steel, from the information I receive, and the reports that come out from time to time, steel will be easier to obtain this year. By the third quarter of this year there will be a great deal of steel on the market. Steel goes into the manufacture of bathtubs, sinks, piping, hardware, and many other things that go to make up a house. In addition to all that, if we look at a little booklet, "Supply of Building Materials in Canada" which was sent to us by the Department of Trade and Commerce yesterday, we find at page 14 that they have this to say about building materials:

> Increased production of twenty-one of the thirty building materials covered here is anticipated in 1949.

I would say to the Prime Minister, if he were here, and I say to the Minister of Reconstruction and Supply, who must now have these matters at his finger tips, that there is real hope for additional building in the year 1949. I have the temerity to say to him that if he wants any help from this side of the house and he thinks we can help him, and if he does not place too much weight upon what the Prime Minister tells him about the lack of building materials, or labour, or whatever it may be, we will give him the necessary advice, gratis.

Now, Mr. Speaker, I should like to refer to two paragraphs in the speech from the throne. The first is:

> The provision of housing has received and continues to receive close attention. More new housing units were provided during the last calendar year than ever before.

That was in 1948, and we have no new thought for 1949 there.

> Your approval will be sought for the establishment of a department of reconstruction and development

to continue the functions now vested in the Department of Reconstruction and Supply, including the ministerial responsibility for the Central Mortgage and Housing Corporation.

The only new thought I can find in that paragraph is that this department now is going to be called the department of reconstruction and development. In other words, apparently the minister is going to be given some authority and some powers in respect of development. We on this side of the house admire the new minister very much and wish him good luck in the job he has undertaken, but I really feel he has just been handed a bag of tricks. I do not believe he has been given the authority he is entitled to. It seems to me, from the statement of the former minister of reconstruction, that this was not the time to start any new program, that this very direction or instruction has been handed on to the new minister, and he is stalled before he starts. He spoke in Toronto on January 24 of this year. Unfortunately I was not able to hear him, but I believe he made a very good speech. But in that speech he did not say anything new. I was rather surprised, because those of us on this side expect to hear a lot of good things from him, a lot of new things. All he told the people was that about eighty thousand houses had been built last year and he hoped about one hundred thousand would be built in 1949. He also said that if we had one hundred thousand additional housing units available right now there would be occupants for every one of them. That is what we have been telling them on the other side, that we are one hundred thousand houses short.

Then the minister said something which some assistant must have put into his brief, I am sure. He said there was a sort of backlog of $100 million for public investment, which his department had to fall back on, some of which was going to be used in future for housing. Well, as a matter of fact we have all known about the public investment fund since 1944. I have seen letters saying to a certain industry, "We believe your project should fit into this public investment undertaking. When the proper time comes, if your project measures up we will see that you get some of this money". I know the minister is going to have some of that money to use for housing; but after all that is a hedge against bad times. I am sure none of those on the treasury benches and none of us on this side of the house are looking for those bad times to come, and we do not want to have to dig into this public investment fund for a long while, if ever. So there is nothing very much in the pronouncement of the minister that this fund is there, ready to fall back upon.

However, Mr. Speaker, I should like to get down to some other practical matters in respect of this housing situation, and to take you back to the city of Toronto for a few moments. In that city on or about May 1 or June 1 next there will be a bad time in housing by reason of the recent amendment to regulations under the wartime rental order. The report of the welfare commissioner is to the effect that more than 4,500 families will have been served with eviction notices, and that 1,000 families may soon require emergency accommodation which the city does not have. In my hand I have a picture of Little Norway, one of the places where many of these more or less displaced persons have been put, people who had to go into emergency housing. The only way you can get into this housing is through a foot of water. In this picture I see people paddling to their homes; I see children playing in the streets in rubber boots. Those are the conditions under which they are living.

The Prime Minister (Mr. St. Laurent) knows all about this. He was in Toronto two weeks ago and spoke at a civic dinner. He had been taken around to see these places, and in his speech he mentioned that it was unfortunate that these emergency shelter projects had to be carried on, but that they were only intended to be temporary and that something would have to be done about it. He made quite a good speech, to which I shall refer in a few minutes. As a matter of fact, the situation in Toronto can be duplicated all over the dominion. I am told that by June 1 perhaps 13,500 people in eastern Canada will have been served with these eviction notices, so it is easy to see where we are getting with respect to housing.

When the Prime Minister was in Toronto on February 19 he devoted every minute of his speech at the civic luncheon, about thirty-five minutes, to housing. So I do not need to tell the house that the right hon. gentleman is pretty well seized of this question. Last evening he also spoke on the national network, when again he had a good deal to say about housing. These are some of the things he said in Toronto, first with respect to housing for veterans:

Housing for veterans he admitted to be a national responsibility, but Mr. St. Laurent declared that "it is not a part of the present plans of the federal government to move from veterans' rental projects into rental housing for civilians."

As a matter of fact, if the government would only do something about veterans' houses, if they only had a plan about veterans' housing, if they would only start there and do something about it, then we could go on to the next paragraph. But they have no plan,

and there was nothing concrete in the speeches of the Prime Minister either last evening or in Toronto by way of a plan for veterans' housing. In the army we used to have a saying, "Let George do it." We have the same saying now in the party opposite. The fact of the matter is that in his speeches the Prime Minister really was saying, "Let George do it;" let the other fellow do it; let the municipality or the province do it. We will come to that in a moment, however. He also said:

"We feel that the proper policy for the federal government is one which is limited to extending financial assistance to individuals and corporations, whether home owners or landlords."

Federal participation at present is limited to slum clearance grants and loans to limited dividend companies for low-rental housing, but the Prime Minister said that "it may be that experience will show that other forms of federal assistance will be desirable."

Well, Mr. Speaker, I point out that in what the Prime Minister has said, and in what the Minister of Reconstruction and Supply (Mr. Winters) has said either in or out of the house —and he has not really said very much about it in the house, though I presume he will do so later in this debate—there is nothing concrete by way of a plan for veterans, in the first place, and certainly there is nothing by way of a plan for any other citizens of our country. I quote further from his newspaper report:

The Prime Minister said his government is ready at any time to meet any provincial government in order to work out housing problems as between municipal, provincial and federal authorities.

In the house the other day the member for Vancouver East (Mr. MacInnis) asked the minister of reconstruction a question. He asked whether the government was willing to discuss long-range housing programs with any of the provincial representatives. The answer the minister gave, as reported in the press, is that he was not in favour of a dominion-provincial municipal conference on housing at this time. You see, Mr. Speaker, there is a certain amount of buck-passing taking place. The Prime Minister says the responsibility rests to some extent with the municipality. I am sure that each of the municipalities that have veterans who need houses would be willing to do its share. I am sure that every province in the country will be willing to do its share, too, but some leadership must be given. In so far as the veteran is concerned, the Prime Minister admits that the responsibility rests upon the federal government. Why can we not have a plan? Why can we not have a start? Why must we go around looking for someone to start the ball rolling?

[Mr. Timmins.]

Mr. Winters: I wonder if the hon. gentleman would permit me to say that I think it would be helpful to the house if he were to read my answer from *Hansard* rather than from a report in the press.

Mr. Timmins: I stand corrected if that was not the correct answer. Perhaps the minister would like to read it from *Hansard* now or when I have finished my speech.

A start must be made in all these things and I firmly believe that the start should be made in veterans' housing. I firmly believe that, if a start were made and we did have plans, the solution of the other problems connected with housing would follow right along. Something would then be done about emergency housing and, following that, would come the matter of slum clearance. In respect of all these matters, however, a start must be made.

The minister has also said, outside the house I believe, that he proposes to make a survey of housing in Canada so that he might know where to start. As a matter of fact, I presume every city and every town in Canada has a housing register. I believe such a survey could be made in a matter of two weeks. Certainly, it could be made by the end of this month. If housing is to be had in 1949, a start must be made almost right away. Following the survey I suggest that plans should be made immediately for the production of veterans' houses in every city and town in Canada where veterans' houses are needed. The Central Mortgage and Housing Corporation has plans which have been going through its office for many years. This corporation has been dealing with the various expedients relating to housing such as land development, integrated housing plans, National Housing Act loans and all that sort of thing. I see no reason in the world why a plan for veterans' housing could not be produced within a matter of a few weeks after the survey is made.

Then, I think a conference of the mayors, provincial premiers or their deputies, along with the representatives of other municipal bodies should be called so that a start could be made, first of all, in respect of veterans' housing; secondly, for emergency housing; and thirdly, for slum clearance. I do think a start must be made now. Since we have a new minister and he has a new department with a new name, one word of which is "development"—which means dig, produce, erect, construct—all that is needed is more assistance from the treasury bench. The ability of the new minister should enable him to get that help. I do not often quote scripture here, but there is a verse in the

bible in which St. Paul is speaking to some of his followers in a distant city and he says:

> Stand not upon the order of your going, but go at once.

I am saying to the minister that he should get started at once.

Mr. Ronald Moore (Churchill): Mr. Speaker, the speech from the throne did not contain any legislation which might be termed controversial in nature. No doubt this is strategy on the part of the government since 1949 is likely to be an election year. The government candidates will find it sufficiently difficult to explain the policy of the government over the past three years without, at the same time, having to explain any controversial legislation which might have been disclosed in the speech from the throne.

It is unfortunate, however, that a side issue has been introduced into this debate, and that is dominion-provincial relations. I am not for one moment saying that dominion-provincial relations is not an important subject. It is. But I do insist there are before this government and before the country many other problems which should have precedence in this debate. One of those problems is the high cost of living in this country. I venture to say that the cost of living today is the main problem before the Canadian people. It is the main problem because it affects a larger number of people than any other problem in Canada. We have a housing problem and the possibility of an unemployment problem. We also have the problem of developing and finding markets for our agricultural products. At the moment, however, I insist that all those problems are subsidiary to the one problem of the high cost of living.

It is to be regretted that the government did not see fit to bring down legislation to deal with that all-important problem at this time. Reference has already been made in this debate to the high cost of living. As I say, it is unfortunate it did not receive more consideration. In previous sessions of this parliament, in 1946 and 1947, reference was also made to the high cost of living. Statements have been made by members in this house and by other people throughout the country that the reason for the high cost of living is the demands of labour for increased wages. I am not saying that when increases in wages are granted they will not increase the cost of living, but I do say that when people talk in that manner they should also give the other side of the picture. They should also deal with the extra profits obtained by large corporations which have also helped to raise the cost of living.

When these two subjects are considered side by side, I think it must be admitted that the increased profits of industry contributed a great deal more towards raising the cost of living than the increase in wages to the workingman. For a minute or two, I should like to develop that point. Unfortunately, I could not obtain figures dealing specifically with the Canadian situation. The figures I have, which deal with the situation in Canada, relate to one of our largest industries, namely, the iron and steel industry.

In the iron and steel industry, between 1945 and 1947, the workers received an increase in wages which amounted to nine per cent. During the same period of time the increase in the profits of the corporation amounted to sixty-six per cent. I submit that, when we are studying the reasons for the increase in the cost of living, we must give as much consideration to the increase in profits as to the increase in wages. I submit that up to the present time that has not been done. You can review the facts in connection with the pulp and paper industry, and a number of other industries in Canada, and you will find that the situation is similar to a greater or lesser degree; but the most important figures in connection with a study of this problem come from the United States. The Congress for Industrial Organization, one of the largest unions in the United States, has made a special study of this situation. They have carefully calculated how much a percentage increase in wages to the workers cost the plants which gave the increases. They have also calculated how much extra money the companies received by virtue of an increase in the price of the things which they had to sell. Here is the situation with respect to the United States, and I submit that I am being fair in presenting these figures for the United States, because the industrial picture of the United States is similar to the industrial picture in Canada. The standard of living in the two countries is somewhat similar, and generally speaking the economy of both countries is the same. Therefore, once again I submit that I am on solid ground when I say that the situation in the two countries can be considered on a par.

Take the iron and steel industry as an example. The iron and steel industry gave an increase in wages to their industrial workers, and at the same time an increase in the price of steel was given to the companies. The increase in wages cost the companies $170 million a year, but the increase in the price of steel netted the same companies $640 million a year extra.

Take the coal companies. They gave an increase in wages to their workers. That increase in wages cost these coal companies $150 million a year, but the increase in the price of coal netted the coal companies an additional $500 million a year.

Take the automobile manufacturers. Five of the largest corporations in the United States producing automobiles gave an increase in pay to their industrial workers. That increase in pay cost the companies $152 million a year; but, at the same time that the increase in pay was given, the price of automobiles was raised on the United States market, and that extra price netted the corporations an additional $540 million a year.

In calculating the increase in the cost of living in the United States you must take into consideration the fact that the owners of the industry get a much larger share of the excess prices than do the industrial workers, and that also explains the reason why we have a spiral in an inflationary period: A strike, an increase in wages, followed by another strike and an increase in wages.

I submit that the government have not dealt fairly with the people of this country because they have failed to deal with that situation. They have not dealt with the combines in this country. If all the legislation which is on the statute books of Canada to deal with the combines had been put into effect we should not have combines at this time. The first legislation enacted in Canada to deal with combines was enacted in 1889. Another act was put on the statute books in 1897. A combines investigation commission was set up in 1910. It was revised in 1919, and again revised in 1923. I believe a new act was brought into effect in 1935, amended in 1937 and again amended in 1945. After putting all that legislation on the statute books one would have thought that combines would not have got very far in Canada, but that is not so. The real problem before the people of Canada today is the control of these combines. I submit that both old parties have failed to bring about this control which would be in the interests of the average consumer in Canada.

I note one statement in the speech from the throne which said that there was a great danger in the world today from the spread of communism. Undoubtedly there is some truth in that statement; but I would have expected that the speech from the throne would contain another statement, namely, how they intended to deal with the situation in Canada. If they intended to deal with it, one of the first things that they would have said is, we are going to socialize or nationalize the large cartels and corporations which are now in operation in Canada. If they had done that, they would have solved those problems which are the only ones that can lead to the development of communism in this country.

I am not a bit afraid of communism in this country. I am certain that it has not got a chance because the conditions which exist in Canada are entirely different from the conditions which existed in Russia at the time of the revolution, or the conditions which exist in China at the present time. A study of the economic factors in connection with these things will soon prove to anyone that communism cannot develop in a state as highly developed as Canada or the United States is today.

I now wish to deal for a moment with some of our other problems, some of the problems which I think should have been mentioned in the speech from the throne. It is often argued that the cost of living does not affect the farmer to the same extent that it affects the industrial worker. There may be some truth in that statement, but it must also be remembered that the cost of living has also increased for the farmer just as much as it has for the industrial worker, and more in some cases.

According to the bureau of statistics the average cost of living on farms today has increased by 38 per cent since 1945. But, in addition to that cost of living increase for the farmers, there is another increase, namely, an increase in the price of farm machinery and particularly an increase in the price of spare parts. It would naturally be argued that the farmer does not have to spend his money every year on renewing his machinery. That is quite true, but he must spend money every year to keep it up, and that involves the buying of spare parts. The costs of these spare parts at the present time are very high. I submit that the increased costs all the way down the line have taken from the people almost all that was gained during and after the war years in the increased level of operation of our national economy.

I am not going to review the history of the high cost of living; I am simply going to say that it is to be regretted the government saw fit to abandon price control at this time. The experiences of the government and the people of Canada were such as to prove that price control was the best possible method of maintaining the standard of living of the various groups throughout the country. You will remember, Mr. Speaker, when price control was lifted in 1947 on three hundred commodities in this country. These three hundred commodities were selected which did not figure too much in the actual cost of living. When the price ceilings were lifted the result

was a decided increase in the cost of living, sufficient to prove to this government and to anyone else that any abandonment of controls would lead to an unprecedented rise in the cost of living. But despite that information, which was available to everyone at the time, the government apparently yielded to the wishes of someone and gradually did away with price controls. In 1947 this was a pretty live issue. There was a possibility, when price controls were lifted, that great profits could be made from the sale of consumer goods. Naturally, some of our larger companies were extremely anxious that price control should be abandoned at the earliest possible moment. One of these gentlemen was the president of the Robert Simpson Company. This gentleman spoke to the shareholders of the company at a meeting in 1947. At that meeting he made this statement dealing with price control. I wish hon. members to listen to it, and decide who was more correct in judging the economic situation, the president of the Robert Simpson Company or the leaders of labour unions and leaders of farm organizations. Here is what the president had to say at that time:

> An over-all and immediate lifting of ceilings would quickly react to the benefit of all consumers. The considerations which the government took into account as necessary in applying the over-all price ceiling in 1941, are now working to the disadvantage of consumers. In spite of subsidies, in some cases running into hundreds of thousands a year, standard lines at popular prices, many of them household and personal essentials, have not been produced except in token quantities, simply because a producer could keep workers employed making substitute articles which could be made at a profit in spite of the price ceiling.

And it goes on:

> Even if these standard popular priced lines were produced to sell at a price somewhat higher than the ceiling the real cost of living would be less in total than at present. There has been such continuous propaganda on one side of this question that it is difficult for many to believe the truth of this "price" situation.

In view of what has happened since that speech was made, I leave it to any hon. member to decide who was the more correct, the president of that company or the leaders of the unions and farm organizations throughout Canada. With the cost of living where it is today, our decision can go only in one direction—against the company.

I should like now to say a few words in connection with agricultural marketing. Despite the expansion of our industrial production in Canada, agriculture remains our basic and our chief industry. It is also true, however, that agriculture depends to a very large degree upon a foreign market to maintain the standard of living of our agricultural producers and workers. At the present time almost 50 per cent of our agricultural production must go abroad. That means we must have a foreign market to take delivery of those goods.

At the present time, I believe, the British foreign market is the best possible market we can develop for our agricultural products. I believe that, not because I am of British parentage, but because Britain is the largest single market anywhere in the world for the delivery of agricultural products. I think all possible steps should now be taken to develop that market to the utmost for our agricultural industry.

At the present time there are great trading difficulties between this country and Great Britain, something which has been termed a dollar shortage. Britain's purchases from Canada are limited to the availability of United States dollars. At the present time it would appear that Great Britain may even have to cut down on her imports from this country.

A few days ago I asked the Minister of Trade and Commerce (Mr. Howe) if the government thought there was any possibility of Britain's adopting an austerity program toward this country because of her unfavourable balance of trade. He replied that he did not think there was that possibility. However, in view of the fact that, when we had an unfavourable balance of trade with the United States, we adopted an austerity program toward that country, I do feel the government here should immediately take steps to deal with the trading situation which exists between this country and Great Britain and do everything possible to retain the British market for the sale of agricultural products.

I should like to take a few minutes to express again a view which has been expressed by other hon. members. I do so because I think it is of extreme importance to the agricultural industry in western Canada. A few days ago the hon. member for Moose Jaw (Mr. Thatcher) and the member for Skeena spoke about the necessity for developing barter trade between this country and Great Britain. I want fully to support what the hon. members said in that connection. I feel quite firmly that this government should take all possible steps toward developing a long-term agreement with Great Britain on a barter basis. I am not going to say for what period of time the trade contract should be made; but if the British government feel they would like a ten-year contract, I would say we should go ahead and arrange a contract on the basis best suited to them. Once again we must remember that the British market is the largest single market in the world, and the easiest

one to develop so far as Canadian agricultural products are concerned.

Then, in connection with foreign trade, I should like to advance another argument. I am sure hon. members on all sides of the house are aware of the great development now taking place in India. Since the end of the war India has become a self-governing dominion. It is true that part of the country has divided itself from the other, and set up a separate government in Pakistan. Nevertheless great developments are taking place in that country. Iron and steel mills are being built. Textile plants are being built. A pulp and paper industry is being developed. I am told that just recently the government of Pakistan has undertaken to institute a housing program, if you please; and that within eight years they hope to build approximately a million homes in that country. If this development takes place it will raise considerably the standard of living of the people in that country, with the result that there will be available a very sizeable market for the export of goods from this country; and I urge the government to bend every effort toward developing trade with India. If their standard of living is increased, the huge population of that country would provide a great market not only for Canada but for other countries as well.

I should like now to say a few words concerning the importance of the housing problem in this country. A number of speakers in the debate have already dealt with that subject; and at the risk of repeating what has been said already I shall deal with it for a few moments. It is important to remember that housing is not a problem of recent years in Canada. If anyone is interested, he or she may go down to the parliamentary library and look at newspapers as far back as 1911 which reveal that a housing problem has existed in Canada since that time.

There are editorials in the Montreal papers of 1911 which deplore the fact that in that year slums were developing in the principal cities of Canada—Montreal, Vancouver and Toronto. The problem was not solved during the first world war, and was not solved in the years between the two wars. In 1938 we were still short by some 400,000 of the number of housing units required in Canada. In addition to that, according to the Curtis report there were another 175,000 homes which could be described as slums and which ought to have been destroyed and rebuilt.

Why is it that ever since 1911 we have not had sufficient homes adequately to house our people? I believe the reason is that there was not a large enough percentage of the working people of Canada with sufficient means to build homes. According to the Dominion Bureau of Statistics, the average income of 45 per cent of our population does not come within any taxation bracket. Those are the people in Canada who are not in possession of homes. According to the same authorities, less than one-third of the people in Canada receive incomes greater than $2,100 per year. So the construction of homes in this country is limited to that small group of people whose incomes are above $2,100 per year. From 20 to 25 per cent of the working people in Canada have to provide homes sufficient for the whole of the country. Our experience in the past has proved that it cannot be done.

If we are to have sufficient homes in this country they can be provided only by the institution of a national housing program. That program will have to be put into effect by co-operation between the federal government, the various provincial governments and the local municipal authorities. Until that is done our housing problem will still be with us.

There is another point I should like to consider in connection with this housing program. The argument is often advanced that it will cost a great deal of money to carry forward this program. That is true, but at the present time the federal government is spending a great deal of money on a national health program—I want to hasten to say that I am thoroughly in agreement with it—but if nothing is done about our serious housing problem we will soon approach the time when the lack of housing will jeopardize the success of the national health program.

If this problem is to be solved, I urge that action be taken along the lines of the recommendations of the Canadian welfare council. I am going to quote the recommendations of that council because they have made a thorough study of Canada's housing problem and I think the recommendations will be of some concern and of much interest to hon. members in this house. They are as follows:

(1) The objective of national housing policy should be a supply of housing sufficient to provide a decent home in a healthy environment for every Canadian family. The responsibility of the national government does not cease until this objective has been gained.

(2) In order to overcome the high costs of residential building the federal government should:

(a) Intensify its research activities for the development of more economical and efficient fabrication techniques.

(b) Finance the establishment of industries for producing and assembling houses.

(3) In order to overcome the lack of decent housing available to low income families and their incapacity to pay for new housing, the federal government should inaugurate a long-term program of public housing with the co-operation of the pro-

vincial and municipal authorities. This program should be started immediately in order that the whole administrative organization may be put into action in readiness for further expansion when required. For this purpose:

(a) A national rent reduction fund should be established.

(b) The loan facilities of the Central Mortgage and Housing Corporation should be made available to local public housing authorities to be established by the municipalities.

(4) The provincial government should provide enabling legislation for the establishment of local public housing authorities and define their areas of operation so as to encourage the greatest possible collaboration with local planning boards. Provincial governments should also be prepared to operate housing projects in rural areas and wherever local governments are inadequately equipped to assume such responsibilities.

(5) The local housing authorities so established should assume responsibility for the development, ownership and management of public housing estates and should assume control of the wartime housing projects and other publicly owned housing within their communities.

(6) The public housing program should be expanded and developed in such a manner and at such times that the nation's supply of new housing may be maintained at the required volume and so that the plant and personnel of the residential building industry may be kept in continuous operation.

I should like to say one word in connection with this proposed national housing program. If such a program is set up its purpose should be, first, to take care of the serious backlog of housing needs that exists in Canada at the present time. When that problem has been coped with, then arrangements should be made to meet the annual requirements of the nation out of new production. If that were done I believe it would contribute a great deal to the success of the national health program.

I want to say a word about a problem which exists in my constituency. I took this matter up last year with the Minister of Transport (Mr. Chevrier) and also with the provincial department of education of Manitoba, but I regret to say that as far as I know no action has been taken up to the present time.

Mr. Chevrier: May I interrupt the hon. gentleman to say that action has been taken and I understand that this matter is about to be straightened out satisfactorily.

Mr. Moore: I am pleased to hear that. I shall make just one short statement in order to inform the house of what I was talking about. I was referring to the school problem in Churchill, Manitoba. I thank the minister most heartily for his co-operation in finding a solution to this problem, although I have not yet been informed that the situation has been dealt with.

There is another matter I should like to bring to the attention of the Postmaster General (Mr. Bertrand) or the Minister of Finance (Mr. Abbott), whichever is more concerned. Last fall several announcements were made that the wages of civil servants would be increased. Naturally that announcement was most acceptable throughout the country and I want to congratulate those who were responsible for it.

However, there is a large number of people working in post offices who are not within the civil service. The increase to which I have just referred was granted to postmasters and those who come under the civil service, but these people who work in the post offices and who do not come under the civil service—incidentally they are as much in need of an increase as the others—have not received an increase. I should like the responsible authorities to look into this matter carefully and grant additional allowances to these people as soon as possible.

Hon. Robert H. Winters (Minister of Reconstruction and Supply): Mr. Speaker, I have great pleasure in rising to speak on the amendment to the amendment to the motion made by the hon. member for Essex West (Mr. Brown) and at the same time to congratulate him upon his very fine speech when he moved the address in reply to the speech from the throne. I had the pleasure last week of being in the constituency of my hon. friend and I want to tell the house that I had a most enjoyable and successful visit through his hospitality and that of my equally good friend the Minister of National Health and Welfare (Mr. Martin). I want also to congratulate the seconder of the address, the hon. member for Laval-Two Mountains (Mr. Demers). He made an outstanding address and I am sure we shall hear more from him as the session progresses.

I rise at this time to deal chiefly with the shelf of public projects in the Department of Reconstruction and Supply. I do so because of the fact that I recently tabled some information in the house and several members have commented that the government has, to quote one of them, "a meagre, puny and inadequate plan to deal with the potential unemployment in this country". If this shelf of public projects were the government's overall plan for dealing with potential unemployment in this country, I would heartily concur in the sentiment expressed. That, however, is not the case. The building up of a reserve shelf of public projects is only a part of the government's policy for maintaining high levels of employment and income. Another aspect of that policy, and closely related to public investment, is the encouraging of private investors, by tax concessions and credit provision, to take advantage of the tremendous field of industrial expansion that is still ahead of us, and to improve the

amenities of life by better housing, well planned communities, and the enlargement and improvement of facilities for social and cultural development. To help maintain high levels of employment and income, the government is also helping substantially to increase the economic stability of the internal economy by such means as floor prices on farm and fish products, and special assistance to industries that are encountering difficulties. Recent examples of this are assistance to gold producers, the establishment of the maritime commission and the coal board, and the government's proposal to assist the production of steel. In that connection I refer to the speech from the throne, and I read:

> You will be asked to make legislative provision for governmental assistance by loan to the producers of basic steel for the purpose of increasing production.

The government is also seeking to assure favourable and expanding markets abroad for our surplus production by supporting international efforts to unfetter world trade, and much has already been done directly by export credits and export credit insurance. Finally, the social security measures of the present government, unemployment insurance, family allowances and pensions for the aged and the blind, by increasing the stability of personal income, would help maintain consumer spending if we should run into a period of recession. This many-sided approach to the problems of employment and unemployment was the basic program laid down in the white paper of 1945.

The hon. member for Saskatoon City (Mr. Knight), who expressed the opinion that the shelf of public projects was meagre and puny, also stated that "the famous white paper on reconstruction held out hope for a tremendous program of public works for any possible period of unemployment". I find nowhere in the white paper where the hope is held out of "a tremendous program of public works". On the contrary, what I do find is the statement that "the post-war employment problem is not to be solved by huge expenditures on 'public works'. Efforts to increase and stabilize employment and income must pervade all economic policies".

Mr. Gillis: You are very careful with your quotations.

Mr. Winters: I would say to my hon. friend that I try to stick to facts.

Mr. Blackmore: Let us hope you continue to do so.

Mr. Gillis: I wonder if the minister would mind answering a question.

[Mr. Winters.]

The Acting Speaker (Mr. Golding): Order. I would ask hon. members to refrain from interrupting the speaker who has the floor.

Mr. Gillis: I would not want to embarrass him.

An hon. Member: You could not.

Mr. Isnor: He can take care of himself.

Mr. Winters: The white paper does say that "all governments, dominion, provincial and municipal, have a considerable backlog of public projects", and goes on to say that "the dominion proposes to press ahead with the planning of its own deferred works and invites provinces and municipalities to do the same".

The role of public works in combating unemployment should be kept in proper perspective. These projects, if properly used, can make a valuable contribution to maintaining the level of economic activity. The projects themselves should be economically and socially desirable. They should be undertaken when they can make a real contribution to alleviating a specific unemployment situation. Among other things, this involves consideration of the type of employment they will provide, both on site and off site, and the locality and the industries in which the employment will be provided. The timing in launching projects is also important if they are to produce a maximum effect. In general this means that public works should be used to maintain a reasonably high level of activity in the construction industry itself. The construction industry is one of the least stable of all our industries, and experience shows that when it is strong it contributes an important expansionary effect on the level of activity and employment in many other industries.

Public works programs cannot be used to make work for all kinds of unemployed persons. To illustrate, we cannot put watchmakers to work as sewer diggers without destroying their efficiency and potential contribution to the economy, and ultimately increasing the direct and indirect costs to the community.

The thought of the government at the end of the war, in proposing that public investment should be planned and timed, was that the dominion, the provinces and municipalities together would build up a reserve shelf of fully planned projects which would be roughly the equivalent of about one full year of public investment in reserve for implementation when the occasion arose. On the basis of the distribution of public investment that prevailed before the war, the dominion's share of the total is about one-third. The

dominion has now reached between one-half and two-thirds of the objective aimed at then, and is still adding to its reserve of planned projects.

I should point out, Mr. Speaker, that the reserve shelf of public projects does not constitute all the public works that the dominion has in hand or can put in hand. These are the projects that are fully planned, that is, on which plans and specifications are completed, the site acquired, and all other details attended to with the exception of calling for tenders. Behind this shelf of registered projects there is a larger pool of projects in varying stages of development. There are many worth-while projects that various departments have been working on but which have not been advanced to the stage qualifying them for registration on the shelf. The planning of this additional backlog of public works is being advanced as rapidly as government engineering staffs are available to work on them. This work will be expedited as necessary. In other words, we are planning a steady development for many years ahead.

While in no sense passing the buck, or avoiding responsibilities that rightly fall on the dominion government, I should point out that, in thinking of public works projects as a buffer against unemployment, we must also consider the public works to be undertaken by provincial and municipal authorities. These authorities have not pushed forward their programs of planning during the past few years as vigorously as they would no doubt have liked to do if there had not been a shortage of engineering personnel. It was the proposal of the federal government in 1945, and it is still our hope, that an understanding will be arrived at with the provincial governments whereby the fluctuating portion of the public investment program of federal, provincial and municipal governments could be planned and timed to balance a decline in private investment.

It should not be inferred that the government envisages the passive role of merely increasing or decreasing investment to counteract fluctuations in the level of private investment. The government will continue in future to encourage actively a high level of private investment. One of the most important fields of private investment, and one that will provide a good deal of employment in future, is housing, where a large backlog of work is required to house the people of Canada adequately. A very large investment will be required in low-rent housing projects, slum clearance and community planning. This is a program to which the government attaches great importance and in which we stand ready to give the fullest co-operation. Since the war some 278,000 homes have been built in Canada at an over-all estimated value of roughly one and three-quarter billion dollars, providing direct employment of various types to about eighty-five thousand men per year on the average. New houses are now being built at a rate in excess of eighty thousand units a year, and the requirement is a continuing one. As long as it remains we shall have employment for a sizeable number of men annually. I mention this because it illustrates the type of government effort or government-encouraged effort that is not included in the list of projects on our shelf reserve, but which nevertheless provides a substantial safeguard against unemployment.

I shall not elaborate on the subject of housing at this time, because I shall have occasion to speak of it more fully when the estimates of the Department of Reconstruction and Supply are under consideration. With respect to the remarks of the hon. member for Parkdale (Mr. Timmins), and his quotation which he attributed to the bible, it is my understanding that the quotation is from Shakespeare—

Mr. Timmins: That is true.

Mr. Winters: —from his well known play "Macbeth." I say that because it probably indicates to the house the tenor of some of his remarks. The hon. member said that in my speeches I had said nothing new. I should like to pay him the same compliment. By way of correcting what might be a wrong impression, and with the memory of the hon. gentleman's quotation fresh in mind, I should like to refer to my answer to a question asked by the hon. member for Vancouver East (Mr. MacInnis) at page 770 of *Hansard*. The remarks of the hon. member for Parkdale might well leave the impression that the federal government is unwilling to discuss with provincial governments the problem of housing. In my reply I said:

> With respect to the matter of a conference, the government is of the opinion that at the present time more progress can be made by discussing with each province or municipality its own particular problems on their merits; and as the Prime Minister said in Toronto on Saturday, the government stands ready at all times to discuss this problem with any provincial government in an effort to work out satisfactory long-term arrangements among the municipalities, the provinces and the dominion.

You will be interested, Mr. Speaker, in learning some of the details of the federal government's shelf of public projects. This reserve shelf has been built up as much as a measure against inflation today as a protec-

tion against unemployment tomorrow. All capital investment projects of over $5,000 from all federal departments are screened by the public projects branch of the Department of Reconstruction and Supply. The labour and material content of each project is analysed in relation to local supplies and conditions. The branch reports on cases where a proposed project would impose a serious strain on the local labour and materials situation.

In addition to the projects which are considered useful but which it would be uneconomic to proceed with at present, there are a number of long-range programs on which different departments of government are continually working and on which plans are being filed with the public projects branch.

Mr. Gillis: Would you mind elaborating on them?

Mr. Winters: These are programs such as natural resources development or national park improvements which will take years to develop and which can be accelerated or retarded in their development according to the general level of employment in the country. The result is that the government now has a reserve shelf of fully planned projects. In addition there is a large number of potential projects on which preliminary planning has been done, and a number of broad programs for resources development which will extend over a period of years. Obviously it is not possible to set an exact dollar figure on this combined volume of work at any time. It is, however, an illustration of our general approach to our public investment policy as an important factor in maintaining a high level of employment and income in Canada.

It has been my intention in making this statement this evening to indicate the purpose for which the reserve shelf of public projects was designated, since there seems to be some misapprehension as to both the role and the importance of the shelf in government plans for maintaining income and employment in this country. Behind the registered shelf stands a very much larger potential of government investment plans which would be put into effect in the event of any major and national recession. The public projects shelf was conceived when the end of the war was in sight and people were talking about and expecting recessions. It was intended as a part, and only a part, of our plan to take steps against possible unemployment.

Mr. Hodgson: May I ask the minister a question?

The Acting Speaker (Mr. Golding): Order.

[Mr. Winters.]

Mr. Winters: The war has been over for about three and a half years—

Mr. Gillis: Exactly; he is talking in parables.

Mr. Winters: —and there has been no recession. The best proof that the government's policies have been effective and have done what they were intended to do is that there has been no general unemployment—

Mr. Hodgson: Give us an example of those wares you have on the shelf.

Mr. Winters: —and that, over the entire period—

Mr. Gillis: The shelf has not been built yet.

Mr. Winters: —since the war the number of people employed has increased, until in this year it reached the highest level ever attained in the history of Canada.

Mr. Julian H. Ferguson (Simcoe North): Mr. Speaker, it was indeed refreshing to hear from one of the most recent appointees to the Liberal cabinet. To listen to the minister one would almost think they had unearthed a Moses to deliver them out of the chaos in which they now find themselves. I only hope the energy and enthusiasm of the new broom is not killed by the practices which have been adopted by this Liberal government for the past four or five years. I am afraid, though, that the predominance of neglect and mismanagement will override the enthusiasm of our young friend.

I would like now to congratulate the mover and seconder of the address. They did not have much material about which to talk, but they did a wonderful job. Probably one of the reasons for that is that the second name of the member for Essex West (Mr. Brown), is Ferguson. The practice of having the speech from the throne is followed in order to enlighten the people of the dominion to some degree as to what legislation may be expected from the administration during the coming session. In opening his address, the Governor General stated that the first concern of a government is to ensure peace and security. He went on to mention that attention would be paid to the development of the great navigation and power project on the St. Lawrence river; that public health projects would have due consideration and that the great mining industry of this country would be given some thought.

From the past performances of this administration, let us see what might be expected in connection with the items mentioned in the speech from the throne. Let us consider the very much discussed topic of housing. I believe that the great shortage in housing in

Canada today is primarily due to the fact that this government at no time laid its cards fairly and squarely before the people of this country responsible for producing construction materials or those responsible for the actual construction of the houses. During the war I found labour willing to work eight, nine, ten and twelve hours per day. Never at any time did labour shirk a duty when faced with a reality. This government has all the statistics necessary to point out the dire necessity for housing in this country.

This government brought forth glowing ideas in this House of Commons as to what was going to materialize from year to year, but what has really materialized is that people lack roofs over their heads and the country is still faced with a perplexing housing problem. I do not believe this government has laid the information it possessed squarely before the people who construct houses. Houses do not grow on trees. They are produced by the sweat of the brow of the carpenter and the bricklayer. The taxation imposed on these labourers has been so heavy, there was no incentive for them to put forth their best efforts. The longer they worked, the less pay they received. With that handicap and the lack of knowledge these people had as to the situation, the shortage of houses has grown. The failure to produce these homes that were discussed year after year is definitely at the feet of this government. No concise or definite plan has been formulated in co-operation with the people who actually construct houses which would enable this shortage to be overcome.

Members of parliament are not forced to come to this parliament, Mr. Speaker; they come here of their own volition. They volunteer to go before a group of people at election time and solicit their vote. They should all feel, irrespective of religion and politics, that it behooves them to do their duty towards their constituents on all occasions. Has this been done by the members of the Liberal government? Their actions in the past speak louder than any words of mine. The war has been over since 1945, and what has confronted this country? It has been one problem after another.

Let us consider the agricultural situation. I have a great deal of respect for the Minister of Agriculture (Mr. Gardiner). He is an energetic politician. He has an answer for every question. He gives a very forceful speech in the House of Commons and is almost convincing in the manner in which he can cover up his shortcomings. His explanation of the situation in connection with the export of apples is almost beyond conception. During 1947 Canada shipped to Great Britain over 400,000 hundredweight of apples. In 1948 not one pound of apples was shipped to Great Britain. A pamphlet was published under the direction of the Minister of Trade and Commerce (Mr. Howe) which stated that the prime reason the British isles did not import apples from Canada was the fact that the people there were able to work a miracle, never worked before, and produce more apples than ever before. This all took place in the period of one year. Now the apple growers of this country, and I come from a part of the country that grows the finest apples in the world, as judged by the apple judges of the greatest apple show in the world—

Mr. Cruickshank: British Columbia.

Mr. Ferguson: That is not British Columbia; it is Simcoe county in the province of Ontario. My interrupting friend will not deny that the prize was awarded to Simcoe county growers for the finest apples in the world.

What is the true picture of this apple situation? Did Great Britain grow all the apples she needed in 1948? The people of Canada want to know. The fact is that in 1948 Great Britain imported over 400,000 hundredweight more apples than were imported in 1947. Australia shipped to the British isles over a million hundredweight of apples in 1948, and in 1947 Australia shipped to the British isles a little over 90,000 hundredweight. New Zealand shipped no apples in 1947 but shipped over 300,000 hundredweight to Great Britain in 1948. The British isles purchased from foreign countries, apart from those within the British empire, over 300,000 hundredweight. Almost two million hundredweight of apples were shipped into Great Britain during 1948; yet we were told by the pamphlet, published by this government at the taxpayers' expense, that the British people were growing sufficient apples and that it was for that reason Canada did not ship apples to that country.

I come from a farming district and, to my knowledge, neither during the war nor since the war has this government properly informed the farmer about the requirements necessary for export purposes or the prices that might be received for farm produce, with the possible exception of wheat. The government has never informed the farmer about the price of feeding livestock or what the net result might be if the farmer specialized and produced large quantities. This is the very information which the Minister of Agriculture and the government had, and the fact that it was not imparted to the farmer left him completely befuddled and dubious about what crops he should grow.

I say this is one of the weaknesses of government policy in regard to agriculture. Certainly for the first two years after the war they did know, and they were the only people in Canada who knew approximately what the farmers would have in the way of an export market. But I defy anybody to go into my constituency, or into the greater part of Ontario, and have a farmer give the figures that have ever been given to him as a guide. This government should be a guide for agricultural work, for labour for mines and for all the various occupations necessary for Canadians to earn a livelihood.

Mr. Gardiner: We would be centralizing control if we did that.

Mr. Ferguson: Guiding is not controlling. The opinion of this government is that guiding is controlling and that they must be one. That is not true at all. This government should guide the people and stop controlling. They should let some person do the job who knows how to do it. The people of Canada will do that at the next election. The Conservative party will guide and not control. It will release the shackles of bondage from the people of Canada; it will relieve the shortage of housing, assist farm exports, and do all the other things that are necessary for a better Canada for Canadians.

Public welfare is mentioned in the speech from the throne. A few evenings ago the Minister of National Health and Welfare (Mr. Martin) did enlighten this house considerably on things for which the government should be commended, which they are undertaking in order to relieve suffering in this country. This suffering is brought about because of a lack of proper facilities to look after the welfare of Canadians. But I should like to make one sincere plea to this government on behalf of the permanently disabled people who have no source of income, people who from childhood have been incapacitated, crippled through infantile paralysis and so on. A few years ago, at the instigation of the Conservative party in this house, the blind unfortunates of Canada from the age of twenty-one on were placed in a position to receive a pension. As a member of the Conservative party, I implore this government immediately to bring in an order in council—and they are experts on that—to provide a pension for every single man, woman and child in Canada who cannot provide for themselves owing to incapacitation through no fault of their own. This government has passed orders in council dealing with many things that were not as vital or as necessary. I do not think they would meet with any repudiation, condemnation or opposition from any man, woman or child in Canada, or from any hon. member, if tomorrow or within a week from today they were to pass an order in council saying that they were going to investigate and, where they found it necessary, provide the wherewithal, in the form of protection, to ease the burden of the men, women and children of this country who are not able to look after themselves.

There is another matter which I should like to bring to the attention of the government, namely, the foreign or immigrant child coming to this country. Until he has been here for a period of three years he is not qualified to receive family allowances. In my opinion that was a splendid piece of legislation, designed as a contribution to the betterment of the children of Canada. The thought was that, by aiding the child whose parents could not properly provide the necessary wherewithal for his welfare, the Canadian taxpayer would help in providing the necessary means to produce a better type of citizen as an adult to carry on in the service of Canada. If that contribution to the Canadian-born child is necessary, I believe we should recognize immediately that the immigrant child, who is brought to the shores of Canada not at his request but by the whim of his parents, should receive the benefits of the family allowances so that that child, who will undoubtedly become an adult citizen of this country, will not be handicapped in the slightest degree. We should never have it on our conscience, if we see a man or woman who does not reach the desired standard of Canadian manhood, that it was through our fault that this or that child did not receive such assistance, in common with every other child in Canada. It is nothing but gross negligence and shortsightedness on the part of this government to say that this little tot should have help and that little tot, a potential Canadian citizen of the future, should not get the same treatment.

As we sit here from day to day the C.C.F. members take great pleasure in referring to us as members of the Tory party. They speak of how we back up private enterprise, how we never try to solicit votes by weeping and gnashing our teeth. I should like to be fair. I might suggest to the members of the C.C.F. party that they cultivate a little fairness themselves. Rather than have one of their party on one occasion solicit from this government all imaginary possible public contributions for those who are not as fortunate as others, and then on another occasion have another hon. gentleman of the C.C.F. party say that private enterprise is sponsored by the Tory party, that private enterprise is a great octopus which takes from the poor and

never shows any degree of kindness or gives any reward at any time, I suggest that if they look at such concerns as the Bell Telephone Company they will find that private enterprise such as the Bell company merits the respect of every man, woman and child in this country. I have never owned a share of stock in the Bell Telephone Company, but I desire to be fair; and as I read over its financial statement I find it has some 38,000 stockholders in Canada; that over ninety per cent of these stockholders reside in Canada; that over five thousand of that number are either pensioners or present employees of that corporation; that that company provides some of the finest working conditions, second to none, for employees; and that it pays a dividend to those willing to invest and take a chance on their investment. Yet, I believe, the advocates of the C.C.F. party would like to see that corporation taken over and managed by dear knows who—not, I should hope, by members of their party, because I am quite confident that, irrespective of the party to which he belongs in this house, there is no man capable of managing the Bell Telephone Company better than it is managed at the present time.

The pulp and paper industries in this country, which consist of nothing but private enterprise, employed over fifty-one thousand people in Canada last year. They paid over $100 million in wages to the employees working in their plants. They paid $100 million to the men working in the bush, under private enterprise.

Mr. McCullough (Assiniboia): What was the profit?

Mr. Ferguson: Their profit would be about the same as that of Canada Packers. You get up on the hustings and you try to get up in the House of Commons and mislead the public by saying that Canada Packers were bleeding the public. I will give you the true picture of that situation. And if you can read a financial statement, you had better read it.

Mr. Gillis: By their own admission.

Mr. Ferguson: Now I don't mind taking you on one at a time One at a time, if you please, and I will give you a chance. Last year Canada Packers made $2 million net profit.

Mr. Cruickshank: They did not have margarine then.

Mr. Ferguson: Now we have heard enough from you for the session. They did it at a profit of one-seventh of a cent a pound on all products sold. At the end of the year, after all the butter profit you are talking about, and with a profit of one-seventh of a cent a pound, they paid their stockholders a million dollars. The other million went to reserve.

And I will tell you what else they did. They paid to their employees as a bonus $6 million over and above the union rate of wages. This cost somewhere near three-sevenths of a cent a pound. Maybe you begrudge that three-sevenths of a cent a pound to the workingman.

Mr. Gillis: A million dollars illegal profits, according to Mr. McLean's evidence.

Mr. Ferguson: I defy you, or any of your party in this country, to get up and say that you would like to give that three-sevenths of a cent a pound to the consumer, and take it away from the workingman. Yet you always claim you are the great champions of the workingman. But that is what that private corporation, without your aid or solicitation, gave to its employees as a bonus—three-sevenths of a cent a pound on all goods sold. But their net profit, what they paid to their stockholders, was only one-fourteenth of a cent a pound on all goods sold.

Mr. Gillis: Thank you very much for the admission.

Mr. Ferguson: And don't continue to come to the House of Commons and cry blue ruin and criticize, to deceive labour. I know about this, because I have employed labouring people. I have paid them higher than union wages. I know labouring people. They vote for me, and they give me a big majority because of my fair and unbiased treatment of both capital and labour. You must know that, from the results obtained by your C.C.F. candidate in my riding. You fellows tried to flim-flam the shipyard workers; but you did not make much headway with those men. They cannot be fooled. They think for themselves and they are on to you. Let us get the facts.

Mr. McCullough (Assiniboia): Would the hon. member permit a question?

Mr. Ferguson: You did not permit me to ask one the other day.

Mr. Graydon: He just said they were on to you.

Mr. Gillis: He cannot answer the question.

Mr. Ferguson: Then, about provincial rights—

Mr. Cruickshank: Hear, hear.

Mr. Ferguson: I am glad one Liberal member has pulled himself together sufficiently to shout "Hear, hear" when provincial rights are mentioned. I can see that my leader has

apparently made some impression upon him, and that he now greets with some enthusiasm the mention of provincial rights in the House of Commons. And I am positive there will be many more points introduced by my leader in the House of Commons about which members of the Liberal party will shout Hear, hear—and with honesty and enthusiasm. It is most gratifying to see the enlightened expressions on the faces of many Liberals in the house since my leader has come here.

Mr. Cruickshank: Now will you have Duplessis or Drew?

Mr. Ferguson: I do not know why hon. members on the government side bring in the name of Duplessis when they cannot handle even the present leader of our party. Dear knows what they would do if they had two ultra-intelligent men to face. How would you ever handle Duplessis in this house, when you cannot handle him even in Quebec? It is pretty nearly time you gave up trying, even down there.

Mr. Cruickshank: We admit we cannot deal with him.

Mr. Ferguson: Mr. Duplessis must laugh at your efforts and your remarks.

Mr. Cruickshank: Tell us about Duplessis.

Mr. Hodgson: What is wrong with him?

Mr. Cruickshank: That is not the party we believe in. Do you believe in him?

Mr. Ferguson: You remind me of a story—

Mr. Cruickshank: We do not want Duplessis; you can keep him.

Mr. Hodgson: How much you need him!

Mr. Speaker: Order.

Mr. Ferguson: The hon. member has reminded me of a story. It concerns a farmer in Idaho, where farm help was hard to obtain. However, one fortunate farmer did manage to get a hired man. Whenever this occurred neighbours would try to take the hired man away—with promises of better working conditions, and so on, if they could succeed.

Mr. Cruickshank: Keep it clean.

Mr. Ferguson: On the first Saturday evening the farmer walked into the store at the four points. His curious neighbours said, "How are you, Zeke; I understand you have a hired man. Any good?" Zeke said, "Not worth anything." But the neighbours were not content with that. They followed him into the store, and they finally said to him, "Zeke, do you mean that hired man is no good?" Zeke said, "No, he's no good. And I will tell you more than that. He takes two hours to hitch up a horse—with me helping him."

That is like the Liberal party in this House of Commons. They could not even win in Quebec when they all helped down there at the last federal by-election.

Mr. Cruickshank: I can tell a better story than that.

Mr. Ferguson: Mining was mentioned briefly in the speech from the throne. But what has this government done, apart from making promises?

Mr. MacNicol: Nothing.

Mr. Ferguson: What has it done for the great mining industry of Canada? They were able not many years ago, along with other countries tied to this monetary standard, to raise the price of gold from $20 an ounce to $35. Every working man and woman on the North American continent and in England, on that particular day, went about his or her daily business. Potatoes or other commodities did not go up or down in price. We heard there was going to be blue ruin. But it did benefit this country to the tune of about $70 million. That was due to the increase in the price of gold.

Today the cost of operation in the mining industry has increased by about 50 per cent. Yet this government has sat back for the last four or five years and watched that pegged price of $35 an ounce. I contend that the government could have done something to help the mining industry by increasing the price of gold to $50 or $70 an ounce, and thereby encourage the mining of gold in Canada.

Certain countries may say that the Canadian dollar, paper money, is not on a par with their money. But I do not know any country in the world that would refuse gold produced in Canada as payment for any commodity we might wish to purchase. This is an industry which provides millions of dollars in a commodity which is acceptable throughout the world. We have the gold; let the government encourage gold mining. Let it create opportunities for labour and produce wealth with which we can reduce the cost of living for our people.

Mr. Gillis: May I ask the hon. member a question?

Mr. Ferguson: The hon. member said so much prior to the question he wants to ask that I think he should sit down.

Mr. Gillis: The hon. member cannot take it.

Mr. Ferguson: I cannot take continuous nonsense, your blathering and blithering. That is pretty hard to take. How can we hope for a reduction in the cost of living—

Mr. Gillis: I intended to ask a sensible question but I did not expect a sensible answer.

Mr. Ferguson: The hon. member would not understand it if he did get a sensible answer. Just when the people were thinking a year ago that they could see a slight ray of sunshine, the Minister of Finance (Mr. Abbott) announced over the radio, without any authority from the parliament of Canada, that he was going to impose, and he did impose illegally, a 25 per cent tax on a great number of commodities that were absolutely essential to the proper living of the Canadian people, such as refrigerators, irons, stoves, purses, fountain pens—

Mr. Cruickshank: Cosmetics.

Mr. Ferguson: Probably I do not know as much about those as the hon. member. He should be an expert on cosmetics; I am not. But the government was not satisfied just to place a 25 per cent tax, which was prohibitive, on these commodities. They did not want to see our factories kept going. They did not want to permit private enterprise to reap the benefits of its research and effort. This 25 per cent tax was not enough as far as the government was concerned. Do you know, if you buy a fountain pen in Canada today the tax over and above the actual retail price is 43 per cent. If around Christmas you felt that you wanted to give your wife a small leather purse costing $5, the tax over and above the retail price was not 25 per cent, it was 43 per cent.

Mr. Gillis: What about steel plate?

Mr. Ferguson: Rather than the government gouging the public the public of Canada should control the government. This government should act on behalf of the people of Canada and for the people of Canada. Why should a small group tell the people of Canada that they must pay 43 per cent tax on fountain pens or on leather purses? These things are essential. Why should that be done in order to give pleasure to the Minister of Finance?—although I imagined it gave displeasure to most members on the Liberal side. Why should that have been done to the great discomfiture of the Canadian people?

I think the government received a warning recently in the province of Quebec in spite of all the excuses they offer. That warning should be sufficient to indicate that the people want a common-sense reduction in taxation. Instead of waiting until the coming election the government had better try to get into the good graces of the electorate by introducing immediate tax reforms. Even then their defeat will be certain, but it may not be an avalanche.

Through mismanagement and flagrant neglect of the people's welfare, the government have created high prices which have resulted in slight unemployment which no doubt will rapidly grow worse unless they take immediate steps to remedy the damage already done. The government will remember what I am saying tonight when this house resumes after the next election and the Conservative party is in power with the C.C.F. completely annihilated.

Mr. Gibson (Hamilton West): Stop dreaming.

Mr. Ferguson: I am offering these words of warning, which I am sure will be well remembered and most emphatically admitted after the next election.

Mr. J. S. Sinnott (Springfield): Mr. Speaker, after having listened to the remarks of the last speaker I am reminded of a joke. When the hon. member was up in his own riding he attended an auction sale. He was looking around for a place from which he could tell his constituents what a good job he was doing. The only place he could find to stand was on a manure spreader. Someone said, "Better stay there Fergy", and he said, "Set it up; this is the biggest load it ever had".

Mr. Ferguson: That is Hepburn's old joke.

Mr. Sinnott: I think the house will listen to that story for a long time. Being almost the last today to take part in this debate, I feel that I am a little late in congratulating the mover (Mr. Brown) and the seconder (Mr. Demers) of the address in reply to the speech from the throne. However, I do wish to express to both these gentlemen my sincere congratulations. I should like also to congratulate the new members who have taken their seats in the House of Commons.

First of all I should like to congratulate the Minister of Trade and Commerce (Mr. Howe) on the announcement he made recently in regard to the twenty-cent payment on western wheat. I also wish to offer my sincere thanks to the government for having placed a floor under coarse grains and butter.

Consistent efforts have been made by some members of the house to again have the open market system for the handling of western grain. One hon. member said that the farmers had lost what he considered was the astronomical figure of $2,000 million as a result of the grain having been marketed through the wheat board. At this point I should like to indicate what would have been lost if we had been dealing in the open market during the five years we have had

wheat contracts with Great Britain—approximately $5,350 million.

Statements of this kind are unfounded and it seems to me that men who make such statements are only goaded by a desire for dollars, having no sense of reasoning in connection with humanity itself. The government of Canada was successful in obtaining a long-term contract with Great Britain, thereby establishing for the first time in history a really stable market as far as western grain was concerned. That had such a stabilizing effect that more farmers than ever before have been able to pay off their mortgages, improve their farm buildings, and buy better machinery. And, having a higher standard of living, they are in position to give their children an education.

It has never been stated by those who have advocated marketing grain by the open-market system just how much the farmers would have lost if the open market policy had been followed in the years after the war. I only need to refer to the figures which were put on the record by the hon. member for Selkirk (Mr. Bryce). These figures indicate that wheat sold in August, 1920, at $2.73 per bushel; in August, 1921, at $1.11 per bushel; and in October, 1923, at 95 cents per bushel: averaging $1.59 per bushel during those three years. I may say, Mr. Speaker, that when the present contract is completed we will have an average of far more than $1.59 per bushel for the whole five years.

You will see from the figures just released by the Minister of Trade and Commerce (Mr. Howe) that conditions will remain stable for a considerably longer time than after the first world war. It should also be possible to remind the house that the present government will have given to the farmers, at the completion of the five-year wheat agreement with Great Britain, every dollar obtained for wheat sold, over and above the contract with Great Britain, to other countries under class II wheat, which has realized considerably more money. It was also put in the pool, giving the farmers a very substantial payment this spring, and $214 million will be distributed throughout western Canada.

I also wish to draw to the attention of the house the fact that the $214 million is not coming out of the consolidated revenue fund but from payments received by the government for their wheat, and only their wheat. In saying that, I wish to make it clear to eastern Canada that they are not contributing towards the stabilizing of western wheat growers. In view of what I have cited, I cannot help praising this marketing system. It has enabled western farmers to regulate their business for the first time in years. They know what they will receive when their crop is harvested, and it also gives them ready cash for threshing bills, fuel, wages, taxes, interest on mortgages, and so on.

During the period of the open market when grain was handled on the grain exchange, and especially during harvest when a great volume was handled, prices would be depressed for the first two months, and then, when the grain was in the hands of the speculators, up the prices would go.

As I have stated before, when farmers were in need of money to pay their immediate bills they were forced by their creditors to sell a large amount of wheat in order to make payments. Under the present system the creditors of the farmer have no hesitation in giving him a line of credit as long as he is able to substantiate that he has in his granary numerous bushels of grain to take care of his debts. In other words, prices will not fluctuate the way wheat is handled now.

Some hon. Members: Hear, hear.

Mr. Ross (Souris): Read more slowly.

Mr. Sinnott: If these remarks are kept up I will take on the interrupters one by one inside the house or outside. I also wish to thank the Minister of National Health and Welfare (Mr. Martin) for the broad health scheme which he has presented. Possibly what I said, as reported in *Hansard* of July 15, 1946, did no harm. What I said is as follows:

> No one can say that the need was ever greater than it is now for hospitals in every small community. The town in which I reside has been pleading for a hospital for the past twenty-five years and is still without a hospital.

Some hon. Members: Why?

Mr. Sinnott: You can have your laugh first; I will have mine last.

Mr. Gillis: A coalition government.

Mr. Sinnott: Let me say through you, Mr. Speaker, that I wish to thank the minister at this time because through his health scheme the town in which I am interested, Beausejour, is going to receive $16,000 from the dominion government this coming spring for a 16-bed hospital. A little farther east, the town of Whitemouth is to have a 12-bed hospital, and is receiving $12,000 from the dominion government. Therefore the constituency which I have the honour to represent is benefiting from this scheme in the amount of $28,000 from the dominion government alone. The province of Manitoba is contributing a like amount, making a total of $56,000, before the people themselves are asked to contribute a dime. No doubt the people residing in these districts feel very

grateful to the government for extending to them this amount of money, and a program of this kind. The last vote in Whitemouth, which was taken on the 28th of February, carried by 92 per cent.

Mr. Gillis: Coalition co-operation.

Mr. Sinnott: I should like to deal now with the matter of old age pensions, something that my friends on the other side have been harping upon, but if you will follow *Hansard* throughout the years you will see that I have been advocating the same thing, and I will continue to do so tonight. With the cost of living as high as it has been in the last couple of years, those who are receiving old age pensions are having a very difficult time trying to exist. With the high cost of food, clothing and shelter, I do not see how it is possible at all for these old people, many of whom have contributed largely to the early pioneering of Canada, to get along. I believe there are some 280,000 men and women in Canada who are at present receiving the old age pension, and there are many more who would like to receive the benefits. But, owing to their pride in being able to possess their own piece of land at the present time without any government help or interference, they are reluctant to make application for the old age pension. The government have been continually reminded by the opposition of the pitiful conditions of old age pensioners. The opposition has been encouraging the government to spend more and more and at the same time criticizing the government for their heavy taxation, and one is at a loss to know just how speeches of that calibre can bring any relief. I may say at this time that I believe the government always welcomes just criticism, but for many people who are here the criticism which has been leveled has not offered any remedy. There are some thirteen million people in Canada today, and they are able to produce twice as much as they can consume. Therefore if there is starvation among some—

Mr. Gillis: Two hundred thousand unemployed.

Mr. Sinnott: —it is not because Canada as a nation cannot produce. It is because there is a lack of proper distribution. Therefore I want to draw this matter to the attention of the government. I think it is their duty to pay close attention to the matter of distribution, and I should like the government to give these old people an increase in the pension which they now receive. I am suggesting that, with the present cost of living, their pension should not be less than $50 per month. Some people will say this will actually mean an increase in taxation. This need not be so. As I said before, there are 280,000 old age pensioners. An increase of $20 per month would mean that $5,600,000 would have to be distributed towards old age pensions. This in turn would provide that amount of spending power in Canada. Old age pensioners do not keep their money. They naturally go to their nearest store for their provisions. This in turn gives the storekeeper an opportunity to buy more goods from the wholesaler, and gives the wholesalers an opportunity to buy more from the producers. In other words, it stimulates Canada's consumption.

There seems to be a trend towards trying to provide help today to everybody from Shanghai to Timbuctoo. I believe it is high time that we started to provide for our old age pensioners first. I wish to submit to the Minister of Finance (Mr. Abbott) that this money should be injected into the economy of Canada, or this purchasing power should be provided through the Bank of Canada. It would add additional distribution without any further taxation. I believe further that our health and social welfare schemes should be provided for from the same source. Surely, Mr. Speaker, if we are able as a nation to provide twice the amount we consume, a little more attention should be paid to the distribution of the wealth in the country.

I would like to say a word in connection with education and what the dominion government is doing to help finance this most important field. We have heard much talk about dominion-provincial relations, and at this time I wish to point out the benefits Manitoba has received since the last dominion-provincial agreement was signed. Formerly the dominion government contributed to Manitoba some $8 million and the province in turn did not see fit, with this small amount of money, to contribute very much towards education. However, since the last agreement was signed, Manitoba has received from the dominion government $13,500,000 or a gain of $5,500,000 over the previous figure. With this general increase the province saw fit last year to pass a larger amount of money on to the municipalities, thereby reducing their taxation. It is therefore quite plain that the dominion government is at the present time contributing $5,500,000 towards education in Manitoba.

Of all expenditures paid out of municipal budgets, the largest, most important and most continuous is in connection with education. In almost every school district education costs amount to almost fifty per cent of the total taxation, and many of the less wealthy municipalities find it most difficult to carry

the cost of education. Last year, after this additional money was received from the dominion government, tax cuts were quite noticeable throughout the municipalities. However, I do not believe it has been pointed out to the rural districts or to any of the school districts that the dominion government has contributed largely to these school grants. For most of the municipalities this plan will substantially ease the burden of educational costs which they have been carrying. It is a help which they need. Educational costs have been increasing over recent years; moreover, if the municipalities are to take advantage of other programs which will be available to them, in the way of road building, health and the like, the burden of education costs which they have been carrying must be reduced, if land as the main municipal tax base is going to carry the whole load successfully.

I may point out that the province is not allocating the full amount of this $5,500,000 to the schools, but is keeping some of this money in reserve to meet such services as technical education and other items which may develop in the future. If the municipalities think they are deserving of a larger amount, it will be up to them to make application to their provincial government for a further share of the amount the dominion government is contributing.

Before I conclude I should like to say a word about the urgent need for the early completion of the trans-Canada highway. I happen to be in this fortunate position, that this highway comes through my riding of Springfield regardless of where it is to be built. At the present time No. 1 highway extends from Winnipeg to the Ontario boundary and is hard-surfaced all the way. Therefore it will be very easy for the government to come to a satisfactory deal with the province. As has been stated before, a country like Canada, which is regarded as one of the major powers today, should not be looked upon as a country which cannot develop a national highway from the Atlantic to the Pacific. A highway of this kind will not only save us American dollars; it will bring an enormous tourist trade to the west. It will also enable the east and west to become greater friends. Having to travel through the United States in order to reach the western part of Canada, as we do now, is in large measure, I believe, why the east and west are so divided on certain issues. I trust that the Minister of Mines and Resources (Mr. MacKinnon) will therefore lose no time in taking steps to complete this national highway. He is a man of foresight and vision and will not hold up this large undertaking on account of provincial economy. Some of these so-called men who are advocating provincial rights have asked the dominion government to take the lead in this national undertaking, and I would therefore urge the completion of the trans-Canada highway at as early a date as possible.

I should like to offer one condemnation of the government; and it is something very easy to adjust, because this morning-glory that has blossomed during the last month or so will soon fade. I blame this government for not taking proper steps through its public relations department to place before the people of Canada the great social security plans which have been developed. I blame the government for not placing before the people many of the things it has done in the past. The federal government has been giving large grants to the various provinces, but in return what do we see? There is nothing at all in the press. Anything we see there would indicate that this money comes from the provincial governments themselves, and that is not so. This government is dishing out the money to the provinces, who in turn are doling it out to the municipalities. I believe this government should have far more publicity, so the people throughout the country will know where the money is coming from. I have seen speeches made in this house by various cabinet ministers who have placed their programs squarely before the people, but in the newspapers the next day we do not see a word about it. On the other hand, I have heard foolish speeches which have been published under headlines. If we are to have a sound administration I believe the newspapers should pay attention when a cabinet minister gets up and places an honest-to-goodness program before the people.

Mr. D. King Hazen (Saint John-Albert): Mr. Speaker, a statement of government policy is outlined in the speech from the throne on which I want to comment this evening, as it affects the future welfare and aspirations of the people of the maritime provinces.

That statement is contained in the sixth paragraph of the speech from the throne, and reads:

> You will be asked to approve, subject to the approval of the United States authorities the agreement concluded in 1941 for the development of navigation and power in the Great Lakes-St. Lawrence basin.

This statement of government policy has been received with a good deal of apprehension in the maritime provinces, for it means that another nail, perhaps I should say several more nails are being driven into the coffin of maritime hopes and maritime economy.

It means that another big step is being taken to centralize industry and power in upper Canada. It means that the promises made to the maritimes at the time of confederation are to be set at naught; that maritime ports are not to take their place among "the great emporiums of the world", and that all the resources of the west are not to flow to the bosoms of their harbours, as Sir John A. Macdonald promised and as successive governments planned.

It means that the geographical disadvantages of the maritime provinces are not to be overcome, and that these provinces and their seaports will not be placed on a transportation footing to compete with the other ports for the trade of the great west as was promised.

It means that the maritime ports and maritime interests will be by-passed in the interests of the mid-western part of the United States and of another part of Canada.

It is all very well for the member for Essex West (Mr. Brown), who moved the address in an excellent speech upon which I congratulate him, to say, at page 19:

> The co-operative development of the great foreign trade route by our two great countries for the purpose of sharing the benefits of new commerce will be a landmark in the history of international relations.

That sounds very well, but I am under no delusions about the matter. If canals are built to a depth of thirty feet from Montreal to the great lakes to enable ships of 20,000 tons to navigate that stretch of water, as the hon. gentleman stated is to be the case, not only will our railways which are having difficult times today suffer, but it will be only a matter of a few years before powerful interests will commence a powerful political movement to have that waterway kept open during the winter months—for some weeks past icebreakers have been busy below Montreal opening up channels which will take work away from our longshoremen in the Atlantic ports—and in the end the ports of Saint John and Halifax will be deprived of business in the winter season, business upon which the welfare and livelihood of many of their citizens, their longshoremen, their checkers, their port workers and merchants are dependent to a very great extent.

We have heard a great deal about the centralization of political power in the federal government and the threat to provincial rights. There is no doubt in my mind that this policy of centralization has been fostered by the present government and that it received a great impetus during the war years.

I am opposed to the centralization of power in the federal government at this stage of our development, as I believe it is a menace to our federal system and a danger to national unity. But I am opposed also to the government adopting policies that will result in the future centralization of economic power in Ontario and Quebec at the expense of other parts of the dominion, particularly at the expense of the provinces of New Brunswick and Nova Scotia who entered confederation in the belief and on the understanding that they were to receive a fair share of the benefits and profits that were to result therefrom.

I admit, and I admit quite readily, that some parts of Canada have greater resources than other parts; that, in the very nature of things, there are bound to be larger centres of population, greater wealth, more industries and better markets in some parts of this country than in others, as is the case in most countries. I admit also that distance and economic forces cannot be ignored. But I am opposed to a policy that would establish our Atlantic ports on the great lakes and deprive our longshoremen of work, and our people of business, and violate one of the promises that induced the maritimes to enter confederation.

No one can object to the development of electric power along the international portion of the St. Lawrence river for the benefit of Canada and the United States provided that development pays for itself. But to enter into the development of a deep-sea waterway from Montreal to the great lakes at great cost to the taxpayers of this country is quite another matter and I do not think any member of this house who represents a maritime constituency and who has the welfare of the maritimes at heart could conscientiously support it.

The governments of the provinces of New Brunswick and Nova Scotia protested most vigorously, but so far without result, against a horizontal increase of twenty-one per cent in freight rates granted to our railways not very long ago. It seems to me that these governments should give serious consideration to the policy upon which the dominion government proposes to embark in connection with the deepening of the St. Lawrence to the great lakes. Its effect upon the maritime economy will be more serious than any increase in freight rates could possibly be.

I admit that the development of this country must continue, that it cannot be stayed. I acknowledge that I have read with approval Burke's address to the electors of Bristol, but I am not dealing with any one constituency when I speak of this matter. I am dealing with the two provinces by the sea and I deem it my duty to call to the attention of the government what I believe

will be the effect of this policy on the maritime provinces, and to tell the government that if it goes ahead with this policy at the expense of the taxpayers of this country it should see to it that the people in the maritime provinces and the maritime ports receive a quid pro quo. Perhaps I might better express it in this way, that the government should see to it that policies are adopted that will have the effect of developing the resources and the industries of those provinces and promoting the business of the maritime ports. What we really need in this country is a new national policy.

On motion of Mr. Hazen the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): I move that the house do now adjourn. On Monday we shall continue with this debate.

Motion agreed to, and the house adjourned at ten twenty-two p.m.

HOUSE OF COMMONS

Monday, March 7, 1949

The house met at three o'clock.

HOUSE OF COMMONS

PROVISION FOR EVENING SITTINGS 7.30 TO 10.30 UNTIL LAST SITTING DAY IN APRIL

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker: I should like to submit to the house a motion which has to do with the business of the house and of which notice is to be found on page 38 of *Routine Proceedings and Orders of the Day.* It reads:

That, except on Wednesdays, Mr. Speaker shall leave the chair at six o'clock p.m. until seven-thirty, and shall adjourn the house at ten-thirty p.m. without question put, unless the closure rule (standing order No. 39) be then in operation, this order to be in effect until and upon the last sitting day of the month of April.

In making this motion I do not submit it as a recommendation to the house. As hon. members know, the motion under which we now sit in the evening from seven-thirty until ten-thirty has to do only with the period during which the address in reply to the speech from the throne is under discussion. If at the conclusion of this debate there were no motion before the house to continue these hours of sitting, the house would automatically revert to the eleven o'clock rule. I have heard comments on both sides, some as to the advisability of reverting to the eleven o'clock rule, and some in favour of continuing for a further period with the ten-thirty hour of adjournment. For the purpose of allowing the house to make its preference known in that regard, I am submitting this motion.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, at the time the earlier motion was presented I made an observation which I repeat now. There have been long-established practices as to the hours of sittings of this house, and it seems to me that if they are to be changed they should be the subject of discussion among representatives of the different parties to the end that more satisfactory hours be arranged than those which obviously are not entirely satisfactory to most hon. members. It seems to me that that is a simpler method of dealing with the matter than this slipshod practice which does neither one thing nor the other. It makes the dinner recess half an hour shorter and the final adjournment at night half an hour earlier. It does not diminish the non-attendance at the opening of the evening sitting, for the obvious reason that there are many hon. members who have more to do than eat between the time the house rises at the end of the afternoon and the time it reconvenes after dinner.

It seems to me that the more the hours of this house are made to accord with the necessity of doing certain work in our offices as well as fulfilling ordinary requirements, to say nothing of retaining some measure of social contact outside the house, the better it will be for everyone and the better it will be for the attendance in the house. Instead of adopting a compromise between something and nothing—which is all this motion amounts to—it would be much better if the house met at two o'clock, adjourned at six, reconvened at eight and adjourned at ten. If the house would give me the opportunity of putting it in written form, I would move by way of amendment that after debate on the address in reply to the speech from the throne is concluded the house meet at two o'clock, adjourn at six, reconvene at eight and adjourn at ten.

Mr. M. J. Coldwell (Rosetown-Biggar): In view of the divergence of opinion represented by the motion and the suggested amendment, I think what should be done is to accept the original proposal of the leader of the opposition, and have a discussion among the representatives of the various parties in the house. I am not in favour of either of the proposals made today, and to vote suddenly on them is not the way in which to settle the matter. I suggest to the Prime Minister that the motion be held over for a day or so in order that members may think about it.

Mr. Solon E. Low (Peace River): I have not changed my view since the matter was first discussed in the house by the Prime Minister some ten days ago. I still think a committee should be set up to discuss the whole question and bring in a recommendation which will resolve all the various opinions into a resolution acceptable to the house. If the Prime Minister desires to proceed with his motion today, I am afraid I shall have to support the amendment of the leader of the opposition.

Mr. G. A. Cruickshank (Fraser Valley): If a backbencher may enter a discussion among the leaders of the various parties—I lead my own party—may I say that I do not approve the motion. I understand it is not a government measure. If there is to be an amendment—and I hate to be in accord with the leader of the opposition or the leaders of the other two parties—I think we should go all the way. Why not consider the maritimes and the western provinces? Let us sit on Wednesday evenings, and, so far as I am concerned, Saturday as well, and finish the session. If the motion is not a government measure I do not think it should be proceeded with at this time. I suggest that an amendment be introduced to provide that we sit on Wednesday evenings, and let us finish the session.

Mr. St. Laurent: I do not want to insist upon having the motion put, but it is apparent that if we have a committee there will be as many divergent views expressed as there were last year, and the result will be no change. I have no objection to that, because I am perfectly willing that the present standing order be applied. I felt, however, that it was only proper, in view of the experiment that had been made, that the members be given an opportunity to express their preference in the matter. If it is desired that the question be held over until tomorrow, I have no objection. If it is the desire of the house that the standing order apply, I shall be satisfied. My only purpose was to try to meet the desires of the greater number in the house. But I do think it is only fair to be realistic, and to admit that if we set up a committee we shall simply be going back to the standing order which has been in effect for a long time.

It is immaterial to me whether the motion be dealt with now or be allowed to stand until tomorrow. I think that the setting up of a committee would have the same result that was reached last year: we would not be able to bring in an agreed recommendation for a change. That might be the better result. We have the standing order, and unless there is an overwhelming desire to change it, perhaps it should be adhered to.

Mr. Low: How does the Prime Minister feel about the two o'clock proposal?

Mr. St. Laurent: The two o'clock proposal would create extreme difficulty for the cabinet. We have to meet in council every day at two o'clock. That has been going on since the first day of the session. It would be difficult to substitute the hour between ten and eleven at night for the hour we now use, between two and three, for the purpose of dealing with the business of the government. I have not consulted my colleagues, but I believe it would interfere with the proper and expeditious conduct of the business of government if the house were to meet at two o'clock instead of three. We shall never get 245 minds in agreement, and if we set up a committee there will not be agreement. We have at least had agreement in practice under the standing order and it may be best to leave it as it is. If it is the desire of the house that the motion be withdrawn, I am prepared to withdraw it, because I put it forward not as my view but for the purpose of ascertaining the views of the members of the house.

Mr. Drew: Mr. Speaker, may I suggest that, without formally appointing a committee, the whips of each party might meet? From some of the comments made as to different hours of sitting, it is obvious that there is a divergence of opinion. It is possible that as a result of the experiment which has been made some new views may be indicated. The Prime Minister has stated that two o'clock would be an inconvenient hour for the house to meet in the afternoon. After all, it is the business of the house to decide its own affairs, and that should be done with recognition of the problems of the government and its administrative responsibilities. I would point out, however, that the House of Commons of Great Britain, which also has very heavy responsibilities, meets even earlier, and they adjust the hour of meeting of their cabinet council. It would seem that the time might be so adjusted here. This suggestion would approach the matter with some sense of reality. At the moment I do not think the present practice accomplishes anything, except to provide a disturbing break in the dinner hour, and not a very conclusive advantage at the end of the day. I suggest that the whips meet before tomorrow and see if any general opinion is taking form.

Mr. St. Laurent: That is quite agreeable to me. I would remind the leader of the opposition that there is no dinner adjournment in the British House of Commons.

Mr. Drew: I know.

Mr. Angus MacInnis (Vancouver East): I do not think this is a matter that the whips can settle. They may be good whips, but they cannot meet all the private members and find out what their opinions are. I suggest to the Prime Minister and to the leader of the opposition that the matter be allowed to stand until Thursday afternoon. In the meantime the caucuses of the various parties will have been held, and this is a proper subject for them to discuss. This proposal will not interfere with consideration of the amendment offered by the leader of the opposition or the motion of the Prime Minister.

Mr. St. Laurent: Perhaps we might leave it until tomorrow. It may be that tomorrow we shall wish to accept the suggestion of the hon member for Vancouver East and put it over until Thursday.

Motion stands.

COARSE GRAINS

DISTRIBUTION OF OATS AND BARLEY EQUALIZATION FUNDS

Right Hon. C. D. Howe (Minister of Trade and Commerce): I wish to make an announcement to the house in regard to the oats and barley equalization fund for the year ending July 31, 1948, as administered by the Canadian wheat board.

The final accounting in regard to these two funds has now been completed. After allowing for payment expenses, the surplus in the 1947-48 oats equalization fund is $4,269,706.84, and the surplus in the 1947-48 barley equalization fund is $4,402,527.75. On the basis of 1947-48 producers deliveries, as reported to the board by handling companies, the per bushel payment on oats will be 5·881 cents, and on barley 6·780 cents per bushel.

These payments will be made in two parts. Cheques to individual producers delivering oats and barley to country elevators or authorized dealers from August 1, 1947 to October 21, 1947 have been prepared and will be distributed through elevator companies commencing on March 7, 1949. Delivery records for this period were already in the hands of the board, since the board made the dominion government payments of 5 cents per bushel on oats and 11 cents per bushel on barley applicable to deliveries of oats and barley during the period when price ceilings were in effect.

The board now has on hand the record of deliveries from October 22, 1947, to July 31, 1948. Cheques covering oats and barley deliveries during this period will be written at an early day and distributed to producers through the various elevator companies.

As the collection of equalization fees on exports of oats and barley was discontinued on August 1, 1948, the present payment will represent the last distribution of oats and barley equalization funds.

TRANS-CANADA HIGHWAY

ANSWER TO INQUIRY AS TO CHOICE OF ROUTES

Hon. J. A. MacKinnon (Minister of Mines and Resources): On March 2 the hon. member for Cumberland (Mr. Black) asked for information on a certain route of the trans-Canada highway which I believe he said had been recommended in the early thirties by the federal government and by the different provinces.

From the information available in the department I cannot find any record of the federal government having designated a coast-to-coast route, or of the provincial governments having designated complete or continuous routes in the provinces during the period mentioned by the hon. member. Between 1930 and 1939 various provinces selected certain sections of their main east and west roads as part of a trans-Canada highway when requesting financial aid from the federal government under unemployment relief acts for main road improvement.

I understand that the sections of road designated by the provinces were generally along the main east and west roads as then established across Canada, and beginning at Nanaimo on the west coast the route went through the following cities or towns: Victoria, Vancouver, Kamloops, Revelstoke, Golden, Banff, Calgary, Medicine Hat, Moose Jaw, Regina, Brandon, Winnipeg, Fort William, Schreiber, along the north shore of Lake Superior to Sault Ste. Marie, Sudbury, North Bay, Pembroke, Ottawa, Hawkesbury, Montreal, Three Rivers, Quebec, Riviere du Loup, Edmundston, Woodstock, Fredericton, Saint John, Moncton, Amherst, Truro, New Glasgow, Antigonish, Port Hawkesbury, and Sydney.

Federal assistance to the provinces on the above route is totaled at some $28,650,000. I wish to add further that this material has not been depended upon in any consideration recently given to the matter of the trans-Canada highway.

HOUSING

VETERANS LAND ACT—COST OF REMEDYING STRUCTURAL DEFECTS

On the order for motions:

Hon. Milton F. Gregg (Minister of Veterans Affairs): The hon. member for Parkdale (Mr. Timmins) has given me notice of the following question:

> Where a veteran purchases a house under the V.L.A. and subsequently structural defects occur, which the department gets repaired, and when subsequently the veteran vacates the house and the department proceeds to consider the amount of his reestablishment credit, does the department propose to rule that the cost of remedying such defects constitutes a benefit to the veteran concerned or not?

This matter has been under consideration by the department, and we have felt it desirable to ask the Department of Justice for an opinion. If the hon. member has a specific

case in mind, I should be glad to let him have further word, if he will give me the particulars.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

*CATTLE—COMPENSATION FOR T.B. REACTORS

Mr. Robinson (Bruce):

1. Does the Department of Agriculture pay compensation for cattle which are T.B. reactors?
2. If so, what amount do they pay?
3. What steps have been taken by the government towards raising the amount of such payments?

Mr. Gardiner: May I be permitted to answer this question orally? The answer to part 1 is yes. The answer to part 2 is that the maximum amount upon which the payment is based is $60 for grades and $150 per head for purebred cattle.

As to part 3 I do not think it would be possible to give a definite answer for some little time. All I can say at the moment is that a recommendation has been made to the government and legislation in respect to the matter is under consideration.

Mr. Speaker: Answered.

Mr. Robinson (Bruce): Could I not have some more information from the minister? If the government do recognize that these amounts should be increased, will the higher rates be made retroactive?

Mr. Speaker: Order.

CANADIAN BROADCASTING CORPORATION—TAXES

Mr. Ross (St. Paul's):

1. Are any taxes paid to the dominion government by the Canadian Broadcasting Corporation?
2. Are sales taxes, excise taxes and customs duties paid on purchases made by the corporation?
3. What is the amount and nature of the taxes payable by the Canadian Broadcasting Corporation to each provincial government?
4. What is the amount and nature of the taxes payable by the Canadian Broadcasting Corporation to each municipality on premises owned by the corporation?

Mr. McCann:

1. Yes. See answer to No. 2.
2. Yes.
3. Nil.
4. No taxes are paid by the corporation to municipalities. Payments are made, however, for such services as water and sewage in some localities.

CANADIAN BROADCASTING CORPORATION—PURCHASE OF PROPERTY IN TORONTO

Mr. Henderson:

1. What was (a) the purchase price; (b) the sale price, by the Canadian Broadcasting Corporation, of the property on the east side of Yonge street, between Jackes avenue and Summerhill avenue?
2. From whom did the Canadian Broadcasting Corporation buy this property, for what purpose, and at what cost?
3. What was the cost to the Canadian Broadcasting Corporation for the old Havergal college on Jarvis street, and the adjoining property to the north?
4. What has been spent on these properties per annum, for improvements, since purchase?
5. Were buildings formerly used for housing units torn down and others built on this old Havergal site? If so, at what cost?
6. What has been the total expenditure on this property in (a) capital expenditure; (b) maintenance charges, per annum?

Mr. McCann:

1. (a) $50,000; (b) $65,000.

2. North American Life Assurance Company. Contemplated as a site for studios and offices. See 1 (a).

3. $120,000.

4. (1) Conversion and alterations to adapt property to meet technical requirements for broadcasting purposes, $204,095.32.

(2) Fiscal year 1946-47, improvements, $14,298.85.

(3) Fiscal year, 1947-48, improvements, $3,884.04.

5. No.

6. (a) Exclusive of purchase price, the expenditures on building and property alterations and improvements to January 31, 1949, amounted to $243,915.95.

(b) Annual maintenance charges for buildings and grounds:

1944-45	$ 469.50
1945-46	5,013.85
1946-47	5,685.17
1947-48	17,305.10
1948-49 (to Jan. 31, 1949)	7,559.33
	$36,032.95

IRRIGATION—LILLOOET, B.C., AREA

Mr. Fulton:

1. Are any negotiations under way for development of irrigation projects in the Lillooet, British Columbia, area?
2. What representations have been received to date from the province of British Columbia with regard to development in this district or any other district in accordance with the statement of the Minister of Agriculture, made on May 14, 1947? Give particulars.
3. What action has been taken and what is the present position with regard to each of the projects referred to in such representations?

Mr. McCubbin:

1. No. The need in that part of the Lillooet area where we are operating is for diking and drainage, and the sum of $282,137 has been spent by the dominion since 1946 on such works.

2. The province of British Columbia submitted the following list of projects for

consideration under the policy announced by the Minister of Agriculture on May 22, 1947: Westbank, St. Mary's Prairie (Kimberley); Winfield Okanagan Centre, Camp Lister, and North Creston; Kelowna (Mission creek), Duck Lake reclamation; Similkameen, Columbia river reclamation; Penticton West Bench, South Thompson pumping; Armstrong (Grandview flats), Niskonlith (Pritchard); Salmon Arm, Campbell creek; South Okanagan, Merritt flats; Okanagan Falls, Balmoral flats; Midway Rock Creek Balfour, Tappen; Walhachin, East Lillooet; Ashcroft.

The following specific requests have been received from the province since that time: for construction of the Chase irrigation project; for construction of the Johnson-Western Canada ranching irrigation project; for construction of the Westbank irrigation project; for construction of the Okanagan Falls irrigation project; for survey of the South Okanagan irrigation project; for construction of the Niskonlith irrigation project; for construction of the Cawston Benches irrigation project.

3. Chase irrigation project—constructed; Johnson-Western Canada ranching project—constructed; Westbank irrigation project—under construction; Okanagan Falls irrigation project—approved and awaiting completion of land control by the province. Survey of South Okanagan project—completed as requested. Niskonlith irrigation project—surveys and designing completed. Cawston Benches irrigation project—surveys and designing completed; Mission Creek irrigation project—preliminary surveys under way; West Bench (Penticton) irrigation project—exploratory surveys for dam site under way. It is the intention to examine and survey additional projects in order that a suitable priority of construction may, in consultation with the province, be established.

FOREIGN EXCHANGE CONTROL—REMITTANCES TO U.S. BY LABOUR ORGANIZATIONS

Mr. Pouliot:

How much in American dollars did the foreign exchange control board furnish (a) the Trades and Labour Congress and (b) the Canadian Congress of Labour for remittance from Canada to the United States (i) during each one of the war years of 1939, 1940, 1941, 1942, 1943, 1944 and 1945; (ii) during each one of the following years?

Mr. Belzile: Since the commencement of exchange control it has been the policy to provide foreign exchange for payments of fees or dues in connection with the membership of Canadians in international labour unions, trade and professional associations, fraternal societies and other similar international bodies. The foreign exchange control board does not maintain records of remittances made by or to particular organizations or classes of organizations within this general category.

NATIONAL HEALTH—HOSPITAL CONSTRUCTION GRANT

Mr. Coldwell:

1. Of the hospitals listed on page 836 of *Hansard* of February 23, 1949, which hospitals were planned prior to (a) April 1, 1948; (b) May 14, 1948; (c) June 30, 1948; (d) after June 29, 1948?

2. Of the hospitals listed on page 836 of *Hansard* of February 23, 1949, which hospitals were under construction prior to (a) April 1, 1948; (b) May 14, 1948; (c) June 30, 1948; (d) after June 29, 1948?

3. How many hospital beds are represented by the hospitals in each category of the answers to questions one and two?

Mr. Martin:

1. Information not available.

2.

(a) Province—Hospital

Prince Edward Island—
Beach Grove.

Nova Scotia—
Eastern Shore Memorial.

Quebec—
Hopital Lafleche, Hopital Ste. Marie, St. Joseph des Convalescente, St. Joseph Sanatorium, Sanatorium Cooke, Sanatorium Begin, St. Eusebe, Sanatorium de Macamic, St. Croix, Hotel Dieu Notre Dame de Beauce, Sanatorium St. Georges, Saint-Sauveur, Notre Dame de Lourdes de Blanc Sablon, Youville.

Manitoba—
Killarney General.

Saskatchewan—
Assiniboia General.

Alberta—
Three Hills Municipal.

British Columbia—
Royal Columbian, Vernon Jubilee, Langley Memorial, St. George's hospital.

Alberta—
Rimbey Municipal hospital.

Manitoba—
Boissevain hospital, Altona hospital.

Ontario—
Trenton Memorial hospital, Oshawa General hospital, Cornwall General hospital.

Quebec—
l'Hotel-Dieu d'Amos, l'Institut Medico-Pedagogique du Mont Providence.

Nova Scotia—
Victoria County Memorial hospital.

(b) Those listed under (a) above and the following:

Province—Hospital

Ontario—
Leamington District Memorial, Cobourg General.

Questions

Alberta—
Stettler Municipal hospital.

(c) Those listed under (a) and (b) above and the following:

Province—Hospital

Nova Scotia—
Lunenburg, Guysboro Memorial.
Ontario—
Sudbury General.
Manitoba—
Carberry hospital (Fox Memorial), Gilbert Plains.
Alberta—
Olds Municipal.
British Columbia—
Fernie Memorial.
Ontario—
Alexandra hospital.
Quebec—
Hopital de la Providence.

(d) Province—Hospital

Nova Scotia—
Queen's, Twin Oaks Memorial.
Quebec—
Hotel Dieu de Montmagny.
Ontario—
West Lincoln Memorial, Hamilton General, St. Peters Infirmary, St. Joseph's General.
Manitoba—
Steinbach General.
Alberta—
Vulcan Municipal.
British Columbia—
Provincial Mental, North Vancouver General hospital, Princeton General hospital.
Manitoba—
Benito hospital, Cartwright and district medical nursing unit, Fisher Branch Outpost hospital.
Ontario—
Haldimand War Memorial hospital, Oakville Trafalgar Memorial hospital.

3.

(a) 5090, (b) 95, (c) 422, (d) 797. Total 6404.

This includes minor adjustments necessary since list of February 23 was tabled.

*HEALTH GRANTS—PROVINCE OF QUEBEC

Mr. Coldwell:

Under what authority has the dominion committed itself to the province of Quebec for 140 per cent of the amount authorized by P.C. 3403 dated July 28, 1948?

Mr. Martin: The order in council to which my hon. friend directs attention provides that payment of the federal share of the provincial hospital construction project is made not when the project is approved but in successive instalments at specified times during the progress of construction. Each instalment is paid from the provincial allotment of the grant for the year in which it falls due.

Accordingly, while the total of all projects which have been approved under hospital construction for Quebec is greater than the province's share of the grant for this year, the actual expenditure and commitment for the fiscal year 1948-49 do not exceed the amount provided under order in council P.C. 3403. The actual expenditure of federal funds for hospital construction will be spread over a considerable period of time during which the construction of the approved projects is taking place. In no year will the province receive an amount greater than its share of the grant for that year.

Mr. Coldwell: What I had in mind was, first, the authority; second, how can the present parliament possibly commit succeeding parliaments?

Mr. Speaker: Answered.

*COMPREHENSIVE HEALTH INSURANCE PLAN

Mr. Coldwell:

Under the health plans now developing in the Department of National Health and Welfare, by what year could Canada put into effect a comprehensive nation-wide health insurance plan concerning all health hazards?

Mr. Martin: I cannot answer this question better than by referring my hon. friend to what I said in this connection at page 835 of *Hansard* for February 23 of this year.

Mr. Speaker: Answered.

HOSPITAL BEDS FOR PATIENTS SUFFERING FROM CERTAIN DISEASES

Mr. Coldwell:

1. By provinces, how many hospital beds per thousand of the population are there for (a) those with acute diseases; (b) those who are convalescing; (c) those who are critically ill; (d) those suffering from tuberculosis; (e) mental cases?

2. Has the government made an estimate as to how many hospital beds per thousand of the population there should be in each of these categories?

3. If so, what is the estimate in each of these categories?

Mr. Martin:

1. (a) Prince Edward Island, 4·82; Nova Scotia, 4·09; New Brunswick, 4·74; Quebec, 4·23; Ontario, 4·28; Manitoba, 5·40; Saskatchewan, 5·44; Alberta, 6·37; British Columbia, 6·34. Canada, 4·73.

(b) Hospital statistics indicating the number of hospital beds for persons who are convalescing are not available separately.

(c) Hospital statistics indicating the number of hospital beds for patients who are critically ill are not available separately.

(d) Prince Edward Island, 1·54; Nova Scotia, 1·43; New Brunswick, 1·73; Quebec, 0·98; Ontario, 0·89; Manitoba, 1·05; Saskatchewan, 0·95; Alberta, 0·57; British Columbia, 0·82. Canada, 0·97.

(e) Prince Edward Island, 2·66; Nova Scotia, 4·19; New Brunswick, 1·83; Quebec, 3·64; Ontario, 3·60; Manitoba, 3·33; Saskatchewan, 4·36; Alberta, 3·09; British Columbia, 2·91. Canada, 3·51.

2 and 3. The following is a rough guide for the country as a whole of the number of hospital beds per 1,000 population in each of the three categories given in part 1 above. These ratios may be higher or lower for any particular province. The health surveys now in progress will provide a careful assessment of the adequacy of hospital accommodation in any given area.

For acute disease and incurable patients, excluding tuberculosis and mental patients: about seven beds per 1,000 population.

For tuberculosis patients: about three times the average number of deaths, annually, from tuberculosis over the previous five-year period for which information is available.

For mental patients: about 5·75 beds per 1,000 population. This includes four beds per 1,000 population for the mentally ill, 1·5 beds for mentally deficient persons and ·25 for epileptics.

MINIMUM PRICE FOR UNMARKETED APPLES

Mr. Fulton:

1. Has the Minister or the Department of Agriculture received any representation from the B.C. Fruit Growers' Association for the establishment of a guaranteed minimum (floor) price for unmarketed apples of desirable sizes, varieties, and grades, consequent on the loss of the British market?

2. If so, what action is being taken to meet the request?

3. If none is being taken, why not?

Mr. McCubbin:

1. Yes.

2. The agricultural prices support board has been authorized to guarantee a return of $2 per packed box (to a maximum of 200,000 boxes) for the varieties Newtown, Stayman and Rome Beauty of sizes 180, 198, 216 and 234, and for the variety Winesap of sizes 216, 234 and 252. This is in conformity with the recommendation of B.C. Tree Fruits Limited.

3. See answer to No. 2.

PRAIRIE FARM REHABILITATION—IRRIGATION FACILITIES IN B.C. TREE FRUIT AREA

Mr. Fulton:

1. Has the Minister or the Department of Agriculture received any representation from the B.C. Fruit Growers' Association for the extension of the provisions of the Prairie Farm Rehabilitation Act to assist in enlargement of irrigation facilities within the tree fruit area of British Columbia?

2. If so, is any action being taken to meet this request over and above the separate projects in the course of development as at January 21, 1949?

3. If no action is being taken as requested, why not?

Mr. McCubbin:

1. Copies of records of annual conventions of the British Columbia Fruit Growers' Association have been received containing resolutions recommending construction of the Westbank project and the Cawston Benches project.

2. The resolutions, as stated above, referred to specific projects. The Westbank project is under construction; the Cawston Benches project has been surveyed and allocation of the necessary water from the Similkameen river is under review by the international joint commission.

3. See answers to No. 1 and No. 2.

ROYAL NAVY MANOEUVRES OFF TRINIDAD—CANADIAN PARTICIPATION

Mr. Church:

1. Will the Canadian navy be represented at the joint manœuvres of the Atlantic and West Indies squadrons of the Royal Navy off Trinidad this month?

2. If so, by what type of ships and submarines?

Mr. Baker:

1. Yes.

2. One light fleet carrier, one cruiser, three destroyers, one frigate. There are no submarines in the Royal Canadian Navy.

U.S. ATLANTIC FLEET—MANOEUVRES IN CARIBBEAN SEA—CANADIAN REPRESENTATION

Mr. Church:

Was Canada represented when the United States Atlantic fleet began six weeks of manœuvres on February 14, last, in the Caribbean sea, testing submarines?

Mr. Baker: The Royal Canadian Navy is being represented at these manoeuvres by an observer, Lieut. Commander (P) T. C. Brock.

CANADIAN NAVY—PACIFIC MANOEUVRES

Mr. Church:

1. What ships and submarines has the Canadian navy in the Pacific?

2. Are any manoeuvres contemplated there this year, and will any submarines of the Canadian navy take part?

Mr. Baker:

1. Cruisers, 2; destroyers, 6; frigates, 3; Algerines, 4; auxiliary vessels, 2; submarines, nil.

2. Normal training manoeuvres are contemplated during 1949 on the Pacific coast. There are no submarines in the Royal Canadian Navy.

Questions

WHITEHORSE, YUKON, FEDERAL BUILDING

Mr. Black (Yukon):

When is the federal building at Whitehorse, Yukon, for which plans and specifications were made several years ago, to be built?

Mr. Fournier (Hull): The answer to this question remains the same as that given to a similar question asked last year, and is as follows:

Sketch plans and estimates only were prepared in 1946 for use in determining the magnitude of the project. The whole question of when projects such as this one shall be proceeded with is one that depends largely on the supply of labour and materials, which, at present, are being directed primarily to veterans housing, and, secondly, to the expansion of industry.

The priority that is given to the construction of new public buildings is very low. The present policy is to restrict new construction to an absolute minimum and to proceed only with maintenance and repairs of existing structures. At a later date, when the aforementioned demands have been satisfied, attention will be given to the construction of new public buildings.

This is the policy that is being followed with relation to new buildings throughout the country. As the building at Whitehorse is a new project, it is felt that it should remain in the deferred class as there is no greater urgency for this particular structure than for others of a similar nature throughout the country.

VETERANS—DISABILITY PENSIONS AND ALLOWANCES

Mr. McKay:

1. What is the total number of veterans at present receiving pensions for disability of (a) 100 per cent; (b) 95 to 99 per cent; (c) 90 to 94 per cent; (d) 85 to 89 per cent; (e) 80 to 84 per cent; (f) 75 to 79 per cent; (g) 70 to 74 per cent; (h) 65 to 69 per cent; (i) 60 to 64 per cent; (j) 55 to 59 per cent; (k) 50 to 54 per cent; (l) 45 to 49 per cent; (m) 40 to 44 per cent; (n) 35 to 39 per cent; (o) 30 to 34 cent; (p) 25 to 29 per cent; (q) 20 to 24 per cent; (r) less than 20 per cent?

2. What is the present yearly liability with regard to veterans pensions?

3. How many veterans are in receipt of war veterans allowances?

Mr. Mutch:

1. Return as at December 31, 1948

(1)	(2)	(3)	(4)
Class 1 pension	100%	(98 to 100%)	7,667
Class 2 pension	95%	(93 to 97%)	114
Class 3 pension	90%	(88 to 92%)	740
Class 4 pension	85%	(83 to 87%)	520
Class 5 pension	80%	(78 to 82%)	4,498
Class 6 pension	75%	(73 to 77%)	1,002
Class 7 pension	70%	(68 to 72%)	2,403
Class 8 pension	65%	(63 to 67%)	583
Class 9 pension	60%	(58 to 62%)	4,154
Class 10 pension	55%	(53 to 57%)	695
Class 11 pension	50%	(48 to 52%)	6,920
Class 12 pension	45%	(43 to 47%)	816
Class 13 pension	40%	(38 to 42%)	7,007
Class 14 pension	35%	(33 to 37%)	2,883
Class 15 pension	30%	(28 to 32%)	9,292
Class 16 pension	25%	(23 to 27%)	8,298
Class 17 pension	20%	(18 to 22%)	19,340
Class 18 pension	15%	(13 to 17%)	16,534
Class 19 pension	10%	(8 to 12%)	39,392
Class 20 pension	5%	(5 to 7%)	23,644
Total			156,502

Note: Schedule A of the Pension Act, as amended in 1948, provides for the payment of disability awards as indicated in the scale of percentages shown in column (3) above.

2. Disability awards of pension.$64,666,038
Dependent awards of pension 25,555,697

Total $90,221,735

3. 24,345. (This figure does not include awards to widows and orphans).

[Mr. Baker.]

IMPORTS OF HOUSE BROOMS

Mr. Brooks:

1. What quantity of brooms (house) have been imported into Canada during (a) 1947; (b) 1948?

2. From what countries have these imports been made and what quantity from each?

Mr. McIlraith: Brooms not separately classified. Statistical item reads "brooms and whisks". Quantity not recorded under this item. The value as shown in import statistics during calendar year is as follows:

	1947	1948
United Kingdom	$ 1,401	$ 69
Hong Kong	81	1,433
Italy	33,446	417
Sweden	171	829
United States	15,761	49,675
All others	50,860	52,423

POTATOES—FLOOR PRICES, NOVA SCOTIA

Mr. Nowlan:

What steps have been taken by the government to provide, on and after April 1, 1949, a system of floor prices for potatoes grown in the province of Nova Scotia?

Mr. McCubbin: Under order in council P.C. 5488, potatoes grown in the province of Prince Edward Island and in the counties of Carleton, Victoria and Madawaska and the Hazen settlement of Restigouche county in the province of New Brunswick are eligible for sale to the agricultural prices support board at a price of $1.15 per 100 pounds in the bin. With this price available growers in the defined area need not sell their potatoes at a lower price. Since nearly all of the surplus potatoes grown in the eastern provinces are in the defined area, the effect of the price support program is to enable growers in other areas to sell their potatoes on the market at the equivalent of the support price. This effect extends equally to Nova Scotia, Ontario, Quebec and those parts of New Brunswick which are not within the defined price support area.

PUBLIC DEBT

Mr. McCullough (Assiniboia):

1. What was the amount of the gross national debt for 1947?

2. What was the total amount of interest for 1947 on this debt?

3. What was the amount of the gross national debt for 1948?

4. What was the total amount of interest for 1948 on this debt?

Mr. Belzile:

1. Total liabilities, March 31, 1947, $17,698,195,740.07.

2. Interest on the public debt paid in the fiscal year ended March 31, 1947, $464,394,876.26.

3. Total liabilities, March 31, 1948, $17,197,348,981.17.

4. Interest on the public debt paid in the fiscal year ended March 31, 1948, $455,455,203.64.

Questions

IMPORTS OF TRACTORS

Mr. McKay:

1. Since the discontinuation of the duty on imported farm implements have any tractors been imported from the United States?

2. If so, how many have been imported for each of the provinces of Manitoba, Saskatchewan and Alberta up to December 31, 1948?

Mr. McCubbin:

1. Yes.

2. Imports from United States through customs ports in the provinces of Manitoba, Saskatchewan and Alberta:

Calendar year	Manitoba No.	Saskatchewan No.	Alberta No.
1945	3,312	5,186	3,376
1946	4,262	5,367	4,152
1947	5,160	7,441	6,165
1948	6,939	8,889	7,797

VETERANS AFFAIRS—EMPLOYMENT OF COMMISSIONED OFFICERS

Mr. Blackmore:

1. How many former commissioned officers are now employed by D.V.A.?

2. Of these, how many were (a) brigadiers; (b) colonels or lieutenant-colonels; (c) majors, or officers of equivalent rank in other services?

Mr. Mutch: Return at March 7, 1949, for Department of Veterans Affairs, Canadian pension commission and war veterans allowance board:

1. 1,386.

2. (a) 8; (b) colonels, lieutenant-colonels, officers of equilavent rank: 122; (c) majors, officers of equivalent rank: 269.

COST OF TIMBER CONTROL

Mr. Hodgson:

What was the total cost to the government for timber control for each year since June 24, 1940 to date covering actual out-of-pocket expenses, administration expenses, salaries, traveling and other expenses, for the timber controller and all persons acting under his authority?

Mr. McIlraith: Not available. The records of the Department of Munitions and Supply, the Department of Reconstruction and Supply, and the treasury office have not been maintained in such a way as to make it possible to segregate the cost of timber control.

PRINCE ALBERT NATIONAL PARK—HIGHWAY CONSTRUCTION

Mr. Bowerman:

1. How many miles of highway have been built by the federal government in the Prince Albert national park during 1948?

2. What construction firm did this work?

3. What was the cost to the government of this construction work?

4. What was the basis of the contract?

5. Was there any management fee paid for this work? If so, how much?

Questions

Mr. Maybank:

1. Seventeen miles constructed and 11·6 additional miles cleared.

2. W. C. Wells Construction Company, of Saskatoon, Sask.

3. $287,000.

4. Cost plus fixed fee.

5. Yes—$16,500 (the fixed fee).

NATIONAL HEALTH—ESKIMOS IN CHESTERFIELD INLET AREA

Mr. Isnor:

Has the Minister of Health and Welfare any recent information regarding the epidemic among Eskimos in the Chesterfield Inlet area, which has recently been mentioned in the press and over the radio?

Mr. Martin: Yes. A telegram was received last week and a report by long-distance telephone today from departmental officers in that area. The situation briefly is as follows:

Late last fall, Dr. J. P. Moody, the doctor employed by the Indian and Eskimo health services directorate of the Department of National Health and Welfare situated at Chesterfield Inlet, reported some cases of a disease which was causing paralysis and which had occurred in the Eskimo Point and Padley areas. Dr. Moody visited both these points, which are located in the area between Churchill, Chesterfield Inlet and Baker lake. One case was brought to Winnipeg for further investigation.

During February a few cases occurred in the Chesterfield Inlet area and, lacking facilities for diagnosis and treatment, Dr. Moody requested assistance. Through the co-operation of the R.C.A.F. a plane was made available and a well-equipped medical party was organized.

Dr. A. F. W. Peart, head of the epidemiology division of this department, flew to Winnipeg and joined Major Smillie, R.C.A.M.C., and Professor J. D. Adamson of the university of Manitoba, who is recognized as a leading authority on virus diseases. Dr. W. J. Wood, regional superintendent of Indian and Eskimo health services, co-ordinated the efforts being made, and this party, with considerable equipment, arrived at Chesterfield Inlet on March 2.

The telegram received last week stated that there were then 60 cases (half of whom were suffering from some degree of paralysis) in the Chesterfield Inlet area and that there had been 13 deaths, the last occurring on March 2.

The report received today by long-distance telephone from Winnipeg was to the following effect:

No new cases have developed.

[Mr. Bowerman.]

Thirteen cases—those suffering from the worst degree of paralysis—have been flown to Winnipeg and admitted to the King George hospital. During the flight a nurse was in attendance, and the patients were accompanied by Dr. Peart, Professor Adamson and Dr. Wood. These cases will continue to be under the professional care of Professor Adamson.

Dr. Moody has remained at Chesterfield Inlet in charge of the balance of the sick there, all of whom have recovered sufficiently to allow their return to their homes. Equipment for the treatment of paralysis by physiotherapy has been flown into Chesterfield Inlet from Winnipeg and an attempt is now being made to secure the services of an expert physiotherapist to treat those at Chesterfield Inlet who are suffering from paralysis.

The Department of Mines and Resources has arranged for relief issue of necessary food, supplies, etc. to all stricken families.

Dr. Moody will keep this Department and Dr. Wood fully advised of any developments. The epidemic seems however to be fully under control.

Professor Adamson thinks it probable that the disease is anterior poliomyelitis, but this is not entirely confirmed. Apparently the Eskimos have no resistance to this disease, as almost every family in the area has been attacked. Although no white persons have been seriously ill, it is possible that some may have had the disease in a mild form.

VETERANS LAND ACT—PRAIRIE PROVINCES—SMALL HOLDINGS

Mr. Juiras:

How many veterans have been established on small holdings under the V.L.A. in (a) Manitoba; (b) Saskatchewan; (c) Alberta?

Mr. Mutch: Return at January 31, 1949, of number of cases where financial assistance has been approved under the Veterans Land Act for settlement on small holdings: (a) 994; (b) 308; (c) 975.

HEALTH GRANTS—TORONTO HOSPITAL ACCOMMODATION—VETERANS AND CIVILIANS

Mr. Church:

Under the national health grant for 1948-49, how much has been allocated towards the expense of the hospital accommodation in the city of Toronto and to what hospital units has this fund been applied so far, for (a) soldier veterans; (b) civilians?

Mr. Martin: No moneys have been allocated for hospital construction under the national health grant for 1948-49 for the city of Toronto.

A request from the Ontario department of health for assistance in the construction of an addition to the Toronto East General and Orthopaedic hospital for civilians, in an amount of $145,000, was received by the Department of National Health and Welfare on March 4 and is now receiving consideration.

The national hospital construction grant does not provide for assistance towards the construction of veterans hospitals.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PRAIRIE FARM REHABILITATION—IRRIGATION AND WATER

Mr. Black (Cumberland):

1. What have been the government expenditures by years, stating total, under the prairie farm rehabilitation program in each province?

2. What have been the government expenditures by years, stating the total, on irrigation and water storage projects, by provinces?

3. What particular irrigation and water storage projects have, or are estimated to have, cost $50,000 or more, stating the estimated cost of each when completed?

EXPORTS OF WHEAT AND OTHER COMMODITIES

Mr. Bentley:

1. By countries, what was the amount of class II wheat sold during the crop years 1946-7, 1947-8, 1948-9, to date?

2. What was the average price per month obtained by Canada for this wheat in each of those years?

3. What is the present amount of money in the Canadian wheat board's treasury?

4. How much of the Canadian loan has been made available for the financing of the sale of wheat to Britain in the current crop year and the 1949-50 crop year?

5. By countries, what quantities of the following commodities have been exported during the past five years: wheat, beef, bacon and eggs (shell and powdered)?

WHEAT—DELIVERIES IN CANADA AND SALES TO OTHER COUNTRIES

Mr. McCuaig:

1. What amount of wheat was delivered by wheat producers to the Canadian wheat board in the years 1945, 1946, 1947 and 1948?

2. What amount of wheat was sold outside of Canada by the wheat board in the years 1945, 1946, 1947 and 1948, to (a) the United Kingdom; (b) mutual aid countries; (c) non-mutual aid countries?

3. What was the price received per bushel in each of the years 1945, 1946, 1947 and 1948, from (a) the United Kingdom; (b) the mutual aid countries; (c) the non-mutual aid countries?

4. How much money has accumulated in the four-year pool, 1945, 1946, 1947, 1948 in excess of what has already been paid out, as at December 31, 1948?

5. Does clause two, having regard to the United Kingdom wheat agreement, cover the years 1946 to 1947?

6. How much wheat was sold by the wheat board for domestic consumption in Canada in the years 1943, 1944, 1945, 1946, 1947 and 1948, and what price was received by the wheat board in each of the above years for this wheat?

7. Will a further payment be made to the growers for each of the above years?

8. What amount of wheat was sold to the millers at a subsidized price?

9. What was the subsidized price per bushel?

10. What were the total subsidies paid?

NATIONAL HOUSING ACT

Mr. Fleming:

Up to December 31, 1948, under the National Housing Act, 1944 (a) how many contracts have been entered into under part I; (b) what is the total number of houses for which loans have been authorized under part I; (c) how many of such houses have been completed and are now occupied; (d) what is the total amount of the loans authorized under part I; (e) how many contracts have been entered into under part II of the act; (f) what is the total number of rental housing projects for which loans have been authorized under part II; (g) how many of such rental housing projects are low-rental housing projects; (h) how many of such rental housing projects have been completed and are now occupied, and how many of them are low-rental housing projects, and where are they located; (i) what is the total amount of the loans authorized under part II; (j) how many limited dividend corporations have been recognized as qualified to receive loans under section 9 of the act; what are they and where are they authorized to operate rental housing projects; which ones are institutional housing corporations, and which are institutional holding companies; (k) which of such limited dividend housing corporations have received loans under part II; (l) (i) to how many municipalities have grants been made pursuant to section 12; (ii) what are the individual amounts of such grants and what municipalities respectively received them; (iii) what are the other terms, if any, of the said grants; (m) (i) how many municipalities have applied for grants pursuant to section 12; (ii) how many have been refused; (iii) how many of such applications are still pending; (n) how many contracts have been entered into under part III; (o) (i) what is the total number of houses for which loans have been authorized under part III; (ii) how many of such houses have been completed and are now occupied; (p) what is the total amount of the loans authorized under part III; (q) how many contracts have been entered into with manufacturers of plumbing and heating equipment or other component parts of houses, pursuant to section 15; (r) how many payments have been made under part IV, and what is the total thereof; (s) what studies and investigations, planning and research have been carried on under part V; (t) what expenditures have been made pursuant to part V, out of the $5 million authorized by parliament in 1945, under section 27A?

ONTARIO CUSTOMS OFFICES OPENED AND CLOSED—VOLUME OF BUSINESS

Mr. Ross (Souris):

1. How many customs offices have been (a) closed; (b) opened, in Ontario since January 1, 1928, and in what locations?

2. What was the volume of business for each year in each customs office in Huron, Grey and Bruce counties from 1928 to 1948?

Mr. McCann: Return tabled.

Orders for Returns

WAR ASSETS—SALES IN NEWFOUNDLAND

Mr. Black (Cumberland):

1. What sales were made of war assets in Newfoundland of goods or property yielding $20,000 or more?

2. On what dates were any such sales made, to whom, and what was the class of goods or property involved in each sale?

3. Did an agent of the dominion government or War Assets Corporation participate in any such sale?

4. Were all such sales made by open tender, and what conditions were attached to a buyer's right to purchase?

5. Were any of such goods resold, and did the government or War Assets Corporation give approval of any such resale?

6. What was the class of goods involved in such resale, and what was the markup over the original selling price?

UNEMPLOYMENT—PUBLIC WORKS

Mr. Coldwell:

1. Under the program of public works described by the Minister of Reconstruction and Supply on page 818 of *Hansard* of February 23, 1949, how many workers could be employed in each province in one month, six months, one year?

2. How many projects would there be in each of the provinces?

3. How many unemployed must there be before the government starts some of its projects?

4. Why have projects not been begun already in Nova Scotia, New Brunswick, and British Columbia?

5. Does the list of projects include (a) a bridge or other crossing of the strait of Canso; (b) a bridge or other crossing of Halifax harbour?

PUBLIC WORKS—PARISH OF PARENT, CHAPLEAU COUNTY, QUE.

Mr. Caouette:

1. What construction has been done by the dominion government at Parent, county of Chapleau, since July 1, 1945?

2. What amounts have been allocated each year during the above period by government departments for work in the parish of Parent and for what purpose?

WESTERN AND EASTERN WHEAT—INITIAL PRICE, FLOUR EXPORTS, ETC.

Mr. Charlton:

1. What was the initial price paid by the wheat board in each of the crop years 1944 to 1948 inclusive for (a) western wheat, basis number 1 northern, Fort William/Port Arthur, or Vancouver; (b) eastern wheat, basis number 1 soft wheat, Montreal?

2. What amount per year was paid on account of participation certificates in each of the said years in respect of the said (a) western wheat; (b) eastern wheat?

3. On the basis of government policy, as announced by the Minister of Trade and Commerce, what further amounts will be paid in each of the said years in respect of the said (a) western wheat; (b) eastern wheat?

4. How much was exported as flour by the wheat board or by milling companies in each of the said years of (a) western wheat; (b) eastern wheat?

[Mr. McCann.]

WARTIME PRICES AND TRADE BOARD—PROSECUTIONS IN CHICOUTIMI COUNTY, QUE.

Mr. Gagnon:

1. How many actions have been instituted in Chicoutimi county by the wartime prices and trade board since the date of its inception?

2. How many such actions were won by the board?

3. How many such actions were lost by the board?

4. What has been the total amount of fines collected following such prosecutions?

5. Who were the solicitors for the department, in each case?

6. What amount was paid to each of them (a) for cases won; (b) for cases lost?

7. What was the total expenditure by the government for such cases and proceedings, all costs included?

TRADE AND COMMERCE—PRIORITIES FOR BUILDING MATERIALS—NAILS

Mr. Fraser:

1. How many priorities were issued by the priorities branch of the Department of Trade and Commerce, or by any other priorities branch of any other department of the government, during the year 1948 for building materials?

2. How many priorities were issued for each class of building material?

3. Were any individuals, or firms, given priorities for steel nails in quantities of 500 kegs or more?

4. If so, what are the names of individuals, or firms, to whom these priorities were given, and what number of kegs to each?

PUBLIC DEBT

Mr. Caouette:

1. What was the total national debt of Canada at the close of the following years: (a) 1867; (b) 1900; (c) 1913; (d) 1920; (e) 1930; (f) 1939; (g) 1945 and (h) 1948?

2. What has been the total sum of interest (service of the debt) paid by Canada since its existence?

3. What proportion of such interest was paid directly to the chartered banks of Canada?

4. What was the total national revenue in (a) 1867; (b) 1900; (c) 1913; (d) 1920; (e) 1930; (f) 1939; (g) 1940 and in each of the subsequent years?

5. What was, for each of the above-mentioned years, the aggregate production of Canada?

6. What sum of money was appropriated to the reimbursement of the principal of the debt in 1867, 1900, 1920, 1930, 1939, 1940 and in each of the subsequent years up to January 1, 1949?

7. What has been the total amount of money paid since confederation for the amortization of the debt?

BROADCASTING—PROGRAMS SPONSORED BY GOVERNMENT AGENCIES

Mr. Fraser:

1. Do any departments, or agencies, of the dominion government sponsor programs over the Canadian Broadcasting Corporation, or any other broadcasting stations throughout Canada or the United States?

2. If so, what are these programs?

3. What is the object in each of such a broadcast?

4. What is the cost per week for each of these broadcasts?

WAR ASSETS CORPORATION

Mr. Fraser:

1. Is War Assets Corporation still operating?

2. If so, how many men and women were employed in 1948, and where?

3. What was the total amount paid out for salaries and wages by the War Assets Corporation during the year 1948 in all departments of this corporation?

4. What was the total amount paid out during 1948 in each department of War Assets Corporation, including salaries and wages, for guard duty?

5. Did War Assets Corporation sell any steel nails during 1948?

6. If so, to what individuals, and firms?

7. Has War Assets Corporation an interest in, or control over individuals, or firms operating under names of, War Surplus Supplies; War Surplus Stores; War Surplus Sales Company?

IMMIGRATION—ESTHONIANS

Mr. Gingues:

1. How many Esthonians immigrated to Sherbrooke, Quebec, in 1948 and 1949?

2. By what company are they employed?

3. Are the wives and other members of the families of such immigrants working for other employers?

4. Has the city of Sherbrooke rented the former barracks of the Lord Sherbrooke military centre to house such families?

5. Who applied for permits of entry for these immigrants?

6. For what reasons were these permits granted?

7. Has the Dominion Textile Company guaranteed, at the same time, more employment for Canadians?

VETERANS AFFAIRS—OPTOMETRISTS

Mr. Lennard:

1. Have any optometrists been employed by the Department of Veterans Affairs since January, 1948?

2. If so, how many were employed and on what basis?

Mr. Mutch: I understand that the hon. member who asked this question has agreed to a return giving the number of optometrists as applied to Canada only. Subject to that, the question may pass as an order for return.

ORDERS IN COUNCIL—WAR MEASURES AND EMERGENCY POWERS ACTS

Mr. Diefenbaker:

1. How many orders in council were passed between (a) September 1, 1939 and September 1, 1945; (b) September 1, 1945, and date hereof?

2. Of these orders in council, how many were passed under the provisions of the (a) War Measures Act; (b) the several emergency powers acts?

AGRICULTURE—PRAIRIE FARM REHABILITATION BRANCH—EMPLOYEES

Mr. McKay:

How many officials and staff are now in the employ of the prairie farm rehabilitation branch, Department of Agriculture (a) in Canada; (b) in Saskatchewan?

IRRIGATION—EAST AND WEST BERRY CREEK, ALTA.

Mr. Quelch:

1. What has been the total cost to date of building the two main dams on the east and west Berry creeks?

2. What will be the acre feet of storage available in the reservoirs created by the dams built on (a) the east Berry creek; (b) the west Berry creek?

3. What is the estimated acreage that can be irrigated from (a) reservoir on east Berry creek; (b) reservoir on west Berry creek?

4. What is the map location of each dam?

PRAIRIE FARM ASSISTANCE—PAYMENTS TO PERSONS WITH OTHER OCCUPATIONS, ETC.

Mr. Diefenbaker:

1. Was payment made of the prairie farm assistance allowance to any persons in 1948 who (a) for a major portion of the year did not live on the land farmed by them; (d) had an occupation or carried on business additional to farm operations?

2. If so, how many cases are there in each of said categories?

Mr. Gardiner: I should like to point out to the members asking these three questions that we must write to western Canada for the answers, so there will be a delay in securing the information. I should like to have these made orders for returns, and I will give an undertaking that the information will be brought down as soon as it is received here.

Mr. Diefenbaker: As to the question standing in my name, that is all right, provided that the information is brought down quickly. I have been waiting since February 7 for the answer to another question about prairie farm assistance.

MOTIONS FOR PAPERS

RED DEER RIVER DIVERSION PROJECT

Mr. Quelch:

For a copy of the surveys to date of the proposed Red Deer river diversion project, along with a statement showing an estimate of cost of project. Also copy of map showing location of dam on Red Deer river, canals and storage reservoirs with area that may be irrigated under this project.

ORDERS IN COUNCIL

Mr. Fulton:

For a copy of each of the following orders in council: P.C. 859 of March 2, 1948; P.C. 938 of March 6, 1948; P.C. 1051 of March 16, 1948; P.C. 1101 of March 16, 1948; P.C. 1186 of March 23, 1948.

Mr. Fulton:

For a copy of order in council P.C. 465, of February 9, 1946, approving the agreement between the crown and Sorel Industries Limited.

Mr. Fulton:

For a copy of orders in council P.C. 209/2066, and P.C. 210/2066, dated May 14, 1948.

Inquiries of the Ministry

LILLOOET LAKE, B.C., LAKE LEVELS—CONTRACT WITH HIGHWAY CONSTRUCTION COMPANY

Mr. Fulton:

For a copy of the contract awarded by the prairie farm rehabilitation administration or the Department of Agriculture to the Highway Construction Company Limited, of Vancouver, B.C., for work in connection with the lowering of Lillooet lake, British Columbia.

COMMUNISM

QUESTION AS TO GOVERNMENT ACTION TO DEAL WITH TREASONABLE STATEMENTS OF COMMUNIST LEADERS

On the orders of the day:

Mr. George A. Drew (Leader of the Opposition): I should like to direct a question to the Prime Minister. In view of the statements made during the past two weeks by the national leaders of communist parties throughout the world, to the effect it is their intention to sabotage preparations for defence and assist the soviet union in the event of war, is the government prepared to announce any steps, by way of legislation or otherwise, to deal effectively with this pattern of treason which has been disclosed?

Right Hon. L. S. St. Laurent (Prime Minister): The leader of the opposition was kind enough to write me a lengthy letter dealing with the background which prompted his question. In answer may I say that these matters are constantly under careful surveillance by the Department of External Affairs. I am sure the leader of the opposition will not mind my saying that his letter contained a suggestion that a statement had been made in Canada by Tim Buck. I should like to ask him if he would indicate to me when that statement was made, because I have inquired about it and we have no knowledge of any recent statement by him. The exact form and terms of any such statement would be a matter of concern, because it might constitute an overt act which would come within the existing provisions of the Criminal Code.

I might add that there is a bill on the order paper—it is being carefully examined by the law officers of the Department of Justice—dealing with the possibility of taking effective action to counteract the activities of communist parties. The Department of Justice has not yet made its report on that proposed legislation or on like measures adopted in other countries, and the practical effect of such legislation. I should be obliged to the leader of the opposition if he would call to my attention, either here or by some other means, any recent statement of a communist leader in Canada, because it would be given careful scrutiny to ascertain whether it fell within the provisions of the Criminal Code.

Mr. Drew: Mr. Speaker, I do not think the Prime Minister will object if I read one sentence in my letter to which he referred:

The uniform pattern of these statements gives a new meaning and an entirely different significance to a similar statement made by the leader of the Canadian communist party, Tim Buck, some time ago.

The occasion to which I referred was a speech Tim Buck was reported to have made in Vancouver on November 13, 1946. As I pointed out, this was not a recent happening—

Mr. St. Laurent: In 1946?

Mr. Drew: It occurred in 1946, but it gains a new meaning in the light of this recent pattern which has been announced. The reports of that speech stated that Tim Buck had publicly stated he would not defend Canada in the event of war with the soviet, but would in fact follow the same course as he had followed during the past war. This report was carried extensively by the press at that time. I would be glad to furnish the Prime Minister with the reference to the clippings, if they are not already available to him.

Mr. St. Laurent: I am sure the clippings are available, and I will have them looked at. My chief concern was whether it was something as far back as that, or something more recent.

TRADE WITH BRITAIN

REPORTED DECLARATION OF WHEAT AS SURPLUS IN U.S.—COMMENT IN *News Chronicle*

On the orders of the day:

Mr. T. L. Church (Broadview): I should like to direct a question to the Prime Minister. Has the attention of the government been called to an article appearing in this morning's Ottawa *Journal*, headed "Sees possibility of Britain severing wheat agreement", and reading in part as follows:

London, March 7 (Monday) (Reuters)—The *News Chronicle* says today that if the United States were to declare wheat a surplus commodity, "we might be compelled to ask for a release from our obligations under the Canadian wheat agreement."

Is the government in a position to make any comments on this article, and is there any possibility of Britain's severing the wheat agreement with Canada?

Right Hon. L. S. St. Laurent (Prime Minister): There has been no official communication to the government in that regard. The only comment I would care to make is that it has not been the practice of the government of the United Kingdom to repudiate

its contracts or to ask to be relieved of them, and we have no indication that this will become its practice.

CABBAGE

REMOVAL OF IMPORT RESTRICTIONS—STOCKS IN WINNIPEG WAREHOUSES

On the orders of the day:

Mr. J. S. Sinnott (Springfield): I wish to ask a question of the Minister of Finance, notice of which I have sent to him. In view of a press report that western Canada will soon import cabbages from the United States, will the minister investigate the situation with a view to seeing if anything can be done to sell the large stock of cabbages now in the warehouses of the Manitoba Vegetable Producers Association in Winnipeg?

Hon. Douglas Abbott (Minister of Finance): Before the decision was made by the import control division to permit resumption of importation of United States cabbages, officers of the board made inquiries throughout Canada, through the trade and otherwise, and ascertained that the supply of domestic cabbages was close to exhaustion, and that the ones that remained were in most cases of inferior quality. It may be, of course, that there are in stock some which were kept a little longer than was necessary, in the hope of obtaining higher prices. I do not suppose that is so with regard to the situation referred to by the hon. member for Springfield. But speaking generally the supply of domestic cabbages in Canada is pretty well exhausted. It was for that reason that the import restrictions were lifted.

Mr. Sinnott: I had a delegation down to see me a few weeks ago, and my information is that there are thirty carloads now on hand.

An hon. Member: Good cabbages?

Mr. Sinnott: Good cabbages.

NAVAL SERVICE

QUESTION AS TO "ATHABASKAN" INCIDENT

On the orders of the day:

Mr. J. O. Probe (Regina City): I wish to direct a question to the Minister of National Defence, notice of which I sent to him a few hours ago. In view of conflicting statements being circulated about a reported mutiny aboard the Royal Canadian Navy destroyer *Athabaskan,* will the minister please indicate to the house what the facts are with respect to the *Athabaskan* incident?

Hon. Brooke Claxton (Minister of National Defence): As reported to me, the facts are as follows:

H.M.C.S. *Athabaskan* is one of the Canadian vessels proceeding to the manoeuvres to be held in the Caribbean. On Saturday, February 26, while the *Athabaskan* was taking on fuel at Manzanillo, Mexico, a number of junior ratings asked to see the commanding officer. There were no petty officers, leading seamen or senior ratings in the group.

After the commanding officer of the ship, Commander M. A. Medland, had met the men concerned and spoken with them, they carried on their duties without hesitation. The commanding officer's interview with the men lasted twenty minutes. Ten minutes later, normal routine in the ship was resumed, and there was no further incident. The ship completed refueling and sailed from Manzanillo according to her schedule without interruption of her program. Since then, normal leave has been given; the ship was open to visitors in Acapulco, and the conduct of the ship's company has been in accordance with normal good standards.

On the basis of reports so far received here, it would appear that the incident was a minor one which was settled by the commanding officer in short order and without difficulty.

COMMONWEALTH CONFERENCE

PRESS REPORTS AS TO ARRANGEMENTS FOR MEETING

On the orders of the day:

Mr. Howard C. Green (Vancouver South): Apparently the *Daily Telegraph* of London, England, this morning carried a dispatch which has been reprinted in certain Canadian papers, to the effect that the adjourned commonwealth conference to deal primarily with Pacific and Far Eastern questions, which was to take place in Ceylon in May, may now be held in Ottawa in April. Is the Prime Minister prepared to make a statement with regard to that dispatch?

Right Hon. L. S. St. Laurent (Prime Minister): I am prepared to state that no such arrangements have been made.

Mr. Green: May I ask the Prime Minister a supplementary question? Can he say whether the conference is to take place in May? If so, where is it to be held, or is there to be any further meeting?

Mr. St. Laurent: There was a suggestion that a conference of ministers of external affairs might be held in Ceylon some time in May 1949. It is not to be held in May 1949. Correspondence is proceeding at the present time to determine whether it will be held at a later date, or whether there will be an opportunity for something that would take its place at the time of the meeting of the United Nations in the autumn of 1949.

Inquiries of the Ministry

GOLD

SALES BY SOUTH AFRICA AT PREMIUM—INTERNATIONAL MONETARY FUND RESTRICTIONS

On the orders of the day:

Mr. Rodney Adamson (York West): I should like to ask a question of the Minister of Finance, notice of which I have sent to him. In view of the reported success of the South African government in selling gold on the open market above the pegged price set by the international monetary fund, is the government prepared to take steps to negotiate for relaxation of the restrictions on the marketing of gold imposed on Canada by the international monetary fund?

Hon. Douglas Abbott (Minister of Finance): I thank my hon. friend for giving me notice of his question. I am not, of course, aware whether or not the transactions referred to were successful. I have been informed that the matter is still under discussion between South Africa and the international monetary fund. Other than that, I am not prepared to make any statement.

WHEAT

USE OF TERMINAL FACILITIES AT PRINCE RUPERT

On the orders of the day:

Mr. H. G. Archibald (Skeena): I should like to ask a question of the Minister of Trade and Commerce. Is it the intention of his department to use the terminal facilities for handling wheat at the port of Prince Rupert during the forthcoming crop year?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I am unable to make a commitment at this time. The use of the Prince Rupert facilities will depend on the size of the crop, the availability of shipping, and other factors that cannot be determined now.

IMMIGRATION

ORDERS IN COUNCIL LEGALIZING ENTRIES INTO CANADA

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a question to the Minister of Mines and Resources. On March 3 I asked him whether or not he would table the orders in council passed since July 1, 1948, legalizing the illegal entry of various people into this country. He said he would take the matter under advisement. I now ask him whether or not he will table those orders in council.

Hon. J. A. MacKinnon (Minister of Mines and Resources): There are two questions on this subject, I believe, one from the hon. member for Lake Centre and one from the hon. member for St. Paul's (Mr. Ross). Consideration is being given to them, and a statement will be made shortly or a return tabled.

Mr. Diefenbaker: Why is it so hard to pry loose these orders in council?

Right Hon. L. S. St. Laurent (Prime Minister): I do not think that is a comment that is justified by the circumstances. The hon. member has asked a question which in its present form cannot receive the kind of answer he would accept. There have been no orders in council legalizing the entry of anyone who entered illegally. There were some orders in council which permitted persons who have entered Canada illegally to remain, notwithstanding the fact that they had entered illegally. But that is not the same thing at all.

The second part of the hon. member's question was for orders in council changing the statute. There have been none changing the statute. The statute provides that regulations may be made, and there are regulations made under that authority. There have been orders in council waiving certain of the provisions of those regulations, in certain cases. All those orders in council will be brought down.

Mr. Diefenbaker: They have not been tabled yet?

Mr. St. Laurent: No.

Mr. Diefenbaker: Or published in the *Canada Gazette*?

Mr. St. Laurent: Or published in the *Canada Gazette*. The hon. member the other day had an order made for a return, which will be brought down. I inquired for it today, but it is not quite ready. There are several thousand orders in council, and I am having a consecutive list prepared—I am not choosing them at all—of the first one hundred, descriptive of each, with a note as to which were tabled, which were published in the *Canada Gazette*, and which were considered as merely executive decisions not requiring to be published or tabled. When that return is brought down—and I think it will be tomorrow or the next day—if the hon. member wishes to have us give a description of more than the one hundred, that will be done. But I think when he has seen, from that one hundred, which will be the first hundred of the period, what the distribution is, he may consider that it will not be necessary for us to continue the work and make a description of the others.

INCOME TAX

FARMERS—BASIS OF COMPUTATION—BASIC HERDS

On the orders of the day:

Mr. E. G. McCullough (Assiniboia): I should like to direct a question to the Minister of National Revenue. Owing to the dissatisfaction and misunderstanding with regard to the principle of the basic herd in computing income tax for farmers, has the government taken steps to clarify the principle of the basic herd? Will the minister make a statement to the house in this regard?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, on March 3, as appears at page 1091 of *Hansard*, a question similar in substance was asked by the hon. member for Kamloops (Mr. Fulton). I then said that a statement would be made shortly in the form of a directive from the department with reference to basic herds. The question just asked by the hon. member is: "Has the government taken steps to clarify the principle of the basic herd?" The answer is yes. I repeat that a directive dealing with the matter will be issued shortly.

BASIS OF INTERIM 1949 RETURNS

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): I should like to direct a question to the Minister of Finance or to the Minister of National Revenue. Should persons who are this month filing their interim 1949 income tax returns estimate their tax and pay their March 31 instalment on the basis of the same tax rates as prevailed in 1948?

Hon. Douglas Abbott (Minister of Finance): I should say that they should let their conscience and the provisions of the statute be their guide.

LABOUR CONDITIONS

UNEMPLOYMENT IN VANCOUVER

On the orders of the day:

Mr. Angus MacInnis (Vancouver East): I wish to direct a question to the Minister of Fisheries. Is he prepared to make a statement today as to the conditions he found in Vancouver, where I understand he went for the express purpose of investigating the employment situation? I should also like to know the remedies that are proposed.

Hon. R. W. Mayhew (Minister of Fisheries): In the first place I did not go for the express purpose of making an inquiry into labour conditions. I had many purposes, and that was one of them. Either the Minister of Labour or I will make a statement on labour conditions some day soon.

INQUIRY FOR RETURN

DEPORTATIONS

On the orders of the day:

Mr. Alistair Stewart (Winnipeg North): On February 9 this house passed a motion of mine for the production of certain papers. It is now March 7. Can the Minister of Mines and Resources give me some idea as to when these papers may be produced?

Hon. J. A. MacKinnon (Minister of Mines and Resources): Mr. Speaker, the return is in course of preparation. I hope it will be ready shortly.

CATTLE

COMPENSATION FOR T.B. REACTORS

On the orders of the day:

Mr. A. E. Robinson (Bruce): I should like to direct a question to the Minister of Agriculture, arising out of an earlier answer to a question of mine. Will the government consider making retroactive any increase in compensation which may be made for tuberculosis reactors, in order to cover the heavy losses sustained by owners in the last couple of years?

Right Hon. J. G. Gardiner (Minister of Agriculture): I think my answer was perfectly clear on that point, namely, that a recommendation has gone forward, and of course the recommendation would not be for anything other than a possible increase. The question whether there will be any increase, and if so what that increase will be, is a matter which will be decided by the government when the legislation comes before it.

SILVER FOXES

QUESTION OF ESTABLISHMENT OF FLOOR PRICE ON PELTS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I should like to direct three related questions to the Minister of Agriculture. I apologize for not giving him notice of these questions. Have any applications been received for establishment of a floor price for silver fox pelts? If so, by whom? If these applications have been made, what is the government's intention?

Right Hon. J. G. Gardiner (Minister of Agriculture): I will have to take the questions as a notice, and give a reply later.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed from Friday, March 4, consideration of the motion of Mr. D. F. Brown for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto of Mr. Drew, and the amendment to the amendment of Mr. Coldwell.

Mr. D. King Hazen (Saint John-Albert): Mr. Speaker, there is another matter in connection with the Atlantic ports with which I want to deal briefly. On February 6 of last year, in the debate on the speech from the throne, I charged that the government had failed to live up to the well-established policy of shipping Canadian goods through Canadian ports when it permitted the Canadian National Railways officials to reduce rates over the Grand Trunk lines to Portland, Maine, a United States port.

I protested against the reduction that had been made and asked the government to have the railway policy of this country lived up to. The Minister of Transport (Mr. Chevrier), when he replied, said:

The traditional and historic policy of successive governments of encouraging trade through national ports and national harbours had never been violated.

He said also that I based my whole argument on a false premise and upon facts that were not accurate. I have yet to learn that facts are not accurate, but I do not propose to quibble with words.

My protest was based on the fact that on November 17, 1947, the Canadian National Railways reduced freight rates over its lines to Portland on eleven different export commodities. For instance, it reduced the rate on newsprint about 30 per cent; on wood pulp about 24 per cent; on lumber 24 per cent; and on other commodities, rubber tires and parts, acetone and acetic acid, sewing machines and liquors, about the same amounts. These were substantial reductions. These reductions made the freight rates to Portland, Maine, on these commodities the same as the rate to the Canadian seaports of Saint John and Halifax.

This encouraged the transportation of Canadian export freight through a foreign port, and put our maritime ports at a disadvantage, as the rail haul to Portland is shorter than the rail haul to Saint John or Halifax over the Canadian National railway lines.

In reducing these rates the officials of the Canadian National Railways were not encouraging the transportation of freight through Canadian ocean ports, nor were they using "their utmost endeavours," to develop trade through Canadian channels and through Canadian ports.

When the annual report and accounts of the Canadian National Railways were presented to the committee on railways and shipping in April of last year I had an opportunity to obtain some enlightenment about this reduction in rates by questioning the officials of the railway.

The reason the Canadian National Railways took the initiative in this matter, Mr. Alistair Fraser, one of the vice-presidents of the railways said, in reply to a question I asked him, was:

The situation was this: Moore-McCormack had a service all during the winter operating between Saint John and Halifax, a sailing a month. In April (1947), they had a ship destined for Halifax but they gave public notice that the sailing was cancelled, that the ship would not go to Halifax but would proceed to Boston. We went to Moore-McCormack and suggested that was a hasty decision and urged that perhaps they would not have to go to Boston but could continue their service to Halifax and Saint John.

They flatfootedly refused to do it.

Thereupon, we said to them "If you will not come to Halifax or Saint John, will you go to Portland?" The reason for that was that the Canadian National Railways could participate in the business to Portland. They said, "We will go to Portland instead if you will give us, as you have always done in the past, equal rates with Halifax and Saint John." We said we would and they changed from the port of Boston to the port of Portland.

I asked Mr. Fraser:

Was it in consequence of the rates being reduced that Moore-McCormack Incorporated used Portland?

He replied:

Yes, I think I answered that, Mr. Hazen. They agreed to leave Boston and come to Portland if the rates were reduced by us.

He said that the reduction was a purely voluntary one on the part of the Canadian National Railways officials, that there was no law that compelled them to reduce the rates to Portland. In reply to the question:

Q. Does the use of Portland as an ocean terminal of a railway owned and controlled by the government of Canada give employment to United States workers?

Mr. Fraser replied:—

A. I would think so, yes.

Mr. Vaughan, president of Canadian National Railways, had the following to say, as reported on page 87 of the minutes:

The statement has been made and repeated time and again that Moore-McCormack were going to Boston or New York. All our officers did, and it was a proper thing for them to do, was to endeavour to hold the business for the Canadian National Railways, which is owned by the people of Canada. Our people would not be true to their duty if they had not made every attempt to get the business for the Canadian National Railways, so long as they did not divert it from Canadian ports. It has been proved

beyond doubt that the Canadian National Railways officials took no action to divert business from Canadian ports.

There is one further portion of evidence that I want to place on record. At page 77 Mr. Fraser was asked:

Did the action of the Canadian National Railways in reducing freight rates to Portland, Maine, in the United States of America encourage the transportation of trade through American ports?

His answer was:

No, it did not.

He was then asked:

You say that the officials and directors of the Canadian National Railways were in all respects and in good faith using their utmost endeavours to have Canadian goods carried to Canadian ocean ports as the law provides and to develop trade through Canadian channels and through Canadian ports when they lowered the freight rate to Portland.

He answered:

Yes. I am satisfied that it is so and the reason why I say that is this: The business was in Boston, and the only question was one between Portland and Boston.

This evidence shows the mental processes and the point of view of the Canadian National Railways officials in dealing with this matter. The reason the Canadian National Railways officials reduced these rates is stated quite clearly in the words of Mr. Vaughan, which I have already quoted and which I shall quote again. They are:

All our officials did, and it was a proper thing for them to do, was to endeavour to hold the business for the Canadian National Railways, which is owned by the people of Canada. Our people would not be true to their duty is they had not made every attempt to get the business for the Canadian National Railways, so long as they did not divert it from Canadian ports.

I join issue with Mr. Vaughan on that statement. The reason given by Mr. Vaughan, while it might be a good business reason under certain circumstances, violates the well-established railway policy of this country that has been put into statutory form by this parliament. That policy was referred to in this house by me on February 6, 1948, and the Minister of Transport replied on February 11 when he quoted section 13 of the Canadian Northern Railway Act of 1911. The minister's statement is to be found at page 1112 of *Hansard* of February 11, 1948 and is as follows:

I refer to that act particularly, because it contains in essence what parliament intended the policy of Canada and of the railways should be:

The company must agree (1) that all freight originating on its lines, not specifically routed otherwise, shall when destined for points in Canada be carried over the railways within Canada; (2) that the through rates on export traffic from the point of origin to the point of destination shall at no time be greater via Canadian ports than via United States ports; (3) that all such traffic not specifically routed otherwise by the shipper shall be carried to Canadian ports; and (4) that the companies shall not in any matter within their powers directly or indirectly advise or encourage the transportation of such freight by routes other than those above provided, but shall in all respects, in good faith, use their utmost endeavours to fulfil its conditions upon which public aid is granted, namely, the development of trade through Canadian channels and Canadian ocean ports.

Can it be said that the officials of the Canadian National Railways were encouraging the transportation of freight to Canadian ports, as this act provides, when they reduced the rates to Portland, a reduction that was purely voluntary on their part, one that they did not have to make?

Can it be said that the officials of the Canadian National Railways were using their utmost endeavours to develop trade through Canadian channels and through Canadian ocean ports, as the act provides, when they voluntarily reduced freight rates over a line that runs to a foreign port?

It seems to me that the answers to those questions must be in the negative.

It is my contention that the evidence I have quoted clearly establishes that in their efforts to obtain this freight and carry it to Portland these officials either overlooked or neglected to live up to the well-established railway policy of this country.

Mr. Chevrier: Will the hon. member allow me to make an interruption? The hon. gentleman is asking two questions which have nothing to do with the reduction of rates. His whole statement is based upon the fact that rates were reduced, but the railways did not reduce the rates to Portland; they equalized them, which makes an entirely different argument.

Mr. Hazen: It seems to me that we are just quibbling with words when the minister says that the rates were equalized rather than reduced. I quoted Mr. Fraser's answers to the questions I asked him and he said that they were reduced. It seems to me that that is just quibbling with words. It clearly was a reduction in that they were reduced 24 per cent, 25 per cent, and in one case 30 per cent. I have quoted some of the figures.

The policy states positively that railway officials shall use their utmost endeavours to have Canadian goods carried to Canadian ocean ports, and develop trade through Canadian channels and through Canadian ocean ports.

It is my submission that, when these officials reduced the rates to Portland, or gave an advantage to Portland that it did not previously have, they were using their utmost endeavours, perhaps unintentionally but certainly without regard to the well-estab-

lished railway policy of this country, as enacted by parliament, to have freight carried to a foreign port and to develop trade through a foreign port.

I did not claim, and I do not claim now, that there was any discrimination against the ports of Saint John and Halifax, as the Minister of Transport alleged, any more than I would claim that the manufacturing industries of Ontario and Quebec would be discriminated against if the government removed all tariff barriers against importations from the United States. I do claim, however, that the well-established government policy was violated as a result of the officials of the Canadian National Railways reducing these rates.

I bring this matter to the attention of the house for one reason only, because I think that the officials of the Canadian National Railways have been forgetting what our railway policy really is. I want to bring the matter to their attention again, and to the attention of the Minister of Transport, and I ask that the policy be lived up to.

I should like to point out that the amount that was earned by the Canadian National Railways by the reduction of these rates did not justify the violation of policy. I asked Mr. Fraser this question at page 83:

> Now let us suppose you did not reduce the rate to Portland; how would it have affected your business and to what extent?

Mr. Fraser answered:

> Instead of hauling it all the way to Portland we would have had to hand it over to another line at some junction point—one of the lines serving Boston and New York—the Boston and Maine—and taken less revenue than by hauling to Portland.

It appeared from page 84 of the evidence that the additional amount that the railway made by hauling to Portland was only $15,000, but Mr. Fraser said, "$15,000 is not to be sneezed at". As the operating revenues of the Canadian National Railways in 1947 amounted to $438 million, the sum of $15,000 that was earned does not justify a violation of the traditional railway policy of the dominion, a violation that has the effect of building up a United States port at the expense of maritime ports, and that has the effect of depriving Canadian maritime longshoremen and maritime port workers of employment.

There is another angle to this matter to which I wish to refer. Mr. Fraser stated that the question of the reduction of rates to Portland was never placed before the directors of the Canadian National Railways, and that the directors of the Canadian National Railways never gave their approval to this reduction in rates. Mr. Vaughan said the matter was never submitted to them. Mr. Fraser said:

> I can hardly imagine any case in which a change in rates of this character would ever go to the board of directors. It is an adjustment which would normally be made by a rate clerk.

Mr. Vaughan, the president of the board, said:

> I did not know that the reduction had been made. It was purely a routine matter. Those things do not come before the president—all of them.

I submit that it was intended that matters of this kind affecting railway policy should come before the directors of the railway. The law so provides. The Canadian National-Canadian Pacific Act of 1933 provides by section 14 that the directors:

> —shall so direct, provide and procure that all freight destined for export by sea which is consigned within Canada for carriage to national railways either at point of origin or between that and the sea, shall, unless it has been by its shippers specifically routed otherwise, be exported through Canadian ports.

The clear meaning of the section is that the directors shall see to it, shall direct, provide and procure, that all export freight be exported through Canadian ports unless it has been specifically routed otherwise by the shippers. If the directors fail to have this done they are, in my opinion, guilty of neglect of duty.

There is another matter I propose to deal with if time permits. It has to do with the amending of the British North America Act, which forms a very important part of our constitution. I want to say a word or two on this subject because of the argument that was advanced in the house by the Secretary of State for External Affairs (Mr. Pearson) a week or two ago. The province of New Brunswick has taken the position that, before any proposed amendment to the constitution can be implemented by legislation, the approval of the provinces that were consenting parties to the original agreement must be first obtained.

An instance of the provinces' stand is found in the correspondence that passed between the Prime Minister of Canada and the premier of New Brunswick in 1937, when the Prime Minister requested the consent of the province to an amendment to the British North America Act that would place unemployment insurance within the jurisdiction of the federal parliament.

The New Brunswick government, the premier said, fully appreciated the ultimate object of improving the social security of the individual. Nevertheless the proposed constitutional amendment, or any similar proposal, must necessarily be submitted in definite form. Only on this basis might a decision be

reached, since the different provinces might have varying conceptions of what was proposed. The premier said that the legislative assembly alone must speak—not the government of New Brunswick but the legislative assembly of that province alone must speak.

In taking that stand the government of New Brunswick was not invoking a new principle. The stand was taken because of the fact that confederation was based on a compact or treaty that was sanctioned and given legal permanency by the British North America Act.

An examination of the history of the confederation movement during the years preceding the passing of the British North America Act, and the spirit in which that act has been interpreted from time to time in connection with the relationship and status of the federal and provincial powers, confirms this view.

The attitude of the imperial government prior to the passing of the British North America Act also supports the view taken by the province of New Brunswick that confederation was based upon the agreement and consent of the provinces concerned. The attitude of the imperial government is shown in a dispatch—

Mr. Sinnott: I must insist on the rules of house being carried out, Mr. Speaker. Those rules and regulations provide that a member may speak for forty minutes. The other evening the opposition was not good enough to let the Minister of Transport (Mr. Chevrier) complete his remarks, though he was interrupted eighty-one times, so I ask that the rules of the house be respected.

Mr. Speaker: I am grateful for the assistance of the hon. member, but I must call his attention to the fact that it is the responsibility of the Chair to see to the enforcement of the rules. The hon. member has not yet exhausted his time.

Mr. Sinnott: Time!

Mr. Hazen: I was referring to a letter or dispatch from Downing Street to the Hon. Arthur Hamilton Gordon, lieutenant governor of New Brunswick, dated March 18, 1865. In this letter cordial approval is given the proceedings of the Quebec conference. Measures based upon the plan drawn up by the delegates to the Quebec conference would be submitted to the imperial parliament if—and here is the important part—the provincial legislatures should sanction the plan. It is evident from this undertaking that the right was conceded to the provinces to conclude an agreement which would be in the nature of a treaty among themselves. In 1866 the province of Canada, that is Ontario and Quebec, sent a delegation to London to ask the imperial government to force the provinces of New Brunswick and Nova Scotia into a union based upon the Quebec resolutions. The imperial government refused to do so, saying in effect that it would not sanction a union unless the provinces first arranged a properly authorized agreement.

Mr. Deputy Speaker: Order. I must inform the hon. member that his time has expired.

Mr. Ralph Maybank (Winnipeg South Centre): Mr. Speaker, I desire to deal shortly with two matters this afternoon, with one of them very briefly. Some references have been made already in this chamber to the possibility that Trans-Canada Air Lines may remove its headquarters staff from Winnipeg to Montreal. Just a short time ago the president of T.C.A. made a public statement to the effect that no removal would take place until October of this year; still I understand that the decision of T.C.A. is what is called in commercial life a firm decision.

I concur in the attitude of the Minister of Trade and Commerce (Mr. Howe) in reference to direction or non-direction of crown companies by the government. When a corporation is set up and the crown gives it a set of officers to look after the business of that organization, I do not think the government should interfere in administrative details. It should leave those matters to the responsible officers. However, I do question whether a decision involving the movement of probably 140 families from one city to another can be classified as an administrative detail. Despite statements to the contrary, I rather fear that this may be not the end but the beginning, and that further transfers of personnel may follow.

The members of this parliament might be said to be a special body of shareholders of Trans-Canada Air Lines, appointed by a larger body of shareholders, that is, all the people of the country. We are charged with the responsibility of examining the affairs of that crown company. We have done it every year, and we will be doing it again this year. So, as I say, while I concur in the statement of the Minister of Trade and Commerce about non-interference in administrative matters, I believe we have here something too large to be classified as a mere administrative detail. For that reason I urge that the officers of this crown corporation be directed that no firm decision should be made on this matter at present and that, if they have made what they would call a firm decision, it should be unmade and the question should remain completely open. Trans-Canada Air

Lines should be told that this matter should not be finally disposed of until the parliamentary committee of this house examines the affairs of that corporation this year, and particularly that no commitments should be made and no plans should be advanced or developed by T.C.A. in reference to such a movement until an examination of the kind I have mentioned has taken place. I think it would be a very welcome statement from Trans-Canada Air Lines at this time if they would say the matter will be held completely in abeyance until such time as their report is considered by the committee of this house.

That is the first matter about which I wish to speak. There is no other way in which I can declare my views, and for that reason I am placing them before this house and making them a matter of record.

I should like to turn now to a subject which has been dealt with in the house a great many times and which I suppose will come up from time to time as long as this session and probably as long as this parliament lasts. I refer to the question of federal-provincial relations. I am not going to deal with the question whether offers made by the central government to the provinces were sufficient or whether the supposed offer of the then premier of Ontario, now the leader of the Conservative party, computed by some algebraic process, was better than some other offer. Nor am I going to deal particularly with the question of who scuttled the conference. A voice from the rear reminds me that everyone knows that. The leader of the Conservative party, premier of Ontario at the time, unquestionably scuttled the conference. He can deny it from now until doomsday—

Mr. Fraser: That is only your thought.

Mr. Maybank: The Tory claque has commenced with that one still voice: I expect it will grow, as usual. As I say, the leader of the opposition (Mr. Drew) can deny it from now until doomsday, but the fact of the matter is that he waited until it was quite apparent that no further raising of the federal offer could be made, and then came forward with something that could not possibly be considered by any responsible government. When a man waits until he knows there is no possibility of improvement and then offers a fantastic proposal as the price of settling, then if the meeting then breaks up there is no question about who ended the conference. But it is not with that aspect of the matter that I wish particularly to deal. As I understand the position of the Tory party at the present time, it is that they do not want the payment of subsidies at all, or at least they want them kept to the minimum.

In one very long speech, the Tory leader indicated that subsidies were the ruination of federations. He said that several times during the course of his remarks. The only instance which he gave of that having happened was towards the end of his speech when he said that, in the Grecian peninsula about two thousand five hundred years ago, there was a federation which was ruined because of too much subsidization. The Tory position has been made clear throughout the country as well as in this house. Instead of subsidies, they would rearrange the taxing powers of the various provincial governments of this country. Jurisdiction would be so distributed then that all the provinces could get through taxation the moneys that are necessary to carry out their responsibilities under the terms of confederation. I think that is a fair statement of the Tory position as it has been advertised from time to time.

Mr. Harris (Danforth): That is your statement.

Mr. Maybank: I did not hear what the gentleman said.

Mr. Harris (Danforth): The interjection was, "That is your statement."

Mr. Maybank: Yes, of course; I was not attributing it to the hon. member who just rose. I am glad we are in agreement. He understands it is my statement as drawn from the various declarations his party has made. I think it is a fair representation of the Tory position.

I shall deal shortly with one difficulty in their position, and that is that you cannot make any changes in the constitution except with the complete agreement of all parties to confederation. From the statements they have made in the house, that necessarily follows. The hon. member who preceded me this afternoon spent some time making that point clear, that the only way changes could be accomplished by way of enlarging the field of taxation would be by all the provinces agreeing to whatever proposals might be advanced.

In other words, if it was desired to enlarge the field of taxation for the province of Manitoba, it could not be done unless every premier from one coast to the other agreed. If there were to be any enlargement of the field of taxation, the Tories' ally in the province of Quebec, Mr. Duplessis, would have to agree. This was made plain a short time ago when they said, with reference to another matter, there should be a conference with all and a satisfactory conclusion to the conference. When they say they would, in preference to subsidies, enlarge the fields of

taxation for provinces, they are only offering something which they know they can prevent the provinces from attaining. Some person will always disagree with a proposal and, of course, any conference which they institute can be scuttled. If the Tories had not said so much about this compact theory of confederation, it would not have been so clear that they are offering to do something which they know they will never be called upon to do.

Setting that constitutional difficulty aside for a moment and disregarding entirely the difficulties the party puts in its own way in order to guard against the implementation of its promises, there are important substantive reasons why the Tory offer is useless to all the provinces of Canada, excepting the two central provinces of Ontario and Quebec. Those two tax-wealthy provinces might benefit by certain tax field changes, but none of the other provinces could benefit. The new province of Newfoundland, of course, could not benefit either. As a matter of fact, I think the Tories know quite well their offer is valueless; they know they are offering a stone when a loaf is asked or giving a serpent instead of a fish. I think they know it, but if they do not, it is time they wakened to that fact.

It is a fact that certain changes would help the wealthy corporations in the central part of the country, but it could not help anyone else. A widening of the bases, as I say, will accomplish nothing. The provinces will not be able to obtain any additional tax money because the base has been widened. In this respect, the prairie provinces can be taken as an example, as could any of the other provinces. The prairie provinces produce wealth. The wealth in the hands of those provinces is not taxable. Certain types of taxation, of course, could be levied on the wealth produced in the provinces, but they are objectionable forms of taxation which no responsible government would ever impose. For example, no person would ever think of imposing a tax on production such as a certain number of cents on a bushel of wheat, oats or barley, or a certain tax per pound on livestock. Such taxes on production would never be countenanced by any responsible people.

In the prairie provinces, as I have said, a reasonable measure of wealth is produced. Taking it year in and year out, man for man, they produce just about as much wealth as is produced in the tax-wealthy provinces of Ontario and Quebec. Any table showing the per capita production of wealth from 1925 to the present will illustrate this. I have before me a few figures which I have obtained. In 1925, the central provinces per capita production of wealth was $365, while in the prairie provinces for that year it was $392. For some few years the production per capita figures were in favour of the prairie provinces. During the depression years the position was reversed. The prices of primary products dropped to a very low point.

An hon. Member: That was during the Tory regime.

Mr. Maybank: Yes, it was during the Tory regime. At any rate, the fact is that the prices on primary products dropped very low, but the price of manufactured articles did not drop so rapidly. In 1932, the per capita production for the central provinces was $225, while in the prairies it was $158. I should say that I am using round figures in most instances. In some cases there will be a few cents taken off or a few cents added in order to state the figure in the most convenient form. The per capita production favoured the central provinces for a number of years. For example, it was $378 as against $261, and $473 as against $293. The first figures were for 1940 and the second for 1941. By 1942 they had come up more nearly equal to each other, $577 being the per capita wealth production figure in the central provinces and $523 being the figure for the prairie provinces. But on the whole, in normal years, in the production of wealth the two areas just about equal each other, on a per capita basis. Man for man the farmers on the prairies have produced as much wealth going into the national pool as have their brother Canadians in the central provinces. The same thing would be true, if the case were examined for British Columbia and the maritime provinces. But it is the nature of the prairie wealth production that makes such an examination, as a starting point, extremely important. It is of the kind that cannot be equitably taxed directly. It is chiefly agricultural and other primary production. This is not the case, of course, with the central provinces; there the production is largely manufacturing.

I do not mean to say that the manufacturing process as such makes it any easier to effect taxation on an article. It may or may not be the case; that is not the point I wish to make. But when you have an economy in which a large proportion of the wealth produced is by manufacturing, you get a concentration of capital, corporation life, and in general a situation in which the profits remain where the wealth production process has been effected. This is not the situation in other parts of Canada.

I do not suppose that it needs a great deal of argument to establish the fact that in the western provinces the wealth produced is

chiefly in the nature of primary products; as a matter of fact, it is mainly agricultural. Any person who is interested can get from the dominion bureau of statistics figures that will make that quite clear. For instance, in 1940 the agricultural wealth per capita in the prairie provinces was 157. If you compare that with the situation in the central provinces, you will get the figure of 60; that is to say, in the central provinces there is not anything like the production of agricultural and other primary wealth that there is in those provinces on the prairies. Back in the 1920's, even, the figure was 104 in the central provinces as against 343 in the prairie provinces. Those figures are for 1928.

As to the fact that manufacturing is chiefly, in the central provinces, the great producer of wealth, perhaps no great argument is necessary either. As most people know, the central provinces produce more manufactured wealth per capita than do the prairie provinces or any other single section of Canada. In the central provinces the per capita figure is 158 as against 36; 204 as against 49; and 336 as against 72. These are figures for various years chosen at random. If you take all the years from 1925 up into the 1940's, you will get the same sort of picture. The larger figure I have mentioned in each case is for the central provinces, and the smaller one is for the prairie provinces.

I am not criticizing the fact that there is this concentration of manufacturing and this concentration of that kind of wealth production in the central provinces. Our national policies probably have had a good deal to do with creating that condition. Perhaps the concentration of good coal not far away has had a great deal to do with it, along with water transportation in between the coal and the place where it is to be used. Water transportation generally may have had something to do with it. There is no complaint about this sort of thing, because wherever work can be most efficiently done is where it ought to be done. But it is a fact that you have an entirely different kind of wealth production down here in the central part of Canada from what you have in other parts of Canada. We have a nearly equal per capita production in the various parts. But when we get to the completed process, or the final picture, the case is quite different. We have wealth centred in the hands of corporations. In this wealth are the final profits. After all expenses have been paid, whatever is left is profit. That is the place where taxation can be naturally and most easily applied, and no place else. It is in the central provinces that the opportunity to get taxes from profits exists. It does not exist in the other parts. Here we have vast sums that can be taxed, while in the prairie provinces the amounts are meagre.

In 1944, for example, the corporation income in the central provinces was $359,198,000 for Quebec and $569,567,000 for Ontario. This makes a total of $928,765,000 or close to a billion dollars. That is a vast pool of wealth. In it there are profits—sometimes larger, sometimes smaller—to be taxed. The comparable figure in the prairies is only $92,000,735, something less than one-tenth of the amount that is found in the central provinces. Out of that one-tenth, Saskatchewan had only about $8 million of that kind of wealth.

I spoke of the per capita wealth production. That was about equal year in and year out. But now when we come to this sort of taxation money—because that is what it might be called—we have the comparable figures as follows. In the central provinces, on a per capita basis, you have the figure of $129.24, but in the prairies the figure is only thirty-eight cents. There is no wealth there of this kind that can be taxed. To widen the base of taxation, or to give new rights of taxation, will avail nothing. There is just no way of changing the taxation laws in general in order to relieve those provinces from the difficulty in which they find themselves. This the Tories know quite well, and have always known it. Most of them have known it, although some may not; it is so patent that I think that all must have known it. I think those who were making the offer, when they proposed a widening of the taxation base, knew quite well they were not offering anything at all. It is a great deal like giving to a family a fine set of dishes or some sharper knives and forks or something like that, when they have no food nor any way of getting food to put on the dishes and cannot possibly get any steaks to cut with the sharp knives or to hold with the sharp forks. That is the kind of effort the Tories are making and have been making from time to time, although there is among them one Tory whose speeches might be read, in which he described the effect of such proposals. But at that time he was premier of Manitoba and of course he was seeing things quite differently. He and his ideas have been discarded for the present leader; for the ideas that he attacked at the time when he was presenting truth.

If we deal with a local bank, if we deal with an insurance company, if we deal with a mortgage company, or if we buy manufactured goods, we send our money down to the head offices of the large corporations. All of that money—coming from the maritimes, from the prairie provinces and from British Columbia—settles in the central provinces, until you get such large collections of money

as I indicated a few minutes ago. These large corporation accumulations are the only big sources of wealth from the point of view of the maker of taxation law. These vast profits can be taxed in these two provinces. The outlying provinces desire to have some share of the wealth which they have created; and it is only as I have indicated, that the law could be changed in order that they might be able to get it. But it is well known that if the law were changed they could not get it. There is no way to redivide that wealth of Canada, created by all the people of Canada, except for some central body to effect certain taxation and make a redistribution of the wealth.

It might very well be said that this Conservative party proposition is just a smokescreen to hide a complete bankruptcy of policy. I myself think that is what it is; but from time to time it will be necessary to blow that smokescreen away. From time to time it will be necessary to make it clear that in spite of the veto policy which they have adopted, the veto policy under which any premier can prevent progress, can padlock progress, the smoke behind which they are hiding will have to be blown away from negligible and useless offers which they put forward.

From time to time there will be some other matters in relation to this on which I should like to speak—I can think of a couple now, but I fancy that my time is running out, and I would not be able to conclude them before my time was up. I do not want any favours; therefore I shall stop at this point.

Mr. Anthony Hlynka (Vegreville): Mr. Speaker, on this occasion I should like to discuss the present position of agriculture and its outlook for the future. At the outset I may say that in this country there are still some people who hold the view that Canada's agricultural industry has made a killing during the war period, and that on the average it has received fair treatment over the years. This group also holds the opinion that representatives of agricultural constituencies are unjust in their criticisms of past and present federal agricultural policies. It is for this reason, Mr. Speaker, that I consider it necessary to place authoritative figures on the record showing exactly how the agricultural industry has fared as compared with other industries.

In past years, the hon. member for Battle River (Mr. Fair) and I placed figures on the record showing the inadequate share of the national income which the farmers receive. I now have almost up-to-date figures covering a period of twenty-two years, namely, from 1926 to the end of 1947 inclusive, showing the net income of agriculture in relation to the total national income. These figures were prepared by Dr. E. C. Hope, economist of the Canadian federation of agriculture. His source of information was the Bank of Canada statistical summary for October 1948.

I may point out that Dr. Hope's percentage table of the agricultural actual net income and the necessary percentage for parity appeared on page 6 of the Canadian federation of agriculture's brief presented in December, 1948, to the royal commission on prices. At this point I should also explain that Dr. Hope accepts the 1926-29 average farm income as parity. There are of course other economists who maintain that parity prices should be much higher. At any rate, Dr. Hope's figures give an interesting picture of Canada's agricultural position from 1926 to the end of 1947. I should explain also that the column giving the gradual decrease of farm population is based on the rate of the decrease of farm population given in the 1931 and 1941 census figures. I would appreciate it, Mr. Speaker, if the house would give its consent to have this table printed in the form in which it has been prepared.

Some hon. Members: Agreed.

Mr. Hlynka: I am sure that hon. members will find these figures instructive. Mr. Speaker, have I permission to have these figures printed?

Mr. Deputy Speaker: Has the hon. member the unanimous consent of the house?

Some hon. Members: Agreed.

Mr. Hlynka: The figures are as follows:

Net income of agriculture in relation to total national income 1926-1947

Year	Farm population percentage of Canada's total population	Agriculture's share of national income percentage	
		Actually received	Necessary for parity income
1926	32·9	16·9	14·1
1927	32·6	14·9	14·0
1928	32·2	14·6	13·8
1929	31·9	9·4	13·7
1930	31·5	8·6	13·5
1931	31·0	4·5	13·3
1932	30·5	4·2	13·1
1933	30·1	4·1	12·9
1934	29·6	6·7	12·7
1935	29·1	7·6	12·5
1936	28·9	7·9	12·4
1937	28·4	8·1	12·2
1938	28·0	9·3	12·0
1939	27·7	10·7	11·9
1940	27·3	9·7	11·7
1941	26·8	8·3	11·5
1942	26·6	13·0	11·4
1943	26·1	10·7	11·2
1944	25·6	12·5	11·0
1945	25·4	10·0	10·9
1946	24·9	11·6	10·7
1947	24·5	11·2	10·5
Average		9·7	12·3
1926-1929 average		13·9	13·9

On examination of these figures which I have just presented, it will be found that the Canadian farmers received parity prices only in seven out of twenty-two years, while in the other fifteen years the farmers operated at a loss. The only years in which the farmers received parity prices were 1926, 1927 and 1928; then 1942, 1944, 1946 and 1947. It will be noted that in every year over the stretch of fourteen years, that is from 1928 to 1942, the farmers operated at a loss.

In view of these figures I would suggest, to those who think that the farmers are complaining without reason, that they study this table carefully. Of course it may be said that we should forget the past. It may also be said perhaps that the farmers have done fairly well during the last few years. However, it should not be forgotten that during the war years it was the war conditions which were responsible for the rise in agricultural prices; and since the end of the war the economic boom was brought about by UNRRA, IRO and ERP funds. This boom was also brought about by Canada's own loans, gifts and credits to commonwealth and European nations during the years from 1940 to 1947. This information was disclosed by the Minister of Finance (Mr. Abbott) and it appeared in the Edmonton *Journal* of January 5, 1948. The Canadian Press report reads:

Canada gives $5,500,000,000 to aid Europe and Empire.

Ottawa (CP): In the last seven years, Canada has contributed more than $5,500,000,000 to European countries and members of the British commonwealth in outright gifts, various forms of relief and credits and loans.

And again:

This is the first time that these details have been officially released in such complete form and they come at a time when the United States congress is deciding on the European recovery program (Marshall plan) under which Canada may be asked to make further contributions.

The figures given to the Commons Wednesday showed the outright gifts were $1,000,000,000 to the United Kingdom, $19,332,078 in wheat to Greece and $2,211,070,000 to nine countries under the mutual aid section of the War Appropriations acts.

The break-down for the nine mutual aid countries was $91,119,000 to Australia; $5,518,000 to the British West Indies; $26,597,000 to China; $23,629,000 to France; $12,000 to Greece; $18,826,000 to India; $15,278,000 to New Zealand; $159,113,000 to Russia; and $1,870,978,000 to the United Kingdom.

It will be seen from the foregoing that it was Canada that financed or paid for much of our agricultural export. Incidentally the present government learned that it was possible to finance or pay for $5,500 million of export trade. The government should also have learned that it is possible to find ways and means by which Canada's home consumption can be assisted. In the 1930's Canada's governments did not know how Canada's own citizens could be provided with the barest necessities of life. What hypocrisy! I think at this point I should quote from an editorial which appeared in the January, 1949, issue of the *Farm and Ranch Review*, which deals with this problem as follows:

First and foremost is the question that must arise in the minds of our producers, can the Canadian government afford to allow a currency shortage to become an insurmountable obstacle to the flow of Canadian food to Britain? Have the best minds in the Canadian government and the British government learned nothing in the last eighteen years? Are we again heading into a period of starvation in a world of plenty?

And again:

Is this the direction in which we are heading today? During the war we devised methods of getting around currency shortages. If we had not we would not have won the war. Surely some method can be found in time of peace.

It is now apparent that ERP funds and the various loans and credits are about exhausted. This is how the U.S. News and World Report of January 7, 1949 describes the position in which Canada finds herself at the present time:

Canada is worried about cutbacks in food purchases by the British.

During the war and after, Canada pushed production of things Britain needed.

Then Britain cut down her buying of Canadian salmon, poultry, apples, beef, timber and newsprint. Now Britain is to take less bacon and eggs. Cheese purchases will be far below the wartime peak. Canadian wheat will be bought this coming season, but Britain apparently isn't willing to pay world prices.

Canadian producers are beginning to wonder where they can sell their big surpluses as Britain turns to Europe, Australia, New Zealand for these products.

Need for foods such as Canada produces still is great around the world. But most buyers shy away from Canada as a "hard" currency country.

As a result, Canada may have to invade the United States market in a big way. This will be hard to do, since the United States also is heading into food surpluses.

In view of the situation in which we find ourselves, Canadians want to know something of the government's intentions for the future. I think this house should have statements on this matter from the ministers concerned. We should have a statement from the right hon. Minister of Agriculture (Mr. Gardiner) telling the house what guidance and advice he is prepared to give the agricultural industry at this time. He should state whether the dominion government will guarantee parity prices to the farmer. Will he provide prices-support legislation for agricultural products? Will he advise the farmers to store agricultural products or will he advise them to cut down production? In brief: What is the policy of his department for the immediate future and for the next few years?

Then we should have a more complete statement from the right hon. Minister of

Trade and Commerce (Mr. Howe) than the one he gave the house on March 1. For instance, what will be the future policy of his department as far as agricultural trade is concerned? What effort is being made in the promotion of the marketing of agricultural products? What are the marketing possibilities of the future? Does the Department of Trade and Commerce contemplate introducing marketing quotas for agricultural products within the next few years? Briefly again: What is the government's future marketing policy so far as agricultural products are concerned?

Coming now to the Minister of Finance (Mr. Abbott), what is the attitude of his department with regard to these problems? What part is the Department of Finance prepared to play in the matter of assisting the Canadian agricultural industry, so far as long-term agricultural credits are concerned and also with respect to assisting our domestic consumption and export trade? Will financial considerations be allowed to impede Canadian domestic consumption and the exchange of goods with other countries?

These are questions on which the Canadian farmers should have full information. I may say that the time for action is now, not after the prices of farm products have fallen to rock-bottom. I believe that this whole matter is important enough to warrant statements from the three ministers concerned.

Before turning to another phase of the subject I should like to make one reference to the speech of March 1 of the Minister of Trade and Commerce. In his reference to the marketing of wheat the minister said, as recorded on page 1013 of *Hansard*:

> In this house we have heard a good deal about wheat but I think we are going to hear less about it in the future, because any mention of wheat is going to remind the farmer that his return for 1949 and for 1950 will be higher than the returns to any farmer in any other corner of the world.

Further down he goes on to say:

> It may be well to look at the final results before counting our losses.

Perhaps the minister may be right when he speaks of 280 million bushels of wheat which is to be marketed in 1949 and 1950, but I think that along with his statement the statement of Paul G. Hoffman, United States foreign aid chief, made on February 3, should also be placed on the record. It appeared in the Toronto *Daily Star* of February 3, 1949. The article is headed:

> United Kingdom "Wheat Buys" in Canada Saved $50,000,000—United States.

This is a British United Press dispatch from Washington.

> Foreign aid chief Paul G. Hoffman said today that United States financed British wheat purchases in Canada have saved United States taxpayers at least $50,000,000. He made the statement in a letter to Senator Milton R. Young, Republican, N.D. Young had protested to Hoffman over British purchase of $55,000,000 worth of Canadian wheat with United States foreign aid funds. Hoffman said a British-Canadian agreement enabled Britain to buy wheat in Canada at prices from 43 cents to $1.20 a bushel below prices in this country. Consequently, he said, British wheat purchases with United States funds cost at least $50,000,000 less than if they had been made here.

I do not believe I need to make any further comment on this matter except to say that personally I have no particular criticism of the Canada-United Kingdom wheat agreements. But, in fairness to all, any sacrifice which was made as a result of the agreements should have been borne by the entire nation and not by the wheat growers alone.

I wish to turn now to another subject for a few moments. I want to deal with the government's taxation policy as it is applied to farmers in western Canada. May I say at the outset that the government's handling of farm income taxation is the worst bungle imaginable. Not only does the taxation department lack any clear-cut, well defined income taxation policy, but the handling of assessments is so muddled and confused that something must be done about it without delay.

In the first place, in order not to lose votes in 1940, the government did not tell the farmers that they were expected to file income tax returns from 1941 on. Nor were the farmers told that they should have kept account books showing their expenses and their income. At that time the majority of farmers were in debt, and not even a thought entered their minds that the government might some day send out assessors and ask for a detailed accounting.

Five years passed, and yet the government did not say a word. The election of 1945 took place, and there was still not a word by the government about the filing of income tax returns. Immediately after the 1945 election, however, the government sent out a crew of assessors to check on the farmers. As if from the blue sky, farmers were told that they should have kept account books, and that they should have filed income tax returns. In view of the fact that the farmers did not keep any record of their incomes and their expenses, the government proceeded to assess the farmers on what is called the "net worth" system. Under this system the farmer is forced to accept the arbitrary assessment of the assessor. Further, the farmer is considered guilty of failing to file his returns, and he pays a penalty for each year plus interest up to the date on which the penalty is paid. In addition to that, if the assessor decides that the farmer

should have paid, let us say, $100 as income tax for 1941, the farmer must also pay interest on that amount from 1941 until the date when the indebtedness is paid in full. The farmer pays similar penalties and interest for every year for which he is found to owe money.

The farmer can argue and protest, but the assessor's estimate of the cost of farm produce consumed by the farmer is also arbitrarily fixed. Then, too, if the farmer could not sell his 1942 wheat crop, let us say, because of quotas at that time, and he sold it in 1944, he is taxed on both crops in 1944 unless he can prove that he did not voluntarily carry over his 1942 crop, but sold it at the first opportunity. These are only a few of the injustices imposed upon the farmers of the prairie provinces. In northern Alberta the farmers are simply terrorized by the taxing authorities.

I should now like to put on the record a sample of what the taxing authorities of this government are doing in Alberta. Here it is:

Department of National Revenue
Taxation Division

Tower Building, Edmonton,
December 1, 1948.

Dear Sir:

Your letter dated November 27, 1948, is acknowledged. You will recall that on the 18th of March, 1948, you called in person at our office regarding your income tax returns which were filed at this office. At that time explanations were submitted by you to the effect that as the net income earned from your position as agent for the Imperial Oil Limited was not sufficient for your personal living expenses, it was necessary for you to supplement this income with income earned from card playing. As this form of income is considered taxable $1,500 was added to other income for the years 1945 and 1946. If there is any further information required please do not hesitate to get in touch with us and we shall endeavour to explain everything to your satisfaction.

Yours faithfully,
H. E. Boulay,
for Director of Income Tax.

May I point out that this young man—I did not put his name on the record for obvious reasons—served in the army during the recent war. What is more, he gave me his word that he never plays cards. The young man explained that the income tax official in this case got away from the serious subject and asked what the people did out in the country for pastime during evenings. The young man replied that there were many things they could do. The income tax official suggested cards. The young man agreed that some people did entertain themselves by playing cards. The conversation ended there, but in a few days the young man received the letter I just read. This sort of thing, Mr. Speaker, is scandalous and outrageous.

[Mr. Hlynka.]

To complete the case I want to say that, following receipt of the letter which I quoted, the young man called at the income tax office again and explained that a mistake must have been made in regard to his assessment, as he never played cards. He was told then that if he was not satisfied he could appeal to Ottawa. Two or three weeks later he received this short letter:

Department of National Revenue
Taxation Division

Tower Building,
Edmonton, February 18, 1949

Final Notice
Re: 1945-46 income tax arrears, $631.26

Dear Sir:

As payment has not been received on the above mentioned tax, it is the intention of the department to institute legal proceedings unless the amount is paid within ten days of receipt of this letter.

This may be through the exchequer court or by way of garnishee to your employer.

Yours faithfully,
H. A. MacDonald,
For Director of Income Tax.

And the letter was registered. I need only add, Mr. Speaker, that under the law the padding of accounts by any person is a criminal offence. I say, the same law should apply to the padding of assessment accounts by income tax officials.

Mr. J. O. Probe (Regina City): Mr. Speaker, the debate on the address in reply to the speech from the throne has been going on now for a considerable time. In preparing my contribution to the debate I looked at the interval between the debate of a year ago and the present time. Hon. members will be aware that there have been ten by-elections since the time last year when the Liberal administration outlined to us its program for the coming year. In those ten by-elections the Liberal party has suffered a net loss of four seats, two going to the C.C.F. and two to the Conservatives. The Conservatives have made a net gain of one seat, made up of two gains from the Liberal party and one loss to the C.C.F. The C.C.F. party, to which I belong, has shown a net gain of three seats, composed of two gains from the Liberals and one from the Conservatives.

In reviewing the results of these appeals to the electorate I am sure any objective observer must come to the conclusion that there has been a definite indication on the part of the people of Canada that they are not in accord with the policies of the present administration; and the distribution of the by-election gains made by the opposition parties from the government in that period indicates, I would say, that in the selection of an alternative to the present administration the C.C.F. party stands as a three to

one favourite over the party to my right, the Progressive Conservatives.

Of course there has been a great fanfare in the press and over the radio accompanying the initiation of the new leader of the Progressive Conservatives into this house. But I should like to tell him, as I want to tell the Prime Minister (Mr. St. Laurent), that I come from what may be called the grass roots of this country and that I take occasion to find out what the ordinary men and women are thinking about political matters. So I may tell these two distinguished gentlemen that the harping we have heard in this house on provincial rights and the bringing up of stories about the Hong Kong disaster and the responsibility in connection with it show that neither of them knows what is uppermost in the minds of the people of Canada. I can tell them that uppermost in the minds of the people are such simple matters as bread, butter, shelter and security. As they did when I came here in 1945, the people of my riding want me to repeat to the house and to the leaders of these noise-making parties that the government had better have another look both into the public conscience and into the public purse before they say no, for example, to low-rental housing subsidies for our low-income groups. In my city we still have approximately one thousand veterans and their families looking to the government for some form of decent shelter.

My riding depends for its well-being on a healthy agriculture; and our citizens are disturbed because our foreign trade, especially in agricultural products, seems to be slipping away. In that regard we resent the apparent domination of our foreign trade policy by big business from other countries. We find a glut in flax, where a year ago the Minister of Agriculture (Mr. Gardiner) recommended that our farmers grow more flax. Apparently there is a glut in apples and in lumber. We seem again to be overproducing.

Then in my riding we regret the niggardly appropriation for national health. We are worried about its unequal application up to this date, and we hope the Minister of National Health and Welfare (Mr. Martin) will implement the promise he made to us last summer when the bill was under discussion, that because one province had gone ahead with an enlarged hospital construction and health program it would not be handicapped in obtaining its share of such funds as were to be distributed by the dominion treasury. I am just a little alarmed at the present figures of hospital construction authorized for the purpose of receiving federal grants. As of February 28 last those figures were as follows:

	Hospital Beds Authorized
Saskatchewan	15
Alberta	113
Manitoba	165
Nova Scotia	184
Prince Edward Island	249
British Columbia	532
Ontario	899
Quebec	4,250

I would be the first to admit that undoubtedly there is a backlog of authorizations still to come forward; but in my own city of Regina we have been attempting to construct additions to two hospitals, the Grey Nuns and the general hospital. Construction of the addition to the general hospital is held up at the present time because we have run out of funds; and unless the Minister of National Health and Welfare changes the basis on which grants are to be made we may find difficulty in completing that project.

Mr. Martin: Was your hospital built after April 1?

Mr. Probe: No, it was built before.

Mr. MacInnis: It was built on the basis of your proposal of 1945.

Mr. Martin: Oh, no; that had nothing to do with it.

Mr. Probe: At any rate, we have not the means to effect the completion of our program for the Regina hospital. I have discussed it with the minister. I hope there is some way in which we may be able to do so through the grants which are now being made available.

Regina has not been so adversely affected by the present unemployment that has been mentioned by many speakers in this debate. However, I should like to have a better assurance from the Minister of Reconstruction and Supply (Mr. Winters) with respect to the size of the commitments for public works than he gave the leader of my party about a week ago. At that time the minister said that, after one year of the implementation of these public works, five thousand men might be taken off the unemployment relief rolls of the country. The trans-Canada highway alone should employ ten times that number of workers. Our prairie irrigation projects should require a larger number of workers than that.

According to the figures supplied me by the Minister of Agriculture (Mr. Gardiner) in answer to a question a few days ago, after all the years the Prairie Farm Rehabilitation Act has been in operation, there are less than

two hundred square miles of agricultural land under irrigation in my province. In Saskatchewan there are large sections which have been subjected to drought for four consecutive years. During the Rosthern by-election of last year, the Minister of Agriculture promised us a general irrigation project; that was before the by-election. Owing to the shortage of water in my city, we are interested in the construction of irrigation reservoirs and would like to see the Minister of Agriculture proceed with the implementation of the projects promised during the Rosthern by-election.

Recently the Minister of Trade and Commerce (Mr. Howe) announced there was an Atlantic seaway project which could be completed in five years and to which the government of Canada proposed to give assistance. We are in favour of that, but we feel that the other sections of the country should not be overlooked. The superannuated civil servants in my city have pleaded with me to ask the Minister of Finance (Mr. Abbott) for a modification of the rigid system of granting pensions, so that a cost of living bonus may be included. To those who are derisive of governments that are progressive with respect to social legislation, I should like to remind them that in two places superannuated civil servants have received a cost of living bonus, one being the province of Saskatchewan and the other Great Britain.

Whatever the government might be willing to do by way of solution of these problems, I think everyone in this house recognizes the grave national problems facing the country in the form of better housing, job security, a complete health program and adequate provision for years of retirement. There is one problem, however, about which I wish to speak, which grows more serious as time passes. Many Canadians have failed to note the existence of this problem, which is, how best to use our ever-increasing leisure.

Vague dissatisfaction was voiced last year when Canadians failed once again to place well up in the Olympic games. We grumbled when Canada's international hockey entry performed so poorly recently in the one team game, hockey, wherein we felt Canadians excelled. Our inherent leadership in this game was conceded for many years. The Edmonton Grads dominated women's basketball in world competition for years; but suddenly, with the retirement of coach Percy Page, Canada dropped out of the top ranks of basketball. For as long as I remember, Canadian tennis players have consistently lost to minor stars from other competing countries.

A woefully small number of individual Canadian stars, by their own courage and at their own expense or with the aid of a few friends, have twinkled briefly in the international sports firmament. Names such as Barbara Ann Scott, Ethel Catherwood, Jack Guest, Joe Wright and Percy Williams rise to view too seldom to be explained away by the excuse of a sparse population. Olympic successes by other small nations will bear out my thesis that Canada's small population is not the major reason for our sports entrants faring so badly in competition with those from other countries. I do not argue that a long string of firsts in international games is necessarily a desirable thing. I feel that the constant lack of these firsts indicates that we have a big problem which we should tackle on the national as well as on the local scale.

I am sure it was a shock to Canadians to find that there was so high a percentage of military rejections on medical grounds among our volunteers for the armed services during the war recently ended. Even among those who were accepted as fit, thousands of service personnel broke down physically or mentally early in the training grind, and long before they were exposed to the shock of actual battle. I clearly remember an exercise at Aldershot, England, in the spring of 1943, in which my regiment made a practice march in full kit over a distance slightly less than thirteen miles. Our colonel set a pace which gave us the divisional record for the distance, two hours and twenty minutes. More than seventy men, however, practically all youngsters, failed to finish the route and were picked up by regimental ambulances where they dropped. This happened after two years of military training.

In addition to the instances of physical softness which I have noted, I could refer to the increasing numbers of mental and emotional cases being treated by hospitals, psychiatrists and social workers in all parts of Canada. There seems to be a growing breakdown of the mental equipment of so many of our people. I do not wish to minimize the extent to which the physical or mental weaknesses of Canadians is attributable to poor housing conditions, to inadequate diet, to worry about jobs or debts, or to the periodic economic depressions of the past. It requires a new Canadian social order to remedy all these causes.

There are other causes as well which are common to all economic groups of Canadian society, the rich as well as the poor. We can build a proper antidote against these if we are willing to get on with the job. In the past four or five decades a great change in the living habits of most of our people has come about. We have all become part of an increasingly complex system. Our environment has changed from a simple, predominantly rural one, where the greatest initiative

and self-reliance were necessary for survival, to a specialized and highly mechanized one. This perfected us in one small respect, perhaps, but it made us more dependent on other specialists in every other respect. Perfection of techniques, so far as bread and butter occupations are concerned, has changed us all from physical and mental individuals into varying forms of living robots.

Our highly organized society has shortened our working hours. It has increased our hours of leisure. But it has not made provision for us to retain or to acquire the skills needed for the proper use of that leisure which our ingenuity has provided. As a result, our native creative instincts are being permitted to shrivel and die.

Very early in life we cease active participation in recreational pursuits; we become passive spectators. It is simpler to pay admission to watch our favourite team or actor from the grandstand than it is to become one of the players. Sports writers comment on the increasing number of serious accidents to trained athletes, and old-timers deplore the lack of stamina and endurance of even professional performers. The inherent sturdy tone of mind and body, which was the normal adjunct of pioneer living habits, is disappearing, and we have failed to appraise the changed situation wisely enough to counteract its evil effects.

What should be done about it? Progress will not reverse its steps to make us pioneers again. If we have lost much of the hardiness of a less advanced social state, we must surely seek some substitute for the necessary qualities we have lost. Many individuals, some communities, and a few nations are working out their solutions. As for coming to grips with a serious problem which is having serious national consequences, Canada is still largely nibbling away at a solution, whereas I urge it to take a man-sized bite.

The government will likely say that parliament did in 1943 pass the National Physical Fitness Act, which set up a national council to promote the physical fitness of the people of Canada. By this act, this council might (a) assist in the extension of physical education in all educational and other establishments; (b) encourage, develop and correlate all activities relating to physical development of the people through sports, athletics and similar pursuits; (c) train teachers, lecturers and instructors in the principles of physical education and of physical fitness; (d) organize activities designed to promote physical fitness and to provide facilities therefor; and (e) co-operate with organizations engaged in the development of physical fitness in the amelioration of physical defects through physical exercise.

The actual carrying out of recreational projects was properly to be the responsibility of the provinces and communities, and all possible latitude to do this was permitted them by the act. To implement this laudable program which I have outlined, $255,000 maximum grant from federal funds was provided for, of which $225,000 was allocated to the provinces on a per capita basis, and the balance was to be for central administration. For all its idealism, this program works out to a per capita grant of two cents, and two of the provinces of Canada—Ontario and Quebec—have not seen fit to avail themselves of even this stingy entitlement. Small as the amount is that was appropriated for this great work, the public accounts show that never since the act was proclaimed has any full year's appropriation been spent.

Considering the financial resources at the command of the fitness council, it is doing a grand job. The administrative staff, under the direction of Dr. Doris Plewes, give a visitor to their office the view of a big task to do. They make one feel that they are prepared to do that job, and that there is no handicap that more ample funds could not overcome. But they will never do what they have the foresight to see as necessary until this parliament sees its job of providing the financial means.

Two cents per capita for physical fitness and over $40 per capita for liquor—according to a return made a few days ago to a question asked by the hon. member for Mackenzie (Mr. Nicholson)—is to me a discomforting contrast. We call ourselves Christians; we pay lip service to Him who "increased in wisdom and in stature and in favour with God and man." We read about youthful gangs terrorizing "Toronto the good"; we decry divorce in the provinces of Canada; we smugly denounce communism, even while we put up signs "keep off the grass"; we put a lock on playground gates on Sundays and holidays, and crowd our people into tenements in the richest country in the world.

There are many community-minded individuals and groups, with the soul and the vision of what a creative being man could be, who give their time to hobby-minded youth, to drama groups, to community sports, with no thought of material reward. But they need encouragement, training and technical direction the better to do their voluntary labour for their fellow man. The trend from farm to city is, so far as youth goes, only a response to a lonely and desolate social and recreational void.

The Minister of National Health and Welfare (Mr. Martin) has, in the fitness act, the skeleton at hand on which he can build to reality a wholesome and healthy Canada. Treatment of the sick is necessary, and his $30 million a year for a national health program will never do the job.

Mr. Martin: It is a fairly good start.

Mr. Probe: But while he is making some provision for the salvage of those who have already broken down, even greater provision should be made to prevent others from requiring, unnecessarily, hospitalization and medical attention. Olympic honours and acclaim in hobbies and the arts are outward symbols only of health and vigour and will follow a creative program where each portion of the nation accepts its own role to secure them.

I suggest to the minister that he find money to provide, at national expense, free courses in a wide variety of hobbies, arts and skills of a recreational nature, to nominees selected by the provinces from such citizens as are willing to make recreation and health their profession. Make these courses available to all provinces that pledge themselves that the graduates of the federally sponsored courses will set up courses in turn in each of the participating provinces for volunteers at the community level, such volunteers to be either career people or local hobbyists who are willing to spend spare time helping to give creative pleasure to their fellows. Capital expenditures for community halls and playground facilities, made by the municipality, or interested groups within it, could be encouraged by token money grants from federal funds. We should encourage construction of community recreation centres in every village and lonely municipality in Canada. Grants for this purpose are certainly as justifiable as grants to flying clubs or exhibition boards—however desirable these may be.

At the federal level, provide instructor coaches of team games and training facilities for Canadian entrants to international field and track events. Then, too, let us use national parks and playgrounds for more than to sell postcards to gullible tourists. Let us make it possible for our poorest family to relax there. It is their playground. By arrangement of the national council on physical fitness the minister convened a meeting of leading sports groups of Canada in the railway committee room here last January 7 and 8. The purpose of the meeting was to provide an opportunity for the sports-governing bodies, among other things, to promote a greater participation in sports, thus increasing the fitness and pleasure of our people. One important outcome of that meeting was a resolution requesting the government of Canada, during the next three fiscal years, to appropriate and make available the sum of $10 million for the provision of sports facilities in Canada. The government of Canada has never been asked to make a more constructive investment in the well-being of its people, young and old.

A health program has both its curative and its preventive aspects. To a nation able to waste nearly a billion dollars yearly on liquor and tobacco, which expense is itself a symptom of misuse of leisure time, surely one per cent or two per cent of that sum, invested in a wise expansion of a physical fitness program for Canada, will pay to us all the most satisfying future dividends. If the minister has the courage and vision to recommend it to his colleagues and to see that a generous program is carried out, he will have justified his assumption of the most important portfolio in the Canadian cabinet; and he will have earned the gratitude of children and parents from one end of the country to the other.

If it is to be a choice between playgrounds and strait-jackets, let us vote for playgrounds.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at seven-thirty o'clock.

Mr. Douglas G. Ross (St. Paul's): Mr. Speaker, I understand that in taking part in this debate on the address in reply to the speech from the throne I am the 116th speaker. I do not apologize for taking part in the debate because I think I have something important to say. First of all, I should like to congratulate the mover (Mr. Brown) and the seconder (Mr. Demers) upon the splendid way in which they did their jobs. They had difficult jobs to do because they had so little material to do them with.

May I congratulate also the Prime Minister of Canada (Mr. St. Laurent) upon the high honour he has attained even though it may be for but a short time. I should like also to congratulate the newcomers to the house. May I congratulate our party upon selecting such a magnificent Canadian as leader of the party and now leader of the opposition (Mr. Drew). I know he will prove a worthy successor to men like Sir John A. Macdonald, Cartier, Tupper, Sir Robert Borden, Viscount Bennett and many others.

It is quite natural that I could not debate all the things referred to in the speech from the throne, but before I turn to the matter about which I want to speak particularly

I should like to deal with one or two other matters. The question of pensions for the blind has been well taken care of. I should like to say a word to the Minister of Finance (Mr. Abbott) about having the tax removed from such things as hearing aids, spectacles and aids for the disabled. Expenditures made by individuals for these aids should be allowable as deductions for income tax purposes.

I would refer to the iniquitous tax on the pop that the children love to buy and also the extraordinary tax of 25 per cent on things such as this $2.50 watch I have here and on which I paid a tax of 70 cents. That is an absolutely absurd thing to have to do. I cannot condemn the government too strongly for having overtaxed the people of Canada by some $600 million, I suppose in order to be able to show a large surplus in an election year.

I should like to make mention of the health league of Canada, which I think has done a magnificent job. They should be given a grant in recognition of the national work they have done. There is no doubt about the good work they have done in the past in connection with the pasteurization of milk, and educational efforts in the field of toxoids for the immunization of children from the terrible ravages of diphtheria. They have some funds, but I think the success of a voluntary organization such as this has great effects upon governments, and I should like to see this organization recognized.

The matter about which I wish to speak is radio broadcasting. Radio broadcasting in Canada, or in fact in any country, is of greater importance to the people than they realize. The impact of radio influences our way of thinking, our way of living, our morals, the language we speak, what we eat and drink, what we wear and how we play. I suppose the average individual listens to radio broadcasts for four or five hours a day.

The control of radio broadcasting in Canada, therefore, is of paramount importance to the people. Under our system of monopolistic control the opportunity for arbitrary decisions is fraught with great danger if this control should ever be in the hands of an unscrupulous government. It points at the very heart of our way of life, at our freedom of speech and of thought, at our personal freedom. I could point out examples in the past and in the present known to everyone —nazi Germany and fascist Italy. Today we have the example before our eyes of the soviet union and its satellites behind the iron curtain. Hitler could never have attained to the absolute power he did, and neither could Stalin keep in subjugation the people of Russia, without complete control of the radio.

The C.B.C. have complete control of radio broadcasting. They have control over what shall be broadcast and how it shall be broadcast. To go one step farther, that control could be extended, as was done in nazi Germany, to the control over individual radio receivers. There would then be control over what the people could listen to. It may be said that it could not happen here, but it did happen in other countries.

Make no mistake about it, we have bureaucrats in Canada today and I do not suppose there is any greater example than the C.B.C. It is a perfect picture of centralized power. Of course this is right down the alley of my socialist friends to my left. They like it; they have been fighting to retain it. If they ever happen to get into power, which God forbid, aided and abetted by their communist friends, almost anything could happen.

Let us consider for a moment the use of radio in Canada. It is true that free time is allotted to the members of the various parties in the House of Commons, and when a minister of the crown requires to use the radio for some public announcement when parliament is not sitting he gets it. Most of these announcements in the past have been to the advantage of the government, but I do recall one that was not. The fact is that ministers have that right while ordinary members have not. Again, it is such a simple matter for news items to be coloured when broadcast over the radio.

The socialists talk glibly about the dangers of exploitation by capitalist monopolies. It is good propaganda, but it is just so much bunk. There is never a word about the existing radio broadcasting monopoly. Never a word has come from their lips about the loss of coverage, the loss of the usefulness of channels, suffered by the Canadian people through the arbitrary refusal of the Canadian Broadcasting Corporation to grant power output up to the limit of the maximum allowable on the channels allotted to Canada under the Havana agreement. Those of them who were on the committee, and who heard the evidence, know of this irreparable loss to the Canadian people. The Liberal members are just as much to blame. Of course, they were mostly liberals with a small "l", but no one who heard or who has read the evidence given by such a distinguished scientist as Professor Bayley could help but be alarmed at what he said. My only conclusion must be that the political aspect of the whole question of radio in Canada took priority in the minds of the majority of those who were

on the committee. Professor Bayley had no axe to grind. He simply stated the facts as they were. I will say more about that a little later.

In the speech from the throne I find these words:

> It is the view of my ministers that there should be an examination of the activities of agencies of the federal government relating to radio, films, television, the encouragement of arts and sciences, research, the preservation of our national records, a national library, museums, exhibitions, relations in these fields with international organizations, and activities generally which are designed to enrich our national life and to increase our own consciousness of our national heritage and knowledge of Canada abroad. For this purpose, the government intends at an early date to establish a royal commission.

The gambit of subjects set out for review is so vast and all-embracing that to any thinking person it will have to be a permanent royal commission. The passage I have quoted reads like the curriculum of a university. It says that there should be an examination of the activities of the agencies of the federal government relating to all these matters, and for this purpose the government proposes to set up a royal commission. These objectives are greatly to be desired, and we all want them, but they are the job of the government. They all come under the jurisdiction of one minister or another, supposedly responsible to the House of Commons and to the people of Canada. What have these ministers been doing in the meantime about these matters during the fourteen years that the government have been in power? If a royal commission is necessary now, this proposal is a castigation of the ability and diligence of those who now hold office. If that is the case, and a royal commission is necessary, then it is about time that they get out of office and allow others to take their place who know how to do the job better.

To my mind this proposal is iniquitous. When one thinks of the army of employees in each minister's department, employed there for just such purposes, in the national research council, and many other departments, the proposal now of a royal commission, with the accompanying expenditure of money that will be required, shows a dereliction of duty which should not and will not be condoned by the people of Canada. I suggest that this proposal really means nothing. It is just so much window-dressing, eyewash and election bait to cover up the delinquencies of the government. It is also put in the speech from the throne to cover up the lack of intestinal fortitude, shall we say, that the government shows in its repeated refusal to tackle the question of radio broadcasting in its various branches. If ever any question needed prompt attention, that of the control of radio broadcasting in Canada does. It is necessary now; not a year from now, but as quickly as possible.

Year after year we have had a radio committee of the House of Commons. It has been composed of an overwhelming number of Liberals, with a small "l', aided and abetted by their socialist friends to the left, as so often happens. The reports of the committee have not been unanimous, and seldom if ever has concurrence in them been moved. The reports have not been in the best interests of Canada, and have not been founded on the best independent evidence and scientific advice. Evidence has been given by the Canadian association of broadcasters year after year. It is said that they had an axe to grind. Of course they had an axe to grind, but they also showed very plainly where the best interests of the Canadian public lay, and how the Canadian public could receive better coverage and programming if they were not stultified by the regulations and autocratic power of the Canadian Broadcasting Corporation.

Time will not permit me to read the evidence which was presented before the committee by the association, but for those who wish to inform themselves the evidence is there year after year. British justice has been mentioned before in this house. Is there any British justice or Canadian justice in the setting up of radio control in Canada? I ask the Minister of Justice (Mr. Garson). The C.B.C. is an operator; it is the controller. It is they who recommend licences and regulate power. They are the policemen. They prosecute, and they are the judge and jury. Their decisions are final; there is no appeal. Their decisions cannot but be biased, since they are influenced by what is in the best interests of the C.B.C. and its broadcasting activities. They are certainly not always in the best interests of the people of Canada. As a consequence, as I said before, many of these things are not in the best interests of Canadians.

There is the question of coverage. As I pointed out earlier, I can say without fear of contradiction that many radio channels or frequencies which were allotted to Canada, and of which the Canadian people should have had the advantage, have lost a great deal of their usefulness. Their coverage has been greatly reduced and limited, far more so than the Canadian people think at the present time. From time to time over the years applications for the installation of broadcasting stations, and for the use of wave lengths, have been made. To say the least, there has been no promptness in setting aside fre-

quencies, with the consequence that, when finally some of these applications were granted, there was a very serious increased cost in the installation, and loss of coverage due to priority of occupation by United States stations.

Applications for increased power on the stations already existing, in order to more fully fulfil their obligations to the public, were refused. As a consequence, when the increased power was granted, the full use of the power could not be taken advantage of because of protection which had to be given to stations in the United States which had a priority of occupation, and which had increased their power and extended their coverage to such an extent that the protection which had to be given to these stations was such as to greatly limit the coverage which might have been given, besides increasing the cost of installation.

Though the C.B.C. was supposed to be an independent corporation, to a great extent it has been so in name only. In respect of power and the allocation of channels it has been compelled to function in accordance with government policy, keeping at ridiculously low levels the power permitted to stations in competition commercially with the C.B.C. Government policy originally was to allot 1,000 watts as a maximum to any private station, but the corporation got alarmed at the mounting evidence of loss of coverage, and decided to increase that power. So in many cases they increased the limit to 5,000 watts.

There is no question but that government policy in connection with broadcasting in Canada has been one of continuous muddle, and certainly not in the interests of the Canadian public. The officers of the C.B.C. have admitted some of these allegations. During the session of 1943 the radio committee was warned by Professor Bayley, professor of electrical engineering at the university of Toronto, who was one of the accepted experts on the technical side of radio. I want to quote just a few words from what he said:

> ....that because of present limitations of power, beyond those limitations contained in the Havana agreement, Canada has already lost permanently much possible radio coverage and that, unless all increases in power possible under the agreement are made as soon as conditions permit, Canada will lose a great deal more of her potential radio coverage. Now, I am not arguing who should have these increases in power or where; that is immaterial. The point is that if Canada does not occupy fully the channels assigned under the Havana agreement, the chances are very good that she will lose some of her rights to the air.

He repeated the same statement to the committee in 1946. Coming from a man of such standing in Canada, this is a pretty serious allegation. You will note that he says Canada has already lost permanently much possible radio coverage. It does seem to me this should have been sufficient warning to have had some action taken by the government. Again, he said that unless all possible increases in power were made as soon as conditions permitted, Canada would lose a great deal more of her potential radio coverage. What has been done? Very little.

Now, Mr. Speaker, what is the position with respect to television? There are applications pending, I do not know how many; but Dr. Frigon has stated that there will be no television in Canada until the kinks in technique are ironed out by somebody else. He proposes to wait for the situation in the United States to clear, and in the meantime the C.B.C. is giving the matter little or no thought. There may be a limited amount of research being done by the corporation, but no encouragement is being given private stations. There is no point in anyone applying for a licence, for the C.B.C. has not even established the conditions under which licences may be granted. Is this the fruit of public ownership? Is this country of scientific enterprise a scientific vacuum? Are we to stand idly by in this country waiting for others to perfect techniques that we are going to copy at some future date? It does not seem to me this is the spirit we should have as Canadians. Canada had a proud name in regard to research and accomplishment during the war, which is not in keeping with the little, narrow-minded paternalism of the C.B.C. And what a strange contradiction we see, when only last May the corporation declared that Canada should not lag behind in television. Now we are told nothing will be done.

I understand some twelve channels for television broadcasting have been allotted to Canada. Blair Fraser in a recent article stated that not long ago he had a conversation with Mr. Wayne Coy, chairman of the federal communications commission of the United States, who dropped a broad hint that the television channels in the United States were being overcrowded, and that unless Canada made use of its channels they might consider taking over some now allotted to us. I understand some conferences are going on between Canada and the United States at the present time in this connection. How are we doing? Are we going to lose coverage in Canada again, just as we lost coverage in days gone by, because of the policies of the Canadian Broadcasting Corporation and the government, and the way they dilly-dally in these matters?

Television is expensive, and people who go into it are liable to lose their shirts. So far the C.B.C. seems to think that Canadians should be protected from this venture. Within a few years the United States will have one national network, if not more, for television. Where will we be? It is this excessive caution, Mr. Speaker, that smothers this imaginative project for Canadians. It is this type of thinking that makes our young men say, "Oh, what's the use", and emigrate to the United States. The little thinkers on the government benches are afraid they may lose control over broadcasting to those who can do better. There is some apprehension that private stations would have to rely almost wholly on United States programs, but whether we like it or not all those living along the border from Prescott right through to Sarnia will receive broadcasts from the United States. This could be offset by some of our own productions, since I understand that even now some recordings are being made in Canada and exported to the United States. We will never get anywhere in this country in regard to television or any of these other things unless someone tries.

Now, at long last, comes the announcement in the press that the government is considering giving assistance to the C.B.C. in connection with television. If the report is correct, it means spending millions of dollars of the taxpayers' money, and in the end the results are uncertain. Why not let private enterprise do the job? Not for years will television be brought to all Canadians. Only the larger cities can hope to have it for a long time to come. Why should the taxpayers generally, other than those in the large centres, have their money used for the benefit of the people in the big cities? That is beyond my comprehension.

In the last two years it has cost the taxpayers of Canada a million dollars for the collection of radio licence fees. That is a million dollars gone down the spout. The truth is that the C.B.C. does not want private stations to get too far ahead. That is their dog-in-the-manger attitude. They feel that no matter what the consequences, or what amount of public money they spend, or how much by way of coverage we lose in this country, they are going to get in the field first.

Our socialist friends, for political purposes, talk a lot of nonsense about vested interests. It is pointed out that the air waves belong to the people, and so they do. The air, for transportation purposes, also belongs to the people, as do the mineral rights and the rights of newspaper publication. Do the newspapers not have just as many vested interests as any of the others that have been mentioned? The newspapers use the streets, the roads, and the air to deliver their product. I say there is no difference; they are all in the same boat. This country was built up by the pioneering spirit of private enterprise. Vested interests can be properly controlled.

I should like to say a word about radio licences. I have spoken on this subject so often in the past. First of all, a man pays a tax of ten per cent when he buys his radio. Then, he has to pay $2.50, but he pays no more whether he has one radio or twenty radios. Is there any fairness in that, Mr. Speaker? I do not think there is. There are approximately thirteen million people in Canada, but there were only 1,997,879 radio licences issued. It is difficult for me to think that everyone who should have bought a licence in Canada actually bought one. I venture to say there are thousands of citizens who did not pay the licence fee. There were 12,524 prosecutions for failure to obtain licences. What an indignity to put upon people!

The amount collected last year for the C.B.C. was $4,798,291. The amount paid for the collection of these licence fees was $325,000. This was paid in the form of commissions and so on. By whom was it paid, by the C.B.C? No, it was paid by the taxpayers of Canada. It cost $221,350 to issue the licences. Who paid that, the C.B.C.? No, the people of Canada paid that. This means that $546,000 was paid by the public to have nearly $5 million handed over to the C.B.C. In order to give pleasure to yourself and your friends through radio programs, you had to pay this fee. It should be cut out altogether. It is also one of the most disreputable ways of accounting.

No royal commission is needed to inquire into radio broadcasting, television or facsimile. What is needed is courage, which the government has not got, and decision, which it lacks. The C.B.C. should operate as a public service, Mr. Speaker, and do the job it was intended to do. It should not be allowed to compete with private enterprise. Let us get away from controls, and away from the idea of the government being in the radio business. The C.B.C. is operating in the commercial field as a business, but it pays no taxes to any provincial or municipal body. It is subsidized, yet it is operating in competition with private enterprise and the Canadian public pays $5,345,000 for that privilege.

The C.B.C. operates in competition with private stations who are not placed in the same position as that corporation. These private stations are prohibited from using lines or having hook-ups. Why should the C.B.C. have commitments which prevent it

from broadcasting programs which are originated at no cost to the corporation? The Toronto symphony orchestra cannot get on the air from time to time because the C.B.C. has commercial commitments. The control of radio should be removed from the corporation entirely and private broadcasting stations should be permitted to have hook-ups and use wires. Private station chains should be encouraged so as to overcome the great danger about which I spoke in my opening remarks, that of monopolistic control in the hands of an unscrupulous government. This is necessary to preserve freedom of speech and personal liberty, Mr. Speaker.

It is necessary to have another voice in radio which is not controlled by government. If we can do this, Mr. Speaker, and have our private stations operate as they should, we will have a decentralization of propaganda. A board should be set up to control radio, including the C.B.C. There should be a board of radio commissioners with proper powers for the issuance of licences and the control of radio in conjunction with the transport department. It might be said that such a board would cost money. No doubt this is true, but it would be a small price to pay, thinking in terms of the future, for the preservation of freedom and the restoration of democracy in radio. This should have been done long ago but, in any event, it should be done at once before any more damage is done. There is no necessity for incurring the expense of a royal commission to investigate radio, but under this government one cannot envisage its happening. We cannot do anything about it.

Mr. Jean François Pouliot (Temiscouata): Mr. Speaker, it is a great pleasure to congratulate the mover (Mr. Brown) and the seconder (Mr. Demers) of the address on their splendid efforts. I will not stop there, however. I wish to congratulate each of my colleagues on the splendid speeches they have made during this debate. Some people complain about the length of the debate on the address, but to my way of thinking it is the finest debate of the session. Every member is given an opportunity of expressing his views and making suggestions concerning the needs of his constituency without being called to order unless he uses abusive language. This permits each member a wide range of subjects on which to speak in complete freedom. What each member has to say is most interesting and the session would not be the same if it did not commence with the debate on the address.

At times I have been accused of using strange language and of being quite alone in the promotion of certain ideas. If I am permitted, sir, I should like to quote some statements that were made in January by an important gentleman.

> In any event, we are at a stage of life which calls for a business technique quite different to that of the war period. Now, it is the part of prudence for business executives to mend their fences and get back to fundamentals—

Then he continued:

> The future of Canada's export trade which up to now has been supporting approximately thirty per cent of our people bristles with complex problems.
>
> Its impetus at the moment stems chiefly from our own gifts, credits and loans, and from the generosity of our good neighbour to the south—which condition cannot continue indefinitely. A change in the pattern of our trade appears to be imminent.

This was said a long time ago by the member for Temiscouata (Mr. Pouliot), and more recently by Mr. J. L. Carson, president of the Bank of Toronto.

May I also quote, Mr. Speaker, what was said by a prominent gentleman not long ago:

> There is nothing in our foreign trade picture today about which we can afford to be complacent. Our present peak of business is being maintained to a large extent by artificial respiration in the form of credits from Canada and the United States. To realize our position we need only imagine what would be the state of our commerce—and therefore of our standard of living—if the economic recovery program and our own loans to Europe were suddenly cut off.

This was said by the member for Temiscouata two or three years ago, and more recently by Mr. Sydney G. Dobson, president of the Royal Bank of Canada.

I should like to quote another statement:

> The danger arising from the excessive concentration of our markets is being very clearly stressed today. . . There is, it would appear, a very slight chance of rcovering, in the near future, the important place we occupied on the British market in pre-war days. . . . The Canadian Exporters Association recently emphasized the fact that our exports to all the commonwealth countries reveal a decline all the more alarming in that it is especially due to restrictive measures affecting our products.

This was said by the member for Temiscouata some years ago, and more recently by Mr. C. E. Gravel, president of the Banque Canadienne Nationale. I quote again, not with satisfaction but with sorrow:

> Unfortunately, however, the problems of payment remain and, even with the vital assistance of the European recovery program, most overseas countries continue to be extremely short of dollars and are restricting their dollar expenditures accordingly. This has already had a serious impact on Canada's trade. Britain, for example, has ceased to buy our apples and our canned salmon and has severely curtailed her purchases of our lumber. The British dominions and colonies have drastically restricted their purchases of Canadian manufactured goods and we have lost and are losing many traditional markets . . .
>
> In other words, the business outlook is a mixed one—in some directions one of growing shortages, and in others, one of marketing problems overseas

and at home. Were it not for defence considerations, one might express the view, with some degree of confidence, that we were close to the peak of the post-war inflationary movement. As matters stand, I believe we shall be well advised to maintain a questioning attitude in regard to the economic outlook, remembering that our business structure is now more vulnerable to any reaction that might occur in the United States, and that we face difficult and perhaps increasing problems in overseas export markets.

I now come to the last quotation from the same gentleman:

It is well to remember that we have improved our position, in part, by almost ceasing to sell on credit to Britain and other overseas customers whose ability to pay us is, in turn, heavily dependent on ERP aid . . . In the interests of maintaining our exports as well as of contributing further toward European recovery, due consideration should be given to providing for some additional sales on credit when our exchange position has improved sufficiently to justify such a course. It would be unwise to rely too heavily on offshore expenditures of ERP funds, particularly as supply conditions in the United States improve. Already we are finding it difficult to sell grain to most European countries, apart from Britain, largely because the grain supplies of the United States—the country which is providing the funds for the European recovery program—are bountiful.

This was said some years ago by the member for Temiscouata, and more recently by Mr. H. D. Burns, the president of the Bank of Nova Scotia, at its annual meeting.

I have no more quotations, Mr. Speaker, although I could have obtained others from the annual reports of the other chartered banks. These should be enough to establish the point I have in mind. When I stopped speaking about the loans and gifts some years ago, I was discouraged. I had no success in the house. I said that the time would come when I would get some support, and I have obtained support from most unexpected quarters, namely, from the presidents of the chartered banks. One may say whatever he likes about the views expressed in the house; but the views of these gentlemen, even if they are not shared by all, are views that must be respected. I did not expect that they would mention my speeches as a reference for their own; it would have been extremely presumptuous on my part.

I said that I had no satisfaction in reading these excerpts from speeches made by prominent bankers because when I spoke as I did in the house I expected to be in error. I never expected that events would justify what I then said, because I was mostly alone in saying it. I was discouraged. I stopped speaking in the house for some time. I went outside of the house to meet some English-speaking audiences and to repeat before them exactly what I had said here in the house without any success; and I was well received. I respect the freedom of all my colleagues. They may say whatever they like; they may think whatever they like. We live in a free world; and if there is one place where we should be free, it is right here.

At this point I wish to congratulate the present Minister of Finance (Mr. Abbott), who has been most careful. He inherited a heavy legacy and he has been extremely careful not to embark on dangerous schemes. He deserves congratulations for that. I remember the time during the war when every unsound financial scheme was all right, including the financing of the sterling area. The Minister of Finance was ashamed to call it the financing of the British empire. He gave a currency name to the British empire, to my amazement; he called it the sterling area. I asked him: "Is this the British empire that you are financing?" He said: "No, it is the sterling area." I did not know exactly what it was. I asked him what it was and finally he gave me the complete list of all the British possessions throughout the world which we were financing, from the United Kingdom down. Did we have the backbone to do that? Did we have enough financial possibilities to do that? No, sir. When I said "no" it was not because I was anti-British but because I saw what was coming. It was no use speaking to the House of Commons at the time. Nobody would listen to me. Nobody would listen to the handful of hon. members who were saying that that policy was absurd. Afterwards the leaders of the various parties and groups came one after the other to complain of the taxes. I told one, two or three of them: "You have no right to complain about the burden of taxation because you were the very cause of it, the tremendous expenditures. You voted for it with closed eyes." That is what happened at the time, to my great surprise and amazement. Now those who are in charge of great financial responsibilities, who are the trustees of the wealth that the Canadian people have deposited in the banks, men from all political parties, men of all races, say how much concerned they are about the future of trade unless we have real trade.

I suggested barter. I did not mention my reference, but I have a good one. My reference is a suggestion made by the London chamber of commerce in 1930, at the time of the depression. They did not know what to do, and exchange was difficult—I mean currency exchange. Then they resorted to barter. I am told that recently some bartering of grain and coffee was done with South America without the exchange of United States dollars. That is a fine thing and it is a primitive way of trading; but it is not because a thing has been done from ancient times that it should be regarded as absurd and discarded as such.

In this country everybody is trading. When some people say that the prairie provinces are poor cousins, I do not believe it. The average person in the prairie provinces is just as well off as anyone in the eastern provinces or in British Columbia. With a few exceptions, which exist everywhere, the average way of living of the Canadian citizen is normal. As our Lord said, the poor shall always be with you. It applies to Toronto, Montreal and Quebec city as well as to Winnipeg, Vancouver or anywhere else. There are poor people everywhere who deserve special consideration. But that the average citizen of the prairie provinces is worse off than anyone in the east or anyone in British Columbia is something that I cannot believe.

I remember, sir, what happened ten years ago. It is not a new story; it happened ten years ago. We had laments from the prairie provinces. On the first lament the dominion government gave a guarantee to the provinces; on the second lament, the dominion government gave a loan; and on the third lament the dominion government transformed the loan into an outright gift. That is the story of the financing of the prairie provinces by the dominion government some years ago. Most extraordinary explanations were given by the then Minister of Finance, Mr. Dunning. I hold in my hand *Hansard* of April 21, 1939, and at page 3049 the following appears:

Mr. Pouliot: But what I want to know is whether sufficient payments have been made until now by each province to repay the amounts lent for unemployment and agricultural purposes from 1930 to 1935.

Mr. Dunning: —

I wonder, Mr. Speaker, whether you know what Mr. Dunning was at the time. He was Minister of Finance, and at the present time he is a tycoon in Montreal.

I continue with the quotation:

Mr. Dunning: Doubtless the answer is no. I would have to verify it, but I am certain the answer would be in the negative.

Mr. Heaps: That is on a refunding basis only?

Mr. Dunning: No, repayment. I understood the hon. member for Temiscouata wished to know if there had been sufficient repayments to reimburse the dominion for the amount lent between 1930 and 1935. Without reference to the public accounts I cannot answer that with finality, but I am quite certain that there have not been.

There have not been any payments. I have all the data here, which I can pass over to my hon. friend. Then I went on:

On the other hand if that policy is sound for the west I do not see why there is not an understanding between the dominion government and the provincial government to provide the same assistance for the settlers of Temiscouata county.

I thought that if it was good for the prairie provinces it should have been good for my county; but Mr. Dunning explained to me the reason why the guarantees had been transformed into loans, and the loans into gifts. He said:

The test under this legislation as to the eligibility of a province for a loan is, first, its demonstrated inability to take care of its own share of the expenditure under consideration.

He went on:

In that case also, only if a province demonstrates that its own revenues prevent it from going into the scheme without the aid of a loan from the dominion is a loan made.

Therefore, in order to get the loan, the provinces had to come to Ottawa and say: "Will you lend the provinces some money? We are in very serious financial difficulties and we expect to have some help." If another province was too proud to do that—well, it got nothing. The aid was given only to the begging provinces, and that is the explanation we have from the report made by Mr. Dunning.

On February 1, 1937, the present leader of the C.C.F. (Mr. Coldwell) moved the setting up of a parliamentary committee to recommend amendments to the British North America Act for the improvement of social and economic conditions. That is almost twelve years ago—how time flies! The leader of the opposition (Mr. Drew), by quoting himself, has set me a bad example which I have to follow, but my quotations are different from his because I have been consistent. I regret to have to do this, but this is what I said on the same date, as reported on page 455 of *Hansard* of that date:

I am in favour of a committee of the House of Commons to study the British North America Act, not with regard to social legislation but with regard to taxation, in order to see how taxation should be divided, in order that each province should be at home in its field of taxation, in its sphere of action, and that the dominion government should be equally at home in its field of taxation and its sphere of action. It is not in order to create any kind of trouble between the dominion and the provinces; it is so that we may have order as between the federal government and the provinces, and that order will come when taxation is adjusted, when the provinces spend only the money they get from their own taxation and when Ottawa will not have to distribute to the provinces or municipalities money obtained by federal taxation.

Two weeks later, on February 16, the right hon. member for Glengarry (Mr. Mackenzie King), who was then Prime Minister, said, as reported on page 922 of *Hansard:*

In these circumstances, we propose to appoint a royal commission of inquiry to investigate the whole system of taxation in the dominion.

That is what had been suggested by the member for Temiscouata. He was no more given credit for that by the right hon. member for Glengarry than he was given credit by the orthodox or legitimate bankers for

what he had said about another system. I shall go on making suggestions which may be approved or rejected. I do it sincerely for the good of my country. The right hon. member went on to say:

—to study the division of financial powers and financial responsibilities between the dominion and the provinces; and to make recommendations as to what should be done to secure a more equitable and practical division of the burden to enable all governments to function more effectively—and, I may add, more independently—within the spheres of their respective jurisdictions.

Mr. Williams: I am a new member here and I have not a plan of the house before me. I wonder if the hon. member could tell me who this member for Temiscouata is? He is such a wonderful person that I would like to know about him.

Mr. Pouliot: I think I can answer the hon. member's question by saying that the sitting member has been here nearly a quarter of a century. I refer to myself in that way because I do not like to use the word "I". I prefer to speak in the third person. The commission was established. When that suggestion was made by the then Prime Minister I thundered "Hear, hear"; it was quite loud but it does not appear in *Hansard*. I have here some other data about the royal commission. The fact is that that royal commission was established to put some order in dominion-provincial finance, but when the war broke out it was used for the financing of the sterling area or the British empire. The provinces had a certain *modus vivendi*, but now that the war is over the provinces, particularly the prairie provinces, have again started the same tactics that were successful before the war.

The fact that the Liberal party has been sitting so long to the right of the Speaker is due to the grace of the province of Quebec, with the exception of those few years during the war when the King government was supported by Mr. Hanson and the Conservatives. I wrote some other articles which appeared in *La Presse* during February and March, 1938. I did that to inform the public about some of the fundamentals of constitutional law, so that they would understand different speakers when they referred to some of our problems. But there was more to it.

At the time of the dominion-provincial conference of 1941 an eminent Liberal who was very close to the then premier of Quebec, Mr. Godbout, asked me to write three articles for the editorial page of *L'Action Catholique* to warn Mr. Godbout so that he would not make any blunders by coming to the conference and expressing views which were not in conformity with the feelings of the great majority of the people of Quebec. Those articles were published in January, 1941.

I shall not insist any longer on those articles being followed, but I want to tell my colleagues that the fundamentals of the relations between the dominion and the provinces are the exclusive jurisdictions of both sides. The premiers of the provinces are just as important under the constitution as is the Prime Minister of Canada, but they cannot deal with these same matters. Their field of jurisdiction is entirely different. According to the laws of precedence the Prime Minister of Canada ranks first. The premiers of the provinces follow, and according to a certain order that is established. But there should be no confusion between the jurisdictions. I cannot see how Ottawa can collect money and give it to the provinces to be spent by them. My contention now, and the contention that I have expressed in these articles which date back some years ago, is that here in Ottawa we should have all the power, all the jurisdiction within the bounds of the constitution, and the provinces should also have the same powers within the limits of the constitution. Therefore there can be no difficulty about it.

I only have five minutes more, and I will mention another item. This is the first time in my long career as a member of parliament that I have attended a new session with a new leader of the government and a new leader of the official opposition. I had something to do with it. Last year in June, when the then Prime Minister said that he would remain Prime Minister even after the choice of a new leader, I protested, and I was alone in my protest. I did not protest because I had any disregard or lack of loyalty for my old chief. It was because I felt that, if he himself had decided that there should be a new leader of the Liberal party and of the government, then the new leader should have full power. The new leader should be the Prime Minister and not be under the tutelage of anybody else. I wanted the leader of my party to be the boss. There can be only one leader of a party. We have one, and he is our leader. At times we may agree or disagree with him. We live in a free country, but the leader must have authority; the leader must have patronage; the leader must be the boss.

Because I said that, I aroused a storm in certain quarters. Somebody said, "This is the vilest thing I have ever heard in the house", that the man who had written a letter under his own name to select a successor to himself should remain in office after the choice of that successor. What I did was painful. It was hard for me to say that, but I thought it was my duty to do so because I want order in government. I want order in

this country. I think that the present Prime Minister (Mr. St. Laurent) is of age, can behave himself properly, and does not need to be held by the hand by anybody else. I was abused, I was insulted, and I was called names; but finally the *Financial Post*, the *Recorder and Times* of Brockville, a very fine paper, and all the papers, said, "Now that a new leader has been selected to head the Liberal party it is time for the past leader to retire, as he called the convention himself." That was said by all of the papers. No credit was given to the member for Temiscouata. There was no reparation for the abuse and insults. I was the only one to say that in the house. It fell flat when I said it; it is true it fell flat. I said it because it was true; I said it because I believed it; and I said it because those who looked shocked believed it also.

My earnest wish is that my colleagues will say in a loud voice what they think, not what they say privately, because that is private conversation. I have cited these instances to illustrate the fact that the duty of a member of parliament is very hard to fulfil. At times it is unpleasant. It is very hard. But, whatever one may think about the soundness of various utterances that have been made in the house, my colleagues will at least give me credit for having been fair with them, and will at least admit that I have been sincere, and that what I have said I have said for the public good even when I was ahead of my time.

Mr. D. J. McCuaig (Maple Creek): Mr. Speaker, I rise to take part in this debate to discuss wheat, markets, agreements and prices. Farmers have had various experiences over the years in marketing and selling wheat. In 1918 we had the wheat board, which did a very good job. We had the open market grain exchange. We have had the Bennett and the Liberal wheat board from 1935 together with the open market. Now we have our present wheat board. The uppermost thing in the minds of western farmers today is markets for wheat, and prices for wheat. They have not forgotten the 19 cents a bushel for No. 1 northern at country points in 1932. At that time wheat reached the lowest price level in 400 years. They have not forgotten the 600 million bushels of wheat stored in terminal elevators, country elevators, annexes, bins, barns, empty houses, and open bins. That was in 1942. They have not forgotten that they were paid $4 an acre for every acre of land that they took out of wheat production in 1941. In 1942 they were still paid not to grow wheat. They remember the five and six bushel delivery quotas, which were still in effect in 1944, four years after the commencement of the war. A continuation of those conditions, Mr. Speaker, would not only have bankrupted the whole agricultural industry of Canada; it would have bankrupted this country itself.

Back in the thirties we had the grain exchange in operation, with no restrictions, with the whole world to which it could sell wheat. But when it came to setting prices the grain exchange was powerless to set a price level that would meet the costs of production. They just were not in the wheat business to do that sort of thing. Mr. Bennett set out to help the grain exchange. He set up a wheat board, and they were both in operation at the same time. Mr. Bennett was going to do the blasting, to make it easier for the grain exchange to get more suckers. As a real grass-roots farmer, I have seen all I want to see of the grain exchange free enterprise system in connection with the marketing of wheat. The day of the gambler in foodstuffs is over. From 1929 to 1943 the marketing of Canada's wheat was the No. 1 national problem. Today it is an international problem.

The idea of a wheat board was not something new to the farmers. We had a wheat board in 1918, thirty-one years ago, which gave the farmers most satisfactory and efficient results in the marketing of their wheat in my memory. But in spite of the persistence and insistence of all farm bodies in their efforts to have that wheat board continue to market Canada's wheat, that just was not done. Twenty-five years later, on September 17, 1943, four years after the start of world war II, the world scarcity increased the demand for wheat and prices were on their way up to the highest levels in seventeen years. Then the government saw fit to set up a wheat board. In principle this was exactly what all farmers and farm bodies had been asking since 1918, so they went along with the government. They remembered the 1918 wheat board. They had faith in the government. They trusted the government to sell their wheat at the best price that could be obtained, as the 1918 wheat board did. But things turned out somewhat differently. I think a full explanation is due this house and the wheat growers of Canada by the responsible officials of this government as to why the government sold 600 million bushels of wheat on such terms. I have here a clipping from the Regina *Leader-Post* which reads:

> London, January 17. Well-informed circles here said Saturday that agreement has been reached on a $2 price for the fourth year of the wheat agreement . . .
>
> One official said he would be prepared to bet that the Canadian farmers would not receive any

lump sum as compensation for the $300,000,000 lost by them on the agreement to date. Britain has not the money, he said.

Meanwhile, British government sources seem to be preparing the public for further reductions in the volume of purchases of Canadian foodstuffs.

Then in this morning's Ottawa *Journal* I saw this item:

London. The *News-Chronicle* says today that if the United States were to declare wheat a surplus commodity we might be compelled to ask for a release of our obligations under the Canadian wheat agreement.

Now that the United States has a surplus, and with no more money available, there may be difficulties in the way of Canada marketing her wheat. The idea is spreading among the growers of western Canada that the way the British wheat agreement was drawn up was a deliberate attempt on the part of the government to put forever out of the minds of the farmers the idea of a wheat board, that this is a subtle way of undermining that ideal. They are really working hand in hand with the Winnipeg grain exchange. Neither of them has any use for a wheat board. We found that out when, in spite of our persistent requests for a wheat board, they would not have it. They are both exploiters of common humanity, and apparently they are going to stick together.

I am not going to enter upon an argument as to whether Britain should or should not have cheap wheat. I do say, however, on behalf of the wheat growers of Canada, that they should not foot the bill. Farmers pay all the taxes other people pay, and then some. They are entitled to every cent the best markets will pay. If Canada wants to make a gift of wheat to other countries, let all Canada do it and let all Canada pay for it.

Now, Mr. Speaker, I want to deal with another agreement, the agreement the Liberal government made with the millers, the feeders and the distillers covering all domestically consumed wheat in Canada, at a price of $1.25 per bushel. This was in force from September 27, 1943, to February 17, 1947, when the price was increased to $1.55. During those four years approximately 350 million bushels of wheat were sold in Canada at a difference of approximately $1.50 per bushel as between the world class II price and the Canadian price of $1.25. Multiply that by $1.50, the difference between the two prices, and you find you have $525 million as the loss to the wheat growers of this country. The government had no power or authority, except by dictatorial methods to cause the farmers' wheat to be sold in Canada below the world market prices. It simply means that the wheat growers of Canada, by government order in council, were compelled to subsidize the national food supply in Canada to the tune of $525 million. I say this is an imposition, Mr. Speaker. If it were necessary for the government to subsidize wheat for home consumption, that should have been done by the government.

The Minister of Agriculture (Mr. Gardiner) and the Minister of Trade and Commerce (Mr. Howe) have told this house the farmers are better off than they ever were. In doing this, they are simply making a comparison with the days of the hungry thirties and the low prices the farmers have received for seventeen years. They are simply making a noise and trying to bamboozle the people. I can tell this government that, if it wants to make 50,000 communists in western Canada, the way to do it is to put the wheat producers in an exploited class like the slaves of other colonial lands. If there is any agency or any action that is making communists in Canada today, it is the action of this government.

We must be very sure that this Atlantic pact, about which we have been hearing so much, contains provisions for a full and free exchange of goods and commodities so they can be directed to the places in which they are needed. If the world is going to be divided into two parts and we continue this austerity program, ERP, ECA, the dollar shortage and the high discount rate between nations, we are licked before we start. In my opinion, Mr. Speaker, the real war started when the shooting war stopped. The real battle is on now, and it is the battle of food. The victor will be the nation that can answer these questions: Did you feed him when he was hungry? Did you clothe him when he was naked? Did you give him shelter and care when he was sick? If a nation cannot answer these questions in the affirmative, without any ulterior motive, no amount of prayers, ritualistic ceremony or holy water is going to save us. God searches the hearts of men.

This currency exchange and discounts between nations is the world's greatest racket. It is the world's greatest sin to perpetuate a system that will starve humanity in a world of great abundance. If we persist in this sort of thing, Mr. Speaker, our doom is just as certain as that of Hitler, Mussolini and Tojo. We are fools.

Mr. L. E. Cardiff (Huron North): Mr. Speaker, the mover of the address in reply to the speech from the throne is a friend of mine. I am glad to say that I have a few friends on all sides of this house. Like many others who have spoken before me, I wish to congratulate him on a task well done. Had the address contained more subject matter, I believe the member for Essex West (Mr.

Brown) would have done an even better job. The seconder of the address (Mr. Demers) deserves the congratulations of this house, because that was his first speech in the house. I should like also to congratulate all those who have taken their seats in the house for the first time this year. If the calibre of the men who have entered parliament this year is any indication of the kind of men we may expect to be attracted to this house in the next parliament, I for one have not any doubt as to the destiny of Canada in the years that lie ahead.

I think most members will agree that, in the past nine years, I have taken very little of the time of this house unnecessarily. I should like to bring to the attention of the government, however, a few of the things that are worrying the people in my part of the country. The county of Huron does not have to take second place to any other part of Canada. It is a rural community. We have no cities and very few large towns. We have a good farming area with a number of small towns and villages. My reason for speaking at this time is that I believe the time has come when those of us who are farmers must have something to say about the government's policy. I did not have any intention of participating in this debate until I heard the filibuster, shall I call it, staged by the Minister of Agriculture the other night.

After hearing him use such strong language in his attempt to defend the government's policy, and especially Liberalism, you would have thought, to hear him speak, that unless you were a Liberal you did not amount to anything—that the Liberal government was the only government that had ever done anything for Canada, and that the Liberals comprised the only statesmen. I wonder if the Minister of Agriculture has not been much more interested in Liberalism and Liberal morale than he was in doing the job we expected him to do, the protection of our agricultural markets. Our agricultural markets have been almost completely lost. After hearing the minister speak, I for one feel we have been sold down the river. As a matter of fact, as it stands now, we would have been much better off without a Minister of Agriculture at all during the last six years. At least, we would have received the world market price for what we did produce and sell. Today, we have not even that.

If the Minister of Agriculture thinks that kind of speech will win votes for the Liberal party, I should like to tell him that if he keeps delivering that type of speech, for every vote he wins for the Liberals he will drive two votes to the support of His Majesty's loyal opposition. I must agree with the Minister of Agriculture that the farmers are receiving more this year than they have heretofore, but I would remind him we are still getting less than our fair share of the national income. Agriculture has only enjoyed three short periods of prosperity during the last thirty-five years, part of which was between 1925 and 1929. Of course since 1944 we have been doing a little bit better, but it is still below what we should have. Over the years the urban people have had the advantage over the rural population. Of necessity we must receive more consideration.

A much different picture is facing us in 1949. Our markets have started going downhill and, while it is true that some made money in 1948 on beef cattle, I am not so sure but that these men will lose not only all they made in 1948 but much more besides, and I am one of them. I am sure the parliamentary assistant to the Minister of Agriculture (Mr. McCubbin) will agree with me. The same could be said about eggs, butter and cheese. Even hogs may show a loss before the end of 1949, owing to the high cost of feed. I am told that the hog population in the United States will be almost double before the end of 1949. I am one of those who told the minister a few years ago to give us the grain at a price at which we could feed at a profit, and we in Ontario would produce all the hogs he wanted. This has not been done; we find that feed has become so dear that we are not able to feed hogs, cattle and poultry at much of a profit. The result is that our hog population has gone down to such an extent that we may find it hard even to supply enough pork for our own people.

When farmers are receiving fair prices, everyone enjoys prosperity; but when farm prices begin to drop, jobs start to disappear and soon everyone else is feeling the pinch. There are many reasons why prices are starting to recede. Some wonder why prices ever got so high in the first place. I shall try to give a few of the reasons. In so doing I will lay the blame right where it belongs, and that is on this government the Minister of Agriculture was telling us so much about.

Most hon. members can remember back to 1941 or 1942, when we started building airports. I take airports as an example because I know more about them than about anything else. There were many other reasons. We had five airports in my riding when the government started building them. The contracts were let on a cost-plus basis; and the more they cost, the more the contractor made. There was no inducement to try to keep costs down. Men who, up to that time, had never made more than $2.50 or $3 per day were offered $1 per hour. So long as you were able to drive a nail and saw a board, you

were classed as a carpenter and received $1 per hour. Some will say: What else could you do? We had to have airports. True, we did have to have airports; but just before this time, this government had taken a census and they knew where every man was. Some were drafted into the army, air force and navy and their rate of pay was set at a price, and it was not $10 a day. The men who were needed to build airports could have been drafted in the same manner at the same rate of pay plus living allowance, had the government been as efficient as the Minister of Agriculture led us to believe they were. The result of this action was that the cost of living started going up, and men everywhere started demanding higher rates of pay. We had strikes; farm help could not be secured. We could not pay the price asked by labour, with the result that farmers turned to machines to take the place of men. It has been proven beyond the shadow of a doubt that production increased with less manpower until now we find, as far as I can ascertain, that only about 25 per cent of our population are living on the farms.

I should just like to point out in passing that, so long as 75 per cent of our population are satisfied to let 25 per cent produce the food required to maintain life, then that 75 per cent will have to be content to pay at least the cost of production of the food they must have in order to sustain life. The cost of food will be higher than it otherwise would be if more people were on the land producing and helping with the work. That is only reasonable. Moreover, the very reason we are so short of housing is, in part, the fact that we have this Liberal government. The government lured the people off the land in 1941 and 1942, building airports, making munitions and so on, and they have not gone back to it. We have an abundance of housing accommodation in the country, but we will not have anyone in these houses until such time as people are forced by necessity to go back to the land. Many of these people would not have left the farms in the first place had conditions been such that there was any inducement to stay on the farm.

I shall now talk about something else that this government is doing to all the people in Canada; and I am just as sure as I am of the fact that I am standing in this house that it will be one of the things that will lose this government more votes than any other, including the speeches of the Minister of Agriculture. I refer to income tax. No group in our population have paid more into the dominion treasury, because of government policy, than have the farmers with the money they never received. The farmers do not object to paying income tax, but when they are busy they do object to keeping records when they know they are not in the income tax brackets. If this infantile government had taken time to study ways and means of collecting farmers' income tax, not only would they have obtained more money in the treasury, but the cost of collecting would have been cut in two. I have no intention of telling this government how they should go about collecting farmers' income tax—far be it from me to pull their chestnuts out of the fire—but I will go this far. After the next election, when the party with whom I have the honour to sit are the government, there will be the greatest change in our income tax that this country has ever known. Merchants, labourers, farmers, miners, men of all classes, will go about their work happy and contented, knowing full well that the money they pay into the treasury of Canada will not be spent by control boards and bureaucrats who have no responsibility to the electors of this country. They will know that their money will be taken care of by their elected representatives.

We are fed up with controls and control boards. We are fed up with orders in council. We who have sat in this house through the war years, and realized how important it was to do things quickly because of war and emergency, did not then mind the government legislating by order in council; but now, four years after the war is over, can any reasonable thinking person see any reason why the government should still be passing orders in council, with the house in session? It is in my opinion an easy way for the government to mislead the people without the country knowing what they are doing. I would say to the government: Throw off this mask; give us responsible government, government responsible to those who sent us here.

Just before leaving this income tax field, let me say to this house that the farmer is in a much different position from any other class. His whole income is a gamble. He never knows when he seeds a field how much the return will be or whether he will reap anything. As a matter of fact, he is so dependent on so many different things, his income is never assured. In other words, his income is the result of taking a chance. On the other hand, the labourer has no alternative but to pay income tax if his salary is large enough to demand it. Like many more the labourer feels that farmers have just as much right as any other class to pay income tax, and I agree with him. But the farmer's income cannot be reckoned on an eight-hour day, and the only reason why a farmer would ever get into the income brackets would be by working ten and fifteen

hours per day. And many of them do. My opinion is that people who depend on the weatherman and who are forced by necessity to work long hours, with the uncertainty of markets—in other words, producers of food who are dependent on so many things over which they have no control before they are sure of anything—should not be charged tax on income. If it were not for faith, those who are engaged in the production of food would never have an income at all. At present 75 per cent of our people are dependent on the other 25 per cent to produce the food with which to sustain life. Unless everything is done to encourage those who are our producers, we may very soon have a race of people who cannot even feed themselves. To hold up income tax papers before this class of our people is like holding a red flag before an angry bull. They just see red. They do not object to paying income tax, but they do not want to keep records. At the moment, I have no idea of divulging to this house my plan for collecting income tax from farmers. It will be time enough for that next year when we are sitting in the driver's seat, but I can assure you of this. There is a way in which income tax can be collected from farmers which would not be objectionable and the net return to the treasury would be greater than the returns now received.

At the present time the Canadian dollar buys less than half of what it did before the war. The farmer finds himself in the position where the price of things he has to buy has climbed far beyond reach. Take shirts, for instance. You pay $7 now for a $2 shirt; $2 for a fifty-cent tie; $80 for a $30 suit; $2 for a pair of sixty cent socks. I could go on all down the list. You hear a great holler about seventy cent butter. As a matter of fact, the price of farm products has been kept below world prices since the beginning of the war, and agriculture has been left holding the bag because of government control and government policy.

The Minister of Agriculture (Mr. Gardiner) is now asking us to pass a bill to give him more power. That is just ridiculous, because the minister has not made very good use of the power he did have. Do we dare trust him further?

It has taken many long years and long hours each day to place the dairy farmer in his present position in the dairy industry. If his modest standard of living is lowered by the policies of this government at this time, I would say "shame on them". The dairy industry deserves better treatment. The dairy industry takes years to develop and requires a great deal of financing before it can pay its way. I operated a dairy for years before coming into this house and know from experience how much money has been made and lost, very often lost.

I am now going to deal with something which has bothered the people of Huron and the town of Goderich for a long time. We have in Goderich a harbour that produces more revenue than any other of the lower lake harbours in western Ontario. We have huge storage space and we handle more western grain than any of the other lake port harbours. The reason for that is that the county of Huron has good farmers, and good farmers mean good feeders and good feeders mean you have to have something to feed. The result is that we buy more western grain perhaps than any other county in western Ontario.

Our harbour needs repairs. It is under repair right now, but we have a small island inside the harbour and this should be removed and could be removed very readily. The entrance to the harbour is very narrow and, if this island were removed, the entrance could be widened and deepened in order to allow ships to enter without fear of damage. Boats often lie at anchor, sometimes for days, depending on the wind, before they dare enter the harbour. The result is that large boats often by-pass Goderich rather than wait to unload when the wind is in certain directions. With a fair wind, the large boats can enter cautiously, but the entrance is very narrow and unless caution is used it is very dangerous.

For some years we have urged the Minister of Public Works (Mr. Fournier) to spend some money on Goderich harbour. Through the war years we were told all such work was suspended. We realized that, but now that we are in the fourth year of peace we feel that now is the time to make these expenditures. Every dollar that is spent in Goderich harbour will be returned to the treasury in revenue. We do not ask for something for nothing. We are only asking the government to do what we cannot do ourselves. I am going to make a request of the government. Spend a few thousands of dollars in Goderich harbour. It will be money well spent and will pay back to the treasury of Canada dollar for dollar.

Perhaps I could direct a request to the Minister of Transport (Mr. Chevrier) or to his department. The town of Goderich would like, and have made a request for, permission to cross the Canadian National Railways track in order to build a new road down to the beach on the north side of the harbour. At present there is no road and it is impossible to get down to the beach. The beach on the south side of the harbour is short and much

congested during the holiday season. A new road on the north side of the harbour would give an additional mile of perfect beach and would relieve the crowding. Goderich is a thriving, alert town and attracts many tourists in the summer months. I would ask the Minister of Transport to use his best influence to have this request granted.

There are a few other things that I should like to mention. I am sorry that the committee on veterans affairs has not been set up this year. From time to time hon. members in all sections of the house receive requests from men who feel that they are not getting a fair deal. This committee was set up for the purpose of considering these matters, and it did a good job. From time to time I get requests from men who cannot present their own cases. Some of them had little knowledge as to how to secure action, and now that they are out of the army they just put up with their condition unless somebody intercedes for them. The committee should have been set up this session, and I think it would have been an advantage to the minister, because a lot of things could be ironed out there instead of having to take them direct to the minister. Our veterans, who are our first citizens, should have had that much consideration from this government.

I should also like to say a word about our aged folk. In our community we have quite a few old people who deserve more attention than they are getting. Over the years, properties were given over to the sons and later the old folks became entitled to the old age pension. I know that no law was ever formulated which could apply across the board. In a great number of cases our old folks just have not got enough on which to live. Some of them are taken care of by their own immediate families, and others are taken care of by friends, but quite a number of them have to go to the county home. Because of the high cost of living, the amount of money that they get now is too low. Consideration should have been given to increasing the rate of pension.

There is another class of people to which I should like to refer. The other day I had a letter from a boy in my county whom I never saw. He is a cripple. He is now twenty years of age, and he is wondering what is going to happen to him when his father and mother are gone. At the moment he is being taken care of by his parents, but he wonders what hope there is for him when his father and mother are gone. I know that there are quite a few people in every riding in the same position. It is lamentable to think that people in that position, who through no fault of their own are unable to earn a living, are not given some allowance which they could call their own, without having to depend on charity.

I should like now to speak about the nuisance taxes on soft drinks and chocolate bars. If I were the government and were bragging about having a surplus of $1,300 million in the last two years, I think I would feel pretty small if I could not let the youngsters have a chocolate bar without taxing it.

Then there is the tax on jewelry. I think that is a ridiculous tax. I have had correspondence from most of the jewelers in my part of the country complaining about this tax. They did not complain about it during war years, but the war has been over for four years, and they think it is unjust for them to have to collect money for the government. After having read the news release of today, I would think that the government would feel rather embarrassed about this tax. I do not intend to deal with it at any length, but I would think that the government would not feel too happy about what occurred today. I often think it is a good thing that politicians and members of this house have hides that are just a little thicker than those of ordinary people. Otherwise there might be a lot of tragedies.

I should like to say a word about freight assistance on feed grains. When I mention this I believe I am speaking for my friends to my left as well as for everyone. This is a good thing for the westerner and for the easterner. If this is not left on, we in the east will not be able to buy grain to feed at a profit and the result will be that when the westerner cannot sell his grain he will not grow it. I hope that this subsidy is continued, because it is good for all concerned.

Before I close I should like to refer to the compensation paid for tubercular-test reactors. Before the war Huron county put in a request to have a T.B.-tested area in our county and were informed that we were in fourth place. The other night I asked the Minister of Agriculture (Mr. Gardiner) about this and he told me that he thought they were working there. If they are, I have not heard a word about it. I hope that something will be done before long to increase the price paid for reactors. Considering the present price of cattle and the price that was set at the time these regulations were put into force, the allowance is unfairly low. A grade beef is set at $60 with a registered beef at $100, and that is nothing compared with what they would bring on the market right now. I hope something will be done by the Minister of Agriculture and his worthy deputy minister, because I believe they are both as inter-

ested as I am in having something done along these lines.

To sum up: What we need at once is a new government. This government has outlived its usefulness and it should be replaced. I shall never forget until the day I die the time when Winston Churchill spoke to this house, in 1942. He was the one man who saved democracy. What we need in Canada is a Churchill, and we have that in the leader of the opposition (Mr. Drew). As a matter of fact, I think they need Churchill again in England. If we had a Churchill in England and a Churchill in Canada our overseas markets would be assured and we would all be much better off.

(Translation):

Mr. Wilfrid Gariepy (Three Rivers): Mr. Speaker, like hon. members before me I extend the usual congratulations to the mover of the address in reply to the speech from the throne, the hon. member for Essex West (Mr. Brown), and the seconder, the hon. member for Laval-Two Mountains (Mr. Demers). My congratulations are very sincere and they are well deserved. If ever public distinction was well deserved, it was in the case of the new leader which our party has chosen at a public convention. Since his appointment to office the right hon. Prime Minister (Mr. St. Laurent) has set to work relentlessly with a very promising enthusiasm and with a patriotism which has already classed him among the best statesmen who ever led this country.

In this regard we only have to study the evolution of international problems. Canada must protect herself. Russian supremacy is much more dangerous than German supremacy. The way things stand each part of the world is faced with this danger but, in considering the Atlantic pact, to which we look for salvation, our wise leaders are considering its possibilities for peace rather than for war. In the same line of thought, the appointment of a Canadian representative at the Vatican would be welcome news to my constituents.

Three Rivers, whose spokesman I have the honour to be in this house, is a city of 50,000 people, with an unsurpassed harbour, and industries which make it the chief centre in the world as far as newsprint is concerned. It lies at the mouth of a river which constitutes the most abundant source of electric power in Canada. It is close to other important towns such as Cap de la Madeleine, Louiseville, Nicolet, Shawinigan Falls, Grand-Mère, and La Tuque. In the district which surrounds it agriculture, tourism and small industry are prominent.

However, present world conditions have caused the cost of living to reach a level which I consider almost excessive. I may add that in Three Rivers salaries have been maintained at average figures which compare favourably with those paid elsewhere and even place our workers among the most privileged. In spite of that, it is imperative that the next budget should bring necessary relief, by raising the exemption for people in the middle income bracket, for instance to $3,000 for married people and $1,500 for single persons, as well as by increasing the allowance for each child and granting more advantages to young people desirous of taking up studies.

The income tax was a product of the first world war and it was first levied by the Borden government. It was maintained by another Conservative government, headed by Mr. Bennett. In the way of social protection the people only obtained direct relief from Mr. Bennett.

The truth is that from 1921 to 1930 and from 1935 to date, the Liberal party has endeavoured, in view of the needs of an unprecedented period, to seek funds not so much from small wage earners as from taxpayers and corporations able to share their profits with the government, without serious inconvenience. In return, what a social program was provided by our party, in addition to its war financing. It included generous treatment for veterans, provisions for their training, their rehabilitation and unemployment insurance! Our party also gave old age pensions, pensions for the blind, family allowances, various forms of aid for public health.

There would be no end to the figures I could mention, to the amounts distributed by the Liberal government for these various purposes in my constituency alone or again in the province of Quebec alone where—thank God!—we respect the family institution, we love culture and practise charity. Thus the Minister of National Health and Welfare has contributed a cheque for $120,000 for a sanatorium at Three Rivers. Thus a considerable proportion of the costs of a technical school now under construction in Three Rivers is borne by the federal government. Thus thousands of veterans in Three Rivers have obtained, through the provincial administration, subsidies enabling them and their families to live and have received at the same time technical training under the form of courses lasting many years with, at graduation time, a position and an opportunity to rehabilitate themselves in normal life. And all this out of the federal treasury. I repeat that the government in Ottawa, the King-

St. Laurent government, with the assent and co-operation of the government of the province of Quebec, financed these services. I want it to be clearly understood that this humanitarian work was made possible only through the financial assistance of Ottawa. Taxes have not been levied in vain. There has been a compensation, fairly and capably distributed, to the point where it has been said and written that no other country was better able to solve the post-war problems as well as Canada. No more than anybody else did I wish for this war or did I want Canada to take part in the battles which have caused so much distress and sacrifices.

We must admit the facts, the evidence of truth. In 1914, the nationalist leader, Henri Bourassa, accepted the solution by plebiscite. Sir Wilfrid Laurier himself agreed to that solution, in 1917, but his amendment to that effect, seconded by the Hon. Mr. Oliver, was rejected in this house.

During the last war, a plebiscite revealed what Canadian democracy required.

Confederation was deemed timely and even necessary in 1867. Now, there is no alternative but to accept confederation with its advantages and disadvantages, its obligations and requirements.

The great expansion of the railroads, of banking, of industry and trade was immensely beneficial to the province of Quebec from the economic standpoint. Montreal, Canada's metropolis, could surely not favour secession as it would be against its mission, its importance and supremacy. Each year, western Canada produces hundreds of millions of dollars of new wealth in wheat alone. That prosperity reaches Toronto, Montreal and even Three Rivers, because we live on commercial exchanges, the east supplying the west, which in turn feeds eastern Canada. Our commercial relations are based on friendship; from the Atlantic to the Pacific boundaries have disappeared, just as in the time when the kings of France and Spain were great friends and to all practical purposes the Pyrenees had disappeared.

Air travel completes the picture. How can we explain the behaviour and statements of a certain group that wishes to divide in order to rule, that thrives on utopias, and would like to revert to the past and revive a bygone era.

The republic on the shores of the St. Lawrence, envisioned in J. P. Tardivel's book "Pour la Patrie," can no longer come true. However, the struggle in the open for recognition of all our rights can carry on. Appeals to prejudice will not help in the attainment of this objective; it is better to fight fanaticism rather than stir it up, to imitate our constructive forefathers rather than practise wholesale destruction. England gave us our constitutional system which is still the best in existence as far as public administration is concerned. I believe there is room within the framework of the two old parties to command respect for our cherished yearnings in a manner consistent with our tastes, our principles and our mentality. It should also be possible for us to press forward our claims, wield power and secure what is best in every field for those who have put their trust in us. Our English-speaking colleagues sometimes wonder at our vigorous and tireless representations, but we are a minority group, and a passive minority cannot long endure. However, we wish to live and survive; our survival is in Canada's interest since we are partners in this great national undertaking. We may have been mistaken in not making ourselves better known or more highly appreciated. The fundamental idea is that the strength of confederation rests, not upon assimilation, but upon unity and understanding. The greater the development of each contracting party—or rather each racial group—according to its ideals, the greater the collective wealth and strength. That is the reason why I appreciate the friendly gesture of certain members of Anglo-Saxon origin who sometimes, in this house and outside, express themselves in my native tongue. Similarly, I believe that every member of this house is pleased that a fairly rapid improvement is being effected in the civil service by the appointment to responsible positions of a greater number of bilingual persons. The fact that there was not a single French-Canadian deputy minister created what amounted to an intolerable anomaly and I pay tribute to the present administration for correcting this provoking and unjust discrimination which belied the oft repeated professions of unity and tolerance. I know several of my fellow-countrymen who, though well disposed towards their English-speaking compatriots, were losing their every faith and hope. Optimism cannot survive the inimical attitude of a Dr. Shields who unceasingly protests that the share given us is too large and who would have us relegated among the undesirable, the incompetent, the helots. It is not flattering, it is demoralizing, especially when it is recalled that since confederation, in spite of our qualities, in spite of our desire for co-operation, we have often had to suffer on account of our origin, our

language and our faith. One needs only to think of the New Brunswick schools question, of the Manitoba schools, of the Keewatin schools, of the Ontario schools. I need only to recall the no doubt meritorious work of Sir Clifford Sifton and the Hon. Frank Oliver who were both, successively, Minister of the Interior and who both refused to give my own people an even chance in western immigration, giving preference instead to Central European immigrants. I need only to recall the Ku Klux Klan agitation in Saskatchewan and the school regulations enforced there by the Anderson administration, with which the hon. member for Lake Centre (Mr. Diefenbaker) is no doubt quite familiar. Whatever the hon. leader of the opposition (Mr. Drew) may do, French Canadians will never forgive his statements or his policies. While he was prime minister of Ontario he used planes to bring British immigrants in order to compensate for the Quebec birth rate. That was a strange method indeed to counteract the "revenge of the cradles".

The hon. leader of the opposition has been rather hard on Quebec. He belittled our war effort, proclaimed that we belong to a vanquished race, and that our so-called rights were only those which the dominant race were pleased to grant us, that the family allowance,—the baby bonus as he called it—had to go and that it was an attempt to bribe Quebec.

Rev. Shields never said anything else; he is a second Dalton McCarthy. It is such contempt, such arrogance, that breeds disagreements, misunderstandings and quarrels. Yet Sir John A. Macdonald declared that there was neither a vanquished race nor a victorious race. But the Progressive Conservative party has repudiated its old leader; the great party of Macdonald and Cartier has decayed and fallen to pieces first under Meighen, then under Bennett and now under the member for Carleton. "L'œil était dans la tombe et regardait Cain." It is the twinges of conscience mentioned by the immortal poet. With us, it is the twinges of humiliation, of infamy. We have felt in our flesh, in our whole being, the enmity, the reprobation, and we remember. We shall always remember. Nothing can wash out the stain. As the poet said: "La mer y passerait sans laver la souillure."

I want to tell the opposition that the incident and accident of Nicolet-Yamaska settles nothing in their favour. If only Drew and Sabourin had shown up during that campaign! But they made sure they did not for the people would have realized then what it was all about, for the contest was fought not between parties but on the personal reputation of the candidates.

Why this enmity towards French Canadians? Why is our element feared? Our large families are a blessing from heaven and they are the best contribution to the welfare and greatness of our nation. Our language is the most beautiful in the world. It is pre-eminently the language of culture and an open door to the greatest productions of the human mind. We are loyal and proved it at the country's call for soldiers, workmen, money, goods and munitions.

Our religion! Would you want us to be communists? It is the city of Toronto, the Ontario legislature which has communist members. The courageous stand of the Prime Minister (Mr. St. Laurent), the proceedings he took against this infamous horde have deeply relieved us. We believe in God, we practise our religion, we are the most efficient barrier against communism, the greatest evil of our time. Communists themselves know that if they are held in check it is because of our religious feeling and our Christian conscience. This is proved by what has just happened in Hungary, to the shame of humanity, liberty and civilization.

One of the plagues of society is divorce. But who are the ones who refuse to recognize divorce? We of the mother province, descendants of Champlain, Frontenac, Laviolette and Maisonneuve. Thus, true to our principles, we find our use in recalling and revealing a timeless truth, that family, society and authority are a trinity which thrives under Christianity, and are as it were a corollary, an outcome of Christianity.

That is the education given in our midst, from the pulpit of our admirable gothic cathedral of Three Rivers, in our seminary, one of the most interesting in the province, in our academies run by brothers who are disciples of St. Jean Baptiste de la Salle, in our free schools, which Lacordaire and Montalembert would not have disavowed; it is an education which pervades us as much as the air we breathe, and the food we absorb. We receive that training everywhere, beginning in the homes and I would not think of a Scotsman as being a poor citizen because he is religious-minded. It was the member for Selkirk (Mr. Bryce) who taught me to say grace in the language of Robert Burns. I would not think of an Irishman as someone to be despised because he is deeply religious. In the lobbies of the British parliament Daniel O'Connell would recite his rosary while waiting for votes or the end of discussions.

We are religious unlike the Russians who are atheistic, unlike the French who are unbelievers, unlike the Americans, 60 per cent of whom are indifferent and in whose country one marriage out of four ends in divorce or annulment.

I therefore ask you to be friendly toward my province and my town and I urge the cabinet to give due consideration to the development of my district, and its increased prosperity, thereby placing Three Rivers on an equal footing with Montreal and Quebec, and giving the whole province more cohesion, better balance and fairer wealth distribution.

Thus my constituents have to forward their income tax report to Montreal, where they have to apply for all corrections, adjustments and complaints. Why not establish in Three Rivers a collection office for all the surrounding district? There is one at Quebec and another one in Sherbrooke with about a hundred employees. I find nothing wrong with that. It is good policy. Sherbrooke is a thriving city, with a progressive surrounding area. Sherbrooke is the queen of the eastern townships but Three Rivers is the queen of St. Maurice valley and this valley represents considerable income tax revenue, which entails many complexities and which compares favourably with that of other districts. To a lesser degree but with the same fairness and the same arguments, I must deplore that, the war being over, the government does not return to the old system which gave full and complete satisfaction. My city is made to depend on Montreal, where there is a district branch of the Department of Public Works. This subjection is contrary to efficiency and even to economy. Public services are established for the taxpayer and he must have easy access to officials, at the least possible cost. In this regard, we have the Three Rivers harbour falling under the absolute control, very absolute indeed, of the national harbours board, the organization of which was in line with the Bennett policy, embodied in the Gibbs report. This report recommends the establishment of a local board in every harbour to act in an advisory capacity. Nearly fifteen years have gone by and there is yet no local harbour board. Three Rivers, through its boards of trade, junior and senior, through its municipal council, considers that this situation is detrimental to its development, that it handicaps its progress. Three Rivers also feels that all harbours, or at least those of some importance, should come under the jurisdiction of the national harbours board. I admire the town of Sorel, I like to visit it and get inspiration. I admire the eloquence and the competence of its representative in the house. But the harbour of Sorel is competing with that of Three Rivers and my constituents vainly try to figure out why there should be discrimination between Three Rivers, which is subject to the rigid control of the national harbours board while Sorel is not, being thus autonomous and better able to reach the heart of the Minister of Public Works and enjoy his munificence. Everyone should be treated equally and without favour; I am confident that the principle will be applied now that the war is over and that we are again resuming normal operations. The new offices which I would like to have established could well be located in the addition to the post office at Three Rivers. Last year money was voted for that building which is urgently required and work will be proceeded with in the spring.

In conclusion, I have special thanks for the Minister of Mines and Resources (Mr. MacKinnon) regarding his project for a trans-Canada highway. Now that automobiles are in constant use, the highway will be the counterpart of the railway running from the Atlantic to the Pacific, as was promised at the time of confederation. Many sceptics laughed at Joseph Howe when he advocated in this house, in 1867, the tunnelling of the Rockies, in order to connect Vancouver and Winnipeg and expressed the satisfaction of the promoters. The train whistling through the pass in those famous peaks is surely a proof of their faith in modern progress.

A trans-Canada highway wholly on Canadian soil would benefit both the tourist industry and our independence. The cost is estimated at $266 million. The provinces would pay about half of that amount and would set the layout within their own boundaries. On the question of hospitals and health, the federal and provincial governments have agreed. There has also been perfect agreement on the matters concerning the Departments of Labour and Agriculture.

I hope the federal and provincial governments will again agree on this highway which will enable people to travel from Halifax to Vancouver, through Ottawa, Montreal and Three Rivers. Indeed I hope that the section of this highway situated in the province of Quebec will extend from Montreal to Three Rivers and from Ste. Angèle de Laval to Lévis, thus justifying the carrying out of the project of a highway bridge opposite Three Rivers on the St. Lawrence river.

It follows that this bridge will be of national usefulness. It will serve the population on

both sides of the river. The city of Three Rivers, which operates the ferry at this point, recently acquired a third boat, at the cost of $400,000. Because of the narrow docks, it seems impossible to put there more than three boats, but this, barring exceptions, is not sufficient for regular traffic and hundreds of automobiles have to wait for hours before they can cross the river.

Both the north and the south shore are always overcrowded. A bridge is the only solution to this state of things which is inconsistent with the public interest. A glance at the map of the area which spreads from the United States boundary to the La Tuque and Lake St. John districts, passing through Three Rivers, will convince anyone that the bridge must be built.

It is at once obvious that in the intervening area, there is room for tremendous development in agriculture and colonization as well as in trade and industry if markets become more easily available and if communications are improved by faster and cheaper means of transportation. All that would complement the tourist trade, because a large number of people wish to travel in comfort for pleasure, for their health or on pilgrimages. Cap de la Madeleine, adjacent to Three Rivers, is a national sanctuary where a hundred thousand pilgrims flock each year to worship and pray under the guidance of the Oblates of Mary Immaculate.

In conclusion, I believe I am serving the best interests of my electors, in keeping with the spirit of the mandate entrusted to me, when I enthusiastically express my determination to support the policy of the St. Laurent government and to vote against the amendments and in favour of the motion for an address to His Excellency.

(Text):

Mr. Matthew MacLean (Cape Breton North-Victoria): Before I proceed with my remarks on the speech from the throne I, too, wish to congratulate the mover (Mr. Brown) and the seconder (Mr. Demers) of the address. I wish also to extend my congratulations to the Prime Minister on his attainment of his present high and honourable position of Prime Minister and leader of the Liberal party. I congratulate also the new cabinet ministers who have been taken into the government since the last session. I wish to congratulate the Progressive Conservative party on obtaining a new leader, after many trials, and I have no doubt, from what we have already experienced in the house this session, the valley of dry bones is coming to life again. They have won two by-elections and because a ray of light has shone through the dark cloud that has overshadowed them for many years—

Mr. Fleming: Shed a ray of light across Canada.

Mr. MacLean: —they have become very jubilant and see in any small gains the hope of once more obtaining the reins of government. The Tory party always seems to have had the idea of an inherent right to govern. They think that the right to rule was given them by divine authority.

Before I touch upon the matters in the speech from the throne, I wish to call to your attention an article which appeared in the Friday afternoon edition of the Ottawa *Journal*. It states: "Liberals blamed by Drew for scene interrupting Chevrier." I shall not read the whole article, but shall quote a part of it:

> He had been astonished by the disturbance in the government benches during the address of Transport Minister Chevrier. "Anybody who thinks the first interruptions came from the Progressive Conservative side of the house must not have been in the house at the time," said Mr. Drew.

Does the hon. leader of the opposition, Mr. Speaker, think that all the members in the house are blind and deaf, as they would have to be to give any credence to such a statement? There were over eighty interruptions during the minister's speech, started by the member for Vancouver South (Mr. Green), who, along with another member on the same side of the house, continually interrupted. Never have I observed more disgraceful behaviour by opposition members towards a minister who has always been most courteous.

An hon. Member: What about the interruptions of the Prime Minister?

Mr. MacLean: I will come to that. The minister did not speak more than thirty minutes and was not allowed the time taken up by the many interruptions.

Mr. Fleming: Order.

Mr. MacLean: If the hon. member wishes to interrupt, I will meet him out in the corridor afterwards. I wish to say here that there was a time when I entertained high hopes for a former house leader of the party opposite, but I am afraid that, by his many silly interruptions, he is becoming a political dwarf. There are a few members on this side of the house of whose actions I disapprove, as most of them are neither constructive nor becoming to a member of this house.

A few nights ago the member for Dufferin-Simcoe (Mr. Rowe) spoke for about an hour and was allowed that privilege by the members on this side, notwithstanding the fact

that it was the same old swan song to which we have listened from that source for many years. If he continues this type of speech much longer, I am afraid he will wear out the alphabet.

In the speech from the throne we are told that the first concern of government in world affairs is to ensure the peace and security of the country. With this aim in view, Canada continues to support the principles of the United Nations charter. In the hope that we may be able to show this determination to those nations who have adopted the communistic form of government, we are to sign the north Atlantic pact. We must be strong so that those who would endeavour to compel us to accept their obnoxious system will awake to a realization that in our hearts the love of freedom is stronger than the enslavement that would necessarily follow the acceptance of their repugnant form of government. There are some in this country who do not believe in the signing of this pact. I cannot understand them, as they appear to me to have warped minds.

What are we doing in this country towards the maintenance of peace? It is true we are passing legislation to protect ourselves and to aid those who are in need. But do we measure up to the standards set by one who spoke with authority? Our country has the name of being a Christian country, but is it? We live day by day as though there were no God. We spend the one day set aside particularly for worship by carrying on our own pleasures. Many absent themselves entirely from divine worship, and I am afraid many members of this house are guilty of this sin. I could go on and preach a sermon to you, but I am not a theologian. In this house there are several members who formerly occupied pulpits, and who are now engaged in trying to solve life's problems by methods other than those they formerly proclaimed. If the views they now advance as a solution or a panacea for all our ills were placed second on the list of possible solutions, I could not quarrel with them. I am firmly convinced, however, that they have drifted very far from the truth. If we wish to prosper we must do as Joshua was advised to do long ago, to turn neither to the right nor to the left, but to observe all the law. If this were done, then he and those over whom he ruled would be prosperous.

Much has been said about farming, and particularly about wheat. I have often wondered whether the western wheat grower sows wheat year after year on the same land. I have been told that many do and that certain acreages have been planted year after year with the same crop. This results in crop failures and soil erosion. I am no authority on farming, but I lived in western Canada for a time and noted how farming operations were conducted. When there is a high world price for wheat, the western farmers wish to handle the sales themselves. When difficult times come, these farmers seek government assistance and lay the blame on the government if they do not receive a higher price than existing conditions make possible.

The western members are continually complaining about the high cost of living, and it is too high. I should like to ask them whether they think the prices of meat, flour, butter, oats, barley and the various vegetables that go to make up our daily diet are too high? I suppose that depends upon the particular products each one produces. I know that in Cape Breton the prices of beef and pork are very high. If one wishes to purchase a steak it costs about ninety cents a pound and I cannot see why the price is so high.

In common with many other members, I have received many letters protesting the tax on soft drinks and jewelry. The letters about soft drinks have been from people in all walks of life, but those concerning jewelry were from jewelers only. Since the member for Parkdale (Mr. Timmins) has spoken at some length on this matter, I shall not take further time in discussing it.

Another matter mentioned in the speech from the throne was the entry of Newfoundland into confederation. This subject brought forth a long and vigorous protest from the leader of the opposition, not about the entry of Newfoundland, but about the unconstitutional method adopted. His argument took up a very considerable amount of time, I think wasted time, as there was nothing to it but words. These words were well delivered, but they were only words, as there was really no constitutional question involved. There was a time when I was very fond of studying constitutional questions. I well remember reading the many cases from Ontario when the late Sir Oliver Mowat fought hard with Sir John A. Macdonald on questions concerning provincial rights. I may say that Sir Oliver was generally right; at least, such were the decisions.

The entry of Newfoundland into confederation will mean much to North Sydney in my constituency, owing to the fact that a great amount of passenger and freight traffic to and from Newfoundland passes through that town. At this point I must state there is a great need of modern docking facilities in that town. For years we have tried to have the Department of Public Works construct a

modern wharf for the convenience of the large number of ships entering that port. The number of ships entering the port far exceeds the number of ships entering the port of Halifax, although the tonnage is not nearly so great, because the large liners entering Halifax are of much greater capacity than those entering North Sydney.

Some nights ago the senior hon. member for Halifax (Mr. Isnor) and the hon. member for Digby-Annapolis-Kings (Mr. Nowlan) raised the question of the port of Halifax being discriminated against by reason of the fact that goods shipped by way of North Sydney to Port aux Basques were regarded as being shipped by an all-rail route. In view of the fact that goods going to Newfoundland via Halifax have a 200-mile advantage in rail haul over the North Sydney route and that goods going via Port aux Basques to St. John's have a further rail haul of several hundred miles, I think it can be easily proven that the Halifax route has nothing to fear, as the water shipment to St. John's from Halifax has the further advantage of cheaper water rates.

It is my hope that in the not too distant future either a bridge or a causeway will be constructed over the strait of Canso to facilitate the conveyance of freight and passengers to and from Cape Breton to the mainland, and I trust that the Minister of Transport (Mr. Chevrier) will soon give us the report of the engineers on this project.

During the recess last year I had many visits from committees of old age pensioners and others who had not attained the pensionable age but were laid off work when they had reached the age of sixty-five years, with but a small pension from the coal company to maintain themselves and some members of their families. Many of these persons own their own homes and have to pay taxes and insurance; and in many cases they are likely to lose their homes unless something is done to remedy this unhappy situation.

If the pensionable age were reduced to sixty-five for men and to sixty years for women, and if the amount of the pension were raised and the means test were abolished, it would go a long way in bringing much-needed aid to these people. The means test works to the disadvantage of all those owning their own homes, as in such cases the amount of the pension is reduced. Apparently the fact that a pensioner owning his own home has to pay taxes, insurance and repairs, has not been taken into consideration.

The pensioners have for some time been discussing a three-way pension whereby men and women would pay a sum each month as soon as they started to work, and when they retired a much larger pension could be paid to them. Under this scheme the employers and the government would also contribute, but the government would be responsible for all those who did not have the opportunity of paying into such a fund.

One hon. member mentioned the referendum taken in the state of Oregon, where it was decided to give the pension to women at sixty years of age and to men at sixty-five, to pay a pension of $50 a month, and also to reduce the income tax. By the way, two or three years ago I read that the hon. member for Winnipeg North Centre (Mr. Knowles) made a statement at Fort William, I think it was, advocating this same thing. I do not know whether or not he was correctly reported, but he mentioned that soon there would be no taxes at all. I had intended to keep that clipping for further reference, but it became lost among some papers on my desk. However, I wish to compliment the hon. member for his advocacy for many years of the very things to which I am now referring.

As I was saying, it was decided in Oregon to give a pension on the terms I have mentioned. The next day they discovered that the revenue required to carry out this scheme would cost the state one hundred million dollars, whereas the revenue of the state was about thirty-nine million.

I understand the matter of a contributory pension has been brought to the attention of the local government in Nova Scotia. I trust that this government will take the matter under consideration so that such a scheme may be considered jointly by the various local governments and the federal government so as to devise ways and means to bring about this desirable plan. If our people were paying into a pension fund in this manner, the pension would not be looked upon as a matter of charity.

There is a great cry over all the country and in this house about heavy taxes; and it is true that taxes are a heavy burden on all of us. But, on the other hand, there is a demand for certain social legislation which, if granted, will mean a continuing heavy tax. Take the question of free medical care and hospitalization. This will call for a heavy additional expenditure, and I think there is a limit to which we can go. I believe there are many in this country who are unable to pay for proper treatment, and these should be looked after by the state; but the vast majority are well able to meet such obligations and should not be included in any such scheme.

The government is constantly reminded that it took from the Canadian people $600

million more than was required for the different services. This is not true, if we wish to pay our debts. Suppose I earn $3,000, that I owe $2,000, and am able to save $1,000 from my income. If I am an honest man, I shall pay that $1,000 to reduce my debt. If the government has a surplus above the requirements of meeting its many obligations, then it can reduce the debt by using the surplus; and this will save the Canadian people large sums annually spent in paying interest.

The matter of housing is continually before us. While we are under an obligation to do everything possible for our returned men, I cannot agree with those who state it is a matter for the government to provide houses for all our people. Our forefathers or, shall I say, our parents did not seek government aid when building their homes; and if we continue this paternalism we shall eventually kill all initiative on the part of the individual.

It is noted in the speech that never have so many been employed in this country as at present, and no doubt this is true of many places in this country and in the over-all picture. But in my constituency and in other parts of Nova Scotia there are thousands of unemployed. I shall refer particularly to my home town of Sydney Mines and the adjoining towns of North Sydney and Florence, with a total population of about 17,000. There are several hundred unemployed. Many of the young men in these towns have never had permanent employment, as no new mines are being opened, no new industries have been undertaken, and the only work these young men had was in the armed services. They enlisted after leaving school; and not having a position before enlisting, no company was obliged to hire them. Many had to leave their homes and seek employment in Quebec and Ontario; and after paying for their board and lodging where they are employed, there is little left to help those at home.

The question of opening more coal mines to absorb the unemployed is no solution to the problem, as many of the mines are idle now owing to lack of orders. I have brought this matter to the attention of the department directly concerned, and at the present time some of the coal operators are in the city seeking some solution to the problem. There would be a speedy solution to it if we had in our province a number of industries using coal, as we could produce electric power much cheaper by using our coal than we can in the more expensive way of building large dams at an enormous cost. It is, of course, impossible to build any dams in Nova Scotia.

I have written many letters to firms outside Canada in an endeavour to have some industrial works established, as we are nearer to the South African, South American and European markets than is any other part of Canada. Firms engaged in manufacturing for these foreign markets would have the advantage of all-water rates.

In the matter of shipbuilding, I think that such an industry should have been established on Sydney harbour, as we have the steel industry there, and the plates for ships would not have to be carried thousands of miles by rail. At this point I should like to ask the minister whether the Canadian ships now under Panamanian registry have been purchased outright by a foreign country, or whether it is merely a ruse to escape paying the Canadian rate of wages.

I wish now to refer to certain remarks made by the hon. member for Macleod (Mr. Hansell) some days ago. In his reference to world government he stated, as reported at page 1022 of *Hansard:*

> It appears to me that some of us are a bit lax in our thinking . . . World government means . . . world enslavement.

And may I say that, in spite of what the hon. member states, there is to be a world government some day, when all the problems that today perplex and baffle the wisest among us will be solved; the time spoken of by Tennyson, in his "In Memoriam', when there will be:

> One God, one law, one element,
> And one far-off divine event,
> To which the whole creation moves.

But the solution will not come about by the introduction and adoption of the peculiar and illogical ideas expressed by the member for Macleod and those associated with him.

If money to carry on the government can be raised in any way besides taxing the people, then people need not work; and when we have reached that stage, all must starve. The social credit money will be of no use, as there will be no goods to purchase. You all, no doubt, have read the stories in the book of Daniel of the ancient kings of Babylon, when Daniel was called in to interpret the dream of Nebuchadnezzar and the handwriting on the wall at the feast given by his son Belshazzar, which Daniel interpreted correctly. I think that the fiscal policies enunciated by the Social Credit party would be even to Daniel an insoluble problem.

I might also mention that when Solomon was crowned king he was asked what he most desired and he asked for wisdom. His desire was granted and he was advised that no wiser man theretofore had been born, neither should there be hereafter any one to attain such wisdom. On hearing the hon. member and some of his associates, I wondered whether the writer was in error when he did not know that in the twentieth century there

would appear on the world's stage such prophets as the hon. member for Macleod and his associates, whose wisdom apparently far surpasses the wisdom of Solomon and the judgment of Daniel.

In closing, I wish merely to mention the St. Lawrence waterways project, and I may say that in my humble opinion it may be a great thing for Ontario and Quebec but of little or no value to the maritime provinces. Yet if it is for the good of any of our people, I am willing to support it, if like support is given to the maritimes in providing suitable transportation facilities for us—and I particularly refer to the strait of Canso crossing.

Another matter that is causing great concern is the freight rates. Now in connection with this I am inclined to think that we are not fair to the railways. How do we expect them to carry on at present rates when the cost of everything they use has increased in many cases 100 per cent or more, since the rates were last revised?

On motion of Mr. Casselman the debate was adjourned.

Mr. Fournier (Hull): I move that the house do now adjourn.

Motion agreed to and the house adjourned at 10.25 p.m.

HOUSE OF COMMONS

Tuesday, March 8, 1949

The house met at three o'clock.

HOUSE OF COMMONS

PROVISION FOR EVENING SITTINGS 7.30 TO 10.30 UNTIL LAST SITTING DAY IN APRIL

On the order:

Resuming the adjourned debate on the motion of Mr. St. Laurent that, except on Wednesdays, Mr. Speaker shall leave the chair at six o'clock p.m. until seven-thirty, and shall adjourn the house at ten-thirty p.m. without question put, unless the closure rule (standing order No. 39) be then in operation, this order to be in effect until and upon the last sitting day of the month of April.

Right Hon. L. S. St. Laurent (Prime Minister): I understand that a large number of members of the house wish to give further consideration to the matter involved in the motion, debate on which was adjourned yesterday. I therefore ask that the motion stand.

Motion stands.

EXTRADITION

QUESTION AS TO NEGOTIATIONS WITH UNITED STATES FOR NEW TREATY—PRINCIPLE OF DUAL CRIMINALITY

On the orders of the day:

Mr. Rodney Adamson (York West): I should like to direct a question to the Secretary of State for External Affairs. Unfortunately I have not sent him a copy of it, but he will probably be able to answer it. Is the government negotiating with the government of the United States for a new treaty of extradition? Can the government say whether the principle of dual criminality will remain a part of the treaty?

Hon. L. B. Pearson (Secretary of State for External Affairs): I am unable to answer that question without notice. I shall look into the matter and give the hon. gentleman an answer tomorrow or the next day.

GOVERNMENT ANNUITIES

INQUIRY AS TO INTRODUCTION OF AMENDMENTS

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): My question would ordinarily be addressed to the Minister of Labour, but in his absence will the Prime Minister indicate whether it is the intention of the government to introduce a bill during the present session, similar to that introduced in the 1948 session, to revise or amend the Government Annuities Act?

Right Hon. L. S. St. Laurent (Prime Minister): The matter is still under consideration, and no decision has yet been reached.

LABOUR CONDITIONS

IMMIGRATION—REPLACEMENT OF TRADESMEN AND OTHER WORKERS BY DISPLACED PERSONS

On the orders of the day:

Mr. Ronald Moore (Churchill): I wish to direct a question to the Minister of Labour, or to his parliamentary assistant. Notice was sent to the minister, but I do not know whether the parliamentary assistant has received it. What action does the Department of Labour intend to take to protect tradesmen and other workers from being put out of work by the use of large numbers of displaced persons? This question is raised on behalf of trades and labour councils at the following points: Windsor, Fort William, and Flin Flon.

Mr. Speaker: Order. The hon. member knows that if he wishes to put a question before the orders of the day are called, it should be brief.

Mr. Paul E. Cote (Parliamentary Assistant to the Minister of Labour): I wish to thank the hon. member for having given notice of his question. In answer I wish to state that the Department of Labour, and the immigration branch of the Department of Mines and Resources, have already taken every precaution to protect Canadian tradesmen and other workers from being displaced by immigrants. In the case of workers who are related to people already in Canada, the Canadian relative is required to sponsor the immigrant, to provide housing, and to undertake that he or she will not become a public charge and, if he or she is a worker, that employment is available.

In the case of persons brought in under the group labour plan, it is first of all ascertained that there are no local people available to fill the vacancies, and the employer who applies is required to guarantee at least twelve months' continuous employment.

All applications are reviewed by an interdepartmental committee on which there is a

representative of the national employment service, and if there are people in Canada already available the application is not approved. No workers have been brought to Canada since November 1, 1948, other than those sponsored by persons already in Canada, and who have a relationship with them; and a number of girls for domestic service. Of course, workers' dependents have been coming forward.

The Department of Labour is watching the situation closely, and reports from the national employment offices have in no way indicated that new arrivals are displacing persons already in Canada.

POTATOES

CONSTRUCTION OF WAREHOUSES IN PRINCE EDWARD ISLAND

On the orders of the day:

Mr. W. Chester S. McLure (Queens): I desire to direct a question to the Minister of Agriculture, of which I have given him due notice, together with some information which may help him answer the question. Have any new agreements been entered into with the province of Prince Edward Island for the construction of potato warehouses, other than those provided for in the regulations approved by P.C. 4638 under date of December 3, 1947?

Right Hon. J. G. Gardiner (Minister of Agriculture): The short answer to the question, Mr. Speaker, is that there have been no changes in the regulations. As the hon. member has stated, he sent me his file along with notice of the question. To answer his question in full I would say that the telegram he sent on March 1 is in accordance with the facts. With respect to what has been stated by the premier of Prince Edward Island, I would say that he has been to Ottawa and has discussed the possibility of making changes; and I take it from the newspaper reports that he intends to suggest that some changes be made. Up to the present time, however, we have not received the suggestions.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed from Monday, March 7, consideration of the motion of Mr. D. F. Brown for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto of Mr. Drew, and the amendment to the amendment of Mr. Coldwell.

Mr. Harry R. Jackman (Rosedale): Mr. Speaker, at this stage of the debate on the address in reply to the speech from the throne there are very few matters that can still usefully be brought up, or in respect of which one may submit a humble contribution, but I should like to say a few words about three matters in particular. The first is the very singular omission from the speech from the throne of any reference to old age pensions or a national retirement plan; the second is the matter of housing, which was touched upon very sketchily, and finally, I should like, before the budget is prepared, to make a few remarks on the subject of taxation.

The most striking omission from the speech from the throne was the complete absence of any reference to old age pensions or a national retirement plan. Last season we saw the present government reduce the rate on government annuities from four per cent to three per cent, making it that much more difficult for our people to provide a little self-help and thus in part at least look after themselves in their old age. Surely this was a backward step; for I do not suppose there is a single member of any party in this house who does not believe in contributory old age pensions. And what a little contribution it was, under the old dominion government annuities scheme, for the government to allow four per cent; it was not a high average rate, having in mind the average rate paid on government bonds over a long period. But the government saw fit to reduce it to three per cent.

I should like to bring before the house a suggestion I offered last year, the acceptance of which would enable the ordinary citizen to make some provision, before taxation, for his old age. Many industrial companies, as well as the government, have old age pension plans or superannuation benefits, and to these plans the employer, the employee and the state make contributions. The contribution made by the employee, usually about four or five per cent of his weekly wage, is tax free; in other words the employee does not pay any tax on the amount he puts into this superannuation or old age pension plan. According to an estimate made the other day by one of our fellow members there are 800,000 people in Canada today who are able to take advantage of government-approved plans under which one may save before taxation. If this government were genuinely and sincerely interested in the problems of old age and in making some kind of provision therefor, long ago they would have put on the statute books a plan under which any individual, whether a government employee, an employee of some large company with an approved plan, or anyone else, would be able to make a weekly contribution to a national retirement plan—which is the name I shall

give it. These contributions would all be deductible from earnings before tax is collected, and they would come off the top bracket. Thus it is possible for some fortunate individuals to save before taxation. The majority of our people, however, are not favoured by being permitted to come under such a plan.

Just to bring the idea home to hon. gentlemen may I suggest what it would do for members of this house. Our indemnities are $4,000. If we were allowed to put something by before taxation, as do 800,000 of our people, five per cent on $4,000 would be $200 that we might put into a retirement plan; and that $200 would not be subject to taxation at whatever our top bracket might be. A cabinet minister would be able to put by five per cent of his salary, or $800. These plans also contain provisions under which one may make contributions in respect of previous years of service, up to a maximum amount of $900 per year. Therefore a cabinet minister would be allowed to deduct $800 from his current earnings and to put by $900 per year until he had made up for his past services; he would have a total of $1,700 off his top bracket, and thus would be able to make some provision for his old age.

In the same way, Mr. Speaker, this plan can be adapted to all our people, and the savings are proportionate in all brackets. When the contributor under the plan receives his annuity he is taxed in respect of the whole amount; therefore the revenue department would not lose out entirely by allowing this saving before taxation. However, as will be readily seen, when a man retires he is no longer in receipt of his weekly pay envelope; he has only his small annuity, and if he is in any tax bracket it is a very low bracket.

What I complain about, sir, is that the government has accepted this principle of saving before taxation for a large proportion of our people, but it refuses to set up any plan under which the majority of our wage earners and others who want to make some provision for their old age may receive the same consideration. No one will deny the great social advantage of helping a man to help himself to provide for his old age. Why, then, should the government not make it possible for all our people to save up to five per cent of their earnings before taxation?

If the employer does not contribute because the majority of people work for small companies or are self-employed and there is no plan available, why should these people not be allowed to save up to ten per cent, if possible, of their yearly earnings, this amount to be put into a government-sponsored plan such as dominion government annuities? I throw out a challenge to the great life insurance companies of this country to design a plan which will receive government approval to the end that the individual who does not come under a superannuation plan may pay up to five per cent, or, as I have just suggested, up to ten per cent of his earnings where no employer is contributing on his behalf. By this method a very substantial sum would be accumulated which would permit a man a decent retiring allowance at a reasonable age.

If that were done in the case with the members of this house—so that the point will be readily understood—ten per cent of the $4,000 indemnity would be put aside. This amount would be deducted from the gross income and put into this government-supervised or government-approved plan. The deduction would be $400 per year, and the regular tax rates would apply on the balance of his income. I cannot advocate too strongly, Mr. Speaker, the plan I have been suggesting, because it does seem most unfair that some of us are enabled to take advantage of such a plan—and I may say I am one of these—while others cannot. As I have pointed out, there are some 800,000 people who do take advantage of such a plan, but there are probably several times that number who are unable to do so because of the laxity of the government in the matter of passing reasonable legislation based on principles which the government has already approved.

The second point to which I wish to address a few remarks, Mr. Speaker, has to do with housing. It is of particular importance in my riding, because the Regent Park housing development, which is attracting attention not only throughout Canada but perhaps throughout the whole of North America, is located there. It is the first experiment in co-operation between the city, the province and the federal government in sharing the cost. In the city of Toronto the housing situation is probably more acute than it is in most other centres in Canada. I am informed that Toronto and its suburbs are today the fastest growing areas in Canada. This is partly due to a natural growth and partly due to a large influx of immigrants in that vicinity. At the same time we find that the amount of construction of housing units in Toronto proper in 1947 was less than seven per cent of the total construction. The remaining ninety-three per cent went into commercial enterprises, such as moving picture theatres, warehouses, stores, churches, hotels, etc. In 1947 almost as much construction was for the housing of automobiles as for the housing of people. A substantial amount of house construction

was undertaken in the adjoining municipalities.

In Toronto there is a shortage of land on which to construct any large-scale housing development. Nevertheless there is plenty of room for apartment house sites and multiple dwelling units. This is borne out by the construction figures for the city of Toronto proper in 1948. Instead of $2,156,000 being spent on housing, as in 1947, including apartments, we find that $3,563,000 was spent in 1948. In other words, whereas in 1947 only seven per cent of the total construction undertaken in Toronto was for housing units, in 1948 eleven per cent was for this purpose. Business and commercial enterprises undoubtedly had a priority over veterans' housing, but by 1948 the demands of industry and commerce were beginning to fall off. The failure of the government to adopt a system of permits from Ottawa until the post-war housing shortage was eliminated has resulted in a great diversion of labour and building materials from housing to commercial structures.

I make no apology, Mr. Speaker, for bringing up the subject of controls after the war period when so many hundreds of thousands of our young men were overseas. When these men returned they were getting married and beginning to raise families. During their long years of absence they were unable to provide themselves with a house. Undoubtedly, therefore, we were faced with an emergency at that time for which the government did nothing to find a satisfactory solution. The result was that the municipalities were left to control housing permits. One municipality could not say: No; you must not build this factory or this moving picture palace here, because the company or the moving picture exhibitor would simply go to the adjoining municipality. There would be no net gain for the country as a whole so far as housing units were concerned. The cost of building a moving picture theatre is not nearly as important to the exhibitor as the cost of building a house is to the returned man or any other young man who is endeavouring to set up his own home.

The result has been the outbidding of the prospective home owner for labour and materials, and his consequent inability to afford a house. Some control should have been exercised from Ottawa over the type of building which has been allowed during the last five years. Had such controls been put into operation, today we would have solved the real difficulty of a housing shortage. We might not have had quite so many motion picture houses as we have in some areas, and even now some people are alarmed over the possibility that all these theatres are not going to be required. There is a possibility that the motion picture industry has overbuilt.

The minister of reconstruction is quoted as saying that even if the government and industry are successful in constructing 100,000 additional housing units in 1949, that could not come close to solving the housing shortage. He said the over-all housing situation was not good, Mr. Speaker—and this is after five years. A main factor in the demand for houses is the formation of new families. The minister said that last year there were 83,000 units completed, and new familiy formations were estimated at 80,000; so you can see that we gained only 3,000 units from that point of view alone.

The government has no adequate housing policy for our people. In fact the government, through one department and another, has done more to discourage housing than to assist it. While rent controls were necessary, the handling of them and the maladministration by the government has done much to discourage investment in rental housing. In my riding there are many people who, once they have acquired their own little home, put their savings into a neighbouring house as their nest egg. The administration of rental controls has been a definite discouragement to the construction of rental housing which the government would like to see brought about.

It might also be pointed out that just as our wheat farmers feel that they have been made to bear the whole burden of selling cheap wheat to the United Kingdom, so many landlords feel that they have been made to bear the full burden of rent controls based on pre-war rentals and vacancies. In both cases justice might well have dictated that the burden be borne by all our people rather than by the few.

One of the most serious handicaps to building in our suburban areas is municipal taxation. Small suburban municipalities had a difficult time in the thirties, and they do not want again to get themselves into a similar position. These communities are mostly residential, and the men work in the adjoining cities. If times become difficult, local taxation is hard to collect, and there are no large companies with reserves out of which taxes can be paid. Therefore one can understand the position of some of these small municipalities which do not want to increase their population too rapidly, and which therefore insist on fewer but costlier houses being built in a given land area.

It should be realized that when so many services, together with the cost of education,

are taxed against a small municipality, its tax burden may become great—indeed, in difficult times, impossible. It is for this reason that the province of Ontario is now bearing more than fifty per cent of the cost of education. At the same time the unfair distribution of the cost of education and other services clearly shows why there should be a resumption of the dominion-provincial conference, to the end that the taxing power of our political authorities may be adjusted according to their needs and responsibilities. The leader of the official opposition (Mr. Drew) has long been aware of this situation, and it is for that reason that he has at all times desired the resumption of the sittings of the dominion-provincial conferences.

The government has done nothing to stimulate the chief bottleneck in the building industry. That bottleneck is not so much a scarcity of labour as it is a scarcity of building materials, such as electrical and plumbing fixtures, bricks, hardware items, and so on. For years I have recommended that the government stimulate the production of building materials to meet the acute housing shortage resulting from the lack of any building during the war years. In particular, in March, 1946, in a speech on housing, I recommended that the government allow manufacturers of building supplies to create additions to their factories in order to meet the emergency which at that time I said might last for five years, even though there might not be use for that additional capacity in the distant future. As I said then, it may last longer than that, but I do not see how it can last for less. I said that the government should allow the owners of these industries to write off the cost of the excess building material capacity during the period of the crisis. Nothing has been done in this regard, and we are still short of building materials.

The last suggestion for solving the housing difficulty, with which the government is admittedly making no headway, again brings me into the field of taxation. If building tradesmen and contractors were given some reward for additional production rather than a penalty by way of a higher tax rate, one might expect a material improvement in the number of housing units constructed. If it is made worth while, there is no doubt that many tradesmen would like to work on Saturday mornings in order to help to relieve the housing shortage, particularly where veterans are concerned, but not when the workmen are obliged to work for considerably less per hour than they do during the rest of the week because of the effect of getting into a higher income tax bracket.

I should now like to make a few remarks about the bare statement in the speech from the throne with regard to taxation. It reads as follows:

> Prosperous conditions now prevailing are being reflected in the buoyant level of national revenues; a condition to which due consideration is being given by my ministers in the preparation of forthcoming budgetary proposals.

Some members of the press and others have taken this to mean the foreshadowing of some reduction from the present discouraging rates of taxation. This is by no means a necessary inference. Last year, because of the "buoyancy"—a word which the officials of the Department of Finance seem to be fond of using—of our national income and of our national economy, no relief could be given to the taxpayer. Indeed, the Minister of Finance (Mr. Abbott) in his budget address of May 18, 1948, said, by way of apology and justification for not reducing the discouraging rate of taxation, that there was never a better time to continue high taxation and to reduce the burden of our national debt. On page 4057 of *Hansard* of that date the Minister of Finance is reported to have said:

> We can do it now—

That is, debt reduction.

> —without hardship and thereby get ourselves in better position to bear the extra burdens we may have to assume when our national income becomes less buoyant or other untoward developments occur.

We have seen nothing to indicate that we are not to have a prosperous 1949. Indeed the Minister of Trade and Commerce (Mr. Howe) only a few weeks ago said that the volume of business and the total of our national income would be most satisfactory and would compare most favourably with 1948. If therefore we are to take the reasoning of the Minister of Finance last year, we cannot expect any reduction in taxation.

An hon. Member: We can expect higher taxation.

Mr. Jackman: Yes. As one of my colleagues remarked, if the national income is higher, as I think the minister said it might be, we may expect higher taxation.

In the speech from the throne the government declares that:

> Prosperous conditions now prevailing are being reflected in the buoyant level of national revenues—

—and that this is to be given due consideration in the forthcoming budget. What does the government mean? Is it ambiguity and double talk? If we are to give them credit for honesty of intention and language last year, it can only mean that no relief from discouraging taxation is promised to our people at

the present time, despite their insistent clamour. However, 1949 is likely to be an election year; and although the government has declared its belief in the principle that taxation should not be reduced when our economy is prosperous, they will no doubt give "due consideration" to abandoning their declared principles and to descending to what in their eyes must be the low level of political expediency.

Indeed, Mr. Speaker, I wonder what the bureaucrats in the Department of Finance will say to the ministers when apparently the ministers now refuse to follow the dictates of these men who have for so long been controlling the destinies not only of our country but of our individual lives.

The Progressive Conservatives, on the other hand, have always believed in fairness and a rate of taxation which would not discourage production; for without production there can be no increase in the standard of living of our people, which is our chief desire and aim. It is not unreasonable to expect that, with a growing and expanding volume of national business, under reasonable rates of taxation the total of national revenues would be greater rather than less, and that any necessary debt reduction could be better achieved in this manner. Particularly do we believe that relief from discouraging rates of taxation should be given when our surplus of revenues over expenditures amounts to no less than $600 million for the present fiscal year, or an amount equal to $50 per head for every man, woman and child.

I wonder what the great majority of the people in Rosedale riding would say if you were to call on them and say: Not only have you paid your federal bills, but here is a rebate of $50 per head. They could do so many things with that. It would be very much like four or five Christmases rolled into one. First of all, they could pay their bills. Second, they could acquire a few more necessities which they badly need. I have already mentioned the Regent Park development and the improvements which are planned for that large area. Third, many of my people would be able to send their boys and girls to high school instead of letting them go to work when they are fifteen or sixteen years of age, if they could only get this $50 per head which the government has wrongly taken from them this year, as it did last year. Fourth, many of my people have never had a decent holiday in their lives. If it were not for the fresh air camps in some of the areas in Rosedale riding, many of the children would never have had a summer camp holiday. If you could give them back $50 of their own money—not the government's money—these children would be able to build up their little bodies for the school season and the rigours of the winter. There would be much greater satisfaction all round if the government would not seek to overtax the people as it does at the present time.

If debt reduction, sir, were the sole by-product of high taxation and surplus revenue, the government might have some measure of justification; but everyone knows what one does when one's pocket is full—he spends. Last year the budget surplus was $670 million. This year it promises to be well over $600 million, an amount greater than the total of all the taxes on personal incomes. It is almost incomprehensible to many of us that the surplus which the government hardly expected to get is greater than the total of all the taxes on personal incomes—and I am not now speaking of corporation incomes. In other words, if we did not believe that personal income tax was a substantial and worth-while part of our tax structure, because of the revenues which we have taken this year and in 1947, we could abolish the whole thing. But the added by-product of this surplus and excessive taxation is not only that the people are deprived of what is justly theirs, but that the government, with an overflowing treasury, spends with a free hand. Free spending is the inevitable result of a full pocketbook—easy come, easy go.

If we are to have taxation reduced to a reasonable level, then not only must the government budget more closely, but it must reduce its expenditures. The estimates now take up over 300 pages of closely-printed material; but in many cases there is no fault to find with the purposes for which the money is asked. The same thing would apply to every individual in Canada if he or she were to budget his or her expenditures for a ten per cent or a twenty-five per cent increase. In practically every instance a very good case could be made out, not only for the desirability but for the necessity of these increased expenditures. But the reason that we ordinary people live within our incomes is that we have to. We cannot levy taxes on someone else as does the Liberal government. We have to earn by the sweat of our brows the money which we spend, and we adjust our expenditures accordingly. Unfortunately the government can itself earn nothing, because it can create nothing. But by the same token the government should say that it will spend of the national income so much and no more. Only by this means can taxation be held within reasonable levels and the people be left with some share to meet their own increasing costs, to provide a down payment on the house that they wish to buy, or to put something by for their old age.

The present rates of taxation are simply an aftermath of wartime taxation. The government has grown accustomed to these extraordinary rates of taxation, and the people, while complaining, have not yet put up that resistance which will be more manifest when this government shortly goes to the polls. The government is reluctant to give up these high taxing powers, and the people are becoming insistent on getting some reasonable share of their own income to spend in the way in which they see fit.

What is the effect of the present discouraging rate of taxation? In 1939 the total personal income tax collected from our people amounted to $57 million. Can hon. members believe that? In 1948 it amounted to $659 million, an increase of over 1,100 per cent. In 1939 the personal income tax exemptions were $1,000 for a single person and $2,000 for married persons. Now these exemptions are $750 and $1,500. During the same period the cost of living index has risen from 100 to 160, or sixty per cent. Relating this increase to the cost of living in terms of ability to buy things or to maintain a standard of living, the exemptions allowed in 1939—that is, $1,000 and $2,000—would in 1949 be worth $1,600 for a single person and $3,200 for a married couple. Thus we find that not only have income tax rates gone up excessively, but present day exemptions of $750 and $1,500 are less than half, so far as ability to live is concerned, what they were in 1939. The present low exemptions reduce the standard of living of our people below the level which the resources of our country and a reasonable standard of living demand.

If some of our cabinet ministers would become better acquainted with the life of our people they would find what deprivations have to be made in order that people may meet their bills and at the same time pay their taxes. Any restaurant proprietor in Ottawa will tell you that the customary lunch of many government employees in the lower salary brackets consists of a sandwich and a cup of coffee, a diet which is inadequate for health and efficiency. Yet the same employees have pay-roll deductions from their small income.

How it is possible for any single person to live, particularly in the larger cities and away from home, on $750 per annum is something that the government should take some pains to demonstrate. Or how a married couple can live on $1,500 a year, with the present high cost of nearly everything they require, is a problem which hundreds of thousands of our citizens are finding great difficulty in solving. Yet once anything over these small exemptions is earned, the income tax applies, starting at 10 per cent on the first $100 of income over the minimum exemptions and 20 per cent on anything over $500. Then the tax proceeds up to 80 per cent with an additional four per cent on investment income. Are these not discouraging rates?

Not only have government expenditures been excessive, but the overtaxation which is now being carried on has resulted in a surplus of over $600 million. There are many points which I should like to make, Mr. Speaker, in regard to matters which I hope might be given some consideration when the budget comes down. The reason I have taken this opportunity to put forward a few of them is that the budget is a hard and fast document, and a debate on the budget affords very little hope of having constructive suggestions adopted. Yet we find that over half the income tax is paid by people whose incomes are $5,000 or less; we find these taxes going down to the lower brackets, with the result that production is discouraged. We cannot expect to have a better standard of living if we do not do something to encourage production.

Here may I draw attention to the platform of the Progressive Conservative party as laid down at its convention last October. The suggestion was that exemptions for children should be increased by $200 per child. That is to say, it would be $300 per child where the mother of such child is in receipt of family allowances, and $500 per child where family allowances are not received. At the same time personal exemptions should be increased to at least $2,500 for married persons and $1,250 for single persons.

Some hon. Members: Time.

Mr. Cruickshank: Too bad you couldn't read the last page.

Mr. L. D. Tremblay (Dorchester): Mr. Speaker, I wish in the first place to join wholeheartedly in the well-deserved compliments which have been paid to the mover and seconder by hon. members who have preceded me. The hon. member for Essex West (Mr. Brown), who was elected to the house in 1945, was not long in winning the friendship of his fellow members. No sooner had he arrived here than he was noticed for his industry and his regular attendance in the house as well as in committees of which he was a member. He was noticed for his courtesy and his ever-present cheerfulness, and for his understanding of the various problems constantly brought to the attention of hon. members. Those qualities were strikingly exemplified by the splendid speech he delivered in moving the address. I am glad indeed to congratulate him.

(Translation):

Mr. Tremblay: Mr. Speaker, the hon. member for Laval-Two Mountains (Mr. Demers), who seconded the motion on the address in reply, had just crossed the threshold of this house for the first time, when, in his maiden speech, he displayed the great qualities of heart and mind that immediately earned him the esteem and regard of all his colleagues, after the splendid tribute of confidence he had received from the constituents of the county he represents here with such distinction. We congratulate him most heartily.

(Text):

No one needs to have a gift of prophecy to predict for both these hon. members a long and fruitful political career.

I do not claim that these few words of mine will add much to the thousand and one testimonials of affection and appreciation which flowed from all parts of the country after the rise to the position of Prime Minister of the man whom we are now so proud to have as our leader. Ever since the right hon. member for Glengarry (Mr. Mackenzie King) decided to relinquish the office he had held for so long because of the high confidence placed in him by the Canadian people, Canada and all democratic countries have found cause to rejoice in the fact that our country has been able to find among its most distinguished sons a worthy successor to that great man, the right hon. member for Glengarry, and his predecessors. Since he has been at the helm of state, each day we find cause to thank Providence for the wisdom, common sense, efficiency and enlightened patriotism which the new Prime Minister (Mr. St. Laurent) has constantly shown in the directing and managing of our national affairs.

The speech from the throne, which I intend to discuss in a moment, truly indicates his never-failing concern for all matters in the field of our political, social, economic and family life. On January 31 last in the Saskatoon *Star-Phoenix* Bruce Hutchison, referring to our Prime Minister's "curious instinctive shyness" said, among other things:

> At first meeting with a stranger this shyness is maintained as a kind of protective armour, but not for long.

As the leader of the opposition (Mr. Drew) experienced at the very outset. Mr. Hutchison goes on to say:

> Within five minutes it drops off suddenly to reveal the composite thing we call the Canadian, the authentic article by birth, instinct and environment.

And in conclusion he says:

> Such a man is now to undergo the test of parliament. But parliament itself will be tested in the process. We shall now see St. Laurent: the qualities of simplicity, frankness and homeliness, are the qualities which parliament wants in a national leader. We shall now see the trial of the most typical Canadian of his time.

Well, the test has taken place. Hon. members who witnessed it, or those who merely read *Hansard* of January 28 and 31, know that the so-called superman who now leads the official opposition—and whom I wish to congratulate upon his appointment to his post, where no doubt the justified mistrust of the Canadian nation will keep him permanently—must not depend too much upon that curious shyness of the Prime Minister. As a matter of fact, in the very first encounter the Prime Minister had not yet exhausted the five-minute period referred to by Mr. Hutchison when the house realized that the proud, magnificent, ostentatious new leader of the opposition was but a clay-footed colossus, after all.

With all my colleagues of the Liberal party, and all my constituents, I wish to pay tribute to the new ministers in the cabinet. The new Minister of Justice (Mr. Garson) is still a young man, one who had reached the top rank in the administration of his great and progressive province of Manitoba. His competence, his boundless activity, his untiring devotion to duty, his truly Canadian patriotism, marked him for the services of the whole country and the great responsibility he has now assumed, to the satisfaction of all Canadians.

Considering the present state of confusion among the democratic nations, the Department of External Affairs needed an experienced statesman, a poised as well as a determined Canadian to represent this country adequately among the united nations. The Prime Minister was well advised when he called to that position the hon. member for Algoma East (Mr. Pearson), a great diplomat who so creditably discharged the duties of under-secretary of state for external affairs.

As to the brilliant, popular and genial Minister of Reconstruction and Supply (Mr. Winters), whose rapid promotion is a well-deserved tribute to his industry and competence, we can apply to him the words of the Cid:

(Translation):

> In truth, I am still young, but those who are well-born do not wait for the lapse of many years before proving their worth.

(Text):

Let him not be shocked if his warm sincerity stirs some politicians who are dazzled by truth as though by light. The people will judge. The minister deserves our congratulations and has our best wishes.

Mr. Speaker, I do not intend to discuss every aspect of the speech from the throne. The Prime Minister, with his customary

clarity, analysed it brilliantly, and several ministers and members have discussed it from all angles.

It must be remembered, Mr. Speaker, that the first concern of the government is the maintenance of peace and security throughout the world. At the very outset of the speech from the throne His Excellency stated —and I quote from page 2 of *Hansard* of January 26:

> The first concern of government in world affairs is to ensure peace and security. To this end, Canada continues to support the principles of the United Nations charter. Our foreign policy is based on the realities and dangers of the existing situation. One of these is the communist menace. Until the United Nations are able to provide an adequate guarantee of peace and security, peace-loving nations will also be obliged to seek security by combining their strength.

Indeed, sir, our foreign policy is based on realities. After the last war, the second world conflict which has loosed its terrors and its miseries upon our generation, the whole world implored Divine Providence to give the leaders of nations guidance in order to enable them to build an organization capable of ensuring peace and security consistent with justice, and respect for the dignity of man.

Notwithstanding its shortcomings, the United Nations organization gave rise to a great deal of hope at the outset but, when his new league of nations proceeded to carry out what peace-loving nations expected of it, disappointment was heaped upon disappointment because, owing to the right of veto which the great powers had seen fit to reserve for themselves, any one of them could paralyse utterly any effective plan to prevent future wars. It soon became obvious that the Union of Soviet Socialist Republics would do everything in her power to prevent a powerful organization from checkmating her avowed ambition of expansion and world domination, and that she would consistently veto the creation of any body which could thwart her plan in this respect, and prevent her from realizing what she undoubtedly considers as the most essential part of her program, world revolution.

The democratic world was gripped with fear, and the greatest apprehensions seemed justified in face of the increasingly obvious inability of the United Nations organization to find a proper solution. The outlook was dark; the atmosphere was ominous. Were we bound for another unavoidable disaster? Could we really be slipping towards an abyss? Such were the questions which the anxious peoples of the world were asking themselves in the face of a desperate situation to which there was apparently no solution. What could we do before the implacable hatred of Moscow's atheists and their enslaved satellites? What could we do? Such was the question which all leaders and statesmen who were truly and sincerely striving to restore peace and happiness in the world anxiously asked themselves.

We were in 1947. The United Nations organization was meeting in London under the spectre of another war which haunted all minds. Could any headway be made at the London conference? Russia and her flunkeys proved more obstinate than ever. It fell to a Canadian to reawaken hope. He made a suggestion to the delegates of all the United Nations, and he presented it simply, unostentatiously, plainly and fearlessly. This is what he said:

> Nations, in their search for peace and co-operation, will not and cannot accept indefinitely an unaltered council which was set up to ensure their security, and which so many feel has become frozen in futility and divided by dissension. If forced they may seek greater safety in an association of democratic and peace-loving states willing to accept more specific international obligations in return for a greater measure of national security.

His warning that, if the security council were not made more effective, the states of the western hemisphere might be forced to form an alliance, was described in the New York *Herald Tribune* as one of the most significant pronouncements made before the general assembly. The idea gained ground. Last summer the western European states signed a mutual guarantee treaty, and now the speech from the throne states, at page 2 of *Hansard:*

> The north Atlantic nations, including Canada, are negotiating a security pact. The treaty when concluded will be laid before you for approval.

This idea of the peace-loving nations getting together in order to ensure world peace was first suggested, as I have said—and this will be to Canada's everlasting credit—by a Canadian, none other than the former Secretary of State for External Affairs who is now Prime Minister of Canada (Mr. St. Laurent). The speech from the throne states that the north Atlantic treaty will supplement the treaty of mutual guarantee, signed by the western European nations at Brussels last year. These treaties, bringing fresh hope to millions of human beings who want to live in peace, form a tremendous barrier against the unavowable manoeuvres of international communism. And to think there are in this country, in our good old province of Quebec, in this very house, shameless politicians who would endanger such defensive alliances between peace-loving nations in the hope of reaping some political benefit.

Those in the province of Quebec to whom I refer are well known to us. In 1911 they

joined hands with the Tory imperialists in order to fight their great compatriot Laurier, under the hypocritical cover of a narrow-minded and stunted nationalism. And now, masquerading under the name of independents and autonomists, they are about to lend their puny help to the Tories of 1949. And so, today, we witness a deplorable scene, a burlesque comedy in which a party leader goes on record as favouring a permanent union of the western nations, while Ivan Sabourin, his Montreal Cerberus, denounces such a union and advocates isolationism and neutrality.

For the enlightenment of that fierce isolationist in whom the leader of the opposition has full confidence I shall recall that His Holiness said recently—and I quote from a British United Press report published in the issue of *L'Action Catholique* of January 11, 1949:

His Holiness, Pope Pius the XII, declared to eighteen members of the British parliament that time was past when individuals, associations and nations could isolate themselves. You realize, said His Holiness, "that time is past when individuals, associations and nations could live in complete isolation."

Mr. Sabourin would do well also to ponder the following words taken from His Holiness Pope Pius XII's Christmas message to the world:

An earnest Christian cannot shut himself into an easy and selfish isolation when he comes across needy and destitute brothers, when he learns of the aberrations of a die-hard nationalism which denies or holds in contempt the common bonds which unite nations and place upon each other a great diversity of duties to the great family of nations.

I want to tell the leader of the opposition that these uncouth methods of his cast much discredit upon my province, and that my compatriots will never be fooled by his duplicity nor, may I add, by his Duplessis. Since the opening of the debate several of my colleagues from the province of Quebec have reminded the leader of the opposition (Mr. Drew) of our motto, "Je me souviens." The Tory leader, as was stated the other day by my colleague from Bellechasse (Mr. Picard), doubtless would give a great deal to have this noble and proud province of Quebec forget the aspersions he has heaped upon it. He is wasting his time, however, because when the oldest Canadian province gives its verdict at the next general election this modern hero, wrapped in Byronic gloom, no doubt will follow other worthy predecessors into the haven of Roche-Pauvre where, in days of old, Amadis sought to bury his despair when he had offended the lady of his dreams.

Those who dream of a great, strong, happy and prosperous Canada hail with legitimate pride the entry of Newfoundland into the Canadian confederation. Like the Prime Minister (Mr. St. Laurent), I believe that the great majority of Canadians, and all members of this house with a single exception, sincerely rejoice that the people of Newfoundland will now contribute to the greatness of our country. To our new fellow countrymen we extend our heartiest and most fraternal welcome.

I wish to point to certain other matters mentioned in the speech from the throne, such as the economic recovery of European countries in spite of the social and economic agitation systematically planned by the communists; the industrial development of Canada; the unprecedented level of employment; the freedom of trade in our country capable of ensuring to all a high standard of living, of social justice and of individual liberty; the St. Lawrence deep waterway project; the abrogation of appeals to the privy council; Canada's part in drafting the United Nations' trade charter and the general agreement on customs tariffs and trade to be submitted for parliament's approval during the present session. This brief and incomplete list is sufficient to show the variety and far-reaching effects of the problems our government must consider and solve, and to which I am sure it brings all the attention, patriotism and high degree of efficiency required.

There is one field of government policy to which I would like to draw particular attention; that is the health and welfare program. In this connection the speech from the throne states:

The national health program inaugurated by the government last year, is receiving co-operation from all the provinces. In supplementing provincial health measures, the program has already made a contribution to the health facilities of Canada and will thereby bring increasing benefit to our people.

In the masterful summary which he gave this house on February 23 last, the untiring Minister of National Health and Welfare (Mr. Martin) made known the strong impetus given to national health throughout Canada by the federal government's policy of helping the province. Recalling to us the outline of the national health program announced on May 14 last by the former Prime Minister, the Minister of National Health and Welfare declared, as reported at page 833 of *Hansard* for February 23, 1949:

(1) Federal grants totaling $620,000 have been provided to enable the provinces to make comprehensive surveys of the Canadian health scene.

(2) To strengthen and extend provincial health services, initial grants of $16,495,000 will be available each year for public health research and public health projects; to train professional health workers, to help crippled children, to fight venereal disease, to control tuberculosis, to strengthen cancer control campaigns, and to promote mental health.

(3) Great increases in hospital accommodation are being encouraged by annual grants to the provinces, totalling $13 million a year.

These grants make possible an additional expenditure of $30 million or more each year on Canada's hospitals and health services. This is almost as much money as was spent on public health by all governments in Canada—federal, provincial and municipal—as recently as 1933. This program of federal health grants is twice as much on a per capita basis as the federal health grants program in the United States.

Mr. Speaker, this is how the Liberal government of Canada co-operates with the provincial governments towards the health and welfare of Canadians. I take this opportunity to thank the government and more particularly my good friend the Minister of National Health and Welfare for having allowed my constituency, under the order concerning grants for building hospitals, a grant of $200,557.50. My constituents and all the citizens of Canada will not fail to note, I am sure, the spirit of justice, the broadmindedness, the generosity and impartiality of the Liberal government at Ottawa in the distribution of its bounty to the provinces of the Canadian confederation. Whether in the field of public health, family welfare or any other sphere, the Liberal government does not ask the provinces if they have a Liberal, a Conservative or other kind of government; it does not try to find out whether or not the mother who has just given a son to the nation supports the government; its beneficial legislation comes to the help of all the provinces and all the citizens of the country, and its solicitude extends to every Canadian, regardless of race, religion, language or political creed.

Among the most beneficial measures mentioned in the speech from the throne there is one, Mr. Speaker, which perhaps more than any other will warm the heart of every Canadian mother and father and which proves conclusively the concern of the government and its leader for the constant improvement of the living conditions of our large families. I refer to the one mentioned in paragraph 10, page 3 of *Hansard* of January 26, which reads as follows:

A bill will be introduced to broaden the scope of the Family Allowances Act, as a further instalment of the policy of the government to provide a national standard of social security and human welfare designed to assure the greatest possible measure of social justice for all Canadians.

We will always be happy and proud, Mr. Speaker, to be able to state that the Liberal party was the originator, the father of social legislation in Canada. I pay tribute to the leader of the government for his courageous and patriotic stand on the matter. It will remain to his credit and glory that at the very first session of his administration he made the welfare of our fine large Canadian families his first concern. Is it not strange, Mr. Speaker, that the elimination of the decreasing rate under the Family Allowances Act by the new Prime Minister, at his first session, should coincide with the entry into parliament of the new leader of the opposition, the most bitter opponent of family allowances who, when this act was introduced, stated on August 3, 1944, as reported in the *Globe and Mail*:

This bill is an outrageous bribe offered to the people of Quebec immediately before an election on which Mr. King's last chance of political survival depends.

And who, again on August 9, 1944, said over the radio:

But I assure you that the government of Ontario—

—of which he was then prime minister—

—intends to do everything within its power to make sure that this iniquitous bill does not go into effect.

After that Mr. Sabourin, the juggler, will rummage through his master's past in order to prove to the people of Quebec that "Drew is the father of family allowances." How ironical fate can be, Mr. Speaker, when it deals with political opportunists!

Knowing as I do the good disposition of the leader of the Canadian nation, who is also a good father, I shall conclude by calling his attention and that of the Minister of Finance (Mr. Abbott) to a feature of our taxation system which constitutes a heavy, if not unjust, burden upon the shoulders of the heads of households. It is the paltry $100 exemption granted for each child in receipt of family allowances and the inadequate $300 exemption in the case of each dependent child over sixteen years of age and under twenty-one still attending school.

A memorandum recently forwarded to the proper authorities by the chamber of commerce of Montreal contained the following recommendations:

That the $750 exemption granted taxpayers having no dependents be increased to at least $1,000.

That the $1,500 exemption granted taxpayers having married status be increased to at least $2,000.

That all exemptions granted in favour of children and other dependents be increased to at least $400 per dependent instead of $100 and $300, family allowances being excluded from consideration and being entirely separated from the system of taxation applicable to taxpayers with dependents.

Not only do I fully agree with the above suggestions, but I would go even farther. I believe that the legal exemptions from income tax should be increased to $3,000 for the heads of families and $1,500 for a single person. I am asking the government to enact this. Those who have gone through the hardship which the raising of a large family entails, and who have sacrificed themselves to give their children the benefit of a university education, know quite well that it is not when the children are fifteen, eighteen or even twenty years old that the cost of their education is the highest. It is highest when

the children are between twenty and twenty-five. The burden upon the father of a family with two, three or four children attending university is a frightening and crushing one. The government should extend the exemption granted for children until the children graduate from the university. Furthermore, this exemption should be increased to at least $400 for each child.

These suggestions are being offered to the government on behalf of thousands of Canadian fathers. I am confident that the budget will show how far the government is prepared to go in helping them.

Mr. E. L. Bowerman (Prince Albert): Mr. Speaker, there is a matter with which I should like to deal before this debate is concluded. It has to do with the treatment of Indians in northern Saskatchewan, of which my constituency is a part. The throne speech fails to refer to this matter and some of us are wondering why. For the basis of my remarks, Mr. Speaker, on the educational requirements of treaty Indians, I intend to use a brief submitted by Mr. M. F. Norris, Saskatchewan government field agent for northern Saskatchewan, and a survey made by C. H. Piercy, the northern education administrator for the same government.

While treaty Indians are constitutionally the responsibility of the federal government and the department of Indian Affairs, they are also citizens domiciled within the provinces. I should like to call to the attention of this house that the government of the province of Saskatchewan has fulfilled its obligation towards providing educational facilities in the northern settlements of Saskatchewan for Metis and other franchised citizens. This is in keeping with the mandate given that government which maintains that, so long as any person or group of people in this province is under-privileged, the social and economic democracy to which the government is pledged cannot be realized. In the case of the Indian settlements the responsibility is primarily upon this government and the department of Indian Affairs.

In a report of a survey made by C. H. Piercy, northern education administrator, he submits the need for schools in settlements in northern Saskatchewan where the population is predominantly treaty Indians. Twelve such settlements in northern Saskatchewan are mentioned in which schools are required. In addition, he recommended the replacement of three schools. He further recommended that construction of these schools and grants for them be shared by the dominion and provincial governments on a proportional basis according to enrolment. In the case of Stanley and other such similar settlements where treaty Indians predominate, the responsibility is primarily that of the department of Indian affairs.

Mr. Speaker, the crown promised to provide schools for Indians. In the book "The Treaties of Canada", Lieutenant Governor Alexander Morris stated:

> The treaties provide for the establishment of schools, for the instruction of Indian children. This is a very important feature, and is deserving of being pressed with utmost energy. The new generation can be trained in the habits and ways of civilized life—prepared to encounter the difficulties with which they will be surrounded by the influx of settlers, and fitted for maintaining themselves as tillers of the soil.

While such an eminent person as the former lieutenant governor advocated that education should be pressed with utmost energy, it is unfortunate that subsequent agents of the crown have not fulfilled their obligations to treaty Indians in this regard.

The union of Saskatchewan Indians, representing treaty Indians in every part of the province, have long realized the urgent need for a progressive program of education. They have made repeated requests for this through the proper constitutional channels. In a brief submitted by that organization in May of 1947, there is a detailed outline of their educational requirements. Again at their annual convention, held in the city of Saskatoon in January of 1948, they reaffirmed their request for educational facilities in the following resolutions:

> (a) Whereas the treaty Indians, members of the John Ballantyne, Amos Charles and John Roberts bands, resident at Deschambault lake, Pelican Narrows, Lac La Ronge and Stanley settlements, represent bona fide locals of the union of Saskatchewan Indians and,
>
> Whereas we reaffirm the representations made by the union in May, 1947, with regard to education and schools, and
>
> Whereas we have forty-six children, twenty-nine of whom are of school age at Deschambault lake and greater numbers at Pelican Narrows, Lac La Ronge and Stanley, all of whom reside with their parents at their respective settlements.
>
> Be it resolved that we petition the Indian Affairs branch, requesting that day schools with teacher's residence be established at the places hereinbefore mentioned at the earliest possible time.
>
> (b) Whereas the union of Saskatchewan Indians have made representations to the Indian Affairs branch with regard to education, and
>
> Whereas the need for education is such that early and immediate implementation of education facilities is of paramount importance, and
>
> Whereas in the third report of the special joint committee of the Senate and the House of Commons, to both houses of parliament at the conclusion of the 1947 sittings, it is recommended among other things, "That the whole matter of the education of Indians be left over for further consideration,"
>
> Be it resolved, that we urge in the strongest terms possible that immediate implementation be effected to our representations for educational facilities in northern Saskatchewan.

With respect, sir, to the above resolutions, attention is directed to a subsequent report made by the special joint committee hereinbefore mentioned, at the conclusion of the 1948 sittings wherein it is mentioned that since May 13, 1946, the said committee had held one hundred and twenty-eight meetings with one hundred and twenty-two witnesses heard. In addition, 411 written briefs from Indian bands and organizations have been received. In the report submitted the committee recommends, among other things, the following:

Your committee recommends the revision of those sections of the act which pertain to education, in order to prepare Indian children to take their place as citizens.

Your committee, therefore, recommends that wherever and whenever possible Indian children should be educated in association with other children.

Further, sir, the union of Saskatchewan Indians assert that there are in the province of Saskatchewan at least one thousand treaty Indian children who are without school facilities. Of this number it is estimated that approximately sixty per cent or six hundred are residing in northern Saskatchewan.

The following figures, covering four settlements only in northern Saskatchewan, were recently supplied to me by the person I have already named:

Settlement	No. of treaty Indian children of school age	No. attending residential school at Prince Albert	Balance not attending school
Stanley	67	12	55
Pelican Narrows..	45	9	36
Deschambault ...	25	3	22
Lac La Ronge....	60	33	27
Total	197	57	140

These figures are representative for treaty Indians in northern Saskatchewan. It will be observed that only approximately thirty per cent of the children of school age are attending school. It may be argued by those who are unsympathetic to the establishment of day schools for treaty Indians that there is at Prince Albert a residential school which they may attend. I should like, however, to call to the attention of the house a statement made by one of the chiefs of one of the Indian groups. I shall quote his letter in full. It reads as follows:

My belief and my earnest desires are these. I believe that our government should abide by their treaties with us Indians in the way of education; to establish day schools on our reserves they will be contributing the greatest single factor for our advancement. Education is something that should be continually improving. The children of today will be the men and women of tomorrow. It is therefore very important that our children are equipped with facilities for earning a living in a modern world.

The children should learn to be able to think for themselves, and be prepared for living with others. Does the present system give us the highest standard of education? No. We have come to the stage where we are more particularly interested in education as a way of life. We want it to teach our children how to live among their fellow men, how to adapt themselves to others and how to meet life's situations in the school room, from which they will derive lessons which will govern their conduct in later years. Working for the common good of all is the basic principle. It is up to all of us to work for better educational facilities, as we want our boys and girls to be able to accept the responsibilities of tomorrow. We are now living in a time of great opportunity.

We Indians feel that we have not been treated in the past as if we were members of the human family, or like citizens of Canada. Nor do we feel that we are at present considered worthy to participate in the benefits arising from the modern way of thinking. We resent this as an insult to the dignity of man in us—that feeling which we have inherited from our worthy fathers, the Indian chiefs, whose advance towards a brighter life has been so cruelly interrupted by the unscrupulous usurpers of our rights. We demand that the government of Canada accept our petition of rights in the same spirit that other rights of mankind throughout the world are accepted.

When our country suffered a depression and the governments found it necessary to relieve the situation by various relief measures, we Indians were not considered for the same benefits, and we starved when our neighbours, some of whom were not even required to be Canadian citizens, were given help by the government. That was not right, was it?

When all the people of the provinces are having schools in their communities, our children are taken from us and we don't see them for a year at a time. Don't we love our children? Don't our hearts break with longing for the only thing we have in life? Does not blood run through our veins? Are we made of different material to the white man? Do our children need the loving companionship of their mothers and fathers less than the white children?

Are we made of stone that has no feeling? Don't we feel the pain of a hungry heart as does every human being? Why are we deprived of the simple rights that God has conceded to every one of his children? We want the white man—our white brothers—to practise his Christianity the same which he has preached to us Indians. We want him to demonstrate that God's love covers all people. Indians are unable to exercise the cruelty of depriving children of their parents as the present system of education facilities provided the Indians entails. We should have our schools right at home, where parents, teachers and the children will be in constant living contact with each other. This would relieve the present heartache suffered by Indians in their separation from their children.

And, Mr. Speaker, he continues in this manner:

Why do our sons fight for the principle of democracy when at home we Indians are not accorded these simple fundamentals of decent living? Give us back our freedom and our privileges which we enjoyed before we were dispossessed. We Indians are sometimes subjected to the kind of indignities that our fascist enemies have inflicted on freedom-loving peoples. This situation makes it difficult for us to distinguish between the evils we hear about in fascism and the democracy that we are fighting for. Is there a special justice for Indians? We do not believe it! We'll fight for our rights! We

would rather be dead heroes, worthy of our forefathers, than to be like rats, a shame to our ancestors, a disgrace to our children. When the four freedoms finally come to this world, may we have our share?

I should like to give a little bit of additional information concerning these educational matters as they affect the residents of northern Saskatchewan. I wish to refer to certain settlements in particular, in order to give a brief picture of the situation in those settlements.

At Stony lake and Black lake there are 255 treaty Indians and sixty-five Metis people. There are no educational facilities for the treaty Indians. At this place there is an Indian agency. A residence was built for the agent and completed last fall. The estimated cost, fully furnished, is $17,000, but in that settlement there are no school privileges for some 255 children. Of medical services there are none.

At Fond du Lac there are 258 treaty Indians. There are no educational services for the treaty Indians in that settlement. There are no medical services for these Indians. There are no statistics as to the numbers at Garson lake, but there are no educational and medical facilities there. While at this settlement money has been provided by the Saskatchewan provincial government, through the department of education, for the erection of a school, this has not been built owing to a suggestion emanating from J. P. B. Ostrander, superintendent of Indian agencies, Saskatchewan, that the treaty Indians residing there at the present time would be moved to the north end of Peter Pond lake. That was two years ago. These two years have gone by and nothing has been done.

At Dillon the Indian population is 221. There are no educational facilities for the treaty Indians. At the Clear lake settlement situated on the west bank of Churchill lake, approximately twenty-five miles from Buffalo Narrows, there are 309 children. There are no educational facilities for these treaty Indian children. I could go over the whole list of these Indian settlements in the upper part of Saskatchewan.

I have gone to some length to place on the record the immediate need of our northern Saskatchewan treaty Indians for schools and educational facilities, which we promised long ago. I have done so because it seems to me that the government's refusal up to now to reconstitute the committee on Indian affairs, or to mention it in the speech from the throne, is evidence that they have decided to drop the whole matter, or have failed to arrive at any definite decision on policy. Meanwhile, as in the past, in many instances the government is permitting this disgraceful neglect to continue. So far the work of the committee has been that of investigating the deplorable conditions existing among the vast majority of our Indians. It was the unanimous opinion of this committee that the Indian Act needs to be revised in order to implement the necessary changes required to complete the work assigned to the committee. Therefore, Mr. Speaker, I would urge that without delay the government implement the recommendations of the committee with regard to setting up immediately a claims commission and the redrafting of the Indian Act.

The manner in which we have fulfilled our treaties and obligations to the original citizens of this land is a disgrace to us. Canadians everywhere are incensed at the indifference of this and past governments in regard to this matter.

Mr. R. J. Henderson (Lambton-Kent): Mr. Speaker, I rise to make a small contribution, humble though it may be, to this debate on the address in reply to the speech from the throne. Without going any further may I say that I have noticed that nearly all hon. members have had a bundle of papers in their hands when they rose to speak. Therefore, Mr. Speaker, I hope that you will overlook the fact if I adhere very closely to my notes.

By now we realize that many worthy contributions have been made by the previous speakers, and we would almost think that nothing more could be said; but ideas are inexhaustible. Some of the speakers that I have heard have been very critical of the government and its policies. Others have come to the rescue of the several government activities, and still others, like myself, have been neutral and have suggested ways and means to make this Canada of ours greater and better. In many instances these ideas have been worthy of consideration. In many other instances, because of our financial structure, they were well nigh impossible of implementation.

Before proceeding further I shall pay my respectful tribute to the mover and seconder of the address in reply to the speech from the throne. To the mover, the hon. member for Essex West (Mr. Brown), I wish to pay a special tribute and extend to him sincere congratulations on a job well done. The hon. member is from my home town of Petrolia, having been born and having received his elementary education there. He was initiated into the language, the ways and the smell of our product, hard rock oil, in infancy and even yet he pays tribute to that town, and divides his allegiance between his present city of Windsor and his boyhood home of

Petrolia. I do feel that his first love is for Petrolia. It is more abiding, and no prouder tribute can be paid to him, nor one that gives him a greater thrill, than to be called, as we all proudly are, a hard oiler.

I wish also to pay a tribute to the seconder, and extend to him my congratulations on his excellent reply. I had to read the speech of the hon. member for Essex West in *Hansard* the next day. He stood so far away from where I sat that I could not hear it all and get the exact connections. The same is true of the seconder. Although he spoke loudly, he spoke in his native tongue; and, like many others, I had to wait for the translation before enjoying its contents. It was an experience that will live long in the memory of these two young men, and it is an honour which is extended to the very few.

As is customary on occasions of this kind, I wish to extol the many virtues of my home constituency of Lambton-Kent. I think it is fitting and proper that I do so now, since in this year, 1949, we are celebrating our one hundredth anniversary. Committees have been set up by the Lambton-Kent council to prepare plans and make arrangements for this gala event. I do not know what the final arrangements are, but I can assure you, Mr. Speaker, hon. members and the members of the press gallery also, that everything worth while will be done to make this an historic occasion.

Incidentally, in mentioning this centennial in Lambton county I should like to take this opportunity to mention another one hundredth birthday. It is that of the London *Free Press*, which has rendered one hundred years of service to its home city and to all western Ontario. The *Free Press* this year rounds out a full century of service. I should like to voice on behalf of all members of parliament who represent constituencies in western Ontario—and there are more than twenty of them in the two larger parties—the congratulations expressed respecting this public service newspaper. I hope it will continue to serve and continue to share in the advancement and further development of western Ontario for another full century at least.

Originally my county of Lambton actually formed part of the counties of Kent and Essex. But when our population reached the 7,000 mark we were able, by provincial legislation, to become a separate unit. We were given legislative representation and local municipal government by both local township councils and county council authority.

We have a fine municipality of an area of some 1,000 square miles, comprising ten townships, three towns and eight villages, and also the large and thriving city of Sarnia. Originally Lambton county was a very heavily timbered area with hardwood forests in the north and on the higher gravelly soils, and the soft woods, elm and ash, on the lower and swampy areas. I have mentioned that these forests were a great source of revenue to the hardy pioneers. But eventually the land was cleared and agriculture and mixed farming on our many well-tilled farms was developed, and is now carried on successfully. To assist our farmers we have an excellent department of agriculture. This department is headed by a graduate of the agricultural college at Guelph, with junior assistants helping him. The department has done much to put our several farming activities on a higher plane; and we now have as our slogan: If a farmer cannot succeed in Lambton he cannot succeed elsewhere.

It is true we have a fine type of agricultural soil, varying from the lighter gravelly loams to the heavier clay types. We have no natural drainage, and ditches must be dug and maintained to drain off the top water and provide outlets for our underdrainage.

This adds materially to the heavy burden of municipal taxation. But we have learned that drainage, and even more drainage, is not only essential but compulsory. This, and the maintenance of our soil fertility, comprise two of the problems which we have learned to master. This leads to a diversity of farm projects, varying from our fine fruit land of the north, our celery beds and onion surpluses, to the growing of wheat and the coarser grains, our large acreage of husking hybrid corn and beans, and last but not least our canning products and large acreage of sugar beets. All these, with our rich and succulent pasturage areas with their cows and fine herds of beef cattle or, as the case may be, dairy herds, have given our farmers an era and degree of prosperity that is not surpassed elsewhere.

But like all other areas across Canada we have our social problems with which to contend. One of these, which has been stressed and illuminated by many other hon. members in this debate, is that of old age social security for the rising generation, and particularly for those who have already reached the age of seventy and, one might say, the stage of insecurity.

It is true that we have what might be called an old age pension plan, making provision for $30 a month, with a means test. The federal government contributes 75 per cent or $22.50 and the several provincial governments 25 per cent or $7.50 a month. The provinces are to administer the act and, because of this administration cost, their payment is about the same as that from the federal treasury.

In addition to this $30 a month the provincial treasury could augment this by any sum it saw fit and practical. We in Ontario can get from the provincial treasury an extra $10 a month in cases of extreme need or where circumstances warrant it.

Practically every pensioner felt he or she was eligible and applied for this extra, which meant an immense amount of reviewing and detailed examination of applications and living requirements. Little by little pensions are being increased, but even yet with the increase due to the high cost of living, particularly of food and fuel, many of these senior citizens find they must skimp and sacrifice to eke out a bare existence.

Some will argue that our financial circumstances will allow us to raise the pension to $50 a month at the age of sixty-five for males and at the age of sixty for females, with the abolition of the means test; and others who are in responsible positions will argue that this would impose a greatly increased financial burden which our young and growing country could not undertake.

Much has been said about the means test; and as I had much to do with filling out many applications, while serving as a municipal clerk, I shall try to place on *Hansard* just what this means. I note the new and modern applications vary but little from the older ones. In many instances they are most embarrassing for the applicant to answer.

However, as long as the means test is in vogue, I cannot find much out of place with the line of questioning followed. I do believe, of course, that this iniquitous test should be abolished entirely.

I wrote to the Department of National Health and Welfare here in Ottawa, and they were good enough to forward to me an application form which a person applying for old age pension would have to fill out in the presence of a municipal clerk. We hear a good deal about the means test. I imagine a good many people have never seen this application form, and I trust they will never reach the stage where they may have to ask that same be filled out in their names.

The first requirements on the form are for age and name. Then we come to the request for the date of birth. As one who has occupied the position of a municipal clerk, I know it is most difficult in many instances to find out and to trace the date of birth of an applicant. This is a most necessary requirement, however, and the filling out of the application must be deferred until that information is secured.

Before 1869, I believe it was, there were no registrations of births. The municipal clerk who preceded me in office was, at the date of his retirement, well advanced in years. He had reached the age of eighty-five, having held office at the time of the Fenian raids. When the registration of births was made compulsory many people were averse to having the births of their sons registered because they felt such registration would make those sons eligible for military service. The result is that there are many now reaching the age of seventy who find, when they search for their birth certificates, that they are not registered anywhere. Yet on many occasions I have conducted searches in family bibles. The old age pensions commission accepts the bible as a registration to prove age. All of us will recall that in the pioneer homes the family bible was an essential part of the furniture, and held the place of honour in the centre of the table in the parlour.

The difficulty with respect to getting the date of birth is now overcome through the clerk filling out a form and sending it to the vital statistics branch at Ottawa, which branch in turn goes through old census records to get the required information. Now that matter is expedited, and applications are not so long in being granted. There is in this form the means test about which we hear so much. Question No. 20 has to do with the income of the applicant and spouse, and involves a description of what their income is, and from what source it comes. Then the income of the applicant has to be shown as so much and in the next column the income of the spouse is shown as so much. Question 21 deals with the means of subsistence of the applicant and spouse. I find that, when these old people reach the age of seventy, they have not very much on which to exist. Question 22 is about real property owned by the applicant and spouse at the dates of the application. If the applicant owns a small house he has to give a description of the property and must show the assessed value. If it is owned by the spouse the assessed value also has to be shown. In 1948, I believe, all property up to a value of $2,000 was exempted under the Old Age Pensions Act.

A good many old people have become very hesitant about applying for the pension because they are afraid they will have to assign their small properties or small holdings to the government, and that on their death the government will be able to step in and take them away from them. For that reason they were very hesitant about applying, but in the year 1948 property up to a value of $2,000 was exempted.

Question 23 concerns personal property owned by the applicant and spouse at the date

of the application including cash on hand owned by the applicant and owned by the spouse, which is sometimes very small, money in post office, savings bank, chartered bank or other institution.

Mr. Martin: Is that a dominion government form or a provincial form?

Mr. Henderson: It is a form of the department of welfare.

Mr. Martin: But what government?

Mr. Henderson: It is the Old Age Pensions Act, 1948.

Mr. Martin: That is a form of the provincial government of Ontario, is it?

Mr. Henderson: I think so; they are the only ones who issue the forms in administering the act.

Mr. Martin: I want to get that on the record.

Mr. Henderson: I think the form covers several parts of the Old Age Pensions Act. Then under question 23 there is a question about money loaned or held in trust for the applicant or spouse, and the name and address must be stated. Then they have to give the value of any livestock. They have to declare any securities owned by the applicant or by the spouse, and interest in business or venture of any kind owned by the applicant or by the spouse. Particulars have to be stated as to other properties owned by the applicant or owned by the spouse. In answer to question 24 the applicant and the spouse have to state whether they transferred any personal property exceeding a total value of $500, or any real property, to any person or persons within the five years preceding the date of the application. Then particulars of real property transferred must be shown, including the name and address of the person to whom the transfer was made, and the relationship, if any, the date of the transfer, and the amount still due. Then they have to show the names of all living sons and daughters and the amount contributed by each for the maintenance of the applicant or spouse during the past year. Here you have to give the names of the sons and daughters, their age and occupation, whether the son or daughter is married or single, the number of children the son or daughter has, the income of the son or daughter during the past year, the amount contributed by the son or daughter, and whether the son or daughter is living with the applicant. Then the applicant signs the form. These are the questions asked by the department of public welfare.

Under form 4, the Old Age Pensions Act, 1948, the applicant must consent to inspection of assets. The form reads:

> I, ... an applicant for a pension under the Old Age Pensions Act, 1948, consent that the investigator under the act inspect and have access to any account held by me alone or jointly, in any bank, trust company or other financial institution or to any assets held in trust for me by any person or any records relating to any of them.

The applicant must give the right to the inspector under the act to go to any bank and inspect the amount that the applicant may have there, if he has anything. In a good many cases they have not.

I am sure we are all pleased with the new set-up, announced last week by the provincial treasurer, whereby a long-required need has at last been budgeted for. That need is for homes for the aged and the maintenance of them. It is a new step, and it is going to fulfil a long-felt need. It is a step in the right direction, if ever one was taken, whereby the province will pay fifty per cent of the cost of building such homes, and fifty per cent of the cost of maintaining them. They are not to be established indiscriminately here and there, but in every municipality in the province of Ontario. At the present time we have such homes in my town of Petrolia. I can recall four homes which private persons have established in my county for taking in old age pensioners. They have what they call mass feeding and mass production. I know that in one home in my town the charge is $38 a month. Some of them charge $30 and others $40 and $45 a month. The pension of $30 a month is augmented by a grant from the local township council or from the county council.

Ontario has ever been in the lead in social legislation. Just as our workmen's compensation act has been a model for others to follow, so also will this newer and modernistic social service of providing homes in every municipality head the list; and it will no doubt be taken up and followed by our sister provinces to the betterment of the welfare of our older citizens who are so deserving of this grateful treatment we have in store for them. I hope when these homes are established we shall give them a name befitting the purpose for which they are intended, and not call them by some name that is derogatory to our good intentions. We have spoiled the purpose of some of our good institutions by an ill-fitting name. For instance, our first social need was in the form of an institution called the poor house. I can recall the revulsion of people to going to that place because for too long it was considered a disgrace to have to go to the poor house. We softened up a bit, and now we make it more acceptable by calling it the house of refuge.

Even with this name it is still associated with the poor-house idea, and creates an atmosphere of horror. First names create an idea that seem to stick down through the ages. As we are now launching on a new idea of social reform, let us give these newer institutions names befitting the purposes for which they are being created. I suggest that the Department of National Health and Welfare offer a suitable prize to the person suggesting the most applicable name, one that will never carry the stigma of public beneficence.

I believe these homes will fulfil a long-felt need; but I still have faith in the youth of our land, who soon will be our senior citizens, and believe that as time goes on they will provide their own social security by well-devised plans of their own, apart from government paternalism. The sooner this becomes an actuality, the stronger, the better and more virile our nation will become.

I find no fault with those who are up in years now, with their earning capacity gone, and who find themselves in want. They had no guidance given them in any of the ways the young and growing in our land have today. I refer to the many insurance plans, government annuities and other fields of investment that are both appealing and consistent. I do know that in the field of insurance a great majority of our youth are making plans for their future. Study the annual reports of our many insurance companies and a beautiful story will unfold, that of continued growth through over-all annual increases in insurance taken out.

My plan of thinking was changed considerably by an editorial which appeared in the London *Free Press*, which no doubt many hon. members have seen, dealing with this particular phase of social security. I should like to read just a paragraph or two:

> In Canada where vast sums are to be spent by federal and provincial governments on various aspects of national health, state medicine is under brisk discussion by both doctors and laymen. The tremendous growth of the various voluntary insurance health schemes reflects the tendency of the times, also the frightening cost of hospitalization and adequate treatment . . .
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> The Canadian medical association has a continuing study under way. There has been a movement toward more or less local plans in each province and a tendency to deal with different aspects separately—hospitals, treatments, home services and so on. The energizing force behind all this "new look" in medicine is the universal demand by laymen for extended services at reduced costs, a necessity they intended to see met in one way or another.

At the present time we are all more or less insurance conscious. There is no trouble selling insurance now; as a matter of fact we actually go out and buy it. Our pioneer forefathers built up an estate by themselves in the only way they could; that was by building a home of their own. Many of our youth are doing the same thing today, and they are also augmenting their future security by some form of life insurance. There is no difference in the targets if you decide to build, pay for and own a $10,000 home or business or if you decide to pay for and carry out the requirements of a $10,000 life insurance policy or government annuity. The end is social security, attained by a different route.

The tremendous growth of our many voluntary health schemes reflects the tendency of the times. Practically every earner has voluntarily come under some hospitalization plan at a low group insurance rate. In my locality the Blue Cross is very popular as a group plan, and as it is operating for service more than for profit, it is offering more and more by way of health benefits as time goes on. We also have some medical plans of insurance, such as the Windsor medical plan, where on payment of a small annual fee, free medical services can be secured. This is far removed from state medicine, and is voluntary on the part of our medical practitioners and those seeking the benefits such a plan can give.

On the whole, and being very optimistic as to the future, I can see a decrease in the social services required. It is true that they are very great at present, and probably will remain so for at least twenty years to come, during which time those reaching sixty-five or seventy years of age may have to be looked after. But I am very optimistic as to the future, because I believe that as time goes on these various forms of health insurance, social security and so on will enable our people to take better care of themselves. Given a chance, I am sure our future citizens will be able to take complete care of themselves in their advancing years, and that all they will ask of the government is good social guidance. Then we will have a Canada of which we can say we have pride in our past, belief in our present and faith in our future.

Well, Mr. Speaker, it is coming near the time when we must fill in these income tax forms. We have all been anxious to see the simplified forms promised us by the Minister of National Revenue (Mr. McCann). Not long ago I secured mine, as many hon. members did, after that little trip we all make to the nice sunny room in the southwest corner of the basement floor. There we get two things, one very popular and the other not so welcome. Being a part-time farmer, I chose the form suitable for my situation. I have the agricultural application form in my hand, and must offer some plain, constructive criticism concerning it. This is the new form, which we were promised would be much shorter

than that of last year. I find that this year it is down to four pages for the farmer, and that it is quite a lot like a love story, only when all is said and done income tax is no love story. If you are in a hurry when reading a love story you generally look at the first chapter to find out all the particulars, who is in love with whom and what the particular hook-up may be. Then you turn to the last chapter, where you find that they have got married and are living happily.

So it is with this income tax form. There is nothing wrong with the first page; you list your name, occupation, and so on. Then pages 2 and 3 are full of things the farmer does not understand or know anything about. "Do not include the following exemptions," it says. "Your family allowance." That is all right; you do not include that. "Unemployment insurance benefits." Here the farmer begins to scratch his head. "Sickness and accident insurance benefits; workmen's compensation benefits; war disability pensions; non-taxable portion of pension or annuity income; war service gratuities; re-establishment credits; educational, vocational and technical training benefits received by discharged members of the forces or their dependents." I do not find fault with any of these items, but I do find fault with the way the whole thing is set up. You have to turn away over to the back page, where in a small, cramped space you see the heading, "Income from farming or fishing." The only information the farmer needs for the calculation of his taxable return is found in a small, cramped position in the finest print on the very last page of the form. Of course, there is a little book sent out with these forms which the farmer reads. I know the attitude of the farmers towards this matter because when they get stuck they come to me for help. I give them a start on it and then they can go through the remainder of it. Here, we see a heading, "Crops and seeds." The farmer has to put a value on that. If he sells any of it, we know he has to put a value on it. At the very last we find the part of the form the farmer should make out first. When he starts to read the form and sees all this unnecessary stuff in between, he sees red, tears the form in two and throws it away.

I would recommend to the Minister of National Revenue (Mr. McCann) that the income statement on the farmer's income tax form be put on the first page. The income received from the farm could be shown on one side and the expenditures on the other side. If the remainder shows the farmer is in the red, he will not have to pay any income tax. I notice all these headings on the tax form are in red, so I presume the farmer is supposed to be in the red. I believe if the minister took my advice the farmer would be happier about filling out these forms. I know that is a fact. In this regard I am like the apostle Paul; I can testify whereof I have seen. The farmers have told me about it. I hate to go home because the farmers come to my door with their income tax forms in their hands requesting my help.

Do not think the farmer is averse to making out his income tax form. The information requested of the farmer is beyond his capabilities. I do not mean to imply the farmer is not intelligent, but these forms are beyond his comprehension. We want the farmers to co-operate in this matter. The farmers are honest and honourable. They wish to pay their share, but these income tax forms are not helping the situation. I see that my time has expired, Mr. Speaker, but I want to thank you for listening to me so patiently.

(Translation):

Mr. Jean Lesage (Montmagny-L'Islet): Mr. Speaker, at the outset I wish to join those who have already spoken in congratulating warmly the mover of the address in reply to the speech from the throne, the hon. member for Essex West (Mr. Brown), and the seconder, the hon. member for Laval-Two Mountains (Mr. Demers), on the excellence of their speeches.

I do not intend to make a long speech. I thought I might deal with a few subjects which are of special interest to those I represent in this house, the electors of the constituency of Montmagny-L'Islet.

My constituents form two main groups; on the one hand, the farmers and on the other the workers employed in industry, large or small. The industrial workers of my constituency are more prosperous than they have ever been up to now. The prosperity brought about by the last war has continued and they still benefit largely from it, although there are certain indications of a slight decrease in employment. I sincerely believe that this trend is only seasonal and the workers of my constituency may rest assured that the government of their country will do all in its power to ensure proper and stable employment, that they and their families may keep on enjoying the comforts to which they are entitled.

The case so ably stated the other day by the hon. Minister of Trade and Commerce (Mr. Howe) was most gratifying to us for, if we can rely on the figures he quoted, as we have every reason to, industrial production and trade will no doubt be as great in 1949 as in 1948.

For a few days farmers had been a bit concerned at the news, especially press reports of falling prices for second grade butter, which brought on some uneasiness.

In Quebec, and Ontario too for that matter, but especially in Quebec, and in my constituency, the dairy industry is the basis of agriculture.

The dairy industry accounts for 36 per cent of the farming income in the province of Quebec, and the proportion is undoubtedly the same, if not higher, in my constituency. If anything is done involving serious harm for the dairy industry, agriculture will surely be ruined in the province of Quebec.

Let us bear in mind that farm prices are guaranteed by the dominion government. Let farmers remember that it was the dominion government which set floor prices on first grade butter and guarantees that butter prices will be held at levels permitting farmers to operate at a profit, considering their production costs.

Of course what worries the farmers of Montmagny-L'Islet is the margarine issue. I wish to discuss it, because I have had many representations on that matter from farmers in my constituency. They feared that the placing of margarine on the market might cause considerable harm to the dairy industry in particular, and to agriculture generally.

Representations made to me are perhaps due to the fact that certain political opponents, more concerned with fancied political success than respect for the truth, spread the rumour and even said openly that the sale of margarine in Canada was due to some action by the federal government.

Mr. Speaker, anyone conversant with the facts knows that it was the Senate which proposed, at the last session, that the question of the validity of the ban imposed on margarine be referred to the supreme court. This ban on margarine was imposed by section 5 (a) of the Dairy Industry Act, R.S.C., 1927, c. 45. The supreme court was being called upon to decide whether the manufacture and sale of margarine or oleomargarine was actually within the jurisdiction of the central government which in 1886 enacted legislation prohibiting the manufacture and sale of certain butter substitutes. Subsequently, this law was incorporated into others and finally became a part of the Dairy Industry Act, as I was saying a moment ago.

[Mr. Lesage.]

Various public groups were represented at the supreme court, including the federal government. The deputy minister of justice, Mr. Varcoe, representing the latter, held that the act was intra vires of the federal government's jurisdiction, and was valid; whereas other public bodies, such as the Quebec provincial government, represented by L. E. Beaulieu, K.C., held that the matter was within the exclusive jurisdiction of the provinces and that, therefore, the federal statute was unconstitutional. As a matter of fact, Mr. Beaulieu, in his brief, presented in the name of the attorney general of Quebec, dated September 21, 1948, concluded his argument thus:

> For the above reasons, the Attorney General for Quebec respectfully submits that section 5, subsection (a) of the Dairy Industry Act, R.S.C. c. 45, is invalid, ultra vires and unconstitutional.

The supreme court passed a judgment on December 14, 1948, and decided by a majority of five against two that the section in question of the federal statute prohibiting the manufacturing and sale of margarine was unconstitutional. Mr. Justice Taschereau passed the judgment in French as follows:

> On this point, in my estimation, jurisprudence entertains no doubt. It must therefore be concluded that the control of the sale of margarine and oleomargarine in a province, considering its local and private nature, is outside federal government jurisdiction.
>
> Section 5 (a) of the Dairy Industry Act, to the extent where it prohibits the manufacture, offer for sale, sale or holding for sale, is *ultra vires* of the powers of the Canadian parliament.

The case is definitely settled. The Canadian Federation of Agriculture and other associations have requested the federal government to appeal against this decision to the privy council. Obviously it would be difficult for me, Mr. Speaker, to recommend or ask the federal government to appeal against this decision as even before I was a member of this house I have always claimed that the right of appeal to London was a colonial humiliation. That is the exact term which I used to say that we should rid ourselves of these appeals to the privy council as soon as possible. Under the circumstances, it would not be proper for me to recommend to the government or ask them to appeal from that decision. Besides, the matter has now been settled and the Canadian Federation of Agriculture has quite well understood the position in which the dominion government

was placed, since it has decided itself to lodge an appeal from that decision with the privy council.

The federation and other agricultural associations have also requested that parliament should enact rules with regard to the colouring of margarine.

I can tell you quite frankly, Mr. Speaker, that on reading again the judgment of Mr. Justice Taschereau, I wonder how the dominion parliament could enact a regulation of that character that would be consistent with the constitution.

Let us ponder the words of Mr. Justice Taschereau which I quoted a few moments ago. We can only infer from them that the control of the sale of margarine or oleomargarine is not within the jurisdiction of the dominion government. Could not the supreme court decision be construed as meaning that the federal government can no longer deal with the matter, that federal legislation in this regard is unconstitutional, does not concern the federal government and that the matter is now up to the provinces?

Mr. Speaker, the legislature of the province of Quebec has subscribed to that decision by passing a law—the merits of which I do not have to discuss—a law which does not control the sale and manufacture of margarine but allows the Quebec provincial government to control by means of orders in council or prohibit in the same way the sale, manufacture, or possession of margarine or oleomargarine.

Obviously, the dairy industry in my constituency and throughout the province of Quebec will benefit from that law. I am sure the federal government could assist in the application of such provincial laws. I am pleased to quote in this connection the report, dated Wednesday, February 23, 1949, of Mr. Lorenzo Pare, parliamentary reporter for *L'Action Catholique*, about an interview he had had with the Prime Minister (Mr. St. Laurent):

> Prime Minister St. Laurent indicated last night that the provinces are entitled to greater powers than are generally recognized in the commercial field. He even gave to understand that the dominion government would co-operate with a province in enforcing a measure that would prevent certain products of other provinces from crossing the boundaries of the other province.
>
> Mr. St. Laurent had already expressed those opinions in the house, but yesterday they assumed special importance. There was concern in parliamentary circles when it was announced that Premier Duplessis intended to introduce a bill prohibiting "the importation, manufacture, sale and possession of margarine" in the province of Quebec.

And further:

> Last night, Mr. St. Laurent clearly indicated that his government would not contest the legality of the bill that Mr. Duplessis is supposed to introduce regarding margarine. On the contrary, the present leader of the government intends to co-operate in its enforcement.

And again further, I quote:

> It is clear that regulations pertaining to the importation of margarine come under the jurisdiction of the dominion government and, in that regard, the bill on margarine which will be introduced in the Quebec legislature within a few days could well be challenged as ultra vires.
>
> With respect to importation, Mr. St. Laurent is so willing to support provincial autonomy that he is even ready to confirm a precedent of great significance from the constitutional standpoint. The Prime Minister does not think that the provincial legislatures could prohibit the importation of margarine without the co-operation of the dominion government. If a province takes any steps in this respect, the federal authorities, having jurisdiction over imports, would most probably co-operate with the provincial authorities so that the wishes of the people in any particular province, as expressed by their legislature, might be carried out. Mr. St. Laurent has already indicated that this practice is followed with respect to interprovincial trade in intoxicating beverages.

This interview not only shows the very high respect which the Prime Minister of Canada has for provincial autonomy but also the extent to which he is ready to co-operate with each provincial government in order to bring about what they believe is in the best public interest.

Mr. Speaker, no matter how much we may be called centralists, it is impossible to quote a single instance where invasion of provincial fields occurred since the war. On the contrary, the dominion government—and the present parliament—have co-operated very closely at all times with the provinces while remaining respectful of their autonomy and while giving them the means to exercise their prerogatives within the limits of their jurisdiction. That is what we have sought to do and that is what we shall keep on doing, in spite of the absolutely unjustified attacks leveled against us.

In conclusion, with respect to this matter of margarine, let us remember that it comes within the exclusive purview of the provinces, that it is out of bounds to the federal parliament. However, the farmers of my constituency and of every constituency in Canada may rest assured that the dominion government will take the necessary steps to ensure that they are protected in this regard. In so far as dairy industries located within the boundaries of the various provinces are concerned, the federal government is prepared

to co-operate in every way with all provinces, as was so ably expressed by the right hon. the Prime Minister during the interview he granted to Mr. Paré.

Mr. Speaker, the other question in which my constituents—and all of them this time—are greatly interested, is that of income tax. It is true that nearly every member has referred to it but I should like to hark back to a subject I discussed during former sessions.

At each session, on the budget debate, I felt it a duty to make certain representations and to offer certain considerations on that subject. This time, I believe it is more advisable to make my representations at this stage, before the budget speech is delivered by the Minister of Finance (Mr. Abbott). My representations originate with my electors and I want to state them objectively.

Mr. Speaker, I believe the time has come for the government of Canada to grant the Canadian taxpayers a considerable income tax reduction. Some people would like to propose total or near total suppression of income tax so that it could be replaced by another taxation system, for instance a direct retail tax similar to the sales tax which is levied in the province of Quebec. Frankly, with all due respect to the promoters of that idea, I cannot admit that such a system is fair according to the principles of social philosophy. Let us take, for example, the case of two taxpayers. On one hand we have the man of means and on the other the labourer or farmer with an average income and a family to support. The man of wealth who has no dependents, or very few, now pays a goodly share of the income tax, although he would pay much less if a sales tax were to replace the income tax. Now, the labourer earning $2,000 per annum, for example, who has five or six dependents, does not pay any income tax at all but he would have to pay the sales tax on everything he buys, especially on children's clothing. It could, of course, be argued that children's clothing would not be taxed. We all know however that a boy of fourteen dresses like a man and in this respect there is no difference. I know quite a few family men in the house who would know all about it.

Such a sales tax would necessarily be levied on all kinds of articles required to raise a family. The worker I mentioned a moment ago, who does not pay any income tax at present, would have to pay in sales taxes the amount that would no longer be collected in income tax from rich people.

I do not think I am going too far in saying that such a system would be the opposite of social justice.

I have often expressed my attitude regarding taxation. In 1946, I stated in this house that according to principles of social justice taxes should be proportionate to the means and obligations of the citizens.

That is why I contend that under certain conditions income tax is the fairest way of collecting funds for the state. In 1947 I said, as reported at page 3000 of *Hansard:*

> You will often hear people say—and at times they are well informed people—that the personal income tax involves inequality of charges because too many citizens escape its provisions. One has to admit that that is true to a certain extent, but theoretically and even in fact, because the cases of evasion are the exception, it is still based on the fairest principles of taxation as long as it does not take away from the citizen what is necessary for him and his family to live according to the general standard of living in the country.

The reasons which justify me, and my constituents as well, in asking that the tax levy be appreciably reduced during this session bring me to request that this reduction be effected by increased exemptions rather than by lowered rates.

There is no doubt that, in view of the present day cost of living, the $750 and $1,500 exemptions granted single taxpayers on the one hand and married people on the other, and the $100 and $300 deductions regarding, in the first case, the children who benefit from family allowances and, in the second, those who do not, are far from sufficient.

Exemption levels must be considerably increased. I take the liberty of quoting, in this connection, part of an editorial appearing in *L'Action Catholique* of Friday, February 21, 1949, under the signature of Andre Roy, as follows:

> On the other hand, while it is hoped that the cost-of-living index has reached its peak and that the consumer may expect some relief in this direction,—although, because of several factors of a varied nature, such as the operation of the Marshall plan, and the growing tendency towards collective labour agreements, the drop will fortunately be quite small,—it is important that the small and average earning groups be granted the necessary respite in order that they may be able to meet those obligations which, from a social standpoint, are obviously becoming more urgent than ever, while from an economic viewpoint, the collapse of

purchasing power amongst these earning classes might bring about a rather serious depression, even though our foreign trade remained prosperous.

The high cost of living is obviously the argument that impresses most the greater portion of the people, but there are others and I discovered one while listening to the member who spoke before me. The hon. member for Lambton-Kent (Mr. Henderson) referred to the intricacies of farmers' income tax forms. There is no point in trying to do away with the intricacies of income tax forms. It is a hopeless undertaking. It will never be possible for a farmer to make out an income tax form, an annual report on his earnings, without submitting a financial statement, a detailed account of earnings and expenses.

All this is, of course, highly complicated work for a farmer. In order to do that he would have to keep books, not only on a daily, but on an hourly basis.

Does he have time enough for that? Has he the inclination for that? Working as he does, from dawn till dusk, and often from before dawn to after dark, he has no time left to look after all these things. If he cannot fill out his form himself, he will have to seek the help of an accountant or of a notary who will charge him a fee.

Then, by raising to a proper level the basic exemptions for single as well as for married people, and by increasing the exemptions granted in the case of children, most of the farmers will be taken off the income tax roll and the government will avoid spending a fairly large amount of money to collect only a few dollars.

In this same connection, the low-income workers lot is not to be envied either. Is there anything more aggravating for the worker than to see his weekly salary cheque, which is hardly sufficient for the needs of his family, cut down, even if only a little, through income tax deductions?

By raising the exemption levels the government would take off the income tax roll the workers who earn but little, those who have a family to look after, those who need to be helped.

I fully understand that government requirements may have justified this condition in the past because on the one hand the needs of taxpayers and their dependents are one of the main bases for any taxation system, and on the other hand government requirements are a second and fundamental basis.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at seven-thirty o'clock.

Mr. Lesage: Mr. Speaker, when the house took recess at six o'clock, I was stating the reasons why I believe that a general rise in the level of income tax exemptions is imperative this year and I was about to quote an excerpt from the budget speech which the Minister of Finance delivered last year. Here are his words as recorded on page 4063 of *Hansard:*

I believe that all parties in this parliament and most Canadians share the view that the national budget is no longer merely a matter of the government accounts that should be balanced every twelve months on some financial rule of thumb. We view the national budget now as an integral part of the nation's business, influenced by and having an influence upon the state of employment, income and prices. I think we would all agree that in times of widespread unemployment and insufficient demand for goods and services our expenditures should be increased in order to support employment and incomes, and that they could and should exceed our revenues under such conditions. Now we are at the opposite extreme and we should follow the opposite course. We should deliberately budget, as a matter of policy, for substantial surpluses in times like these. Only that way can we hold inflationary forces in check.

It is evident that by these words the Minister of Finance was expounding the theory or system of cyclical budgeting. I submit that the very application of this system justifies a reduction of income tax this year. In fact, Mr. Speaker, it is certain that inflationary forces are much less active than last year. The cost of living tends to become stabilized and in fact at this time it seems that the trend is towards a decline. There are certain districts in Canada where industrial and economic activities have slowed down in the past few months. I realize that to a great extent this slackening may be due to many factors, such as weather which has afflicted certain districts in Canada but we must admit that, in spite of all, there is a slight decline generally in industrial and economic activities. Savings also are decreasing and for all these reasons, although I do not wish to raise a scare, because I consider this recession only seasonal and temporary, I feel the income tax should be reduced in order to give a break to those in the lower income brackets and afford them the means to improve, if possible, their standard of living.

Mr. Gauthier (Portneuf): Sure.

Mr. Lesage: It is quite certain that, by giving a chance to those who have only low or fair incomes, inflationary forces are not so stimulated because, with the money that they save from the income tax, these people will be able to procure not luxury articles but the necessities of life.

The Montreal board of trade has suggested that the exemption for single persons be brought up to at least $1,000 and that for married people to at least $2,000. Note that in both cases it is a minimum. The Canadian federation of agriculture suggested that the exemption be increased for single persons and married people to $1,200 and $2,400, respectively. I feel the government, in accordance with the financial position of the country, should allow the greatest margin of exemption possible. Information from reliable sources indicates that the increase of the exemption to $1,000 for single persons and to $2,000 for married people would alone cause a loss of revenue of about $275 million. It is easy to say that a surplus of several hundred million dollars is anticipated; but the anticipated surplus will not be as high as expected, because part of it will serve to increase our reserves of foreign exchange and for other capital investments. The actual surplus for the fiscal year will be far less than has been mentioned in some circles.

Finally, Mr. Speaker, the increase in the rate of exemptions will bring about a decrease in the surplus because it would be only fair that all increases in exemptions be made retroactive to January 1, 1949. Thus the surplus for the fiscal year ending March 31, 1949, will be reduced in proportion to the increases in exemptions for the three-month period from January 1 to March 31, 1949.

As far as exemptions for single persons are concerned, I do not think that they should necessarily be exactly half those granted married persons. Everyone will agree that a married couple can enjoy the same standard of living as a bachelor but that it does not cost them twice as much. In view of the fact that young people should save for the future and plan for marriage, I feel that the government would be justified in granting single taxpayers an exemption of a little more than half that allowed married people.

I believe that an exemption of at least $200 regarding children under sixteen and of $400 regarding children over that age is fully warranted. While I am on the subject, may I support what the hon. member for Dorchester (Mr. Tremblay) said this afternoon in his splendid speech when he requested that exemptions be granted with respect to college and university students, even though they were over twenty-one years old. I can do no better than repeat what I said when discussing this matter during the 1946 session, as reported in *Hansard* of July 23:

> Before I go on, I should like to say a few words about the exemptions for children going to college or university. I submit that there should be no age limit of twenty-one and, in addition, that the cost of sending a son or daughter to university is so much more than $300 a year that a man should be allowed to deduct the actual expenses incurred in the education of his son or daughter falling within that category. Let him produce receipts, if necessary, but give him a chance. Taxpayers of average means cannot afford such advanced education for their children. However, I submit that those children have the same right of education that the children of rich men have. The interest of the state itself is to have the greatest possible number of advanced and educated men, and its corollary duty is to encourage young people and their parents to do so, in giving all classes of society equality of opportunity in that field.

(Text):

Mr. J. W. Burton (Humboldt): Mr. Speaker, many people living in the constituency I have the honour to represent would consider me remiss in my duty if I did not take advantage of the opportunity afforded by this debate to place before the government some of the many problems confronting the people not only of my own constituency but of all parts of Canada.

During these past days and weeks many of my colleagues who have preceded me have advanced ample argument in support of the amendment to the amendment moved by my leader, the hon. member for Rosetown-Biggar (Mr. Coldwell); but before proceeding to deal with the speech from the throne I should like to say a few words in appreciation of the services rendered to this country in general and to agriculture in particular by the retiring deputy minister of agriculture, Dr. Barton. I am sure we all wish him success in his new undertaking, which I understand to be in the nature of a roving representative of the Minister of Agriculture; and I hope he will now have more time to place the viewpoint of the Canadian farmer before international gatherings.

In this connection I should like to refer to the book "Canada and the United Nations, 1948" released by the Department of External Affairs on February 28 of this year. There reference is made to the food and agricultural organization; and in order to refresh the memory of hon. members as to the aims

and objects of the FAO I am going to quote the first paragraph on page 121:

The food and agricultural organization, which came into existence in 1945 as a result of the United Nations conference on food and agriculture held in May, 1943, at Hot Springs, Virginia, was founded for the purpose of raising levels of nutrition and standards of living, securing improvements in the efficiency of the production and distribution of all food and agricultural products, and bettering the condition of rural populations and thus contributing towards an expanding world economy.

Then further, on page 122:

At its fourth session, held in Washington, November 15-29, 1948, the conference of FAO adopted a report on the state of food and agriculture which urged that, in spite of the generally good crops of 1948, there should be no over-optimism regarding future levels of nutrition and living standards.

Then further on down the same page:

The question of the world food supply was placed on the agenda of the third session of the general assembly by the delegation of Poland which requested that the assembly consider the problem of food wastage in certain countries, and by the delegation of Cuba which recommended the reduction of taxes on foodstuffs. These two resolutions initiated a long general discussion in the course of which many resolutions and amendments were submitted to the second committee which considered the question. Finally by a vote of 22 in favour, 7 against with 11 abstentions (including Canada) a lengthy resolution was recommended to the general assembly for adoption.

When this resolution was considered in the plenary session of the general assembly, amendments jointly sponsored by the Canadian, the United Kingdom, the New Zealand and the United States delegations, which deleted specific references to high profits of middlemen and speculators, and which put into general terms a recommendation to the economic and social council concerning its continuing study of the problem, were adopted.

I should like to know why our representatives to these gatherings should be so considerate of the feelings of those who extort high profits, be they middlemen or speculators. In my opinion our representatives should voice the demands of our farmers, who want prices that are fair to both consumers and producers.

At this time may I also express my personal pleasure over the appointment to the important post of deputy minister of agriculture of a former minister of agriculture of my province of Saskatchewan. I sat in the same legislature with Mr. Taggart; and while I did not always agree with his policies I did admire his ability, and I appreciate his fairness in debate. I wish him success in his new duties. Both he and the minister are going to have a battle on their hands to keep the other departments of this government from putting agriculture in this country in an impossible position. Let me warn the government that our farmers are not in the mood to let themselves be pushed around.

During this debate many of my colleagues in this party have placed on record the fears and anxieties that today are uppermost in the minds of our farmers. Now let us look at the speech from the throne, which is supposed to forecast the legislation the government intends to place before us during the course of this session. There is not one single sentence having reference to agriculture; and in only two places could a person, by any stretch of the imagination, find anything that might even indirectly affect this basic industry. When a person looks at that speech and bears in mind the indifference of some of the ministers of this government to the vital problems affecting so many sections of our country, one feels like really making a job of taking them apart to see what makes them tick. On the other hand there are times when I cannot help feeling sorry for the government. They remind me so much of an old work horse that has served you well for years but has come to the end of its usefulness. I never could bring myself to the point of lashing an old plug like that.

This brings to mind a conversation I had last fall with a friend of mine. He was complaining about the difficulty he found in keeping up with his work, keeping his weeds under control and so on. He said to me, "Look at that old plug there," pointing to a horse which he called Lib. "Why, Lib used to be a pretty good horse in his day, but I simply can't get anything out of him any more." I said, "When I saw him galloping around in the Rosthern pasture he seemed to be kicking up his heels quite a bit." He said, "Yes, he did fool a great many people at that time. He even had some people thinking there was water in places where there will not be any for a long time to come." I said, "What are you going to do with old Lib? Are you going to pack him off to the horse-meat packing plant?" He said, "No, I do not think I will do that." "Well, I have had some offers from Barney Google, from down Melville way, who came along with a bunch of city slickers from Winnipeg. They wanted me to trade him for what they called the western bloc, but I am not going to fool with that." I said to him, "There is neighbour Conn up on mortgage hill and he has an old grey plug he would like to trade off." "Oh, no," he said, "that fellow has had different riders for that old plug almost every year. You know what happened to that college professor who had a lot of experience gentling creatures like that; he even threw him. Now, they have another fellow up on top decked out in fine clothes and they are rearing to go for the stampede. They are asking me to put my money on him, but not me. I have been fooled too often; that fellow has been thrown by lesser horses than the old grey one. I am

not going to take a chance." He said, "You know, Joe, I think it is time I became modern. I am going to follow your example and have modern equipment on my farm so I can get rid of these horses of mine. I am going to vote modern by voting C.C.F. and see if we cannot get rid of some of these combines and cartels."

Our farmers are not very exacting in their requests, Mr. Speaker. Our farmers do not want anything that is not theirs. Friends, we should stop to think of the farmer who rises in the early dawn along with the birds. He and they offer a song of praise to God at the opening of the day. The farmer then carries on through the heat and the burden of the day. In the twilight hours of his life of usefulness, all he asks for is a measure of security for himself and his family. The farmer is the instrument through which God produces the foodstuff by which the human race is fed. It is through the farmer that it is possible for the human race to continue. All that he asks is a fair deal.

I should like to remind you that at this time our soil, after being locked in winter's sleep, is even now beginning to stir. It is bursting those shackles of ice and snow and will soon be ready to receive the seed planted by the farmers. I say to this government that when the farmer continues to do that year after year he is doing his share, and the least the government can do is to see that he has the security that he requires. What have we? Even at the present time the government is dilly-dallying and we still do not know whether we are going to have the coarse grains handled by the speculators or whether they will be handled in a decent and orderly manner.

When we talk about security, I should like to say there is another section or group of people who are very much in need of security. I have no intention of becoming involved in the controversy between the parliamentary assistant to the Minister of National Health and Welfare (Mr. Reid) and my colleague the member for Wood Mountain (Mr. Argue). Let me just say this: In spite of the arguments which may flow back and forth, the people in the province of Saskatchewan, as well as the people in a number of other provinces, are resentful of the fact that this government has failed to bring into effect the health program proposed at the dominion-provincial conference, at least for those provinces that were willing to co-operate and have shown that willingness by signing taxation agreements with the dominion government.

Turning to what the member for New Westminster (Mr. Reid) said the other day, I wish to express my appreciation of the acknowledgment he made at that time. On page 1144 of *Hansard* of March 4, he said:

> Everyone who knows anything about what is happening in Saskatchewan must give the authorities and the people of Saskatchewan a great deal of credit for what has been accomplished in the matter of hospitalization and social services. I say that in all fairness. The province from which I come is endeavouring to emulate what has been done in Saskatchewan, because we believe a fair standard has been set by that province. It is true that according to the table appearing at page 1087 of *Hansard*, Saskatchewan has only received 1·1 per cent of the hospital construction grant. This is simply due to the difficulties experienced by that province, as well as other provinces, in sending in accounts for projects.

That answer, Mr. Speaker, might be correct for the time being, but it overlooks the fact that, before the province of Saskatchewan could inaugurate this scheme of hospitalization to which the member for New Westminster was referring, additional bed space was needed. The province proceeded to make those additional hospital facilities available, and in the past few years it has doubled the hospital bed capacity. A good deal of the construction for that purpose had already taken place before the minister's scheme came into effect. In many cases the cut-off date in the scheme debarred these projects from sharing in it.

We are now in this position: We have hospital space and we have our hospitalization plan in effect, but we cannot share in the construction grants that are available. This places us in the position of not being able to properly care for the people for whom we should really be caring under a national health program. I refer to the incurables. It is all right for the minister or his officials to refer these people to the provinces and say, "There is where you should get your assistance."

The minister's speech, which I enjoyed, contained a wealth of information. He referred to the number of rheumatic and arthritic cases with which his department has to contend, but I would say, Mr. Speaker, there is a considerable number of people in addition to those. I have only time to list a few examples. I know a girl who is only thirty years of age. In her childhood she either suffered an accident or had infantile paralysis—I have not been able to ascertain which—and she has been crippled ever since. She has to be carried from one room to another. She cannot take a single step. This girl is helpless physically, yet her mind is as bright as a new dollar. There is no help for that girl, and she is only one of hundreds—yes, thousands—like her throughout the country.

I want to draw your attention to another case. Here is a woman who wrote to me as follows:

It will be four years August 6 since Mr. Blank—

She gives his name.

—had a stroke which left his right side paralysed. He has not gotten any better. Our doctor tells us he will never walk again. I cannot go out to earn even my own living as I cannot leave him alone. I have no income. He has no pension of any kind. He will be 67 years old on the 26th of this month. There are pensions for old age, for blind people, and many other kinds. We would be so grateful if this bill would go through very soon.

I have one more case to which I should like to refer; and again I would point out that these are only examples of thousands like them.

Mr. Fournier (Maisonneuve-Rosemont): No names, no dates; nothing at all.

Mr. Burton: This is the case of a girl nearly thirty years of age. She writes as follows:

I have been a cripple since birth. I walk with aid of crutches all the time and wear braces to the hip.

Further on she says:

So, on behalf of all incurables in Canada and myself I am sincerely asking our government at Ottawa to help us unfortunate people for a fair pension . . .

I am placing that matter before the minister and the government. As time is passing rapidly, I wish to deal with a number of other matters. Reference has been made to income tax. I do not intend to go into all the details. We all have heard them time and again. Only yesterday the hon. member for Vegreville (Mr. Hlynka) placed on the record vividly a description of some of the abuses that are taking place in our income tax department. In my opinion it is high time that the minister or someone got busy and had things cleaned up in that department. I wish to remind the minister of the question I asked in the house some time ago. In fact, this question stood on the order paper for quite a long time. It is a reasonable question. It should not require much digging to find the necessary information. The question was:

1. Do rural telephone companies organized on a non-profit basis have to complete income tax returns?

2. If so, for what reason?

When I finally got the answers, I found they were as follows:

1. Yes.

2. Sections 33 (1) and 35 (2) of the Income War Tax Act and section 40 (1) (a) of the Income Tax Act require all corporations to file returns. It should be noted that in order to qualify for the exemption, a company must not only be organized, but must be operated, on a non-profit basis.

The difficulty, Mr. Speaker, is that the department officials just simply do not concern themselves enough to inform themselves properly as to what is going on. We have a good example right in Saskatchewan where we have 1,039 rural telephone companies organized. Of that number, 237 were incorporated quite a few years ago and could be classified as share companies that could pay dividends if their returns warranted their doing so. But none of these 237 companies have paid dividends on their shares for the past ten years. Nevertheless, from some of those companies the income tax department is extracting income tax, in spite of the fact that some of these companies' lines are nearly forty years of age. They have a little money that they have been putting in reserve in order to be able to reconstruct those lines. Then the department steps in and attaches their reserves. That is bad enough. But when we get to the other class of telephone companies that later on were organized under a new act, what is the situation? This act made it possible for people in the rural areas of the province to provide themselves with telephone services. The Minister of Agriculture (Mr. Gardiner) himself was a member of the government during the time that a considerable amount of construction work of that kind was going on. We have 802 companies that are operating on a service-at-cost basis and not for profit. They are incorporated under the provincial act, and they operate those systems only to give service to the people.

I have not the time in which to give a full outline, but I shall endeavour to do it as briefly as possible. Back in 1919 I helped to organize a company which constructed a rural telephone line serving about 150 or more farmers. We borrowed on debenture in the neighbourhood of $40,000. We then proceeded to pay back that money, plus the interest, by having our municipality levy a tax on the land alongside the telephone lines. Each subscriber of necessity—under the bylaws under which we operated and under which we were incorporated—had to be a shareholder. But these shares bore no dividends. All that we did was to have those shares issued, so that the subscribers were shareholders before we provided them with service. Then we just charged them for the maintenance costs of those lines. Every one of those 1,039 companies will be obliged to clutter up the offices of the income tax department at Saskatoon. The hon. member for Vegreville was telling us what happened in Alberta with regard to the man to whom he made reference. Similarly, I am prepared to tell

you, Mr. Speaker,—and through you, the house—that the income tax department will endeavour to extract from these companies money that in the first place was raised by taxation of the land alongside these telephone lines.

There is another matter to which I would like to refer, namely, the small flour mills. I also inquired of the Minister of Trade and Commerce (Mr. Howe) what provision his department was making for these small flour mills to have an opportunity to share in the flour export business. His answer was far from satisfactory. Later on the hon. member for St. Boniface (Mr. Viau) made reference to the question I had asked. In spite of the fact that the minister said it would be something in the nature of a private enterprise that would solicit this business for export. The hon. member for St. Boniface pointed out that the big flour milling concerns that have their headquarters in the eastern part of Canada are sitting on the lines of traffic and can grab off that business.

I have here a letter from the operator of a flour mill in my constituency, which reads in part as follows:

> Just received House of Commons debates official report, February 25, for which I thank you.
>
> Mr. Howe's reply is partly correct. Each flour mill sells its product in the domestic market, but I do not agree with him when he says "or the foreign market as it sees fit."
>
> The matter of individual enterprise is a joke.

I should like to make reference to the big corporations that are making it impossible for the small enterprises to operate. In that connection I should like to quote from an editorial which appeared in the *Prairie Messenger*, which is printed in Muenster, Saskatchewan. It is dated February 24, 1949, and reads in part as follows:

> "Better men for better times," a report of the commission on American citizenship appointed by the Catholic University of America and published in 1943. Speaking of "untrammeled competition" in business, the report said:
>
> "It exalts ruthlessness, sharp practice, indifference to human values, and selfishness of every description . . . It is the negation of all that is implied in the sermon on the mount. No man and no combination of men have the right to seek prosperity at the expense of the common welfare. . . The blithe assumption that, as long as we hew to the line of personal success, the chips will fall in the nature of a benediction on our fellow man has proven empty. In the midst of contemporary world turmoil and domestic confusion, we are learning in the hard way that society must put brakes on competition and that, if it is to survive, capitalism must be shorn of its individualism and made to submit to social controls.

I offer that to the government for its consideration.

There is another matter to which I should like to call the attention of hon. members. I hold in my hand a copy of what is called the *Canadian Mail*, which contains the following headline: "Socialists dissemble—but they cannot deny these frightening truths." The paper contains thirteen questions with which I had intended to deal, but time does permit me to do so. The whole front page and the first inside page is full of their extracts from speeches of members of the C.C.F. taken from here and there to try to bolster up their arguments. My reply is that not only do we deny the accusations made in this paper, but they have been branded for what they are, and yet they keep on publishing this stuff. We of the C.C.F. believe in liberty, but we also adhere to the truth that liberty does not mean licence. We believe in freedom of the press but we deny that that freedom carries with it the right to prostitute truth by taking sentences here and there from their context to convey a meaning different from what was meant by the speaker.

Mr. Gibson (Comox-Alberni): Who is to judge that?

Mr. Burton: If time permitted I could bring ample proof of that. Much of what I had intended to say this evening will be left over for some other time. I do not wish to tax your patience, Mr. Speaker, or the patience of hon. members; but I want to say that we of the C.C.F. have been accused quite a number of times of being mixed up with the communists. I believe that very often those who have made that accusation have made it for the purpose of distracting attention from themselves. Let me repeat that we are opposed to communism. We reject its atheistic and materialistic philosophy. We disagree with many of its policies. We abhor the methods by which it endeavours to gain and retain power. We are opposed to any form of dictatorship, be it either of the right or of the left. We have many examples, Mr. Speaker, of people who did not acknowledge these truths becoming enmeshed. Very often those who were the loudest in disclaiming communists were accessories in helping to bring communism into effect.

Mr. Probe: Just look across the way.

Mr. Hartt: Speak for yourself.

Mr. Burton: When we stop to consider the deplorable conditions that we find in many parts of the world our hearts cannot help but grieve that in our time we have to contend with matters of that kind.

In closing, Mr. Speaker, I should like to draw to the attention of hon. members, through you, the immortal and memorable remarks contained in Lincoln's Gettysburg address. To me it has always seemed that Lincoln, whose heart was filled with anguish

and his shoulders stooped with the responsibility of leading his country through the greatest of all national catastrophes that can befall a nation, the tragedy of civil war, standing that day with his feet on the soil saturated with the blood of his fellow countrymen, prayed:

> That this nation, under God, shall have a new birth of freedom, and that government of the people, by the people, for the people, shall not perish from the earth.

May I appeal to hon. members in our time that we also turn our hearts to God and pray for the rebirth of our democratic institutions, and that through them we may be able to bring about the brotherhood of man under the fatherhood of God.

Mr. Lewis Menary (Wellington North): Mr. Speaker, I should like to say a few words in the debate on the address in reply to the speech from the throne as to the needs of my riding. We are largely an agricultural riding, and it contains some of the best dairy herds in Canada. Owing to the demand for dairy cattle in the United States during the past few years, thousands have gone from our riding to build up the herds of our neighbour to the south. This has been beneficial to both countries. We get the United States dollars badly needed in this country and they get cows so urgently required to provide milk and butter for their people.

This has been a great era of prosperity on the North American continent, and we hope that this trend of trade will continue, as it is a great help to the economy of our country. We not only sent many of our dairy cattle, but very many of our beef cattle have gone to the United States since the embargo was lifted. Farmers in my riding are not in a very happy mood at the present time. They are all willing to do their share in our national economy, which they did in wartime and have done since. I know many farmers who during the war period carried on with no help. The result was that the wife, husband and children were working on the average twelve hours a day. Since the average farmer has ten cows, forty hogs and perhaps 1,000 chicks, as well as laying hens, a great deal of work has to be accomplished to keep the farm operating. The hour of six or earlier in the morning saw the farmer out milking the cows and feeding the hogs. The mother or wife often had the task of looking after the fowl.

The exemptions for income taxes are too low, $750 for single persons and $1,500 for married persons. By the time the house is kept, the children clothed, the coal and food purchased, there is not much left over for a rainy day. The same thing applies to the married couples living in towns. I would like to tell the government it cannot be done. Would one of our ministers like to trade his job and salary with these people, even for a short time?

Since last summer they have been hounded by income tax inspectors for taxes on the great contribution they made to supply food in this period of our history. It might well be said that either we supply food or we lose the battle for freedom. If our farmers only knew how this government has spent their money, they might feel even worse.

A question was asked on the order paper as to why this government paid W. C. Thomson, a Toronto lawyer, a large sum of money. It is true Mr. Thomson contested the provincial leadership with Mr. Farquhar Oliver, and lost; but inside of two months after Mr. Thomson's defeat the dominion government paid him $173,300. True, it would look like a good deal for Mr. Thomson; but the people want to know what he did to get such a generous sum.

I have received letters from my riding protesting the various taxes. The sales tax especially has been the target of much criticism. The federal tax takes a big slice of many day-to-day commodities. This is a so-called luxury tax. These taxes—imposed as a purely wartime measure—run from 10 to 35 per cent, and are of course additional to the 8 per cent federal sales tax. Here are some of the goods on which the luxury tax is paid: toothpaste, shaving soap, antiseptics, perfumes and cosmetics, 25 per cent; chocolates, candy, chewing gum and all candy-like confectionery, 30 per cent; soft drinks, 40 per cent—almost half; trunks, suit cases, handbags, wallets, purses and all luggage, 35 per cent; fur coats, dressed furs, dyed furs, 10 per cent; automobiles, 10 per cent.

Under modern living standards in Canada most, if not all, of these items are not luxuries to be enjoyed by the wealthy, but necessities for the mass of the people. Who would call toothpaste, shaving soap, clocks, trucks or pens luxuries? Even such items as soft drinks, chocolate bars and candies are not necessarily luxuries. If these items are not luxuries, why should they continue to bear this heavy burden of taxes?

I would like to say a few words in this debate about the plight of our aged people. It is a tragic situation when they have to keep up a home, and especially when one is living alone. They must find it extremely hard to buy fuel, food and clothing on $30 a month. If the government has any idea of increasing this pension, why not do it now? In view of the large surplus, the government should be able to increase this pension.

These elder citizens should not want, as they have helped to make Canada what it is today. I have always contended that the old age pension should be on a contributory basis and I was the first one to bring this forward in the House of Commons. There is no one who cannot pay, let us say, one or two dollars per month, and get more when he or she reaches the age of sixty or sixty-five. By making these small payments these people will feel that it is an insurance, and that they are part of the plan.

Mr. R. M. Warren (Renfrew North): Mr. Speaker—

Mr. Knowles: Question.

An hon. Member: Louder.

An hon. Member: He has not started yet.

Mr. Warren: I have not been having as much practice as some hon. members at this session. However, I shall not occupy much of the time of the house this evening. There are a number of matters I am going to discuss at a later time, but not tonight.

Mr. Wylie: Tell us about that $400 house.

Mr. Warren: I will have a word to say some time later about that, and also a word about the old dairy cow.

However, my main purpose in rising this evening is to discuss an old subject, one which I have brought before the government, and particularly the Minister of Public Works (Mr. Fournier), on many occasions since coming here in 1937. We have not got action yet; but I propose to continue to pester him until he gets around to the point where, for the sake of getting rid of me, he will build a bridge across the Ottawa river by way of Morrison's island. I hope the minister heard me.

There can be no argument whatever as to the value of such a bridge, because it would connect Quebec highway No. 8 with Ontario highways 17, 41 and 62. All of these are important roads. This would offer one of the finest trips not only for United States tourists but for Canadians who like to take a pleasant drive once in a while. However, that is only a small part of the urgency. The island has an area of about a thousand square miles of fertile land, and on it are many farms and homes. They have their own schools and churches; and their chief place of business is Pembroke.

A recent survey has shown that thousands of pounds of honey, butter, fruit, pork, beef, lamb, horses, wool, hides, potatoes, grain, pulpwood and fuel hardwood are transported from the island to Pembroke. Those products bring the islanders approximately a million dollars each year. They take home with them supplies and groceries of an equal value, making a fair exchange.

It is true that we have a ferry service. But there is one thing wrong with it, namely, the fact that there are two breaks in that service during the year. When the ice begins to form in the early winter the ferry cannot operate. Then there is a period of time when it is safe after the ice has formed. This is always an indefinite length of time; it might be a month or it might be longer than that when it is not safe to cross the ice. One can well imagine, however, that during the break-up in the spring of the year the people are practically isolated. If people want to get to the mainland two or three miles away they have to drive ninety miles to the nearest bridge, which is pretty nearly isolation. In the wintertime the roads fill up with snow. Their roads are not very good for plowing. They are narrow, and, if you cannot drive a car over them, ninety miles with a team of horses is a very long distance. The same thing happens again in the spring. Once the ice begins to rot and is not safe to cross there is another period of perhaps a month without any connection between the island and the mainland.

That might not appear to be so serious if you think only of the inconvenience of not being able to get to market. However, it is necessary to keep in mind the fact that the people of Allumette island sometimes need a doctor. If he is afraid to cross the rotting ice he has to go all the way around for a distance of ninety miles whereas if there were a bridge it would only be a distance of two or three miles. For patients who have to go to hospital the nearest hospital is in Pembroke. I have known some very fine persons who narrowly escaped death because they were almost too late in getting to hospital because they had to be taken there by this roundabout way.

Considering the need and the urgency, I do not think the cost would prove at all excessive. I should like the minister to come back over here and listen to my suggestion, because if I misquote him I should like him to correct me. After all, this is a very short speech, and I should like him to listen for a part of the time. I want him to hear my suggestion.

Mr. Knowles: It is far better for him to stay over here.

Mr. Warren: As I recall the minister's statements last year, and in previous years, he suggested that if either of the provinces would approach him as Minister of Public Works with a suggestion that they would be willing to contribute one-third of the cost, and ask him to take some action, he would

then be in a position to go to the cabinet and talk to them about the possibility of a bridge across the Ottawa river by way of Morrison's island. If my memory serves me correctly, that was the attitude of the minister.

Two or three things have happened since then. I am not sure if any person approached the minister directly, but I have been informed on good authority that the present leader of the opposition (Mr. Drew), who was then premier of the province of Ontario, made a speech in Pembroke and, as premier of that province, definitely committed himself to contributing Ontario's share of the cost of building a bridge across the Ottawa river. Recently I have noticed that the present member of the Ontario legislature for Renfrew North made a speech in the legislature in which he definitely advocated a bridge across the Ottawa river. We have those two gentlemen in favour of it. A short time ago I read in one of the local papers an article about the member for Pontiac in the Quebec legislature. As I recall his statement, he was organizing a five-year plan, and among the propositions that he was putting forward was a bridge across the Ottawa river by way of Morrison's island. To me that seems a pretty fair approach by the provinces of Quebec and Ontario. In view of that, I am going to make a suggestion to the minister, and I hope he will pay particular attention to what I have to say in this regard. I suggest to him that he place in the estimates a specific sum, let us say $400,000, and add a proviso "or one-third of the cost." I think that is a reasonable request, and it would be a start. I hope the minister will consider that and give these people a break. While technically it may be the proper thing to wait for the provinces of Ontario and Quebec to come to the minister, considering the urgency of the situation and the need for the bridge I do not think that we should bother about technicalities at all. Let us have the bridge. Give these good people a bridge, for they have had an undeserved delay of at least fifty years.

Mr. A. E. Robinson (Bruce): Mr. Speaker, during the remarks that I am about to make I hope to pass out a few bouquets, and I hope I will not throw any bricks even if I do feel like pitching a few at the government. The people whom I represent are people who do not throw bricks very readily, so I shall try to represent them in such a manner as would be pleasing to them. I may say that we had our centennial last year, and the members of the House of Commons received an invitation to be there. Many were able to attend and many sent their regrets. I am sure the ones who attended were made welcome, and had a very good time.

As to the bouquets I should like to pass out, the first will go to the Prime Minister (Mr. St. Laurent). I think he deserves great credit for having attained the position that he occupies today. The second bouquet will go to the Leader of the Opposition (Mr. Drew), a man whom we are proud to have lead us. I should also like to extend my congratulations to all new members of the house, not forgetting the new member for Digby-Annapolis-Kings, and the new member for Nicolet-Yamaska, who have made history, and will help to make history in the coming election. I should also like to extend my congratulations to the mover (Mr. Brown) and the seconder (Mr. Demers) of the address in reply to the speech from the throne. They did a very good job considering what they had to work with.

Getting back to Bruce, which is dear to my heart, as you know, Mr. Speaker, it is a rural community and we love it as such. I must say, though, that it is not holding its own in population, in common with many rural communities. The population is going down, which is not a good thing for the country at large. I might quote a few words by the city solicitor of Windsor—

An hon. Member: Hear, hear.

Mr. Robinson (Bruce): There is a Windsor man in the house, I believe. This was in connection with the housing situation in urban municipalities.

> There is an apparent lack of effective regulation and control of mushroom growth around urban centres, and a "clear inability to enforce elementary building standards." "Far too many of our suburban areas are rapidly becoming congested suburban slums," Mr. Cummings' report said.

When that situation prevails in our urban areas we ask ourselves why this should happen. I believe a great deal of the blame must go to this government because of the way it has been legislating over the years it has been in power.

Both the last speaker and the speaker before him were farmers; I have spent most of my life on a farm. Therefore I have a word or two to say on conditions in agriculture today. I would say the farmer receives less for all the work he and his family do than is received by workers in industry. The wholesale prices of food have never been as high as they should, in relation to the cost of the things the farmer must buy. Owing to government controls the farmers are facing a very uncertain future. This government, which has controlled the farmers out of producing enough butter to supply the people of Canada, deserves the censure not

only of the producers of that butter but also of the consumers. During the last five months the price of cattle has dropped by twenty per cent, yet in the same space of time the cost of living has gone up. So the cost of living cannot be blamed upon the prices the farmers are getting.

Right here I should like to say that I believe it is time the farmers were given a chance to have something to say about the marketing of their own products. I would be in favour of legislation that would give the farmers a chance to have producer marketing boards and a say on how those boards should be run. It is quite apparent, in Bruce county in any case, that veterans of the last war are not settling on the farms. That is not a good condition, because those boys deserve the best that life can give them, and I am sure they are not getting it in many of the cities where they are located today. I would make a plea that we all keep in mind how important are our rural people and those who live in small towns, and I believe something should be done for those places far distant from the large centres. We should remember those immortal lines of Kipling:

> From little towns in a far land they came
> To guard their honour in a world aflame.
> By little towns in a far land they sleep,
> And leave to you to guard those things they died to keep.

We in Bruce county are progressive and, thanks to the Minister of Agriculture (Mr. Gardiner), that is now a restricted area and T.B. testing is being carried on, which is a wonderful thing. It is not so good, though, to have such a small staff doing the work, which is proceeding very slowly. About a year and a half ago I made the suggestion that they permit local veterinarians to take part in the program, but apparently there was some reason why that could not be done and it is not being done now to any extent. I should like to read a resolution which was passed by the electors of Saugeen township at their annual meeting:

> **We the ratepayers of Saugeen township in Bruce county T.B. testing area find compensation on reactor cattle too low to allow for replacement, and ask the dominion Department of Agriculture to make adjustments in line with present prices.**

I am quite in agreement with that resolution; and I hope that it, together with the many other resolutions that have been forwarded on the same subject, will bring about some results. I have in my hand an itemized account of one man who had his herd tested, and these figures show that he is the loser by approximately $1,000. That is not an isolated case, either. I suggest to the minister that in considering the compensation for cattle they should try to arrive at something that will help the man who has a great many of his reactors go to the tank. I am not advocating that there should be higher prices for those who are able to sell their beef cattle on the market after they are turned down in this test, but I do believe something should be done for those who are so unfortunate as to have a large number of animals not fit for beef purposes. A couple of days ago I had a question on the order paper in this connection, and the minister was a bit evasive in answering it. I asked whether, when this compensation was raised he would consider making it retroactive, to cover the heavy losses sustained by some of these people during the last couple of years, but the minister did not answer my question.

Up in Bruce county we have two Indian reserves, and during the period the Indian committee was carrying on its work I had the pleasure of meeting some Indian representatives who were visiting here. They felt quite happy because something was going to be done in connection with a revision of the Indian Act, but right now I am wondering what is the hold-up. They are very disappointed because nothing has been done. The hon. member for Grey North (Mr. Case) is more familiar with this matter than I am because he served on that committee and traveled extensively. He made recommendations here in the house the other evening which I believe should be accepted by the government. Those Indians on our reserves in Bruce are very good citizens; and in his remarks the other evening the hon. member for Grey North said something well worth repeating, at page 970 of *Hansard* for February 28:

> **In the second great war, not only did their male members offer their services, the Indian girls came forward and offered themselves. One Indian reserve, Cape Croker, adjacent to my riding, showed an enlistment in relation to population larger than any other community in Canada.**

I would be very much in favour of having that revised act brought into operation just as soon as possible.

Now, Mr. Speaker, I should like to say a word on the vital question of social security. We of the Progressive Conservative party have a platform on social security which, when we get into power and put it into effect, will solve many of the difficulties being experienced throughout Canada today.

First, I should like to say that, in my opinion, any social security scheme should be contributory. When I reach the age of sixty-five and I put my hand out to get a cheque, I should like to feel that I had contributed something towards keeping me in my old age. It is unnecessary for me to enumerate the different items in the social security program

advocated by the Progressive Conservative party. You will hear enough about it at a later time, so there is no need for me to put it on the record. If anyone wants to look at it, I have a copy of it here.

The blind are also very deserving of some consideration, probably more consideration than they are receiving today. I understand they are included in the administration of the Old Age Pensions Act, and I do not think that is proper. I believe the blind people would be happier if they had a special department to administer their aid. I know there are many blind people who are quite capable of administering such a scheme.

I come now to what is known as the health news service, from which I should like to quote one or two extracts. The heading on this pamphlet is, "Alcoholic illness developed by one in twenty drinkers." The first excerpt I wish to quote is as follows—I might say this is given by Dr. Bell, the medical director of the Shadow Brook Health Foundation.

> There are few physical or mental ailments causing greater pain or torture than that associated with alcoholism.

At another point, he says:

> In spite of this, while most communities accept the causative agent, intoxicating beverages, the majority still fail to provide the means of helping a victim.

Such being the case, I am surprised at the member for Sherbrooke (Mr. Gingues), who stated in *Hansard* on March 2, page 1080:

> We could, for example, levy a higher tax on alcoholic beverages—

For the benefit of those within hearing of my voice, I might say that my views on liquor taxes were given on May 24, 1948, at page 4438 of *Hansard*. I have had no cause since then to change my opinion.

I am very glad to see the smiling face of the Minister of Finance (Mr. Abbott) tonight, as I have a few remarks to direct to him from which I hope he will benefit. In Bruce we have many small industries which are giving employment to many people. These employees enjoy living in the county of Bruce. I would ask the Minister of Finance to try to treat these industries gently. This double taxation which the present government maintains in effect weighs heavily on the small industries such as we have in Bruce and the other rural communities. More should be done towards helping these industries than is being done at present. There is no doubt about it, the double taxation makes it difficult for the employer and is, therefore, not very good for the employee. It also contributes to the high cost of the product, which in turn contributes to the high cost of living.

I should like to mention, Mr. Speaker, the vicious sales tax about which we hear so much today. In my speech in 1948 I stated that such taxes helped to raise the cost of living. I still think that is true. It is not a fair tax. I shall read an excerpt I have which I think will explain it better than I can. Speaking of the eight per cent sales tax, it says:

> Because it bears more heavily in proportion on the poor man than on the rich, the sales tax is, in effect, a graduated income tax reversed, for under it the smaller a man's income the larger the percentage of it goes to pay the tax.
>
> A worker or a farmer spends something like half of his total income for consumer goods on which sales tax is levied. A rich man may and often does pay as little for these same goods as five per cent. There is no justice in such an arrangement.

The income tax on farmers has been threshed out in this house, but I should like to add my voice to what has been said. The farmers are worried, but the sad part of the situation is that many of these hard-working farmers mentioned by the member for Wellington North (Mr. Menary) are not eligible to pay income taxes. When I was at home one week end I met a man on the street and congratulated him on his eighty-fifth birthday. I asked him how he was. "Well," he said, "I am not enjoying it very well." I asked him what the trouble was and he said, "I received a registered letter to file my income tax return. I do not know where I am. I reared my son and he lived with us after he got married. He has two grown-up boys and the property is split up in such a way that we do not know whether we are breaking the law in making up our income tax return." I said, "Do not worry over that. You have come through life up to now with a pleasant face, so do the best you can and carry on." That was the only advice I could give, and it is the only advice I can give to the farmers of Canada until we get a new government in office.

The member for Wellington North (Mr. Menary) mentioned the soft-drink tax, and that is another vicious tax which is a nuisance to the youngsters and others who have to pay these two pennies. It is a nuisance to the soft-drink distributors who have to keep the necessary forms in connection with the tax. Finally, may I say that our present tax structure in Canada is driving many of our educated young people over to the United States where they believe they can do better —and possibly they can.

I should like to say a few words about the tourist trade. I want to compliment the member for Lambton West (Mr. Murphy) on the speech he made in connection with tourists and the recommendation he made to the government. He suggested that a standing committee be set up on the tourist industry because that trade is going to grow. Just

recently at Niagara Falls Leo Dolan, the director of the Canadian Travel Bureau at Ottawa, said:

Competition is now so keen that it passes all indications of recent years. Bermuda, the British Isles, Europe, Mexico, Latin America and the West Indies are putting on a tremendous drive for tourists. We must meet that competition.

When I read that article I thought there really should be an inducement to bring United States tourists to Canada. We read about the millions of dollars the United States tourists bring to Canada, but we must not overlook the fact that a great many Canadian dollars are spent in the United States and Mexico. I would offer the suggestion that if ever a tourist bureau is set up in Ottawa it would do well to adopt the slogan, "See Canada First". Many of the people in Canada have not been outside their own province. We visit a good many places close at hand, but we do not do much interprovincial visiting. I would suggest that such a bureau examine the possibility of having special rates on tours from one province to another so that the people would become better acquainted with Canada. This would make for a better understanding between the people of the different provinces.

I have, Mr. Speaker, a copy of a speech made by a school girl in a competition in Bruce county. This is the first-prize speech, and was made in Tobermory, that great fishing and pleasure district, in 1945. As it is a rather lengthy piece I would ask if the house would give me permission to have it included in *Hansard* in the report of my remarks.

Some hon. Members: No, no.

Mr. Hartt: Let us hear it.

Mr. Howe: Read it to us.

Mr. Robinson (Bruce): That is what I was hoping to be asked to do. The title of it is "Bruce county, the Tourists' Playground". This is the trophy-winning address as delivered by Lois Edmonstone of Tobermory, at the Bruce county public speaking competition in Paisley, on November 1. It reads as follows:

Mr. chairman, judges, ladies and gentlemen, boys and girls: The subject I have chosen to speak on is "Bruce county, the tourists' playground."

Have you ever wondered why thousands of people come from all over the United States and Canada to spend a vacation in Bruce county? It is because Bruce county has so many attractions and such wonderful scenery that it draws people from miles around.

If you prefer plenty of rugged coast line, the sound of waves pounding on rocks, thousands of beautiful flowers, and trees not tampered with by axe or saw, miles of sandy beaches which you can enjoy, nature as nature was meant to be, then Bruce county is the place for you.

[Mr. Robinson (Bruce).]

Let me tell you of some of these beauty spots. Wiarton is the "gateway to the Bruce peninsula," and is the largest town in the northern half of the county. With its modern hotels, tourist accommodations and its proximity to inland lakes, Wiarton attracts a great number of tourists. Nearby is Colpoy's Bay, a lovely spot to camp and fish. Then, there are Cape Croker, Lion's Head and Dyer's Bay, which are small communities which attract their full quota of summer visitors. At the very tip of the peninsula is Tobermory, a small and picturesque fishing village. Here there are good hotels, cabins and cottages. There are guide boats to take you trolling for fish, which are plentiful. Near Tobermory, or "The Tub," as they call it up there, is Flower Pot Island. This island is named after the two large rock formations which have the shape of huge flower pots. Persons the world over have come to marvel upon these unique formations. Then there is Cove Island lighthouse. Only recently there was a write-up in the Toronto *Daily Star* regarding the first marriage on Cove Island, and there were pictures of the bride and groom, and of the stone lighthouse, which is 100 feet high.

I may say that I am about halfway through, and I should like to table this material.

Some hon. Members: No, no.

Mr. Howe: It is most interesting.

Mr. Hartt: Go ahead.

The Acting Speaker (Mr. Golding): Order. Has the hon. member permission to table the document?

Some hon. Members: No.

Mr. Robinson (Bruce): The prize-winning address continues as follows:

The lighthouse was built in 1859, and ever since, through the intervening period of 89 years, this great light has shone to aid sailors and fishermen on Georgian Bay and Lake Huron. This light can be seen by sailors aboard vessels fifty-four miles distant. The beam emanates from a lamp of but 300 candlepower, which is raised to 300,000 candlepower by putting it through six large prisms which revolve about the lamp, and making the light appear as though it were flashing. The lighthouse also has a radio beam, which can be heard as far as Toronto, and a fog horn which is heard for twenty miles. Cove Island marks the boundary between Lake Huron and Georgian Bay.

The Lake Huron shore of the peninsula is indented by many little bays and inlets. One of these is Pike Bay, a very pretty place where many people go to camp and fish. There is a general store in the community, where you may buy your supplies. Nearby is Red Bay, which is very similar to Pike Bay. Oliphant is a most attractive resort, with many summer cottages and an extensive and pleasant beach. It, too, is served with a general store. The Sauble Beach is one of our best-known tourist attractions, and its exceptionally fine, broad beach draws great multitudes of summer visitors to enjoy the bathing, boating and fishing. With its modern accommodations, Sauble Beach has become very popular among summer visitors to Bruce. Nearby are the Sauble Falls, where additional numbers of tourists gather to enjoy a quiet vacation.

Further south along Bruce county's long coast line lie Port Elgin, Southampton, and Kincardine, Inverhuron, Bruce Beach and Point Clark, all of them most attractive resorts with fine sand beaches, and excellent accommodations. The first three named are all thriving manufacturing centres, but

cater to a tremendously vast tourist trade. Bruce county is unsurpassed for the number and the beauty of its inland lakes. These can be found all the way from one end of the county to the other, and who hasn't heard of their scenic beauty and the excellent angling which they provide for resident and tourist alike.

In conclusion, it is my sincere hope that I have been able to impress upon you the fact that Bruce county is, indeed, a veritable "playground for tourists."

I implore the government to seek means of improving farming conditions, and thus help to decentralize industry and population. I concur in the following views on decentralization:

. . . one comes to the same conclusion as Mr. Lattimer, i.e., that decentralization would be a great help.

On this subject, he makes the following comment: "Analysis of conditions and the cause of the conditions should suggest the remedy. It does. Where yearly earnings are lower it should be easier to carry on business. That is the reason why so many industrialists urge decentralization as a remedy. This should come about naturally and probably would were there no hindrances to overcome. Some of these hurdles to take in securing decentralization may be custom, vested interests and monopoly practices.

"Certainly decentralization of industry would simplify this problem. To the extent that such decentralization may be brought about, this problem may be changed. In this connection it may be pointed out that perhaps some of the centralization has developed as a result of public policy. If this be correct then the way to decentralize may be to reverse some policies that have contributed to centralization."

I think that is sound advice for the future governments to look into.

Mr. A. J. Bradshaw (Perth): In taking part in this debate, Mr. Speaker, I first must join in congratulating the mover and seconder of the address in reply to the speech from the throne. I extend congratulations to the Prime Minister (Mr. St. Laurent) on his election as leader of the Liberal party and head of the government. To the new members who have taken their seats for the first time in this parliament I bid a warm welcome. I sincerely congratulate the hon. member for Carleton (Mr. Drew), who has accepted the leadership of this party. Because of what he has done in the province of Ontario I know that his assumption of that position augurs well for the future of this dominion. I feel that I would be negligent if I did not express to this house, and through you, Mr. Speaker, to the country, some of the ideas that the people of my constituency of Perth have, not only as to government policies but as to those things that we feel would be conducive to a better economic condition in Canada.

I represent a riding which is partly rural and partly urban. The urban districts of our riding are prosperous, industrious centres. One thing which pleases me is that so many of these industries have been born in the county, and by careful management have grown to dominion-wide status. Stratford, a city with a population of some 19,000 people, is situated in the centre of the county of Perth on the banks of the Avon river. It inherits its name from that famous English city, Stratford-on-Avon. It is a business centre of many industries. I can name many of these. There are six furniture factories, three textile factories, one packing plant, besides numerous other plants manufacturing leather goods, articles of brass and many other articles.

We also have the Canadian National railway shops, which in themselves employ some 1,500 employees. Then there are within the county three smaller towns which also have numerous industries. Probably the principal among these is the town of St. Mary's, which has one of the largest cement plants in the Dominion of Canada. Most of the factories are examples of industry, ingenuity and careful planning by many of the older citizens of the city and county. Many of those have passed on. These are things which have made Ontario prosperous. Our people have built up local industries which provide the farmer with a local market, and there is no farmer who will not admit that the local market is the most profitable one for disposing of his products.

In Canada today we are faced with many great and serious problems. I would not be so unkind as to say that all of these problems are of government making, but I have no hesitation in saying, Mr. Speaker, that many of the major problems with which we are faced today are a direct result of the policies of the present government.

The farmers of my constituency, like those of other parts of Canada, are deeply concerned about the markets to be available to them in the future. They viewed with considerable alarm the statement of the Minister of Agriculture (Mr. Gardiner), at the last dominion agricultural conference held here in Ottawa, that the government could no longer assure the farmers markets in Britain for what hogs they could produce. Their memory goes back also to the statement of the same Minister of Agriculture when he told this house, as recorded at page 409 of *Hansard* of September 24, 1943:

If we in Canada can produce 450 million pounds of bacon a year, over and above what we require in this country, for the years that are ahead of us, we shall just about be able to supply that part of the British market which we hope to retain after the war is over.

In that year we shipped to the United Kingdom a little over 675 million pounds of bacon. Our current contract for bacon to the United Kingdom has been reduced to less than 25 per cent of that year, and is down by approximately 950 million pounds from the

peak year of our shipments to that market for the past ten years.

This is of vital concern to the farmers of the county of Perth who contributed materially to Canada's bacon production in the years when they were urgently requested to do so. Let me give you some statistics of our own county. According to the hog marketing at inspected slaughter plants, in Perth county we marketed in 1942 127,340 hogs with a percentage of grade A's of 38·3. I shall give these figures down to 1946. In 1943 we marketed 138,360 hogs with grade A's of 40·4 per cent. In 1944 we produced 138,355 hogs. We fell down in the percentage of grade A's to 40·1. In 1945 we produced 135,000, and rose in percentage of grade A's to 41. In 1946 we produced 138,000, and our grade A's were up to 42 per cent. I took these figures for the five years. You will notice that our percentage of grade A's rose from 38·3 to 42. Perth was the highest county in the province of Ontario in each of the above years in bacon production, and also the highest in grade.

During the ten years, 1939 to 1949, Canada negotiated 142 contracts for foodstuffs with the United Kingdom, and had as many as twenty-two in effect in 1946. In 1947 this was reduced to fourteen; then to five in 1948. For 1949 we have three, excluding the wheat contract. We have not lost these markets because of the inability of our farmers to compete with prices of imports to the United Kingdom from other countries. On November 22, 1940, the Minister of Agriculture said, as reported at page 346 of *Hansard* of that date:

> We accepted with no bargaining the prices that Great Britain offered us.

A review of United Kingdom food imports for the past two years indicates clearly that we have carried out that policy. United Kingdom statistics, giving the average value declared for customs purposes, show that in 1947 our wheat was sold to that country for $3.96 a hundredweight, as against an average price of $6.33 a hundredweight for wheat from other sources. In 1948 our wheat was sold for $4.09 a hundredweight as against an average price of $6.25 a hundredweight for wheat from elsewhere. In 1948 we sold our bacon for $40.52 a hundredweight as compared with $45.83 a hundredweight that the United Kingdom paid as the average price for bacon imports from other countries. The same holds true for other exports of foodstuffs with the exception of condensed milk for those years.

Prior to 1944, agreements for the shipment of foodstuffs were for one-year periods. In 1944 agreements for bacon, cheese, eggs and beef covered a two-year period, while other contracts then in force remained on the one-year basis. Today our contracts in this market have been reduced to four from a high of twenty-two in 1946. It is worthy of note that, on January 20 last, food minister Strachey informed the British House of Commons that on that date Britain held forty long-term contracts for the purchase of foodstuffs, ranging in duration from one to ten years. Mr. Strachey further said that he could have shown that long-term contracts had prevented the United Kingdom from having to pay prices for essential food over the past three years which it would have been quite ruinous to have paid. The Canadian producers can confirm this statement, Mr. Speaker, because no one has sacrificed more to make this possible. A review of the present situation indicates clearly that, when foodstuffs were difficult to secure, Canada had a considerable number of contracts, but as supplies elsewhere became available the demand for Canada's foodstuffs was reduced.

We are told by the Minister of Agriculture that this arises from a shortage of dollars which leaves the United Kingdom unable to purchase from us. To a degree this is true; but our farmers should be told what this government is doing to encourage the United Kingdom to export goods in short supply here to this country, which the British trade figures for 1948 indicate are being sent to Poland, Hungary, Ukraine, Yugoslavia and elsewhere for foodstuffs, at a price in almost every case in excess of the price paid to Canada for similar produce.

Some explanation is due to the farmers of Canada as to why contracts for foodstuffs are now being made by the United Kingdom for periods of from one to ten years, whereas the contracts negotiated by our Minister of Agriculture (Mr. Gardiner) were largely for one year and at best two years.

The United Kingdom has always been a stable market for our farmers. Will the Minister of Trade and Commerce (Mr. Howe) give our farmers an assurance now that representation will be made to the United Kingdom government on their behalf, to the effect that these long-term bilateral contracts, which the British Minister of Food advises run for a period of one to ten years, and which protract this principle of barter far into the period when we all hope trade will return to a normal basis, will not serve to exclude our farmers from the United Kingdom markets which they have supplied so well in the past.

The farmers in my constituency are waiting for some pronouncement from this government as to what they may expect in the way of United Kingdom markets in the future. They are wondering also what will happen to prevent purchases for that market which are

today paid for out of ERP funds, should these products be declared surplus in the United States, as presently indicated, and what the government proposes to do if this should happen.

These are problems of vital concern to our farmers, who feel that, if nineteen foreign nations can get together and work out a formula such as the Marshall plan has done, Canada and the United Kingdom and other parts of the commonwealth can surely sit down and work out a solution to our present difficult trade problems before those markets are lost to us, possibly for years to come.

One other matter I would like to refer to at this time is the present taxation on farmers mutual fire insurance companies. Effective January 1, 1947, there was placed on these mutual companies a tax of 30 per cent of the yearly earned surplus. At that time, I brought to the attention of the Minister of Finance (Mr. Abbott) the adverse effect such a tax would have, and pointed out that the McDougall commission, which had gone into this matter, reported as follows, under section 5:

> We consider that mutuals in certain specialized fields are rendering a service which is not provided by other organizations, notably in insuring farm and other unprotected rural risks. These mutuals tend to keep their rates as low as is consistent with the risk involved. We consider that it would not be in the public interest to impose income tax upon these insurers whose activities are primarily in these fields.

For the past two years, the government has been taking from the Canadian people in taxation $600 million to $700 million a year more than was required to cover the costs of government, that tax has been applicable on mutual fire insurance companies, and I submit the time has come for the minister to reconsider his position on this matter.

There are in Ontario alone sixty-six of these companies with about 225,000 policyholders, who are unfairly affected by this tax. I say unfairly affected, because these companies, and their members which compose the companies, are not in the insurance business because they want to be, but because they have banded together to provide the service that stock and other companies do not wish to undertake, namely, to provide insurance coverage to isolated farmhouses, farm buildings, and public buildings such as schools, churches, and community halls, where little or no fire protection or facilities exist.

These companies operate in comparatively small areas, and because of this are always subject to the danger of some major calamity which, although from a national or provincial point of view it would be considered a localized problem, in their case might involve 50 or even 100 per cent of the limited area in which they operate. These companies are able to protect themselves only by reinsurance and accordingly must build up reserves.

When the provisions of the Income War Tax Act were passed in 1946 the minister stated, as reported in *Hansard* of August 13, 1946 at page 4737:

> I think the mutuals will find in practice that there is very little, if any, tax involved to them in this provision.

That statement would be quite factual in cases where reserves are already adequately built up. The tax would not be applicable because the earned surplus not being required would be paid back to members as premium refunds. But that is not the case for many of the smaller mutual fire insurance companies who are rendering service in a specialized field, and one that otherwise might go unserviced by the stock companies.

Under provincial legislation these companies are required by law to retain liquid reserves amounting to 80 cents for every $100 of insurance coverage. Today, with property values increased as they are, these companies find it necessary to increase their reserves, and in doing so they are taxed by the government to the extent of 30 per cent of earned surplus retained as necessary reserves.

I would ask the Minister of Finance, now that he is in the process of preparing his budget for this year, to reconsider this tax.

There is mutual agreement on the principle that no organization in our economy should be exempted from taxation merely for the purpose of building up unwarranted reserves. Nor is any special consideration asked for farmers mutual fire insurance companies for this purpose. But I think in all fairness some amendment to the present act should be provided that would allow these smaller companies to bring their reserves up to an amount considered adequate and necessary under present conditions before they should be subjected to this present tax of 30 per cent.

Last year I presented to the house an amendment which, if I am not out of order, I should like to place on *Hansard*. It was:

> That section 57, subsection H be amended by adding to the present clause (ii) "a mutual insurance corporation in which the excess of assets over liabilities at the end of the taxation year in dollars per thousand dollars of net insurance in force at the same date is less than the amount set out in the following table:
>
> When total net amount at risk exceeds $25,000,000 —$6.00.
>
> When total net amount at risk exceeds $10,000,000 —$7.00.
>
> When total net amount at risk exceeds $5,000,000— $8.00.

When total net amount at risk exceeds $2,000,000—$10.00.

When total net amount at risk exceeds $1,000,000—$20.00.

When total net amount at risk is less than $1,000,000—$30.00.

For example, a company in excess of $25 million risk can have assets of $6 per thousand dollars of net insurance without being subject to tax. Over that they would be subject to the extent of 30 per cent. That would allow the small companies to live, and to carry on at their usual rate. Of course, that amendment was ruled out of order.

After all, these companies are not in the same position as where you pay a premium to an ordinary commercial company, and that is the end of the obligation.

The circumstances of their business which made them necessary in the first place leaves them in a position whereby, should abnormal losses be incurred the members insured may have to put up some part or all of the premium note to which they are a part. Under such circumstance, and in view of the fact this is a specialized field into which commercial companies are not anxious to venture, it seems hardly fair in the essence of democratic taxation that small companies such as these should be subject to a 30 per cent tax when they endeavour to build up an adequate surplus against the risk involved.

In view of the fine record of these small companies in the past, and the very necessary and efficient service they are performing in our economy, I would suggest to the government that in all fairness here is one place where taxation is in effect doing what was never the intention of the act, which is contrary to the recommendation of the McDougall commission report, and accordingly warrants reconsideration at this time.

Mr. C. W. Hodgson (Victoria, Ont.): Mr. Speaker, in taking part in this debate I wish to extend the usual congratulations to the mover (Mr. Brown) and the seconder (Mr. Demers) of the address in reply to the speech from the throne. I also wish to congratulate the new members who have entered the house for the first time at this session, and I want to congratulate them on their maiden speeches in the house. There have been one or two members, however, who have made speeches over the week end at home and at other places other than the House of Commons, on which I cannot offer them the same congratulations. The member for Ontario (Mr. Williams), as reported in the *Globe and Mail* of February 28, said in effect to a group of his own home town people that if labour was as delinquent as the members of the House of Commons the factories and plants would have to shut down. I do not think it behooves any member of the House of Commons to speak of his colleagues in that manner. To me that represents typical socialist or communistic utterances and tactics. I suggest that probably some of the group to whom he was speaking swallowed it holus-bolus, hook, line and sinker, but all I should like to say to him is that those who live in glass houses should undress in the dark.

Since I read the article on Monday morning, February 28, I have taken the opportunity to watch that member. I can assure you that I have checked and double-checked, and he has put in as few hours in the house as any other member of parliament. I do not want to be giving advice to anybody, because I have only been here since 1945 myself. I am sorry that he is not here now.

I should like to ramble a little and refer to a few remarks that have been made by some other members who have not been too long in the house. I should like to refer first to the hon. member for Halifax (Mr. Dickey). Speaking in the house he had this to say, as recorded at page 747 of *Hansard*:

—and it was the action of this government which made it possible to put the member for Cartier in the penitentiary.

He meant the former member; he acknowledged that afterwards. Then again on page 750 he said:

—that the government had taken action that made possible the sending to the penitentiary of the former member for Cartier, and received little support from the opposite side of the house in doing so.

The members on this side of the house do not happen to be the government.

Some hon. Members: Hear, hear.

Mr. Hodgson: Do not applaud or laugh too loudly because those who laugh last laugh best.

Mr. Knowles: You mean they are slow in seeing the joke.

Mr. Hodgson: I would say that the member for Halifax was born about eighty-two years too late, because it was not this government that made it possible to arrest a spy in this country. It was the government of Sir John A. Macdonald shortly after confederation.

Mr. Hartt: What would you have done without Sir John A. Macdonald?

Mr. Hodgson: I guess I would have got along as you have.

Mr. Graydon: How are you getting along without the right hon. member for Glengarry (Mr. Mackenzie King)? That is the thing.

Mr. Hodgson: The member for Halifax never gave any credit to the Royal Canadian

Mounted Police, or to the courts of the land. In his mind the government seemed to do the whole job. I hope he did not leave the inference that the government has a stop-and-go sign on the administration of the Royal Canadian Mounted Police. The only one I have heard say anything about communism in Canada is the present leader of the official opposition (Mr. Drew), and the leader of the Progressive Conservative party at that time, John Bracken. I never heard anything from any of the members on that side of the house.

Mr. Knowles: It was a coalition government he led in Manitoba.

Mr. Graydon: You fellows were in it at one time, too.

An hon. Member: Don't take Ontario's name in vain.

Mr. Hodgson: If you remember, it was the leader of this party, the hon. member for Neepawa (Mr. Bracken)—

Some hon. Members: Which one?

Mr. Hodgson: —at that time. You know quite well.

Mr. Knowles: Time flies.

Mr. Pinard: What leader?

Mr. Hodgson: He was the only leader in the house who moved the adjournment of the house to discuss that important issue. That brings me to the point where I wish to refer to the speech made by the hon. member for Dufferin-Simcoe (Mr. Rowe). He arrived at the point where there was about to be a marriage between the socialist party and the Liberal party. If you do not believe me, look it up in *Hansard*; you will see it there. I should like to say to the hon. member for Dufferin-Simcoe that I believe the wedding has been consummated, because just a few weeks ago the Minister of Agriculture (Mr. Gardiner) was speaking in a town in my riding, the town of Lindsay. He said there that the C.C.F. party is the party which talks socialism but the Liberal party is the party that puts it into action.

Mr. Gardiner: That is a new version of his speech.

Mr. Hodgson: As reported by the press, the hon. member went on to say what the government had done in the past and he spoke about great things that the government was going to do in the future.

Mr. Gardiner: You cannot quote that from *Hansard*.

Mr. Hodgson: I can quote this one. He did not tell them about all the applesauce he had to eat in England, nor did he tell them that he brought more applesauce back to Canada than he did trade agreements. It is the same old political applesauce that makes the grass grow green in Ireland.

That brings me back to my own riding. I should like to say that five or six really good industries have come in there in the last three years.

An hon. Member: A good government.

Mr. Graydon: The provincial government.

Mr. Hodgson: I expected you to say that it was not the federal government. This government did not have anything to do with bringing them in. They were brought in by the industrial commissioner and the town council of Lindsay, with some help from the provincial government under the leadership of the present leader of the opposition (Mr. Drew). Three of them are very large companies. Two in Lindsay and one in Haliburton are United States companies, which are bringing in American capital, and I believe they are going to be real assets to our country.

I also represent a great farming district, and by the redistribution bill they have added four townships of northern Ontario which are really good farm land and tourist area. We have in Haliburton county the best stand of mixed timber left in Canada, and I believe this constituency is the best tourist district in this country. In Haliburton county alone, the most sparsely settled of all, according to statistics taken last year, we had over forty thousand tourists in two months, a great many of whom were from the United States. And I can tell you something else we have that is even more valuable; that is, the greatest people in Canada. They are of English, Irish and Scottish descent, and I can tell you that they are all sane people. You know, during the last election campaign the genial Minister of Labour (Mr. Mitchell) spoke in my riding, as well as the Right Hon. J. L. Ilsley. I invited them back, but I asked them not to wait until the next election campaign rolled around. I see they are getting the cabinet ministers out a little earlier this time. I want to say to the government, however, that this riding is not for sale to the Liberal party. The people are too wise to be sold or bought with their own money.

Mr. Cruickshank: We don't need to buy any ridings.

Mr. Hodgson: I am glad to hear from the hon. member from Fraser Valley (Mr. Cruickshank). His biggest contributions to the proceedings in this house have been his heckling and his interrupting. Perhaps the heaviest work he did was when he brought

apples here and put one on the desk of each Liberal member. I believe he even made them think they were Fraser Valley apples.

That brings me to the speech delivered recently by the Minister of Reconstruction and Supply (Mr. Winters). I want to congratulate the minister on his elevation to the cabinet. He spoke about the great package of public works he had on the shelf. Speaking at page 1177 of *Hansard* for March 4, he said:

> You will be interested, Mr. Speaker, in learning some of the details of the federal government's shelf of public works.

If you turn over a couple of pages you will see that I asked the minister if he would just tell us what was in one of those packages. He did not answer my question, nor did he give any details on what the public works packages contained. He must have built the shelf awfully high, and by not telling us any of the details he has surrounded it with a veil of secrecy. As far as the people of Canada are concerned, it might as well be behind the iron curtain.

I suggest one of those packages may be the trans-Canada highway. I heard very little in a concrete way about the trans-Canada highway until last fall when the leader of the opposition (Mr. Drew), speaking in Ottawa, said that if the time came when he was called upon to form a government the first consideration of that government would be the construction of a trans-Canada highway. So, whoever framed up the speech for the governor general thought it was a good time to get on the bandwagon.

Mr. Cruickshank: Which leader was that? You change so often.

Mr. Hodgson: You had better go back for some more apples; you seem very fond of applesauce.

Now I should like to say a few words on the lumbering industry and timber control, and I hope the former minister of reconstruction will listen; I do not think we will have any argument about it this time.

Mr. Cruickshank: What about gold mining? Tell us something about that.

Mr. Smith (Calgary West): Your needle is still good, but get a new record.

Mr. Hodgson: I should like to put a few remarks on the record here.

Mr. Cruickshank: Go ahead.

Mr. Hodgson: Are you making this speech, Fraser Valley, or am I?

Mr. Cruickshank: It is hard to say.

Mr. Hodgson: If your people like you as little as I do, you will not come back again.

[Mr. Hodgson.]

The statistics I want to put on record have to do with the exports of lumber as of December, 1948, compared with those as of December, 1947. If I could get permission to put this table on *Hansard* I would be glad to do so without reading it.

Some hon. Members: Go ahead.

Some hon. Members: Read it.

Mr. Hodgson: Very well. It is a long table; I need not read all the figures, but I want to give a few of them. This is from the external trade section, dominion bureau of statistics, and the first items have to do with planks and boards. Our exports of birch flooring for 1948 were 4,609,000 feet, while those for 1947 were 9,510,000 feet. Now I come to the item hardwood, n.o.p. Our exports under this item in 1948 were 3,437,000 feet as compared with 9,357,000 feet in 1947, or only about one-third as much. Then we come to spruce. Our exports in 1948 were 41,426,000 feet; in 1947 they were 117,102,000 feet.

Mr. Grant: Any yellow birch there?

Mr. Hodgson: Oh, you are over there now? I took a little trip down to the island the hon. member comes from. You know, he makes speeches in the house, too, but if you read his speeches you find that about sixty per cent of what he says is taken up in referring to the Tory member for Queens (Mr. McLure). When I was down there I found that a great many people like him. They have a nickname for him; I think it is mumbo-jumbo, or something like that. Anyway, he is a very affable fellow; his greatest fault is that he keeps butting in on people and interrupting, without saying a great deal himself. After all, he is a doctor and I suppose that should help him a little. I have heard that he is a horse doctor; I have heard that he is a medical doctor; I have heard that he is a psychiatrist, and I do not know what he is, except an interrupter.

Mr. Pouliot: Mr. Speaker, I rise to a point of order. The hon. member who is speaking has the floor, and it is nonsense to permit interruptions during his speech. I have great respect for my colleagues, but I believe that when an hon. gentleman has the floor and is going on with his speech he should be undisturbed unless he permits an interruption.

Mr. Hodgson: In any event, it adds up to this, that there has been a decrease in the export of timber and lumber from Canada in the month of December, 1948, over December, 1947, which amounted to fifty per cent in hardwoods, fifty per cent in spruce and twenty-five per cent in western woods. I

should like to give a little advice to the government, if I can. I prepared a little memorandum touching upon matters of concern to the lumber industry. I believe these matters should be brought to the attention of the House of Commons. The first part of it deals with income taxes, and reads as follows:

> Income tax regulations with respect to timber depletion allowance on timber limits and farmers' woodlots amount to virtually a capital levy and are highly prejudicial to good forestry practice, and to the best interests of agriculture. The Canadian Lumbermen's Association and the different lumber and logging associations have separately and jointly petitioned the government for relief without avail. Agricultural associations in Nova Scotia, New Brunswick and Ontario have done likewise also without result.

Then, we have the export restrictions:

> Certain wartime export restrictions on lumber continue although the war has been over for several years. In the main they are more of a nuisance value than otherwise. They add to costs of production and distribution, involve a great deal of clerical work and are an unnecessary expense. They have outserved their usefulness in the matter of reserving lumber for Canadian consumption as such is no longer necessary.
>
> The hardwood flooring trade has been particularly hard hit in the matter of export restrictions. It has been completely shut out of its export markets. About two weeks ago it was allowed a token export quota of five per cent only. Since hardwood flooring manufacture is the principal outlet for No. 2 and No. 3 common hardwood, it is to Canada's interest to allow the hardwood flooring trade to develop and export to the fullest extent.

I might tell the minister that practically every flooring plant warehouse in Ontario is full of hardwood flooring ready for shipment, but there is no market available. Behind that again, there is a backlog of No. 2 and No. 3 common hardwood in all the producers' yards. The firm I happen to represent has nearly 200,000 feet of flooring stock on hand which is usually shipped out early in the fall. This year we have not been able to sell it. I offer the suggestion to the minister that he make available a twenty-five per cent export quota.

Priced invoices are demanded by the timber control on all Canadian shipments qualifying for export quotas of softwood. This is a gratuitous interference with private business and can serve no useful purpose so far as government is concerned. If it did, why did they need to have the royal commission on prices investigate the lumber industry?

There is another thing which I think the government ought to consider, and that is that the forest products industry is the foundation of the Canadian economy. If these industries do not continue, our whole industrial life is in danger—railways, mines, agricultural implement and furniture trade, housing construction, and so on. The dominion government obtains great revenue from forest industries and spends extremely little on such industries.

The dominion government ought to be contributing to the expense of forest fire fighting, to extension of research against insect and tree disease attack, and to intensive research on forest regeneration. White pine is not naturally regenerating satisfactorily. Some time ago we lost our tamarack and our beech through disease. In very recent years the whole birch forest of the maritimes has been destroyed by the so-called "birch dieback", and yellow birch in Ontario and Quebec is now threatened. In fact, some of these grubs were found in my own county last summer.

Generally speaking, the forests of Canada have traditionally been milked for revenue by the dominion government and comparatively little money has been provided them from the public purse.

I have quite a few more statistics, Mr. Speaker, which I should like to quote, but I think my time is getting short. I have some figures in connection with United Kingdom imports of timber. I do not think anyone in this house can doubt my integrity when it comes to dealing with matters concerning Great Britain. I do think, however, that when we are trading with a nation we ought to deal with it as business people. If we are going to give gifts, we ought to give gifts to Great Britain and not make it a barter arrangement in order to make the people believe they are getting something for their money when they are not.

In scanning the United Kingdom imports, I see that the soviet union shipped to Great Britain timber to the value of $677,550 in 1947, and in 1948 the soviet union sold Great Britain timber to the value of $1,473,601. Then we come to Poland. In 1947 Poland did not sell Great Britain any timber, but in 1948 she sold Great Britain timber to the value of $1,613,792. I could give you the figures for Yugoslavia, French West Africa and many other countries, but I do not think I will do so. At this same time, however, when Great Britain is buying timber and forest products, I think Canada should receive a fair share of the trade. I think we should deal with Great Britain the same as we would deal with any other country. As I said before, if we want to make presents to the British, then let us make presents.

There are a few statistics here which I should like to deal with in detail and in which the Minister of Finance might be interested, but I do not think I will read them in detail. I have a copy of sessional paper No. 144, tabled in the house. The question was:

> What lawyers practising in (a) city of Montreal; (b) city of Toronto, have performed legal services

or have been retained as solicitors or counsel by any department of government since the 1st of January, 1947?

This return shows that these lawyers were paid amounts ranging from one dollar to very large sums. I believe there is only one who received the one dollar, and most of them run up into the thousands of dollars. There is one lawyer in particular I should like to mention, since in my estimation he received an extraordinary amount. This man is W. C. Thomson of the city of Toronto, who received $172,252.16. The return goes on to say that of this amount $64,000 is for fees, costs and so on. This still leaves him $108,000 for his work which seems to me an extraordinary price to pay.

Someone has said that this government does not think enough of provincial rights, but in this case they have done pretty well because you all know that W. C. Thomson was the man who lost the nomination to Farquhar Oliver in the last Liberal convention. I think he was paid fairly well. Perhaps as the member for Winnipeg South Centre (Mr. Maybank) says, that is the pay-off. I have come to the end of my time, Mr. Speaker. I still have some things I wanted to say, but I have not the time to put them on the record.

Mr. F. E. Lennard (Wentworth): Mr. Speaker, I think I heard a groan or two from the government benches as I rose. I want them to distinctly understand that I am not killing time for anybody. I have an address of a few minutes' duration to make during the course of this debate, and it is my privilege to make it. It is just my hard luck that I happen to be called upon to speak near the end of this debate, but I do not want anyone to think that I am just killing time. Moreover, Mr. Speaker, I do not take up too much of the time of this house, and when I do have something to say it is my privilege to say it.

I wish to pay my respects to the mover (Mr. Brown) and the seconder (Mr. Demers) of the address in reply to the speech from the throne. I think they did an excellent job with a very dull document.

I congratulate the Prime Minister on his appointment to that high office. I also compliment and welcome the new members introduced this session, especially my leader, who is certainly doing an excellent job. To the hon. member for Algoma East (Mr. Pearson) I would say that he would be a better politician if he attended strictly to the business of the Secretary of State for External Affairs. I also wish to add my congratulations to the hon. member for Digby-Annapolis-Kings (Mr. Nowlan) and to the hon. member for Nicolet-Yamaska (Mr. Chapdelaine) on great personal victories.

Referring for a moment to the realm of sport, I wish to reiterate what was said a few days ago by the hon. member for Calgary West (Mr. Smith), namely, that the trip east last fall of the Calgary Stampeders did more to create good feeling between the east and west than anything that has happened in many years. Being a past president of the Canadian rugby union I feel that I have some knowledge of the game. I wish to say further that I saw the east-west final last fall and, regardless of any opinion that may be held by the hon. member for Algoma East, in my opinion the best team won.

I represent what in my opinion is one of the best ridings in Canada, the riding of Wentworth. I regret however that, in the redistribution act which was passed last year, the powers that be saw fit to remove from that riding four of the best townships in the county. In my opinion this should never have been done. I do not believe in breaking county boundaries. When the next redistribution takes place, if I have any hand in it, those townships will be returned to Wentworth riding. I feel that the next riding of Wentworth should be more of a truly rural riding; and if I have anything to do with the matter it will be. I think it is only fair to the farmers in that riding that it should be so. Any change that was made this time should have been in that direction.

I wish for a few moments to refer to the serious erosion that has taken place along the shores of the great lakes, and particularly that portion of lake Ontario stretching from Hamilton to Niagara-on-the-Lake; that is along a great deal of the riding which I represent.

At a meeting held in Toronto in March of last year at the lake shore erosion conference the following resolution was passed:

Resolved that this organization ask the provincial and federal governments to instruct their engineers to make a survey of the erosion on the great lakes and report with a recommendation for a remedy; and in this report be included a report on the effects of the Ogoki and Albany river diversions on the level of the great lakes.

While this resolution went forward at that time, I doubt very much if the federal government has done anything about it, but I intend to find out.

A few years ago a former premier of Ontario approached the federal government and persuaded it to legalize diversion of the Ogoki and Albany rivers into the great lakes system, which means that while the present diversion at Chicago of the great lakes system is 3,500 cubic feet per second, there is now pouring in from northern Ontario water to

the extent of 5,200 cubic feet per second from the Albany river watershed. This means that we are getting an additional 1,700 cubic feet per second that should be flowing towards James bay and the Arctic circle.

It is argued by many engineers that this large additional volume which does not belong to the St. Lawrence watershed is one of the causes for the cycle of high levels that we have been experiencing on lakes Huron, Erie and Ontario; and it is easy to see that these lake levels, which are abnormally high when lashed by winds and storms, do most certainly erode the shore line of the lower lakes.

As I have said before, if the federal government does not do something soon, it will not be many years before that great Niagara fruit belt—possibly the greatest stone-fruit belt in Canada—will be wiped out altogether.

Taxes must be reduced. I feel that two of the first to go should be the sales tax and the 25 per cent luxury tax. They are both hampering trade; they are an aggravation; and the sales tax especially is one that is borne by those who are least able to afford it. It does not concern me one bit when this tax was imposed or who imposed it. I consider it is wrong. We should never have had it except, perhaps, as a war measure, and it should be removed. In some cases, of course, the tax has been removed. But one matter that I feel is misleading is this. While the 8 per cent sales tax has been removed from certain foodstuffs, the ingredients of packaged foods are still subject to it; so that while the 8 per cent tax has been removed from the finished product, as a result of the retention of sales tax on spices, pectins and other commodities that go into the processing of soups, jams, et cetera, there will be no noticeable reduction in the price of these foods.

One tax that I feel should most certainly be removed is that on soft drinks. While I realize that practically 90 per cent of the soft-drink bottling plants in Canada are privately-owned, that by far the greater proportion of them are small plants with small distribution, and that many of these plants which employ a great many people are finding it hard to make ends meet, it is certainly a situation which should be altered immediately. Far more important to my mind, however, is the consideration that the kiddies should get back their five-cent drinks and chocolate bars.

One matter with which I most certainly am not satisfied is the attitude of the Minister of Veterans Affairs (Mr. Gregg) and of the government with respect to a house committee being set up to deal with veterans affairs. The minister was questioned some days ago in the house and he said quite definitely that, in the opinion of the government, it was not necessary to have a committee on veterans affairs this session. This, in my opinion, is most certainly neglect on the part of the government and a let-down to the veterans of this country. The Red Cross girls, the St. John's ambulance brigade and several other groups who served in the second great war most certainly did not get what was due them. The British Canadians who have lived for twenty continuous years in Canada and are veterans of the first great war are, in my opinion, most certainly entitled to war veterans allowance. I might say that the Minister of Veterans Affairs, during the discussion on the estimates towards the end of last session, said that he was still studying that problem, and was still considering the matter of making some allowance to the British Canadian veterans. But as yet we have heard nothing in that respect. I think the war veterans allowance should be granted to them. I do not know why it was not done years ago.

This war veterans committee of the House of Commons should be a permanent committee. It should be a standing committee which should meet every session and not just every two years when it coincides with the annual meeting of the Canadian Legion and whenever possible manages to wind up its deliberations shortly before the annual meeting when there is generally a great round of back-slapping. The veterans affairs committee of the House of Commons should meet every session if only to consider in detail the estimates of the department. Since I have mentioned that, I think there should be a standing committee for every department of government. These standing committees should consider the estimates in committee. The work would be done more thoroughly, and it would save a great deal of time which is now wasted in the House of Commons.

I said, Mr. Speaker, that I would speak for about fifteen minutes. I think it was Mark Twain who once said that if a man could not say all he knew about any one subject in twenty minutes he should not have the privilege of saying anything; but I have covered a lot of ground and I am still staying within the limit. As a matter of fact, I am just about as much fed up with these long-winded speeches in the House of Commons as anyone else.

In conclusion, Mr. Speaker, may I say that I thoroughly agree with thoughts expressed at the recent national Liberal convention which was held in Ottawa on August 5, 6 and 7, 1948, to the effect that it was about time that this country got back to responsible

government. It is about time, and it is long overdue, that this country returned to parliamentary government, with the people's elected representatives having a say as to what should be done. It is about time the bureaucrats were put in their places. There is a great deal wrong with the present system that cannot be blamed upon any government in particular, but the last two governments have gone a very long way to bring about the present situation.

Mr. Frank T. Stanfield (Colchester-Hants): Mr. Speaker, I hardly know just why I am on my feet. I am not much of a talker anyway, and I am never exactly sure what I should or should not do since I came to this place; therefore my position tonight is nothing very new.

I should like to congratulate the mover of the address in reply to the speech from the throne, the hon. member for Essex West (Mr. Brown). I have a great deal of admiration for that hon. member and I certainly wish him every success in his political career. I do not know the hon. member for Laval-Two Mountains (Mr. Demers); I have not had the pleasure of meeting him, but he made a fine speech and I wish him every success in his political life.

The first matter on which I should like to speak for a few minutes is pensions for blind people, cripples and people who are permanently invalided. I know that today we have pensions for the blind, but these pensions should be a great deal higher than they are. Blindness is a terrible affliction. I believe that a blind person should get a pension even though he has the means of making a living and perhaps owns a little property. Just because he has a little bit of this world's goods in the form of property, and possibly a small income, that does not mean that he should be deprived of a pension. I believe that the pension should be twice as large as it is today.

As for our cripples and invalids, I could never understand why some consideration was not given to these poor unfortunate people. There are hundreds of them in every province of this dominion. Some of them have not a cent that they can call their own. They are dependent on their relatives or on some person who will keep them. These unfortunate people should be given some kind of a pension so that they can have a ltitle money which they can at least call their own. I believe that the only reason why these people have never received any great consideration is that they have no great political influence. Today, regardless of party, anybody who has not much political influence never receives a great deal of attention.

The next matter to which I should like to refer is the conservation of our forests. The forests are by far the greatest form of wealth that this country has. We can all agree that our forests have been depleted far too rapidly. Only the other day I read in the paper that one of the ministers in British Columbia said that the forests of that province were being depleted at a very rapid rate. I know that our forests in Nova Scotia, and in the maritime provinces generally, are going at a rapid rate and not much is being done about it. I do not see why the dominion government should not assume a great deal of responsibility for reforestation, or at least supplement the provinces by giving them grants to help reforestation and to guard against fires and insects. Fires and insects are just as heavy a drain on our forests as cutting operations. I know that in our province the birch is all gone. Many people thought that birch was good only for making furniture or for cutting up into firewood, or something of that kind; but in New Hampshire and Vermont I believe they are using birch and the other hardwood trees for making pulp.

It is pretty hard to place the value on our forests for future generations. The future wealth of this country will greatly depend on the conservation of our forests, and I do believe that the dominion government would be wise to do everything they can to give grants to the provinces, or set up areas themselves for reforestation, and do everything they can to protect our forests.

It may be said that this all takes money, and it might be asked where we are to get it. I have a little suggestion to make. It may not meet with very much favour, but hon. members have read in the papers that the President of the United States formed a commission or a committee under the chairmanship of Mr. Hoover. That commission was to look into the consolidating of government departments in the United States with a view to bringing about greater efficiency in government and lessening the cost of administration. Mr. Hoover and his committee brought in a recommendation that would cut the cost of government in that country by about $2 billion. I know politics well enough to know that that whole $2 billion could never be saved. I think perhaps we should set up a committee to inquire into the cost of government with a view to cutting down the cost of doing the business of the country, at the same time doing it more efficiently and making it much easier for the ministers. It could run into a very large figure. It would also be a great help toward getting a cut in income tax.

May I say a word about income tax? Take a married man with two children, and calculate what income tax he has to pay this year and what he has paid back to 1940. It is pretty hard to see how he has been able to get along as well as he has. Take the great middle-class people of this country. Take the people who have incomes of from $5,000 to $25,000. The chap above that can get along all right. If he cannot, it is his own hard luck. The people on incomes of $5,000 to $25,000 are the great middle class who are the very backbone of our country. I can well understand that our socialist friends to the left would very much like to get rid of the middle-class people; it is to their interests not to have too strong a middle class in this country. Our friends on the government benches across the way are doing the best they can to help the socialists along in that, so far as I can see.

I would ask that in his coming budget the Minister of Finance (Mr. Abbott) give every possible relief to these people in the form of a substantial reduction in their income taxes, because, as I said before, they are the very backbone of any democratic country, no matter where it may be. If one does not find in a country a large and influential middle class, then that country does not amount to much.

I shall not spend much time discussing the tax on soft drinks. I would say however that any government, with a surplus of three-quarters of a billion dollars, which cannot afford to take off that two-cent tax on bottled soft drinks, and soda fountain drinks, has something wrong with it. This is a nuisance tax of the worst possible variety; certainly in my view we would be well rid of it.

The same observations could be applied to the tax on leather goods. First of all let me say that I have no connection whatever with the manufacture and sale of leather goods; but I do know that when a manufacturer has to add 35 per cent to his sale price of luggage and other leather goods he is faced with an unpleasant procedure. No one wishes to stock up at this time with merchandise bearing these heavy taxes. The result is that, with the tax applied, the manufacturer proceeds to cut down volume because he does not know just what is going to happen. In my view this is a most unfair tax applied only to leather goods. One such type of manufactured goods should not be singled out for such heavy tax action.

Much the same could be said with respect to jewelry. Of course the jeweler collects the tax of 25 per cent from the consumer. I believe even our socialist friends to the left would agree that today costume jewelry is more or less a necessity. The same would apply to many other articles sold by the jeweler. I should say that as we are getting back to a permanent peacetime basis many of these heavy taxes against certain types of businessmen, such as those engaged in the manufacture and sale of leather goods and in the production and sale of jewelry, might well be reduced or completely eliminated.

Perhaps in passing I might say something which I am sure will receive the support of the hon. member for Fraser Valley (Mr. Cruickshank). I believe margarine should be given a distinctive colour, and that such colour should not be the same as that of butter. I believe further that margarine should carry a distinctive wrapping so that the product could not be associated with or sold to the public as butter. As the butter manufacturers and dairymen are not protected by any patents or trade-marks, I say the margarine manufacturer should not be permitted to have the advantage of packaging his product to resemble butter. In this I believe we would all agree.

When I resume my remarks, I should like to speak about conditions in the maritime provinces.

On motion of Mr. Stanfield the debate was adjourned.

Mr. Cruickshank: May I suggest, Mr. Speaker, that when an hon. member is speaking other hon. members ought not to wander around, interfering and interrupting. I would ask to have them named.

BUSINESS OF THE HOUSE

Mr. Drew: Before the adjournment would the Prime Minister indicate the next order of business after the vote has been taken on the debate on the speech from the throne?

Mr. St. Laurent: There are several items which are quite urgent. I should expect that the first of these to be dealt with would be the resumption of the debate on the motion of the Minister of Justice that Mr. Speaker do leave the chair for the house to resolve itself into a committee of the whole on a resolution providing for the introduction of a bill to continue certain orders and regulations of the governor in council for a limited period during the national emergency arising out of the war.

Mr. Drew: Well then, without pressing the point too vigorously, may I take it that, unless

there is some special reason, we may assume this will be debated following the completion of the vote on the motion to adopt the speech from the throne?

Mr. St. Laurent: Unless some further announcement is made, that is the present plan—to take up this one immediately after the conclusion of the debate on the speech from the throne.

At 10.30 p.m. the house adjourned, without question put, pursuant to the order of the house passed on February 22, 1949.

HOUSE OF COMMONS

Wednesday, March 9, 1949

The house met at three o'clock.

PRIVILEGE

REFERENCE TO ARTICLE IN TORONTO "STAR" OF MARCH 8

Mr. John R. MacNicol (Davenport): Mr. Speaker, I rise on a question of privilege, though I am happy to say I seldom have to do so. In last evening's Toronto *Star* I read an article headed, "Say M.P. in hospital but don't tell him". It refers to a rumour that apparently was circulated both here and in Toronto to the effect that I was ill. I have not been ill in forty to fifty years, though I did have a cold about ten days ago. I am not criticizing the *Star* for referring to a rumour, but the last part of this article reads:

Today there was a new report: Mr. MacNicol had been rushed to the hospital.

If the House of Commons is looked upon as a hospital—for I rush here daily—that statement is true; but I am happy to say I have never felt better.

ORDERS IN COUNCIL

RETURNS TABLED—PROCEDURE FOLLOWED IN TABLING AND GAZETTING

On the order for motions:

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I should like to table returns to orders passed on February 24 and March 7 on questions asked by the hon. member for Lake Centre (Mr. Diefenbaker) in respect to orders in council. The question of February 24 was:

How many orders in council passed since July 1, 1948, as at the 18th of February, 1949, were not (a) tabled; (b) published in the *Canada Gazette*?

The answer is: There were 7,005 orders in council passed between July 1, 1948, and February 18, 1949—including 4,215 minutes of treasury board—of which 6,777 were not tabled and 6,728 were not published in the *Canada Gazette*.

The second order passed on March 7 read:

1. How many orders in council were passed between (a) September 1, 1939, and September 1, 1945; (b) September 1, 1945, and date hereof?

2. Of these orders in council, how many were passed under the provisions of the (a) War Measures Act; (b) the several emergency powers acts?

The answer is:

1. Between September 1, 1939, and September 1, 1945, there were 55,559 orders in council; treasury boards (464) containing minutes totaling 34,988, making a grand total of 90,547.

Between September 1, 1945, and March 4, 1949, there were 19,098 orders in council; treasury boards (245) containing minutes totaling 35,737, or a grand total of 54,835.

2. Orders in council referred to in 1 (a) and (b) passed under (a) the War Measures Act, 3,332; (b) (i) the National Emergency Transitional Powers Act, 1945, 397; (ii) the Continuation of Transitional Measures Act, 1947, 21.

As promised in the house I am also tabling a descriptive list of the first hundred orders in council and minutes of treasury board passed since the beginning of the period mentioned in the hon. member's question. This list will indicate whether or not these orders in council and treasury board minutes have been tabled or gazetted or both. I am also tabling a summary of the first hundred orders in council and treasury board minutes passed since January 1, 1949. Taken together I think those two lists constitute a good cross-section of the various questions dealt with by order in council and treasury board minutes during the course of a year.

I think perhaps for the better information of hon. members it might be convenient to have these lists published as an appendix to *Hansard* of today, and if I have the consent of the house I would ask that this be done.

Some hon. Members: Agreed.

(For summary referred to, see Appendix, page 1317).

Mr. St. Laurent: In order, however, that the answers given in the past, and particularly the returns I have just tabled, may not prove to be misleading, I should like to avail myself of this opportunity to review briefly the procedure followed in the tabling and gazetting of orders in council, so that if this procedure is not satisfactory to the house it may be criticized and that criticism taken into consideration. In this matter, as in many others related to the business of government, the practice followed in Canada has been patterned very largely on United Kingdom constitutional procedures.

Orders in Council

Orders in council are tabled in this house when (a) there is a statutory requirement for such tabling; or (b) an order in council is deemed to be of particular interest to hon. members; or (c) tabling is requested by an hon. member and agreed to by the house. Furthermore, orders in council under the War Measures Act were tabled regularly in parliament, and this has been the government's practice with respect to orders under remaining emergency powers.

I might add that in the matter of tabling of orders in council our practice goes a step further than the course normally followed in the United Kingdom. An order in council is tabled in the British Commons only if the statute on which the particular order is based requires the order to be tabled.

In so far as publication in the *Canada Gazette* is concerned, a distinction should be made between statutory orders and prerogative orders. The former are all those orders passed by the governor in council under the provisions of an act of parliament. The second category comprises all orders passed by the governor in council in the exercise of his general executive authority. All statutory orders are published in the *Canada Gazette* as a matter of course, but publication of prerogative orders, which relate to routine administrative matters, is infrequent. The gazetting of this second group is largely dependent on whether or not the orders are of general interest.

Prior to the 1st of January, 1947, orders in council were published in the *Canada Gazette* when statutory provisions required that they be so published or when it was felt that they were of general interest to the public. In addition, during the war years, as hon. members will recall, orders in council passed under the War Measures Act appeared in an official publication entitled Canadian War Orders and Regulations.

Since January 1, 1947, the governor in council, under the provisions of section 30 of the Public Printing and Stationery Act, has authorized the publication of the *Canada Gazette* in two parts. Part I remains much the same as the *Canada Gazette* existed prior to January 1, 1947. Part II of the *Gazette* was established for the express purpose of making available to the public all orders in council and other instruments of a statutory or regulatory nature, whether or not there existed a statutory requirement for their publication. This step was taken in order that all subsidiary legislation passed under powers delegated by parliament might be brought constantly, fully and in a uniform manner to the public's attention. The conditions governing the publication of part II of the *Gazette* are set out in the statutory orders and regulations order, 1947 (P.C. 5355 of December 30, 1946) as published in Statutory Orders and Regulations of January 8, 1947.

Perhaps the practical results arising out of the passing of the statutory orders and regulations order, 1947, have not been made sufficiently clear to parliament and to the public. In effect, this order provides for the compulsory publication in part II of the *Gazette* of all semi-legislative or regulatory measures taken by the governor in council, ministers of the crown, boards and other government agencies under powers delegated by act of parliament. The statutes of Canada comprise all federal legislation. Statutory Orders and Regulations contain all the so-called subsidiary legislation authorized by the statutes.

It should be noted that our practice in the matter of publication of orders is very similar to that followed in the United Kingdom, where a limited number of orders are published in the *London Gazette* and orders of a statutory character are included in the Statutory Instruments series under the provisions of the Statutory Instruments Act, 1946.

To summarize, I might say that treasury board minutes dealing with personnel recommendations of the civil service commission under the Civil Service Act, orders approving contracts and authorizing expenditures from funds appropriated by parliament, and other acts of an administrative character, comprise the great bulk of all orders of the governor in council. Such instruments are not normally published, nor are they tabled in parliament unless specially requested. On the other hand, as a matter of normal practice, all orders in council of general interest or of a regulatory nature are either tabled or gazetted, or both tabled and gazetted.

Mr. J. G. Diefenbaker (Lake Centre): In view of the lengthy and complete statement by the Prime Minister, may I, sir, with your leave and the leave of the house, direct his attention to one thing. As I understand it, in Great Britain a committee of the House of Commons has been given the responsibility of reviewing all orders in council as they are passed, for the purpose of bringing before the house any cases of invasion of rights or suspension of statutes by order in council. I was wondering whether the Prime Minister would consider the tabling of orders in council that are passed while parliament is in session. The members are in a very difficult position because legislative acts are performed under certain orders in council the tabling of which is not considered necessary. In view of the

attitude the Prime Minister has shown, and his desire to be of assistance to the house, would he agree to have these orders in council laid on the table of the house, having regard to the fact there is such a large number of them? It would be neither expensive nor difficult to do it. Hon. members would then know, as they advised their constituents, what the law or the practice is in respect to the various matters dealt with by order in council.

Mr. St. Laurent: If the hon. member will look at the two lists I have produced, he will perhaps come to the conclusion that it would be quite as convenient to have tabled monthly a full list of the orders in council of the preceding month, with the same kind of indications as are given in these lists. Then if in that list there was anything in which any hon. member was interested, he could ask to have the order in council tabled. But as about ninety per cent of the orders in council or minutes of the treasury board are merely administrative acts, I think it would be useless to table all of them and thus increase the store of parliamentary documents that the clerks of the house are obliged to take care of and keep for a long time after they have been tabled. Perhaps the matter could be referred to again. We want to make as full disclosure as will be of any use to anybody; but perhaps the hon. member will find that if he gets that kind of a list monthly he will have in it sufficient information to ask for any orders that were not already tabled and that might be of interest.

FISHERIES

PRAIRIE PROVINCES—PURCHASE BY PRICES SUPPORT BOARD OF FISH IN DANGER OF SPOILAGE

Hon. Robert W. Mayhew (Minister of Fisheries): I wish to make an announcement to the house about a serious situation which has developed in the inland fisheries of the prairie provinces, particularly Manitoba, and the action the government has authorized the fisheries prices support board to take to alleviate the problem.

Members will be aware that winter fishing operations in these northern lakes are carried on by fishermen taking the fish through the ice. The fish is frozen and stored at the lake under natural conditions until it is moved to market. Normally this movement to market takes care of all the fish before the spring breakup. This winter, largely because of the abnormal weather conditions and some softening of the export market, the Winnipeg trade has not been prepared to handle all the fish, and substantial quantities remain on the fishing grounds and at the railheads. This fish must be moved immediately into refrigerated storage in Winnipeg to avoid spoilage.

Of the 2,800 fishermen in Manitoba, many have suffered a serious decline in their incomes from this operation. This potential loss of food and the plight of the fishermen was brought to the attention of the government through the fisheries prices support board by representatives of the fishermen and the fishing industry in Manitoba and the government of Manitoba which administers the fisheries of that province. The government has investigated and considered the problem and has authorized the board to stand ready to purchase such quantities of fish as remain in fishermen's hands or which are held on consignment by the fish trade on behalf of the fishermen.

The board has been authorized to offer to purchase the following species of fish at specified prices, these being the species reported in fishermen's hands and in danger of spoilage. The prices are on Winnipeg basis including freight and other handling charges, and are approximately eighty per cent of those which have been paid to date this year: whitefish, round, 13 cents per pound; saugers, round, 10 cents per pound; pike, (jacks), round, 6½ cents per pound; pike (jacks), headless, 8½ cents per pound; pickerel (yellows), round, 14 cents per pound; trout, round, 14 cents per pound; tullibee, round, 4½ cents per pound. The prices which the fishermen may expect under this arrangement will be these prices less appropriate deductions for freight.

The board is immediately taking steps to set up the necessary machinery for handling this fish, and will be making further announcements in this regard within the next day or two.

Mr. Coldwell: If the conditions are the same, will the same policy apply to Alberta and Saskatchewan?

Mr. Mayhew: We know that some Saskatchewan fish are in long supply, and they are included in this measure.

[*Later:*]

Mr. Cruickshank: The hon. member for Lake Centre having made an excellent political speech, may I now ask a question?

Some hon. Members: Oh, oh.

Mr. Graydon: The hon. member did not hear the Prime Minister.

Mr. Speaker: Order.

Mr. Cruickshank: Those remarks from the opposite side will never bother me. I wish to direct a question to my own minister from

British Columbia. Will the same consideration be given to the berry growers as has been given to the Manitoba fishermen? I should like an answer to the question.

Mr. Mayhew: I suggest that the hon. member for Fraser Valley direct his question to the Department of Agriculture.

Mr. Cruickshank: I have done that every day, Mr. Speaker.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

WAR ASSETS—GOVERNMENT PROPERTY

Mr. McKay:

1. How much money has been realized by the sale of government property by the War Assets Corporation since its inception?
2. What did these properties cost the Canadian government either by construction or purchase?
3. Having no regard for depreciation, what loss was suffered by the government on these sales?

Mr. McIlraith:

1. Gross sales of Canadian government property by War Assets Corporation since its inception to February 28, 1949, amount to $454,894,247.65.

2. The cost to the Canadian government of assets declared to War Assets Corporation is not recorded by the corporation.

3. See answer to No. 2.

NATIONAL HEALTH—HOSPITAL CONSTRUCTION GRANT

Mr. Coldwell:

1. What is the total cost per additional bed for each hospital listed on page 836 of *Hansard* of February 23, 1949?
2. How much per additional bed will be paid by the dominion towards the construction of each of the hospitals listed on page 836 of *Hansard* of February 23, 1949?

Mr. Martin:

1. See table below. The wide variation in estimated costs is due to the fact that they cover many different types of construction, ranging from simple conversion of existing buildings to construction from the ground up of the latest type of hospital complete with facilities for the treatment of all diseases.

2. See table below. In no case will the federal grant exceed $1,000 per active treatment bed project, or $1,500 per chronic or convalescent bed. The wide variation in the estimated federal grants shown in the attached table is explained as follows:

(a) Amounts less than $1,000 represent federal assistance toward active treatment bed projects which were under construction on April 1, 1948.

(b) Amounts of $1,000 represent federal assistance toward active treatment bed projects which were not under construction on April 1, 1948.

(c) Amounts over $1,000 represent federal assistance toward chronic or convalescent bed projects which were under construction on April 1, 1948.

Average total cost, per additional bed and average federal grant per additional bed for hospitals listed in *Hansard* of February 23, 1949, page 836

Hospital	1. Approximate cost as estimated by hospital body $ per bed	2. Estimated federal grant* $ per bed
Prince Edward Island		
Beach Grove	1,205	344
Nova Scotia		
Eastern Shore Memorial	5,860	654
Queen's	6,005	1,000
Lunenburg	6,457	1,000
Twin Oaks Memorial	5,494	1,000
Guysboro Memorial	6,429	1,000
Quebec		
Hopital Lafleche	11,553	889
Hopital Ste. Marie	14,595	550
St. Joseph des Convalescente	5,631	1,447
St. Joseph Sanatorium	10,865	1,251
Hotel Dieu de Montmagny	9,475	1,000
Sanatorium Cooke	13,865	716
Sanatorium Begin	10,667	689
St. Eusebe	10,393	467
Sanatorium de Macamic	14,865	1,388
St. Croix	10,965	841
Hotel Dieu Notre Dame de Beauce	6,704	983
Sanatorium St. Georges	11,409	834
Saint-Sauveur	17,008	836
Notre Dame de Lourdes de Blanc Sablon	10,739	729
Youville	15,039	207
Ontario		
Sudbury General	8,893	1,000
West Lincoln Memorial	5,250	1,000
Hamilton General	5,918	1,000
St. Peters Infirmary	2,556	852
Leamington District Memorial	7,895	1,000
Cobourg General	1,250	417
St. Joseph's General	7,923	1,000
Manitoba		
Killarney General	3,680	173
Gilbert Plains	4,167	1,000
Steinbach General	2,941	1,000
Saskatchewan		
Assiniboia General	3,495	666

*When construction is completed and actual cost is known, the amount of the federal grant will have to be revised in certain instances.

Average total cost, per additional bed and average federal grant per additional bed for hospitals listed in *Hansard* of Feb. 23, 1949, page 836—Conc.

Hospital	1. Approximate cost as estimated by hospital body $ per bed	2. Estimated federal grant* $ per bed
Alberta		
Vulcan Municipal	5,659	1,000
Olds Municipal	5,417	1,000
Three Hills Municipal..	5,017	326
British Columbia		
Provincial Mental	2,628	876
Royal Columbian	8,466	745
Vernon Jubilee	4,901	984
Langley Memorial	5,059	729
St. George's hospital ...	3,409	641
Fernie Memorial	7,562	1,000
North Vancouver General hospital	2,000	667
Princeton General hospital	2,595	865
Alberta		
Stettler Municipal hospital	5,193	1,000
Rimbey Municipal hospital	6,740	610
Manitoba		
Benito hospital	6,667	1,000
Boissevain hospital	6,444	305
Altona hospital	7,252	368
Carberry hospital (Fox Memorial)	5,300	1,000
Cartwright and District Medical Nursing Unit	5,407	1,000
Fisher Branch Outpost hospital	4,729	1,000
Ontario		
Haldimand War Memorial hospital	6,522	1,000
Trenton Memorial hospital	9,402	862
Alexandria hospital	5,951	1,000
Oakville Trafalgar Memorial hospital	6,800	1,000
Oshawa General hospital	2,896	264
Cornwall General hospital	7,168	743
Quebec		
L'Hotel-Dieu d'Amos ...	10,665	878
Hopital de la Providence	5,126	1,000
L'Institut Medico-Pedagogique du Mont Providence	5,881	1,181
Nova Scotia		
Victoria County Memorial hospital ...	2,983	499

*When construction is completed and actual cost is known, the amount of the federal grant will have to be revised in certain instances.

Questions

RADAR EQUIPMENT

Mr. Pearkes:

1. How many radar sets 268 have been built by Canadian arsenals?
2. How many of these have been supplied to the different departments of the Canadian government?
3. How many have been installed, or are being installed in Canada for harbour protection?
4. In what Canadian harbours, if any, are they being placed?
5. How many of these radar sets have been sold to Canadian shipping firms?
6. To what foreign countries, if any, have these sets been sold?

Mr. McIlraith:

1. None. The basic sets were built during the war and, to date, 317 have been extensively modified and completely modernized by Canadian Arsenals Limited.

2. Department of Fisheries, 1; Department of Mines and Resources, 3; Department of Transport, 5; National Research Council, 7; R.C.M.P., 4; Department of National Defence —Navy, 5; Army, 1; R.C.A.F., 8; Defence Research Board, 2; Canadian National Railways Company, 3; Canadian National Steamships, 3.

3 and 4. The Department of Transport and the national research council have co-operated in the experimental installation of two modified Type 26H sets for harbour protection; one at Camperdown, Nova Scotia, overlooking the outer Halifax harbour, and the other on the Lions Gate bridge in Vancouver, B.C. The performance of both installations is being studied carefully to determine their value to marine shipping and what modifications, if any, are desirable.

5. Five have been sold and 215 supplied on a rental basis.

6. Denmark, 3; Sweden, 46 (of which 16 have been delivered); Netherlands, 1; Norway, 1; United States, 1.

NATIONAL FILM BOARD—DOCUMENTARY FILMS TAKEN IN FOREIGN LANDS

Mr. Fraser:

1. What documentary motion pictures of foreign lands have been produced by or for the national film board during the last eight years?
2. What are the names of each of these pictures; in what country was each taken and in what year?

Mr. McIlraith: Stand.

Mr. Fraser: I should like to direct a question to the Minister of Reconstruction and Supply or his parliamentary assistant. This question which has been called "stand" has been on the order paper since the middle of last month, and I should like an answer as soon as possible. Am I not getting an answer because of the poor management of the national film board?

Questions

Mr. McIlraith: The Minister of Reconstruction and Supply has no parliamentary assistant. On his return I shall direct his attention to the remarks of the hon. member.

FRUIT—EXPERIMENTAL SUBSTATION IN SALMON ARM-SORRENTO, B.C., AREA

Mr. Fulton:

1. Has the Minister or the Department of Agriculture received any representation from the B.C. Fruit Growers' Association for the establishment of an experimental substation in the Salmon Arm-Sorrento area for fruit?
2. If so, is any action being taken to meet the request?
3. If none is being taken, why not?

Mr. McCubbin:

1. Yes.

2 and 3. The matter is under consideration.

WHEAT PRICES

Mr. Fair:

What was the average price of No. 1 northern class II wheat in each of the crop years, 1946-47, 1947-48, and the first six months of the 1948-49 crop year?

Mr. McIlraith:

1946-47: $2.43 per bushel basis No. 1 northern wheat in store Fort William, Port Arthur or Vancouver.

1947-48: $2.88 per bushel basis No. 1 northern wheat in store Fort William, Port Arthur or Vancouver.

1948-49: The monthly simple daily average of quoted class II prices is:—

August—$2.42
September—$2.37
October—$2.35
November—$2.42
December—$2.41
January—$2.33
February—$2.25

These prices are not related to sales.

EXCESS PROFITS TAX—AMOUNTS COLLECTED

Mr. Williams:

What sum of money did the government collect in excess profits tax during the years it was in effect, year by year and the aggregate?

Mr. McCann:

By fiscal years	Individuals	Corporations	Total
1940-41	$ 147,989	$ 23,847,280	$ 23,995,269
1941-42	3,483,384	131,684,961	135,168,345
1942-43	11,380,178	443,200,499	454,580,677
1943-44	21,417,744	447,300,096	468,717,840
1944-45	24,186,853	441,618,504	465,805,357
1945-46	28,637,751	465,558,732	494,196,483
1946-47	27,652,448	421,044,995	448,697,443
1947-48	13,144,480	213,886,014	227,030,494
1948 (to Feb. 28/49)	5,859,009	37,161,653	43,020,662
	$ 135,909,836	$ 2,625,302,734	$ 2,761,212,570

POSTAL SERVICE—LOSS IN HANDLING NEWSPAPERS AND PERIODICALS

Mr. Fraser:

Of the estimated loss of $7,460,689 sustained by the Post Office Department during the year 1948 in handling newspapers and periodicals mailed by publishers, what amount of this loss was caused by the handling of (a) daily newspapers; (b) weekly newspapers; (c) magazines and periodicals?

Mr. Bertrand (Laurier): No information available as to the proportion attributable to (a) daily newspapers; (b) weekly newspapers; (c) magazines and periodicals.

To obtain accurate breakdown of costs into three categories of publications as requested would have added considerably to cost of obtaining information and, moreover, might have delayed mails; accordingly, loss for all publications was determined.

[Mr. Fraser.]

SYSTEM OF MONETARY EXCHANGE—SUGGESTION THAT STERLING AREAS CHANGE TO DOLLARS AND CENTS

Mr. Isnor:

Has Canada during the past three years suggested to Great Britain that that country consider changing from the sterling form of exchange to that of dollars and cents?

Mr. Belzile: No.

Mr. Isnor:

1. Has Canada, during the past five years, requested the united nations monetary and financial conference to consider the advisability of having Great Britain and other sterling areas change to the dollar and cent system of monetary exchange?
2. If so (a) when; (b) what was the result?

Mr. Belzile:

1. No.
2. Answered by No. 1.

IMMIGRATION—ORDERS IN COUNCIL

Mr. Diefenbaker:

1. How many orders in council relative to the provisions of the Immigration Act have been passed since the first day of July, 1947?

2. Of said orders in council, how many have not been (a) published in the *Canada Gazette;* (b) tabled in parliament?

Mr. MacKinnon: This question was answered in the return tabled today.

Mr. Speaker: Answered.

Mr. Diefenbaker: Mr. Speaker, I have examined the return to which the minister refers and I think he must be mistaken because that question was not answered. I would ask that the question be allowed to stand.

Mr. MacKinnon: The hon. member spoke to me about this, and I am quite agreeable to having the question stand.

TRANS-CANADA HIGHWAY—RESPONSIBILITY FOR MAINTENANCE

Mr. Isnor:

When the trans-Canada highway is completed, whose responsibility will it be to keep the highway open for traffic—dominion or provincial?

Mr. MacKinnon: This question has not yet been considered. In the past when the federal government has shared in cost of constructing highways in the provinces it has never contributed to the cost of maintenance. The sections of the trans-Canada highway in national parks will be kept open by the federal government.

BUILDINGS DECLARED SURPLUS AT PAULSON, MAN.

Mr. Zaplitny:

1. What buildings have been declared surplus at No. 7 B. and G. at Paulson, Manitoba, since January 1, 1948?

2. Which of such buildings have been sold; to whom, and at what price?

3. What was the original cost of each building referred to above?

Mr. McIlraith: 1. None.

2 and 3. Answered by No. 1.

EXPORTS OF CERTAIN PRODUCTS—MARKETS FOR 1949-50

Mr. Stephenson:

1. What amount of apples, tobacco, honey, potatoes, was exported from Canada during 1948, and to what countries?

2. What markets, if any, have been found for these products during the years 1949-1950?

Mr. McIlraith:

1. See statement below.

2. Exports of these products are handled by commercial concerns and the government has no information concerning the years 1949-50. It is doubtful that, under present conditions, the firms concerned have been able to obtain export commitments this far in advance.

1. Canadian exports by countries, of specified commodities, during the year 1948:

Item and Country	
Apples:	Bbl.
Union of South Africa	18,064
India	592
British Malaya	9,638
Bermuda	5,207
British Guiana	26
Barbados	5
Jamaica	9
Bahamas	9
Leeward and Windward Islands	347
Hong Kong	23,224
Newfoundland	44,324
Belgium	3,000
Belgian Congo	266
Brazil	92,019
Cuba	359
Greenland	44
St. Pierre and Miquelon	965
Haiti	37
Japan	18
Netherlands West Indies	31
San Domingo	100
Alaska	865
Hawaii	14,937
Philippine Islands	22,259
Venezuela	3,352
United States	515,345
Total	755,042
Tobacco, raw leaf:	Lb.
United Kingdom	12,487,642
Union of South Africa	54,940
Eire	1,554
British Guiana	198,707
Barbados	227,945
Jamaica	1,194,574
Trinidad	853,637
Leeward and Windward Islands	146,896
Newfoundland	652,800
St. Pierre and Miquelon	100
Belgium	49,579
United States	9,320
Total	15,877,694
Honey:	Lb.
Newfoundland	3,935
Belgium	11,200
Japan	818
Alaska	96
Hawaii	240
United States	14,852
Total	31,141

Questions

Potatoes, table:	Bu.
Union of South Africa	2,834
British Malaya	1,666
Bermuda	57,899
British Guiana	49,046
British Honduras	1,240
Barbados	40,740
Jamaica	8,345
Trinidad	139,407
Bahamas	25,702
Leeward and Windward Islands	34,178
Hong Kong	20,098
Newfoundland	400,457
Brazil	5,375
Cuba	27,975
St. Pierre and Miquelon	27,226
Haiti	1,691
Japan	1,676
Netherlands West Indies	1,664
Panama	616
San Domingo	10,299
Alaska	2,493
Virgin Islands of U.S.	681
Hawaii	58,643
Philippine Islands	9,946
Puerto Rico	2,000
Venezuela	26,281
United States	1,967,797
Total	2,925,975

Potatoes, certified seed:	Bu.
Union of South Africa	49,126
Bermuda	8,817
Jamaica	9,775
Bahamas	83
Leeward and Windward Islands	12
Newfoundland	10,752
Palestine	63,593
Argentina	178,236
Brazil	5,544
Cuba	359,571
St. Pierre and Miquelon	103
Mexico	22,336
Netherlands West Indies	1,941
Panama	2,257
San Domingo	9,824
Uruguay	208,150
Venezuela	82,109
United States	4,331,707
Total	5,343,936

PUBLIC WORKS—OTTAWA—MALE EMPLOYEES RESIDENT IN QUEBEC PROVINCE

Mr. Lennard:

1. How many male employees are employed by the Department of Public Works in Ottawa through the George street office?

2. Of this number how many reside in Quebec?

Mr. Fournier (Hull):

1. 892.

2. 171.

[Mr. McIlraith.]

*OLD AGE PENSIONS—RESOLUTION PASSED BY TIMMINS, ONT., MUNICIPALITIES

Mr. Low:

1. Did the Minister of National Health and Welfare receive a copy of a resolution passed by several municipalities at Timmins, Ontario, calling for an increase in old age pensions?

2. If so, on what day was the said resolution received?

3. What action is being taken?

Mr. Martin: Perhaps I might answer this question orally. The answer to the first part of the question is yes. The answer to the second part is; on February 21, 1949. As to the third part of the question, I cannot say what action will be taken by the provincial governments. So far as this government is concerned, the policy will be announced in due course.

ST. LAWRENCE WATERWAY—SHARE OF COST TO BE BORNE BY ONTARIO AND QUEBEC

Mr. Isnor:

1. If the proposed St. Lawrence waterway and power project is proceeded with, will the provinces of Ontario and Quebec be asked to jointly share the Canadian cost of same?

2. If not, what proportion will these two provinces share?

Mr. Lapointe:

1. No.

2. Under the terms of the agreement signed by representatives of Canada and the United States in 1941, Canada would undertake to complete the all-Canadian portions of the project and a part of the international portion. It would be the intention of the Canadian government, however, to endeavour to conclude arrangements with Ontario and Quebec for turning over to them the power facilities constructed in connection with the combined project, on mutually acceptable terms.

QUESTIONS PASSED AS ORDERS FOR RETURNS

C.B.C. INTERNATIONAL SERVICE—FREE-LANCE PRODUCERS, ETC.

Mr. Aylesworth:

1. How many free lance producers, announcers and continuity writers were employed in the calendar years 1947 and 1948 (a) by the national networks; (b) by the international service of the Canadian Broadcasting Corporation?

2. What was the total sum, before deductions, paid to these free lance persons?

3. What was the total earned in each of these years by the six most highly paid free lance persons?

4. How much were these amounts in excess of or less than regular staff salaries paid for the same work?

SHIPMENTS OF LIVESTOCK FOR SLAUGHTER

Mr. Merritt:

1. How many shipments of live horses for slaughter were made from Canada in 1948?
2. What was the date and port of departure, and the port of destination of each vessel, and what was the number of animals in each shipment?
3. What steps were taken in connection with each shipment to ensure compliance with the regulations governing the shipment of livestock, and to ascertain the condition of the animals themselves (a) at or about the time of sailing; (b) during the voyage; (c) upon arrival at port of discharge?

FERTILIZER AND CHEMICALS—INTERNATIONAL CONTROL

Mr. Hatfield:

1. Is the price and allotment of Canadian fertilizer and chemicals set up during wartime still under international pool control?
2. If so, what percentage is allotted to the different countries operating under the quota set up by this pool; both mixed fertilizer and chemicals?

Mr. Belzile: Return tabled.

NATIONAL FILM BOARD—"CANADA CARRIES ON"

Mr. Fraser:

1. What was the total cost of production for the films "Canada Carries On" put on by the national film board for the years (a) 1947; (b) 1948?
2. How many different subjects were produced?
3. What was the total revenue raised from all sources for the use of these films for the years (a) 1947; (b) 1948?
4. What was the total amount other than revenues received by the national film board for sale of prints of films made in Canada of "Canada Carries On" (a) sales made to Canadian purchasers; (b) sales made to foreign purchasers?
5. What firm or firms distributed this "Canada Carries On" series in 1947-1948 (a) in Canada; (b) in the U.S.A.; (c) in other countries?
6. What did each distributor firm pay the national film board for rights, or privilege of distribution?

POLYMER CORPORATION

Mr. McCuaig:

1. Is the Polymer Corporation in Sarnia, Ontario, solely owned, controlled and operated by the government?
2. What was the total cost of construction and building of the Polymer Corporation at Sarnia, Ontario?
3. Since the Polymer Corporation first started to operate, what was the total production in each year up to December 31, 1948, of (a) rubber products made from grain; (b) rubber products made from oil; (c) rubber products made from natural rubber?
4. How much of the above products was sold to (a) Canadian trade; (b) the export market?
5. At what prices were these products sold in each of the years of its operation?
6. What was the net revenue of the Polymer Corporation in each year of operation?
7. By what method are their products disposed of?

INDUSTRIAL PLANTS IN OSHAWA

Mr. Williams:

1. How much money was spent on industrial plants in Oshawa during the years 1939, 1940, 1941, 1942, 1943, 1944 and 1945 for (a) erection; (b) expansion; (c) equipment?
2. What are the names of such plants and the amount spent on each for (a) erection; (b) expansion; (c) equipment?
3. What sum of money has been recovered by the federal treasury from each of such plants through sale to them of the plants so erected, expanded or for equipment?

IMMIGRATION—ILLEGAL ENTRIES

Mr. Diefenbaker:

1. How many persons to the knowledge of the immigration authorities have illegally entered Canada since the first of July, 1947?
2. From what countries did said persons come and what were the numbers from each country?
3. In how many cases has illegal entry into Canada by said persons been legalized by order in council?
4. How many of said persons used forged or invalid passports?

WAR ASSETS—COST OF EXTENSION AND IMPROVEMENT OF TORONTO AREA PLANTS

Mr. Williams:

1. What sum of money did the government expend on the extension, improvement and equipping of the John Inglis plant, including bren guns section, in Toronto, for the years 1937, 1938, 1939, 1940, 1941, 1942, 1943, 1944, 1945?
2. To whom did war assets dispose of this property? If to more than one purchaser, what was the amount received from each?
3. What sum of money did the government expend on the extension, improvement and equipping of the Massey-Harris plants at (a) Toronto; (b) Weston, for the years 1937, 1938, 1939, 1940, 1941, 1942, 1943, 1944, 1945?
4. What sum of money did this company pay to the government for its present ownership of the properties at (a) Toronto; (b) Weston?
5. What sum of money did the government expend on the extension, improvement and equipping of the Toronto Shipbuilding Company, Toronto, for the years 1937, 1938, 1939, 1940, 1941, 1942, 1943, 1944, 1945?
6. What sum of money did this company pay to the government for its present ownership of the properties?
7. What sum of money did the government expend on the extension, improvement and equipping of the John T. Hepburn Company Limited, Toronto, for the years 1937, 1938, 1939, 1940, 1941, 1942, 1943, 1944, 1945?
8. What sum of money did this company pay to the government for its present ownership of the properties?

TOURIST INDUSTRY—PORT OF HUNTINGDON, B.C.

Mr. Cruickshank:

1. At the port of Huntingdon during the year 1948 how many (a) individuals; (b) motor cars entered Canada?
2. What was the total revenue at this port during the year 1948?

MONTREAL-ST. LAMBERT, QUE.; HALIFAX-DARTMOUTH, N.S.—TUNNEL OR BRIDGE CONNECTIONS

Mr. Isnor:

1. Has the government considered a plan to provide a tunnel from Montreal to St. Lambert, Quebec?

2. If so (a) what is the estimated cost; (b) is it to be used by the Canadian National Railways; (c) on what basis is the cost to be borne?

3. Has the government considered a bridge or tunnel from Halifax to Dartmouth, Nova Scotia?

4. If so (a) what is the estimated cost; (b) on what basis is the cost to be borne?

PRICE CONTROL

Mr. Caouette:

1. What controls are still in force in Canada?

2. What products and what economic activities are still under the control of the federal government?

MOTIONS FOR PAPERS

POLYMER CORPORATION—WAGES, WORKING CONDITIONS AND SECURITY BENEFITS

Mr. Murphy:

For a copy of all current agreements between Polymer Corporation of Canada Limited and any unions representing the workers in said corporation, in respect to (a) wages and conditions of work; (b) hospitalization, superannuation, pension and other security benefits.

Mr. Howe: This motion presents some difficulty. The Polymer Corporation is a crown company with its own board of directors, and in that way is on all fours with the Canadian National Railways. As you know, Mr. Speaker, it has been the practice not to answer, from the floor of the house, questions having to do with the internal operation of the Canadian National Railways. The situation in this regard is aggravated by the fact that the management of the corporation and its directors have been having labour discussions with the employees; and I feel that any publicity from here might be harmful to the successful conclusion of those talks if they have not already been concluded. I think my hon. friend will see the difficulty, and I hope he will agree to drop the motion.

Mr. Murphy: Very well.

Mr. Speaker: Dropped.

POLYMER CORPORATION—ARRANGEMENTS WITH MUNICIPALITIES FOR SALE OF HYDRO-ELECTRIC POWER, ETC.

Mr. Murphy:

For a copy of all existing agreements made by Polymer Corporation of Canada Limited with any municipality or other companies or corporations respecting the sale of hydro electric power, water, steam or other energy products.

Mr. Howe: The same situation applies here as in the case of the previous motion. Polymer Corporation is engaged in a highly competitive business. It has a turnover of some $20 million a year. About one-third of its product is sold in Canada, one-third in the United States, and one-third in several European countries. These agreements represent contracts with various Canadian companies. Perhaps there is no great difficulty about these particular contracts, but I should not like to establish the practice of laying on the table of the house contracts between Polymer Corporation and its customers in all parts of the world. I shall be glad if my hon. friend will consent to drop this motion. If he insists on it, perhaps we will do it with the reservation I have indicated.

Mr. Murphy: I prefer not to drop it.

Mr. Graydon: May I ask the Minister of Trade and Commerce a question, based on what he has said with respect to this motion? I do not want to deal with the second reason for not desiring to give the information, because it is a matter of which I have no knowledge. But the first premise upon which he based his argument places hon. members in a most invidious position. How are we to get information unless questions are asked and answered on the floor of the house? On a matter of this kind there is no committee comparable with the railways and shipping committee, which of course sits from time to time. Information is readily available in the sittings of that committee. My question is, where do we get the information?

Mr. Howe: The committee on railways and shipping, or some other appropriate committee, is entitled to inquire into the affairs of any crown company. The annual report of the Polymer Corporation will be tabled in due course. If an hon. member wishes it referred to a committee, all he needs to do is to so move, and I can assure my hon. friend that I would not object. I think my hon. friend will see that it is practically impossible to carry on a business with the turnover of the Polymer Corporation, the diversity of products which it manufactures, and the multiplicity of markets in which the product is sold, if its day to day business transactions are to be subject to discussion in parliament.

If a committee wishes to look into the Polymer Corporation I shall be only too glad to facilitate that action.

Mr. Graydon: What committee is appropriate to that purpose? It does not come under any of the standing committees.

Mr. Howe: One can be set up, if necessary.

Mr. Graydon: One has not been set up, though.

Mr. Speaker: Does the hon. member agree to the motion being dropped?

Mr. Murphy: No.

Mr. Speaker: I have only one alternative, namely, to put the question to the house. Is it the pleasure of the house to adopt the motion?

Some hon. Members: Yea.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

(And some members having risen):

Mr. Speaker: Call in the members.

The house divided on the motion (Mr. Murphy) which was negatived on the following division:

YEAS

Messrs:

Adamson	Hlynka
Ashby	Hodgson
Aylesworth	Homuth
Barrett	Jackman
Black (Cumberland)	Kidd
Black (Yukon)	Lennard
Blackmore	Lockhart
Blair	Low
Bracken	Macdonnell (Muskoka-Ontario)
Bradshaw	McGregor
Brooks	McLure
Cardiff	McMaster
Case	MacNicol
Casselman	Manross
Chapdelaine	Marshall
Charlton	Menary
Church	Merritt
Cockeram	Miller
Coyle	Murphy
Daniel	Power
Diefenbaker	Raymond (Beauharnois-Laprairie)
Dorion	Robinson (Bruce)
Drew	Ross (St. Paul's)
Drope	Rowe
Ferguson	Shaw
Fleming	Skey
Fraser	Smith (Calgary West)
Fulton	Stanfield
Gagnon	Stephenson
Graydon	Stokes
Green	Tustin
Hackett	Webb
Hamel	White (Hastings-Peterborough)
Harkness	White (Middlesex East)
Harris (Danforth)	Wylie—74.
Hatfield	
Hazen	
Henderson	
Héon	

NAYS

Messrs:

Abbott	Breithaupt
Arsenault	Brown
Baker	Brunelle
Beaudoin	Bryce
Beaudry	Burton
Belzile	Campbell
Benidickson	Caouette
Bentley	Castleden
Bertrand (Laurier)	Chevrier
Bertrand (Prescott)	Claxton
Bertrand (Terrebonne)	Cleaver
Black (Chateauguay-Huntingdon)	Cloutier
Blanchette	Coldwell
Boivin	Coté (Matapedia-Matane)
Bonnier	Coté (St. Johns-Iberville-Napierville)
Boucher	Coté (Verdun)
Bourget	Cournoyer
Bowerman	Croll
Bradette	Cruickshank
Dechene	McCubbin
Demers	McCulloch (Pictou)
Denis	McCullough (Assiniboia)
Dion (Lake St. John-Roberval)	Macdonald (Brantford City)
Dionne (Beauce)	McDonald (Parry Sound)
Douglas	McGarry
Emmerson	McIlraith
Eudes	MacInnis
Fair	McIvor
Fontaine	McKay
Fournier (Hull)	MacKinnon
Fournier (Maisonneuve-Rosemont)	MacLean
Gariépy	MacNaught
Garson	Maloney
Gauthier (Nipissing)	Marier
Gauthier (Portneuf)	Marquis
Gibson (Hamilton West)	Martin
Gillis	Matthews (Brandon)
Gingues	Matthews (Kootenay East)
Gladstone	Maybank
Golding	Mayhew
Gour (Russell)	Michaud
Gourd (Chapleau)	Mitchell
Grant	Moore
Gregg	Mutch
Hallé	Nixon
Harris (Grey-Bruce)	Parent
Hartt	Picard
Healy	Pinard
Herridge	Pouliot
Howe	Probe
Irvine	Raymond (Wright)
Isnor	Richard (Gloucester)
Jaenicke	Richard (Ottawa East)
Jean	Rinfret
Johnston	Robinson (Simcoe East)
Jones	St. Laurent
Jutras	Sinclair
King, Mackenzie	Sinnott
Kirk	Smith (York North)
Knight	Stewart (Winnipeg North)
Knowles	Stuart (Charlotte)
LaCroix	Strum, Mrs.
Lafontaine	Thatcher
Lalonde	Townley-Smith
Langlois	Tremblay
Lapalme	Viau
Lapointe	Warren
Laurendeau	Weir
Leger	Whitman
Lesage	Williams
Little	Wright
McCann	Young
McCuaig	Zaplitny—146.

Mr. Graydon: Saved by the C.C.F. again.

Mr. Abbott: Two to one.

WAR ASSETS—BUILDINGS AT PAULSON, MAN.

Mr. Zaplitny:

For a copy of all letters, telegrams, correspondence and other documents exchanged between War Assets Corporation and any person, persons or corporations since January 1, 1948, in connection with buildings at No. 7 B. and G. at Paulson, Manitoba.

IMMIGRATION—REGULATIONS AND ORDERS IN COUNCIL

Mr. Ross (St. Paul's):

For a copy of all immigration regulations and orders in council issued from October 1, 1947, to date regarding the entry into Canada of individuals or groups of people.

Inquiries of the Ministry

SOCIAL SECURITY

CONTRIBUTORY OVER-ALL INSURANCE—AMENDMENT OF BRITISH NORTH AMERICA ACT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister? Has the federal government inquired of the provinces as to their attitude with regard to amending the British North America Act if such is necessary in order to make possible the enactment of contributory over-all social insurance? If not, is consideration being given to the making of such inquiries at an early date?

Right Hon. L. S. St. Laurent (Prime Minister): The proposal for contributory over-all social insurance was one of those put forward by the federal government at the last dominion-provincial conference and about which it was not possible to reach an agreement. There has been no indication of any change since that time in the attitude of the representatives of the provinces who were opposed to the proposal put forward by the federal government. Consideration is not being given to the reconvening of the conference at this time.

Mr. Knowles: May I ask a supplementary question? I was asking in particular whether any inquiries had been made of the provinces with respect to amending the British North America Act. Was that under discussion at the dominion-provincial conference?

Mr. St. Laurent: That was involved in the proposal put forward at the dominion-provincial conference, and the spokesman for the delegation from one of the provinces said that he would not consider any amendment to the British North America Act, not even one that would be permissive in the sense that it would allow the dominion or the provinces to delegate to each other some of their powers, either permanently or for a period. He would not have even agreed to that, and there has been no indication of any change in his attitude.

Mr. Knowles: Is the government permitting one of the provinces to veto the best interests of the people of Canada?

Mr. Drew: May I ask the Prime Minister what province that was?

Mr. St. Laurent: That was the premier of the province of Quebec.

[Mr. Ross (St. Paul's).]

VETERANS AFFAIRS

UNIVERSITY TRAINING GRANTS—QUESTION OF SETTING UP COMMITTEE

On the orders of the day:

Mr. E. B. McKay (Weyburn): I should like to direct a question to the Minister of Veterans Affairs, a copy of which I have sent him. In view of the representations being made to members of the house by student veterans across Canada requesting consideration for an increase in university training grants, would the minister reconsider his decision not to set up a parliamentary committee on veterans affairs?

Hon. Milton F. Gregg (Minister of Veterans Affairs): I did not receive a copy of the question, and I was not able to hear the hon. member very clearly. I shall take note of his remarks in *Hansard* and deal with the matter later.

INQUIRIES FOR RETURNS

PUBLIC SERVICE—NUMBER OF EMPLOYEES, SALARIES, ETC.

On the orders of the day:

Mr. Douglas G. Ross (St. Paul's): On February 9 a question of mine was passed as an order for return. I wonder when I may expect to get it. Will the Secretary of State look into the matter?

CANADIAN BROADCASTING CORPORATION—FACSIMILE AND TELEVISION

On the orders of the day:

Mr. Douglas G. Ross (St. Paul's): On February 23 two questions of mine were passed as orders for returns. I should like the minister to look into these also.

Hon. Colin Gibson (Secretary of State): I shall be glad to look into the matter and ascertain if these returns can be brought down.

UNEMPLOYMENT INSURANCE COMMISSION—OFFICE SPACE AT SIOUX LOOKOUT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Will the Minister of Labour look up a motion for the production of papers standing in my name, passed on February 16 of this year and recorded at page 595 of *Hansard*, and see if the return may be brought down soon?

Hon. Humphrey Mitchell (Minister of Labour): I shall be glad to try to comply with the wishes of my hon. friend.

ANSWERS TO QUESTIONS

INCOME TAX—REFERENCE TO ANSWER TO QUESTION ON MARCH 2

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): On March 3, on a question of privilege, I drew attention to the fact that a question of mine on the order paper, which had been said by the minister to be answered, had not been answered. Nothing has been done since; six days now have passed, and I ask your direction, Mr. Speaker, that the question be restored to the order paper. It reads:

On January 1, 1949, on how many income tax returns, by years and by district offices, had assessments not been made?

ESTIMATED LOSS BY POST OFFICE IN HANDLING NEWSPAPERS AND PERIODICALS

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): I wish to direct a question to the Postmaster General in reference to an answer to a question standing in my name on today's order paper. The question has been answered by the statement that a proper breakdown cannot be given. I am going to ask now if the minister cannot give an approximate figure of what it costs his department to carry daily newspapers, weekly newspapers and periodicals.

Hon. Ernest Bertrand (Postmaster General): It would be difficult to give even an approximate figure, because these periodicals, daily and weekly newspapers, and so on, are not counted. It would probably cost a good deal of money to keep track of them for a year in order to give the approximate loss on each class.

Mr. Fraser: In regard to—

Some hon. Members: Order.

Mr. Speaker: Order. As the hon. member knows, when a question is put to the minister before the orders of the day are called it is supposed to relate to an urgent matter. I do not see any urgency in the question asked by the hon. gentleman, and I suggest that he put his question on the order paper.

Mr. Fraser: I have already had it on the order paper, and have not been given a proper answer. I should like to know if it is not possible to give even an estimated amount.

Some hon. Members: Order.

Mr. Bertrand (Laurier): No, it would not be possible unless we were prepared to spend a considerable amount of money, and I do not think it would be worth it.

Mr. Fraser: But, Mr. Speaker—

Some hon. Members: Order.

Mr. Cruickshank: On a question of privilege, Mr. Speaker, I suggest that there should be a little more decorum and not so many interruptions in the house.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed from Tuesday, March 8, consideration of the motion of Mr. D. F. Brown for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto of Mr. Drew, and the amendment to the amendment of Mr. Coldwell.

Mr. Frank T. Stanfield (Colchester-Hants): Mr. Speaker, I have only a few observations to add to what I said last evening before the house adjourned. I was referring then to the proposed St. Lawrence ship canal. I know this is a very important question, not only to the people of Canada but to the people of the United States as well. Being a good maritimer, however, I cannot do anything but take the position, which I think is very fair, that this canal will cost a great deal of money, of which the people of the maritimes will have to pay their share, and I think I am safe in saying they will not get any economic value whatever from the expenditure of that money on the construction of the proposed St. Lawrence canal. I for one could not vote for that project if we in the maritime provinces did not get something in return to offset that expenditure of money; and in that connection I suggest the bridge across the strait of Canso. I am not putting that forward as a threat at all, but being a good maritimer I figure it is nothing more than good business.

Now that Newfoundland has been brought into confederation the question of a bridge across the strait of Canso has become a matter of great importance. The people of Newfoundland have to get to and from that island, and that is going to be our responsibility; which makes the bridging of the strait of Canso very necessary indeed. The population of Nova Scotia and the maritimes as a whole has increased considerably, together with the rest of Canada; and if the people down there are to make a good living for themselves they must have fast, good transportation, which will enable them to compete

on an equal basis with the rest of Canada. I do not intend to get into any argument on freight rates at this moment, but I must say that if we are to have the St. Lawrence canal deepened I do believe we in the maritimes should have the bridge across the strait of Canso.

There is only one other matter on which I want to speak; that is the reclaiming of our marshlands.

It is my understanding that something was to be done this session by the government by bringing down a bill for the reclaiming of the marshlands. We are very anxious to get the work started as early as possible this spring. As you know, a great many of the farms in Nova Scotia were abandoned during the war because of the high pay offered for other forms of work. We are very anxious to get these people back on the farms, but on good farms, not poor farms. Nothing would strengthen the economy of Nova Scotia more than getting twice as many people on the farms as we have now. The reclaiming of our marshlands would play a big part in any such program because they are rich lands and, worked in conjunction with the uplands, make good farms.

I should like to ask the parliamentary assistant to the Minister of Agriculture (Mr. McCubbin) whether or not the government contemplates bringing down a bill of that nature this session. It appears no one wishes to answer that question, Mr. Speaker. I see British Columbia is going ahead with some work of this nature—that is, the rediking of the Fraser river—and I realize that is very necessary; but so is the reclamation of our marshland in Nova Scotia. During the past four or five years many promises of help have been received in connection with reclaiming our marsh area; but so far nothing more has been done than merely helping, on a contributory basis, in repairing some breaks that come in the dikes. We should like to have some action started on the actual reclaiming of these rich marshlands this spring. With that, I shall conclude my remarks, Mr. Speaker.

Mr. R. E. Drope (Northumberland, Ont.): Mr. Speaker, I am pleased to take part in this debate. First, I should like to congratulate the mover (Mr. Brown) and the seconder (Mr. Demers) of the address in reply to the speech from the throne. I suppose this is the first time in the history of parliament that there has been a change of leaders of the two major parties at the same session. I should like to congratulate the Prime Minister on attaining his high office and also the leader of the opposition, who has demonstrated beyond the shadow of a doubt that he is a good leader and will be the next Prime Minister of Canada.

In the *Globe and Mail*, under date of March 5, I noticed an article the heading of which is "Unseemly Row." Some remarks are made in this article about the backbenchers of the Conservative party. I should like to say to this house that the backbenchers of the Conservative party are a fine body of men who observe the rules as well as any other group in the house. Just on this point, I should like to say that it makes little difference whether one is a backbencher or in the front benches. All the members of this house are on an equal footing, and all do their best to represent their constituencies. So far as I am concerned, I do not intend to take a back seat to anybody when it comes to talking about Northumberland county.

In this article to which I have referred, mention is made of the fact that the Minister of Transport (Mr. Chevrier) should have had more time allotted to him. The ministers of the crown are covered by the same rules as the other members of the house. The minister had already spoken for forty minutes—

An hon. Member: Oh no.

Mr. Drope: Well, that is what the clock said, and there are three or four of them in this chamber. After having spoken for forty minutes, the last person to whom more time should be given is a minister. The ministers make statements every day and take up so much time that some of the ordinary members have few opportunities of saying anything. I am one of those who believe that not many people are converted in the last twenty minutes of a fifty minute sermon.

The tourist industry is something in which a great many citizens of Northumberland county are interested. I wish to congratulate the member for Lambton West (Mr. Murphy) on his approach to this problem. United States visitors to Canada should be encouraged. There is no better place in which to spend a holiday than in Canada, and no better place in Ontario than the county of Northumberland.

Much has been heard about the trans-Canada highway. No one need be in any doubt about where this party stands with regard to it, because our leader made our position quite clear. One of the first things we should have is a trans-Canada highway. I would say to the people of Canada that the sooner the leader of this party is Prime Minister, the sooner the construction of a trans-Canada highway will be undertaken.

The mail service is something that is of concern to all people. I should like to go on

record as saying that we are certainly living in the horse-and-buggy days so far as the postal services are concerned. The rural mail routes were laid out about thirty years ago. Everything in the country has changed during the last thirty years, and there have been shifts in the population. Very few changes have been made in the layout of the rural mail routes. The contracts for these routes still call for traveling at least four miles an hour, and that is about as fast as the mail seems to travel.

In my county there is one township in particular for which the mail has to be routed via Peterborough to reach the main line. Some of the boxholders tell me they could walk to Peterborough and back before a letter reaches that point. I brought this to the attention of the Post Office Department, but they are still fumbling around trying to ascertain whether anything can be done about it.

We are becoming so used to taxes on many things that nothing has been done about the tax on soft drinks and chocolate bars. I presume the government believes we are going to accept it as a permanent thing. It was put on during the war but, as most of us know, the war has been over for three or four years. The tax remains in effect, however.

I received a letter in my mail box just before coming into the chamber. It contains an offer from the film board to sell to members of the House of Commons and Senate, at the reduced rate of ten dollars, a film of the opening of parliament. It is said this is far below cost. Considering the amount of money the film board spends, I do not see any reason for offering this film to members of parliament at a reduced rate. Throughout the country the film board shows pictures, quite a number of which are enjoyable. It seems to me, however, that the people in charge of the making of some of these films are not too familiar with the agricultural scenes they are depicting.

Last week a picture was shown in the county of Northumberland depicting life on a modern dairy farm. The farmer put on his white overalls in the morning and went out to the barn. The stables had been all cleaned when he arrived, but I do not know who did that. Then the farmer proceeds to milk his fine herd of Holstein cows. After the milking he takes his herd of cows down to the pasture. The film continues by showing the work the farmer has to do during the day. Milking time comes around again and the farmer goes down to the pasture, but this time he returns with a herd of Ayrshire cows. It is wonderful how quickly the national film board can change the scene.

When we get talking about dairy cows, that brings us to a subject I think I know something about. I was interested in the return that was asked for by the hon. member for Eglinton (Mr. Fleming) under date of February 23. I understand by this return that we imported into this country 15,680,000 pounds of butter. While some people have the idea that butter is too high in this country, I find when we get it over in Australia, New Zealand and Denmark a great deal more is paid for it than the farmers in Canada get. This butter is brought in, and in order to keep it at or below the ceiling it costs the taxpayers of Canada some $866,000. The actions of this government have certainly hit the farmers of this country. If reports are true that one out of six of our population is in some way interested in dairying, a good section of the population is certainly in for a bad time in the months ahead as a result of the action of the present government.

We make some cheese in this country and we seem to be exporting less of it each year. I would suggest that, instead of putting the cheese up in the usual ninety-pound packages, we should put it up in smaller ones. A factory in my county is putting it up in smaller packages. The cheese could be put up in square packages so that it could be cut into pounds and half pounds, and wrapped in waxed paper. That is something that the average housewife will buy when she goes into the store, if it is wrapped up in a neat package. I believe we could sell more on the home market, which we all realize is the best market of all.

Income tax is the No. 1 problem of practically everybody you speak to. We are taxed to death. Nearly everyone is talking about the way the government is taking millions of dollars more than it needs. We heard that we had a surplus of $675 million. I wonder if the Minister of Finance (Mr. Abbott) credited all that against the debt of this country? If we have had all these surpluses that have been talked about, one would think that our debt would be reduced more than it is. The hon. member for Lambton-Kent (Mr. Henderson) the other day said something about these income tax forms. I do not want to repeat too much of what was said in that regard. I obtained a copy of that form, and I notice that it has been cut down from six pages to four. As to farmers, I think one page with about seven or eight questions would cover the whole thing, and that it would be something the average farmer would understand. If I were doing this, that is the way it would be. There is no need of all these questions. They are merely confusing. I often wonder if it does not cost about $10 to collect $5.

Food is a big problem in the world today. We in Canada probably have not so much to worry about; our biggest problem is finding satisfactory markets. But food is something that is of great concern to the world, and probably the peace of the world may depend upon it. Looking at the matter from the point of view of the world picture, at the present time we are up against a crisis. There is a world shortage of food amounting to famine in some lands, while in others there is a ration scale more skimpy than during the war. We in Canada are likely to think of hunger as a gnawing sensation that sends us with all speed to the nearest restaurant or to the kitchen; and we are surprised when we hear from a displaced person that chronic hunger does not make itself felt in the stomach but rather in the head. After a few months of inadequate diet your mind is robbed of all thought except that of finding something to eat. With that as your main desire, you cannot concentrate on producing goods for export, or on the moral issues in life.

Just last week I heard an appalling story of conditions in China. I heard it from a Canadian who had just returned after visiting that country. This person actually witnessed 89 children being picked up off the streets, they having died the night before from starvation. Twenty-six trucks were working in other parts of Shanghai at the same time and at the end of the trip dumped the dead bodies into an incinerator. That is only one illustration of the terrible misery in the world today. Can there be no solution to the problem of the distribution of food?

Solution of the problem emphasizes not only Ruskin's memorable dictum, "if you want food you must toil for it," but also the need for understanding, education and co-operation. This means that we must realize how utterly dependent we are upon the earth and its fruits. Canadians have a country which, by virtue of the gifts of Providence, is one of the largest suppliers of food to the world market. While many other countries have skidded far down the road toward national suicide by destroying the soil which alone makes possible their survival, we in Canada must constantly be on guard to protect our soil and expand its usefulness. Only a few inches of top soil stand between the human race and oblivion. It is the one natural resource, besides air and water, without which human life cannot exist. The land is not only the source of life-sustaining food; it is the base of our economy. It stores up energy and releases it when we need it. Knowing its capabilities, treating it according to its needs, using the proper methods of cultivating it, conserving its goodness—these form the base of the farmer's responsibility to the land.

But the man in the town or city is equally concerned, because no matter what his business may be he depends absolutely on the soil for what he eats. We need to co-operate to see that no productive land anywhere is being wasted. Every acre which goes out of production means that the pressure is increased on the remaining good acres. Unless we understand this, and do something effective about it, the people in barren countries will be driven to poverty, hunger and discord; and this is the condition of which strife is born. Canada is vitally interested in the world's food problem because she is one of the world's main surplus food producers. With a few others like the United States, Australia, New Zealand, Argentina and Brazil, her people have nothing to worry about so far as they themselves are concerned. But in the "want" countries it appears from statistics that about three-quarters of the people went to bed hungry last night, and for years of nights before that. The situation has its effect on the prospects of world peace. A hungry man does not look at life in the same way as he would if he were well fed. There is apathy in his outlook. Interest in public, political, social and cultural matters dies within him. He becomes centred on thoughts of self-preservation and preservation of his family at all costs.

The key to maintaining supplies of food and extending them is a program of soil conservation. Every grain of wheat, every egg, every pound of butter and every piece of beef depends upon an irreducible minimum of earth to produce it. The next few years will be critical in world history. It is mankind's biggest job to ward off world hunger. How to do this is a good subject for discussion in community meetings and forums, not only in country districts but in towns and cities. We are all in the same world boat, with limited supplies of food. Businessmen, housewives, farmers, transportation workers and others are all on one level when it comes to need of food and the preservation of world order.

The most critical danger is that we may forget how short we are of time. Today's crisis calls for an immediate uprising of the idea of conservation and development. Productivity of individuals needs to be increased by provision of modern scientific knowledge and modern tools, and by inspiring them so to work as to become a new source of wealth. There is a stirring need for laymen and women to work with the ABC's of the problem: advance education and industry; balance deficiencies with surpluses; conserve soil and resources.

The food which is produced from our farms, and any form of distribution, should be contributed by the nation as a whole and not by agriculture alone. In order to do this we should encourage our farmers in the great work that they are doing.

Mr. K. R. Daniel (Oxford): Mr. Speaker, in order to make it unanimous, and to keep continuity in this debate, I should like to join with the other hon. members who have spoken and congratulate the mover (Mr. Brown) and seconder (Mr. Demers) of the address in reply to the speech from the throne. I should like also to join in the courtesies which have been extended to the new members, and to welcome them to their new seats in this house. At the same time may I congratulate the Prime Minister (Mr. St. Laurent) and the leader of the official opposition (Mr. Drew) upon their elevation to positions not only of great honour but also of great responsibility in connection with the affairs of this country.

In the course of my remarks I intend to refer to several items which are of great concern to the people of my constituency. I shall first say a word on behalf of the old age pensioners. Almost every hon. member who rises in his place in this house says something about old age pensions, and I would not feel that I had done my duty in this respect, even at the danger of repeating what other hon. members have already said, if I did not make a plea on behalf of the old age pensioners in my constituency.

It is common knowledge to all members of the government, as well as to all other hon. members, that these old age pensioners are in destitute circumstances since the cost of living has increased to its present high level. This is a situation which has developed more through government policies than anything else. The pensioners are caught between the anvil of fixed income and the hammer of increasing food, rent and clothing costs; in short, the increasing cost of living. The same thing might be said of all Canadians in the lower-income brackets. They are virtually in the same position. Their incomes have not increased at the same pace that the cost of all the things they have to buy has increased.

The government has permitted this situation to continue and snowball down through the years despite the fact that it has had record surpluses, and despite the fact that it could have made other adjustments in income-tax levels, which would have brought some measure of relief to Canadian workers. It would appear that now some consideration is forthcoming, but the tragedy of it is that it is coming in an election year. No matter how the government may seek to interpret it, any gesture towards income-tax concessions now can be considered as nothing short of political bribery.

The government has seen fit to give some indication that tax reductions definitely are forthcoming in the next budget. The hint was given in the throne speech itself in one paragraph, which referred to the high level of national prosperity, and the fact that the government would recognize this in its budgetary proposals. This reference in the throne speech constituted an amazing budget leak, but there appear to have been other leaks from the budget. I quote from a news item in the London *Free Press* of January 19 of this year:

> Petrolia, January 19. A "sunshine" budget for Canadians in 1949, and in particular for the rural communities was forecast here today by Robert McCubbin, M.P. for Middlesex West and parliamentary assistant to the Minister of Agriculture.

Further on in the report in the *Free Press* of January 19 Mr. McCubbin said:

> I realize there have been some hard feelings about income tax, but there is no need to fear.

I am sure that that is reassuring news. The report continues:

> There is going to be some redress given to those in the lower income brackets. I am bothered by the high rate of taxation and the high cost of living and feel these are matters the government must take in hand. Officials at Ottawa admitted in 1945 that a $2,000 exemption was not too much.

Coming from a parliamentary assistant, a man whose position must be considered an official one, this statement of the hon. member for Middlesex West is almost as amazing as the paragraph in the throne speech. If this is not a budget leak, how else can it be interpreted? At least it is a major concession to have the member for Middlesex West confess that he is bothered by the high rate of taxation and the high cost of living. But for him to say that these are matters which the government must take in hand must strike the people of western Ontario as a belated recognition of "twin" responsibilties of the government, of which the government should have been aware, and with which the government should have dealt in years gone by. It is a little too late now for this government to make any pretence at seeking to come to grips with the problem of the high cost of living.

The fact that the high cost of living was causing all the people of Canada concern was recognized by the government itself a year ago when it set up a committee of this house to investigate what was then described as the recent increase in the cost of living. This committee sat all through the last session of parliament, and this work was furthered by a

royal commission on prices. Now in March of 1949 the government still has not received its report on what caused the recent high rise in the cost of living—"recent" in terms of 1947 and 1948.

As far as the government was concerned, I do believe this prices inquiry achieved its purpose. It removed from the floor of the house discussion of the high cost of living. It permitted the government to sidestep the greatest issue of the day. It is a little too late now for the hon. member for Middlesex West, or any other member of the government, to rise in the commons chamber, or to appear on the hustings, and say that the government now is aware that there is such a thing as a high cost of living, and that it intends to do something about it. The budget of 1949 is a little too late to attempt to salve the wounds inflicted on Canadian taxpayers during the past three or four years. Too little and too late. That summarizes the record of this government.

Incidentally, while I am discussing the subject of income tax concessions generally, I would like to make reference in particular to the latest income tax form. In looking over this form I see the same old questions as were on the form of years gone by, but the printing has become much smaller. They have finally come up with what they call a simplified form. There would appear to be some confusion however in the income tax branch as to what is meant by simplification. After looking over the latest form it would appear to me that simplification, in the hands of the income tax branch, means condensation. The form is condensed and contains tiny type which a chartered accountant friend of mine told me the other day he defied any man over thirty years of age to read. He does a great deal of work on these forms, and it is his prediction that by next year he will probably be next thing to blind. Would I be too inquisitive if I were to ask the Minister of National Health and Welfare (Mr. Martin) if he intends to supply Canadian taxpayers with bifocals, or glasses of some kind, so that they might at least be able to read what is on these forms?

While the radio tax is not a heavy one in itself, I believe it is the one which more than any other causes concern to the people of Canada. They are not so much interested in the amount of the tax as in the way it is collected. I know that around Christmas time some radio inspectors came to my home town. They did not even play fair with the people because, first of all, when they came to town they called upon radio salesmen and at the post office to find out whether John Jones or Dick Smith had bought his licence, or whether he had bought one last year. Then all they had to do was to go around and knock on doors, scaring the poor housewife half out of her wits. She would think she was going to be arrested, because probably she had told her husband to get one, and he had told her to get one, with the result that neither of them got one. They find themselves in trouble, and a few days later it all comes out in the local paper, stating that John Smith has been charged with a breach of the law.

These people are no respecters of persons, because the millionaires are treated the same as other people, including widows and old people. I know that in about two days in Ingersoll about 120 were picked up. They had to pay fines, and then had to go out and buy a new radio licence.

Another tax to which I should like to refer briefly is the luxury tax on jewelry, one which has been brought forcibly to our attention within the last few days. Many jewelers have complained to me about the hardship it worked on them. They have pointed out how it has reduced sales in their particular line of business. For instance, a jeweler may have an article classed as a luxury by the department. However, one may walk up the street to a dealer who handles a cheaper range of goods, but one which is perhaps along the same line, generally. This man would handle cutlery, dishes, and all kinds of jewelry. At the second store one could purchase almost the facsimile of the article but at a ridiculously low price. But there is no tax on the article in the second store. Therefore I say the luxury tax on jewelry should be abolished immediately.

I should like to come back to the hon. member for Middlesex West (Mr. McCubbin). I hope he does not think I am picking on him particularly. However, he seems to have been doing a good deal of talking around western Ontario in the last few weeks, so I cannot help quoting him.

Again I might cite the words of the hon. member for Middlesex West by way of proof that what this government has done to alleviate the situation for the Canadian taxpayers has been too little and too late. In an article which appeared in the London *Free Press,* he is quoted as telling the western Ontario agricultural institute that some families in Canada may be just as badly in need of clothes as those families in Britain receiving clothing parcels from this country. If families in Canada are in as sorry a plight as all that, then the member's own words constitute an indictment of this government's policies. It is true the hon. member was attempting to paint a glowing picture of the economic conditions in Britain, conditions

which he saw at first hand on a recent visit to that country. What the hon. member for Middlesex West had to say on the subject has caused a great deal of consternation and controversy in this country and in Britain. The member's observations, as given to the western Ontario Jersey cattle club, were to the effect that Britain was well along the road to economic recovery, that everybody in Britain was working, was happy and was prosperous, that everybody had money and lots of it.

In another part of his speech the parliamentary assistant said that while in London he was unchaperoned. After reading what he has said, as reported in the *Free Press*, I am inclined to the belief that not only was he unchaperoned but that he was traveling incognito, and probably wearing rose-coloured glasses as well. Perhaps, after all, what he saw through those rose-coloured glasses was not really caviar, frogs' legs, quail on toast and all that kind of rich food he has spoken about, but rather just some more of the minister's applesauce. It will be recalled that the minister told us he was served applesauce during the two weeks he visited in Great Britain.

I know of no statement which has caused a greater injury to the harmony of Canadian-British relations than that of the hon. member for Middlesex West. It might be well to remind the hon. member that Britain today is getting major Marshall-plan assistance. Without this ERP, and other credits, Britain would be in a more difficult position than she is today. We all hope that she will be able to pull through in her battle of the dollar, as grim a fight as she staged during the war; but her battle has not yet been won. As far as we in this country are concerned, we cannot help wondering what will happen to Britain if and when ERP ceases; and, incidentally, we cannot help wondering what will happen to the level of our export trade to the United Kingdom if these funds suddenly should dry up.

Letters coming to private Canadians would indicate that the British people, rigidly rationed in the purchase of clothes and food, are having anything but a happy time. The rosy picture painted by the parliamentary assistant to the Minister of Agriculture left, I believe, an entirely false impression in the minds of many people. It was a disturbing impression, one which cannot but cause misunderstanding.

Another matter I should like to discuss is that of bovine tuberculosis. In 1939 a petition was circulated among the farmers of Oxford county asking the federal government to make the county an accredited area for the purpose of having our dairy herds declared free of bovine tuberculosis. This petition evidently had the required number of signatures, but before a start was made on the test the war intervened and naturally the project was dropped for the time being.

At that time the amount paid to the owners of these T.B. reactors was set at $60 for a grade animal and $150 for a purebred, but for some unknown reason the government paid only two-thirds of this valuation, or $40 maximum for a grade animal and $100 for a purebred.

I believe that in the house this week the Minister of Agriculture, answering a question of the hon. member for Bruce (Mr. Robinson), stated that the price of a purebred reactor was $100. I believe there must have been some mistake in that, because I am informed it is $150.

Mr. McCubbin: I do not wish to interrupt, but I believe what the minister meant was that it was two-thirds of $150—the same as it would be two-thirds of $60. I believe there was some misunderstanding there.

Mr. Rowe: He still gets only $100.

Mr. McCubbin: Yes, and only $40.

Mr. Daniel: The price of a good grade cow was then about $100, so that if the animal reacted to the test and was condemned to slaughter, although the price of beef was very cheap the $40, or perhaps I should say $38, paid by the government was the maximum; and from there it grades down to as low as $10, $12 or $15. I have never heard of a farmer receiving the full $40. Although the price of beef was very cheap, the $40, or perhaps I should say the $38 paid by the government, plus the beef price of $50 average if the animal was passed by the veterinarian as fit for human consumption, made a total of $88. Of course, if the beast was declared useless the only receipt to the farmer for his $100 cow was the $38 government grant.

During the years of the war and since the prices of top grade dairy cattle have advanced to a high of $250 to $300 per head, but the compensation has remained at the old level of $38 per head. The majority of these cattle in Oxford being of the dairy type, Holstein-Friesian, Jersey or Ayrshire, they never were classed as being particularly suitable for beef. The filet mignons that we sometimes get in Ottawa, and the other juicy steaks, do not as a rule come from beasts of the dairy type. Owing to the fact that they are tested at various stages of their lactation period they are usually rather on the thin side and in most cases are graded by the packing houses as canners or cutters or low-priced beef.

In spite of the comparatively high prices of all beef products the farmer receives only

an average of $100 to $150 provided the animal passes inspection. Suppose he gets $125 from the packer plus the government's $38, that makes a total of $163. Granted that the animal as a milk producer in her own stable is worth $250, that would leave a loss on the transaction of $87.

I realize that there are not many hon. members of this house who are acquainted with this situation. To the best of my knowledge there are only three in western Ontario who realize this situation. I spent the greater part of this morning trying to convince some of my colleagues on this side of the house that the farmer did not receive the full $60 or the full $150 mentioned the other day by the Minister of Agriculture (Mr. Gardiner). The counties of Perth, Oxford and Middlesex East are the only counties in western Ontario where the test is presently going on.

Mr. McCubbin: Middlesex West.

Mr. Daniel: The counties of Bruce, Huron, Brant and Lambton are applying for the test. I am sure that when those counties are being tested the minister will have many more resolutions coming in to him than he has had from the three counties I have mentioned, and I can assure you that to my knowledge he has had a great many from those three counties.

Many farmers have lost entire herds of from twenty or even eighty cattle or more. When that happens their whole economy is temporarily thrown off balance since they not only lose so much per head but in many cases find themselves unable to replace their herds, with the resulting loss of their monthly milk cheques. This is particularly a hardship on the young man who has just started up when he not only has to lose part of his capital investment but has no income with which to meet current expenses.

The Minister of Agriculture has received many resolutions during the past year from township councils, county councils and the federation of agriculture, but as yet he has made no change in the $38 compensation rate of many years' standing. The minister may remember the statement he made last February at Woodstock when he was the guest speaker at a meeting of the Oxford county federation of agriculture. On that occasion one of the persons who was attending the meeting stood up at the back of the hall and asked the minister a pertinent question in connection with an item we read a great deal about in the papers, something that is sometimes spread on bread. The minister answered that question in what I thought was a very good way.

To the best of my recollection he said that while he did not consider the question was exactly fair, while he did not intend to commit himself, as a matter of fact he wanted to hear the debate on the matter on the floor of the house and after hearing that debate he would make up his mind as to any decision he might make. Therefore I am taking this opportunity to present to the Minister of Agriculture the position of the farmers of western Ontario and also the position of the farmers of eastern Ontario because I believe the testing will be started there very soon.

He suggested the other day that the government was considering making a change and I submit that either that change should go all across the board or the farmers should be paid for those reactors that become total losses. As it is now, for a $250 cow a farmer may receive only $38 plus $10 salvage for the hide, a total of $48. It is that fact that is causing a great deal of concern to the farmer.

I know of one herd of twenty-eight head in which fourteen were found to be reactors. Those cattle went into the fertilizer tank and the farmer received only $48 per head. If the government should come to a decision to pay more for these reactors I hope that it will be made retroactive so that the farmers of Oxford, Perth and Middlesex East may receive due consideration as well as the farmers in the new counties in which the test will be going on very soon.

In closing I should like to bring another matter to the attention of the Minister of Transport (Mr. Chevrier). The other day the hon. member for Leeds (Mr. Webb) asked the minister to look into a condition that existed in Brockville where Canadian National trains cross the main street and hold up traffic for considerable periods of time. No. 2 highway passes through the town of Ingersoll, and the railroad also passes through that town and cuts it in half practically in the middle. On the north side of the river is located one of the largest factories in the town, employing possibly a thousand men. There are also two schools located there.

Three or four miles to the east of the town are located three limestone quarries. When the railroad is bringing in empty cars for the carriage of limestone products, crushed stone and so on, they are brought to Ingersoll and then put over what might be termed as the hump. Those who come from Winnipeg or Fort William will know how the wheat cars there are put over the hump for distribution. The result of this is that highway traffic is held up, perhaps not beyond the five-minute period, but sometimes it is nearly every other five minutes. I have seen the traffic held up as far back as two or three miles during the busy summer season.

The municipal council have taken up this matter at various times with the superintendent of the London division who has always been most courteous. He comes down to pay us a visit but the day he does come down the railway traffic seems to be very quiet. I presume he goes back to London and reports that the condition does not seem to be too bad, but the next day the traffic is twice as heavy. This is a situation which I wish the Minister of Transport would look into at his earliest opportunity.

Mr. T. A. Kidd (Kingston City): Mr. Speaker, my purpose in rising to take part in this debate at the present time is to refer to two or three problems which affect my constituency. The first has to do with the foreign exchange control board, and I am glad the Minister of Finance (Mr. Abbott) is in his seat. The second concerns a widow and her child, whose husband and father was killed in action in world war II. The third is the problem of the student veterans attending Queen's and other Canadian universities.

My first reference is to a seizure of $30 in United States funds, and my plea is on behalf of a young lady, Miss Renaud, who is employed at the aluminum company at Kingston. This lady was proceeding to Watertown, in company with two other ladies, on Sunday, July 27, 1947, to visit relatives. The other two ladies had gone to the bank on Saturday to obtain the necessary funds, and there they were supplied with the money and the forms. Miss Renaud had, over a period of time, accumulated an amount of $40 in United States funds, and therefore knew of no reason to go to the bank. When they arrived at the customs at Lansdowne, at the Ivy Lea bridge, the officials on duty asked what amount of currency these ladies were carrying. The other two had the form H, which they produced, while Miss Renaud voluntarily declared that she had $40 in United States money and $5 in Canadian funds.

What happened? She was astonished to learn that she could take with her only $10 in United States currency and $5 in Canadian money, since she did not possess a form H. This was something she had not known at all, and $30 in American money was taken from her. In passing I may say that she is only one of the many who, through lack of knowledge of the foreign exchange control regulations, have suffered monetary losses. She proceeded on her way with her friends, with a total of only $15 in money. On her return a couple of days later she asked for the $30 in American funds which had been left at the customs, and to her surprise was told that it had been confiscated and sent to Ottawa.

As one who has lived along the border and who has been dealing with customs officials for over twenty-five years, I cannot speak too highly of the older officials, who are courteous and gentlemanly in meeting the public. Many are veterans of the first world war who entered the revenue department with the intention of making it their lifework. These officials now are asked to do a rather distasteful job for the foreign exchange control board, and are given no option in the matter. In order to keep up with the extra work caused by these erratic controls the Minister of National Revenue (Mr. McCann) has been obliged to increase the staff by many hundreds. These orders were put through so fast that there was no time to train the new staff, and as a result the public were confronted with personnel untrained and unfitted to perform duties which require great tact and courtesy. Many of these new officials considered that they had to be a little overzealous and superior in order to have their services recognized and retain their positions.

This loss of $30 by Miss Renaud meant a great deal to her. Friends acting on her behalf came to interview me, and since it comes under his department I wrote to the Minister of National Revenue under date of December 10, 1947. He replied on December 12, stating:

> This is a matter over which I have no jurisdiction whatsoever. Our customs officers at border points in enforcing the foreign exchange regulations do so on behalf of the foreign exchange control board and report to them direct. The best I can do under the circumstances is to see that your representations are brought to the attention of the board. I am, therefore, passing your communication to the secretary, Mr. R. H. Tarr.

I then wrote a letter to the Minister of Finance, who confirmed the stand taken by the foreign exchange control board, stating that a great deal of publicity had been given to the requirements at the time. The foreign exchange control board also advised that the Minister of Finance made a statement on May 26, 1947, which was given wide publicity in the daily press and over the radio.

What are the facts? In the first place, order in council P.C. 2045 was passed on May 23, 1947. That was a Friday, and at that time the house was in session. No announcement was made in the house on either Thursday, Friday or Monday by the minister. Instead, he went on the air and made a statement. On Tuesday, May 27, four days later, as the result of a question asked by a member of this house at page 3465 of *Hansard* for that year, it leaked out that the regulations had been changed. At this point I want to take issue with the minister on his method of procedure. Once more we find that a confidential order in council was

passed and acted upon unknown to the members of this house, when the house was in session. Instead of being given to the public by means of radio, this statement should have been made by the minister on the floor of this house.

The question of the necessity for these sudden and rigid restrictions must have arisen in the minds of many people. I suggest that the reason is quite simple and clear. During the preceding ten months the Minister of Finance and the Minister of Trade and Commerce had sat by idly while our American funds were depleted to the extent of $750 million. That is at the rate of about $7,500,000 per month or $2 million per week. During that time all sorts of unnecessary articles were permitted to enter Canada. The difficulty was the wrong timing of the Marshall plan, which did not become effective when the government expected it would. So I would say this gambling by the government brought about a major disaster as far as Canada was concerned.

Who has been responsible for the iron curtain that exists not only in the east block, where these secret orders in council were framed, but also at the foreign exchange control board? In the first place it was necessary to find out the names of the members of that board, and I doubt if fifty members of this house could name them. In order to obtain the information it was necessary for me to put a question on the order paper, as follows:

1. Who are the members of the foreign exchange control board?
2. When were they appointed?
3. What salary does each receive?

The answer was:

Governor of the Bank of Canada, G. F. Towers
Deputy Minister of Finance, W. C. Clark
Director of operations, Post Office Department, L. Germain
Deputy Minister of Trade and Commerce, M. W. Mackenzie
Under-Secretary of state for external affairs, L. B. Pearson
Deputy Minister of National Revenue, Customs and Excise, D. Sim
Executive assistant to the governors of the Bank of Canada, Chairman (alternate), L. Rasminsky
Solicitor, Post Office Department, alternate to L. Germain, A Lalonde.

My correspondence included letters from Mr. Robert H. Tarr and Mr. C. A. Rowe, enforcement officers. In answer to another question tabled on February 12, 1948, I was advised that these two gentlemen were employees of the Bank of Canada; yet we find them sitting at their desks behind an iron curtain here in Ottawa, trying to administer justice. Then what do we find? The Minister of Finance failed to inform the public at the time, by way of advertisements in the daily press. That was only done about eight months later. That happened on or about January 26, 1948; but he did not do it in May, 1947, at the time the order in council was passed. Owing to public resentment and criticism of the mistakes he made in May, 1947, he tried to rectify the matter later. Unfortunately, a great deal of embarrassment was suffered by the public through a lack of knowledge of the border-crossing rules and regulations. Following the tabling of Bill No. 3, an act respecting emergency measures for the conservation of Canadian foreign exchange resources, he placed an advertisement in the Canadian press in January, 1948. This was just eight months too late.

Under the circumstances, I do not see how the Minister of Finance could have permitted the confiscation of small sums of money, such as Miss Renaud's $30, from persons who, through lack of publicity caused by the indifference and mistakes of the minister's officials, were unaware of the change in policy. I unhesitatingly recommend that all like sums of money confiscated from innocent victims during this eight-month period be returned. It is also recommended that there should not be any division in the administration of this act. The Minister of Finance should have his own officials at border-crossing points just as the Minister of Immigration has his immigration officers.

The case to which I have just referred is not an isolated one by any means. Similar incidents have occurred at nearly every customs point across Canada. A check of sessional paper No. 29H makes it evident there was a variation in the enforcement at the different crossing points. It would be interesting to learn, for instance, why so much money has been refunded at the port of Windsor. I am not going into that matter in detail, but here is the sessional paper. It comprised one hundred and eight pages, showing cases of hardship similar to that inflicted on this young lady who had the $30 confiscated. The fault is not on her side, Mr. Speaker; it rests with the Minister of Finance and his officials for not doing what they should have done at the time.

I should like to cite another case, that of Mr. Peter Brunet, 188 William St., Kingston, Ontario. This man left Kingston and proceeded to Cornwall to get to Ormstown in the province of Quebec. He was offered a free ride with a friend who was going to the same locality to visit friends. Ormstown is just about ten miles from Huntingdon. Naturally, these people took the shortest possible route by crossing at the Cornwall bridge, thus saving about seventy-five miles. Mr. Brunet had no intention of spending any money in

the United States. Inquiries were made at the border as to the amount of money carried and he voluntarily declared what money he had on his person, which amounted to $43 in Canadian funds. This money was immediately confiscated. The incident occurred on May 8, 1948, as is shown by receipt form C-764296. The treatment received was a great surprise to this man, since he carried only sufficient money for a trip of this nature.

These controls are being so rigidly enforced that it has become ridiculous. Why this money could not have been held by the authorities and remitted to Mr. Brunet on his return to Kingston is beyond ordinary understanding. The time has arrived when there should be a complete overhaul of the administration of the foreign exchange control order. I say to the Minister of Finance that there is overlapping between his department, the Department of National Revenue and the foreign exchange control board. It seems unfortunate that this house is not entitled to know the salaries paid to Mr. Tarr and Mr. Rowe, who are the employees of the Bank of Canada administering justice in the two cases I have mentioned.

I should like to refer to the case of the widow of Herbert Leach. On April 9, 1948, I referred to this case, as is shown at page 2815 of *Hansard*. At that time I stated:

> I should like to cite a case of a veteran of world war II and I do this because I feel that many similar cases should receive further attention. This man's name is Herbert J. Leach. His number is C-1072 and he enlisted in the R.C.H.A. at Kingston. On January 3, 1942, he was killed in action, leaving a widow and two children, a boy and a girl. This man enlisted in 1939 and those who are familiar with the circumstances will realize that his number of C-1072 is not a boxcar number.
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> The daughter has since married. When this soldier proceeded overseas his boy was just ten years of age. Upon the soldier's death his widow received $60 a month, plus $15 a month for the boy until he was sixteen years of age. Unfortunately the boy happens to be below normal and his mother is left with the responsibility of caring for him. She has been refused any further veterans allowance by the pension board. This particular case was brought to my attention and I in turn brought it to the attention of the minister and the department. The application was substantiated by a certificate from the family doctor which stated: "This is to certify that Victor Leach, aged nineteen, of 51 Raglan road, Kingston, Ontario, is totally and completely incapacitated on account of meningitis at two years and is an epileptic and mentally defective. R. R. MacGregor, M.D."
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> In order to support her child, the mother was forced to take a position as laundress for which she receives $18 a week. Her own allowance as a widow was $60, which has recently been increased to $70. The pension board decided that no pension should be paid to the child, stating that no pension shall be paid to a child who, if a boy, is over the age of sixteen years, except when such child and those responsible for his maintenance are without adequate resources.
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> I think the house will agree that it is a shame and disgrace when the widow of a man who has given his life for his country, a man who paid the supreme sacrifice and left a child unable to care for himself, is turned down by the department. I might add also that the mother of this boy is faced with an extra expense. The boy recently had scarlet fever which necessitated his being in hospital for twenty-one days, the bill incurred for this illness amounting to $111. I want to emphasize what I mentioned a moment ago, that we do not want the veterans of world war II to be treated as the veterans of world war I have been. I am not blaming the minister because these cases came up before he took over the portfolio. I submit that in every case the benefit of the doubt should go to the dependent of the returned soldier rather than to the department or the government.

What happened? Six weeks later, I received a letter from the Canadian pension commission. It stated:

> The application for reconsideration of the widow's application for extension of pension on behalf of her son, Victor W. Leach, under section 22(1) (a) of the Pension Act has been considered, and the commission rules the application for extension of pension on behalf of Victor W. Leach is not granted.
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> The applicant is not considered to be without adequate resources within the meaning of the Pension Act, section 22(1) (a). Should the applicant's circumstances alter in the future, the commission will gladly reconsider the application.

The action taken by the Canadian pension commission is a shame and a disgrace. Here is a boy whose father went overseas in 1939, and was killed in action on January 3, 1942. He is totally and completely incapacitated on account of meningitis at two years. He is an epileptic and is mentally defective. This boy will never be able to support himself and should be maintained by the state. When the state fails to do this, the mother is forced to take a position in order to feed and clothe the son and pay his doctor's bills. When the mother is at work it is necessary for her to make arrangements for someone else to look after the boy. I see the Minister of National Defence (Mr. Claxton) is in the chamber. Cases like this supply the reason why the Minister of National Defence has failed in his recruiting campaign. The Minister of National Health and Welfare (Mr. Martin) spends $250 million to $300 million a year on family allowances. Why should the cabinet ministers and members of the House of Commons be forced, through the ruling of the Minister of Finance (Mr. Abbott), to accept family allowances for their children under sixteen years of age, when the widowed mother of a veteran killed overseas is refused assistance to help support her invalid son?

Mr. Martin: Is the hon. member against family allowances?

Mr. Kidd: No. This is a boy over sixteen. The Minister of National Health and Welfare is spending his time with a commission to deal with the high cost of living, when his time would be better spent in forming a commission to see that the taxpayers' money is

equitably distributed to those who are deserving and are justly entitled to it. I mean every word of that. I think the time has come for a check-up on the Canadian pension board. Some of the older members mean well, but they are in a rut and it is time they got out of it. When dealing with the veteran cases, the benefit of the doubt should go to the dependent or to the returned soldier.

If the Prime Minister (Mr. St. Laurent) were in his seat, I would say this to him. But as he is not, I would say to the acting leader of the house that I think the time has come when the Prime Minister should get the Minister of Veterans Affairs (Mr. Gregg), the Minister of National Defence (Mr. Claxton) and the Minister of National Health and Welfare (Mr. Martin) together and deal with cases like this. There is no co-ordination. Everyone seems to be running his own department. The result is that the widow in this case suffers.

Mr. Martin: What about the government in the province?

Mr. Kidd: I will tell the minister this. If anything happened to that mother today, the public trustee would take this child and look after it. That is their responsibility. This is really the responsibility of the Minister of National Defence. He was the O.C. of this man when he went overseas. The man was killed in action. It should not be for me, as a member of parliament, to fight this case. It is the responsibility of the Minister of National Defence under whom this man served. It is up to him to see that the men who served under him, and their dependents, are properly cared for.

Mr. Claxton: That is a matter for the pension commission, not for the Department of National Defence.

Mr. Kidd: I would point out to the minister that appeals for men are being made. The department is going on the air, over the radio, and advertising. When a dependent of a boy who was killed overseas is refused assistance by a responsible minister of the crown, and when his dependents are not cared for, it is easily seen how this report spreads. It is doing the minister an injustice. This boy should be cared for.

Mr. Claxton: It is doing me an injustice to say that I am responsible.

Mr. Kidd: I should like to make reference to the problem of the student veterans who are at present attending Queen's university and other universities in Canada.

The fourth annual national conference of student veterans was held on December 28, 29 and 30 last at Queen's university. Some 50 or 60 student veterans representing various universities across Canada attended. I had the honour to be present at their meetings.

A student veteran who fails to get a B average in the final examination of the year is cut off from the D.V.A. allowances of approximately $60, $90, $108 and so on a month, and therefore is automatically ineligible for assistance from the veterans university loan fund. This loan fund is one allowing every student on D. V. A. to borrow a maximum of $500 per annum or a total of $2,000 during his course. The loan is interest-free up to the January following graduation, and bears interest of five per cent per annum thereafter. The conditions for borrowing are as follows:

(a) That need be proven.
(b) That the student shall have completed successfully one year of university.
(c) That the student in the opinion of the university loan board be of a responsible financial character.
(d) That the student be still on the D.V.A. allowance.

A student veteran who fails to gain a B average, and who rewrites his examinations, is able to go back to the university and continue his studies, but he is not eligible for the D.V.A. allowance or the loan fund. At the present time there are 102 student veterans, out of a total student veteran population of 1,189, or roughly ten per cent, at Queen's university who have been cut off from both their allowance and the loan fund.

In some cases where the Department of Veterans Affairs has cut off the allowance of the student veteran, the university has come to his rescue by giving him a small loan from the university fund. The investment of the government in the education of veterans and the achievement of a higher standard of education in Canada will be jeopardized if student veterans are forced to discontinue their studies because of inadequate grants. A student veteran who is taking the course in medicine needs further assistance by the D.V.A. This is a six-year course, and the D.V.A. allowance does not cover this period of time.

These claims have already been brought to the attention of the Minister of Veterans Affairs by the national council of student veterans, and it was also their intention to bring them before the committee on veterans affairs; but the minister stated that he was doubtful whether a parliamentary committee on veterans affairs would be appointed by parliament this year. To the minister I recommend that this committee be set up. This matter has already been brought to his attention by the hon. member for Vancouver South (Mr. Green).

The case to which I have already made reference is not an isolated one. I wish to refer to another. We as members of parliament get the borderline cases. Here is another borderline case. I think these things should not happen at all. I should like to bring to your attention the case of a veteran of world war I, that of Private R. A. Baines, regimental number 814552, who enlisted with the 87th battalion on December 10, 1915, and was discharged in 1918 with a five per cent pension.

Mr. Baines was employed by the corporation of the city of Kingston. In July, 1947, Mr. Baines had a medical check-up by his family doctor; and he and his family were shocked to learn that he was in the advanced stage of T.B. His many friends naturally thought he would be taken into the D.V.A. hospital in Kingston. The D.V.A. hospital at that time had over one hundred T.B. cases and thirty-five to forty empty beds. When application was made for admission to this hospital, he was immediately refused on the ground that his discharge documents did not show T.B.

The medical health officer of Kingston found out that it might be possible to provide accommodation for Mr. Baines at the Kingston General hospital. This hospital is one of the finest 500-bed hospitals in Canada. At this time they had a section for some twenty-five or thirty T.B. patients, but it was filled and had a waiting list. Nevertheless the staff at the Kingston General hospital were prepared to provide accommodation for this man. The medical health officer thought it best for Mr. Baines to be placed in a T.B. hospital and endeavoured to have him sent to the Ontario T.B. hospital at Hamilton, but they were filled to overflowing and had quite a long waiting list. Finally, accommodation was provided for him at the Ontario T.B. hospital at Windsor, on July 19, 1947.

On July 21, 1947, the vice-president and secretary of the Canadian legion No. 9, Kingston, of which Mr. Baines was president, wrote to the Minister of Veterans Affairs, requesting permission be granted Mr. Baines for accommodation in the D.V.A. hospital at Kingston. I followed their letter up on July 23, 1947, with a letter to the Minister of Veterans Affairs.

In order for Mr. Baines to be near his family he was moved from the Windsor T.B. hospital and to the Kingston General hospital in January 1948. He was only there a few days when he died. The treatment received by this veteran of world war I was not good enough. This man was gassed in world war I, and there is no mistake his condition was due to war service. His widow, who is not receiving a pension, should be receiving one. I respectfully request the Minister of Veterans Affairs to have this case looked into.

Here is the point I wish to make. We have a government hospital administered by the D.V.A., which has twenty or thirty empty beds. Here is a D.V.A. patient of world war I, but they will not let him enter that hospital because when they looked up his records they found no record of tuberculosis in his file. Who is responsible for it? Who is willing to take charge? The civil hospitals —the provincial hospitals at Hamilton and Windsor—were willing to take charge, which shows the weakness of the present set-up. These are borderline cases. I know that every hon. member gets these borderline cases, and they should be looked into.

The case of a nurse was brought to my attention. Again, the benefit of the doubt clause goes to the department or the government instead of the veteran. This nurse was taken on as A category in world war II and had two years' service. She was discharged as C category, with a 60 per cent pension. She was actually discharged with a 100 per cent disability due to a coronary heart condition, and is no longer able to carry on her duties in her profession. The pension board decided that her condition was a pre-enlistment one, and was aggravated by service.

The point I would like to bring out is this: Why was this nurse taken on as A category and continued to be in this category for one month, six months, twelve months, and even two years, but on her discharge was classed as a C category?

I am afraid that some of the junior medical officers who desire to remain in the service cater to the whims of the department and are not giving the breaks or the benefit of the doubt clause to the veterans.

The house divided on the amendment to the amendment (Mr. Coldwell), which was negatived on the following division:

YEAS

Messrs:

Ashby	Johnston
Bentley	Jones
Blackmore	Knight
Bowerman	Knowles
Bryce	Kuhl
Burton	Low
Campbell	McCuaig
Caouette	McCullough (Assiniboia)
Castleden	MacInnis
Coldwell	McKay
Fair	Marshall
Gillis	Matthews (Kootenay East)
Herridge	Moore
Hlynka	Probe
Irvine	Shaw
Jaenicke	

The Address—Division

Stewart (Winnipeg North)
Strum, Mrs.
Thatcher
Townley-Smith
Wright
Wylie
Young
Zaplitny—39.

NAYS

Messrs:

Abbott
Adamson
Arsenault
Aylesworth
Baker
Barrett
Beaudoin
Beaudry
Belzile
Benidickson
Bertrand (Laurier)
Bertrand (Prescott)
Bertrand (Terrebonne)
Black (Cumberland)
Blair
Blanchette
Boivin
Bonnier
Boucher
Bourget
Bracken
Bradette
Bradshaw
Breithaupt
Brooks
Brown
Brunelle
Cardiff
Case
Casselman
Charlton
Chevrier
Church
Clark
Claxton
Cleaver
Cloutier
Cockeram
Coté (Matapedia-Matane)
Coté (St. Johns-Iberville-Napierville)
Coté (Verdun)
Cournoyer
Coyle
Daniel
Dechene
Demers
Denis
Desmond
Diefenbaker
Dion (Lake St. John-Roberval)
Dionne (Beauce)
Dorion
Douglas
Drew
Emmerson
Eudes
Ferguson
Fleming
Fontaine
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Fraser
Fulton
Gagnon
Gariépy
Garson
Gauthier (Nipissing)
Gauthier (Portneuf)
Gibson (Comox-Alberni)
Gibson (Hamilton West)
Gingues
Gladstone
Golding
Gour (Russell)
Gourd (Chapleau)
Grant
Graydon
Green
Gregg
Hackett
Hallé
Harkness
Harris (Danforth)
Harris (Grey-Bruce)
Hartt
Hazen
Healy
Henderson
Hodgson
Homuth
Howe
Isnor
Jackman
Jean
Jutras
Kidd
King, Mackenzie
Kirk
LaCroix
Lafontaine
Lalonde
Langlois
Lapointe
Laurendeau
Leger
Lennard
Lesage
Little
Lockhart
McCann
McCubbin
McCulloch (Pictou)
Macdonald (Brantford City)
McDonald (Parry Sound)
McGarry
McGregor
McIlraith
McIvor
MacKinnon
MacLean
McLure
McMaster
MacNaught
MacNicol
Maloney
Manross
Marier
Marquis
Martin
Matthews (Brandon)
Maybank
Mayhew
Menary
Merritt
Michaud
Miller
Mitchell
Murphy
Mutch
Nixon
Parent
Picard
Pinard
Pouliot
Power
Raymond (Wright)
Richard (Gloucester)
Richard (Ottawa East)
Rinfret
Robinson (Bruce)
Robinson (Simcoe East)
Ross (St. Paul's)
Ross (Souris)
Rowe
St. Laurent
Sinclair
Sinnott
Skey
Smith (Calgary West)
Smith (York North)
Stanfield
Stephenson
Stuart (Charlotte)
Stokes
Tremblay
Tustin
Viau
Warren
Webb
Weir
White (Hastings-Peterborough)
White (Middlesex East)
Whitman
Winkler—174.

Mr. Low: Mr. Speaker, since it is now six o'clock, I move the adjournment of the debate.

On motion of Mr. Low the debate was adjourned.

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

APPENDIX

(See page 1291 this issue)

Summary of first hundred orders in council and treasury board minutes passed after July 1, 1948

Subject	Tabled	Gazetted
Part IV of National Housing Act brought into force in British Columbia province	....	Yes*
Shipping Act regulations for the protection of workers employed in loading and unloading ships	....	Yes
Immigration regulations amended re possession of travel document	....	Yes
New Brunswick special fishery regulations amended	....	Yes
Veterans Land Act—sales of lands	....	....
Appointments, etc., in the Canadian army	....	Yes
Contract for reconditioning, etc., of Wasp aero engines	....	....
Purchase Centaurus engine spares	....	....
Contract for modification of Sea Fury aircraft	....	....
Purchase steel drums for oil storage northern ionospheric stations	....	....
Purchase housing accommodation for Port Harrison radio station	....	....
London, Ont., airport instrument landing facilities; purchase cable	....	....
Pennfield Ridge, N.B., aerodrome development, contract	....	....
Fort William, Ont., Lake head airport development, contract	....	....
Port Hardy, B.C., airport; alterations to buildings	....	....
Regina, Sask., airport runway repairs, contract	....	....
Wiarton, Ont., airport; settlement for lands required as road allowance	....	....
Dauphin, Man., aerodrome; lease portion to town of	....	....
Ottawa, Ont., airport control bldg. refund to Trans-Canada Air Lines re space not used	....	....
Fort McMurray, Alta., sale electrical energy to Canadian Pacific Air Lines	....	....
Hay River, N.W.T., sale electrical energy to Canadian Pacific Air Lines	....	....
Embarras, Alta., sale electrical energy to Canadian Pacific Air Lines	....	....
Canal, Welland ship; sale of reserve lands	....	....
Megantic, P.Q., aerodrome development; contract	....	....
National Housing Act, 1944—loan to Senior Citizens Homes Ass'n	....	....
Lethbridge, Alta., Canadian government elevator; purchase flax cleaners for	....	....
Purchase chaplain equipment	....	....
Contract for reconditioning and reduction to spares of aircraft instruments	....	....
Contract for reconditioning and reduction to spares of Wasp aero engines, etc.	....	....
Petawawa, Ont., military camp, purchase concrete pipe for	....	....
Lachine, P.Q., R.C.A.F. station married quarters	....	....
Purchase fuel for the army, Kingston	....	....
Purchase fuel oil	....	....
Purchase North Star aircraft spares	....	....
Electricity Inspection Act, Gas Inspection Act—amendment P.C. 1263, 8-4-48 re verification of meters	....	Yes
Canadian Commercial Corporation bylaw re signing cheques London, England, branch	....	....
Vice Consul of Canada at Chicago, Ill., app't C. H. West	....	Yes†

*Proclamation only gazetted.
†Published in *Canada Gazette* under "appointments".

Subject	Tabled	Gazetted
Customs Tariff treatment, limestone	....	Yes
Montreal, P.Q., electrical fixtures installation in 10 Notre Dame E., payment Ludger Charpentier for	....	....
Toronto, Ont., lease accommodation 937-939 St. Clair W. from J. H. Wood	....	....
Purchase 2 mechanical refrigeration units for use in experimental cooling of railway refrigerator cars	....	....
Shipping—consolidation of regulations relating to the examination of engineers	....	Yes
Resignation of Chaplain III (P) M. G. Butler, R.C.N.	....	....
Park, national, Point Pelee; purchase bituminous road material	....	....
Parks, national; employment Stanley Thompson to develop golf courses	....	....
Park, national, Jasper and Waterton lakes, fire protection; purchase equipment	....	....
Indian agency, Hobbema, Alta., clerk's residence	....	....
Louis Bull Indian day school, Bighorn Indian day school, established	....	....
Indian Surrender, Assiniboine reserve No. 76, Sask	....	....
Prairie Farm Rehabilitation Act—St. Mary river irrigation development; contract	....	....
Winnipeg, Man., lease accommodation Columbus hall, 244 Smith St.	....	....
Pointe Basse, P.Q., breakwater wharf replacement; contract	....	....
Anse a Brillant, P.Q., harbour improvements; purchase timber	....	....
Purchase steamwinch for snagboat "Essington"	....	....
Halifax, N.S., ocean terminals; lease space in	....	....
Amendments of KR for the army and R.C.A.F. re compliments to be paid when the national anthem and O Canada are played	Yes	Yes
Regulations waived to permit entry of nine (Asiatics)	....	....
Regulations waived to permit entry of 71 immigrants	....	....
Making available certain crown lands in the Yellowknife administrative district, Northwest Territories, for public parks and school purposes	Yes	Yes
British Columbia—Yukon—Northwest Territories boundary commission app't B. W. Waugh, surveyor general of dominion lands to	....	....
Indian agency Restigouche, P.Q., clerk's residence construction; contract	....	....
Indian agency Stikine, B.C., office bldg. construction; contract	....	....
Indian reserve, Thomas Point No. 5A, B.C. constituting	....	....
Amendment of regulations for the protection of game in the Northwest Territories, establishment of a wild life preserve James bay region	....	Yes
Amendment of regulations for the management and working of the Champlain and Lorne dry docks, Lauzon, P.Q. (provision for refund of fee deposited with application, when dock is not used)	....	Yes
Regulations for the Government of public harbours in Canada, consolidation	....	Yes
Purchase Thermarine recorders	....	....
Shilo camp, Man., purchase pipe and fittings for	....	....
Port Arthur Canadian gov't elevator, reconditioning of pits; contracts	....	....
Port Arthur Canadian gov't elevator, contract for enclosing the stair well	....	....
Toronto, Ont., international trade fair; purchase beverage units	....	....
Toronto, Ont., international trade fair; purchase fluorescent lighting fixtures	....	....
Shepard, Alta., W/T Station site; sale	....	....
Esquimalt, B.C., sale surplus lands	....	....
War Assets Corp'n—appointment of directors of	....	....
Toronto, Ont., Regent park area slum clearance—loan to Toronto city under National Housing Act, 1944	....	....
Excess Profits Tax Act, 1940 consent to assignment to Industrial Development Bank of refundable portion	....	....
Boards of Trade Act—change of name of Hudson Bay Jct. Board of Trade to Hudson Bay & District Board of Trade	....	Yes

Orders in Council

Subject	Tabled	Gazetted
Air Attache, Canadian Embassy Argentina—app't. G/Capt F. A. Sampson	....	† Yes
Regulations waived to permit entry of fifty immigrants	....	....
Cold storage, Winnipeg, Man., extension of time for completion	....	....
Cold storage, Jordan station, Ont., agreement with Vineland Growers' Co-op., Ltd. for subsidy	....	....
Loan—Canada savings bond series three—co-operation by members of the public service	....	....
The treasury board, appointments to	....	....
Treasury board minutes—		
Retirement of and allowance to E. W. Brett	....	....
Retirement of and allowance to Herbert Groh	....	....
Retirement of and allowance to J. G. Lefebvre	....	....
Retirement of and adjusted annual allowance to A. W. MacGowan	....	....
Allowances to widow and children of the late L. A. Jardine	....	....
Resignation of and withdrawal allowance to J. C. Maxwell	....	....
Retirement of and allowance to Dr. Leonard Harold Newman	....	....
Transfer of A. J. Gates and position from national film board to Department of Agriculture	....	....
Changing organization of Department of Agriculture by creating three permanent positions	....	....
The class "Livestock products grader, grade 1" qualified by addition of a note repayment for incidental services	....	....
Authorizing payment of actual living expenses to J. A. Marcoux for a three month period	....	....
Construction of a house at the laboratory of botany and plant pathology, St. Catharines, Ontario	....	....
Grants to various colleges and universities for research projects	....	....
Retirement of and allowance to Dr. H. H. Gibson	....	....
Retirement of and allowance to Dr. F. Mathews	....	....
Reclassification of certain positions under the Prairie Farm Rehabilitation Act.	....	....

Summary of first hundred orders in council and treasury board minutes passed after January 1st, 1949

Subject	Tabled	Gazetted
$35,000,000 bond issue—Canadian National Railways.	....	....
Loan $75,000,000; issue of treasury bills	....	....
Post Office air mail service, points in Northwest Territories—contract	....	....
Dredge PWD No. 305—docking and cleaning contract	....	....
Vocational training advisory council—appointments to	....	....
Leave of absence Judge Graham, Saskatchewan Court of King's Bench	....	....
Wheatley, Ont., fishing harbour; purchase lands from Ontario province re	....	....
Loon Lake, wharf site; purchase from Ontario province	....	....
Gascon Ouest (Anse a la Barbe) P.Q., dredging—contract	....	....
Esquimalt, B.C., paving of dock	....	....
Cantley Point (East River locks) N.S., exchange of lands with Nova Scotia province	....	....
London, Ont., Westminster hospital, Nurses' Home Bldg., extras to contract	....	....
Rondeau (Erieau), Ont., east pier repairs	....	....
Thorhild, Alta., lease P.O. accommodation	....	....
Approval plan and site of pumphouse, etc., to be constructed in bay of Quinte, lake Ontario	....	....
Loan $75,000,000; issue and sale of treasury bills	....	....
Purchase shirts for members of the R.C.N.	....	....
Contract for construction of one icebreaker	....	....
Mont Joli, P.Q., R.C.A.F. station married quarters construction; contract	....	....

†Published in *Canada Gazette* under "appointments".

Orders in Council

Subject	Tabled	Gazetted
Purchase diesel fuel oil for Churchill, Man.	....	....
Purchase steel storage cupboards	....	....
Purchase magnetos	....	....
Purchase Cyclone engine spares	....	....
Purchase dump trucks for Whitehorse, Y.T.	....	....
Purchase Lancaster aircraft ground handling equipment	....	....
Oaths required by Civil Service Act—authorizing certain persons to administer	....	....
The treasury board, appointments to	....	....
Treasury board minute—revisions in salary ranges	....	....
Halifax, N.S., proposed office building construction	....	....
Stonehaven, N.B., breakwater repairs	....	....
Port Daniel, P.Q., fishing harbour construction	....	....
Sarnia, Ont., exchange of lands as between Polymer Corporation Ltd. and Canadian National Railways	....	....
Welland, Ont., sale women's hostel property	....	....
Settlement with Cranemobile, Ltd., re termination of wartime contracts	....	....
Retirement to pension AVM K. MacG. Guthrie, R.C.A.F.	....	....
Lease remote radio receiver channel from B.C. forest service, Williams Lake, to receiving hut in Cariboo district, to B.C. government	....	....
Earlton, Ont., aerodrome; purchase crawler type tractor for	....	....
KR & O for the Canadian army, 1939, amended re inspection of rations	Yes	Yes
Yarmouth, N.S., reserve force accommodation; purchase	....	....
Halifax, N.S., Camp Hill hospital, work tables, cabinets, shelving; contract	....	....
Toronto, Ont., Sunnybrook Park hospital development, re-arrangement of power lines, provision transformers, etc., contract	....	....
Dorval, P.Q. (Montreal airport), remote receiver building at Cote St. Remi, construction; contract	....	....
Massett, B.C., radio range and transmitter sites; lease from Mines and Resources Department	....	....
Canal, Cornwall; purchase lands required for widening the prism Mille Roches, Ont.	....	....
Dartmouth, N.S., marine depot pile wharf, repairs	....	....
Purchase electric cargo winch for aids to navigation, Quebec, P.Q., from Progressive Engineering Works, Ltd.	....	....
British Columbia special fishery regulations amended, trawl net fishing continued in certain areas	....	Yes
War Service Grants Act—re-establishment credit of A. Godbehere to be available to discharge debt due the crown	....	....
Agricultural Products Co-op. Marketing Act—payment to Maritime Fur Pool under agreement covering marketing of ranch-bred fox pelts produced subsequent to 1-11-46	....	....
Agincourt, Ont., lease P.O. accommodation from Roy Shadlock	....	....
Montreal, P.Q., Queen Mary veterans hospital; final settlement with Messrs. J. B. Becker, A. Pesner and Edw. Barkoff for lands	....	....
St. Catharines, Ont., lease space in bldg. 33-43 Queen St., to Seymour & Lampard	....	....
Sutherland, Sask., forest nursery station, water supply line replacement	....	....
Chandler, P.Q., wharf extension; contract	....	....
N. L. Pickersgill—Ad hoc appointment to Canadian pension commission	....	Yes†
J. M. Forman—Ad hoc appointment to Canadian pension commission	....	Yes†
Purchase caps for issue to postmen	....	....
Leave of absence Lt. Gov. C. A. Banks, B.C. province and app't of an administrator	....	† Yes
Regina, Sask., agricultural and industrial exhibition—grant to	....	....
Teeswater, Ont., agricultural society—grant to	....	....
Shipping: load line rules for ships, voyages on lakes or rivers	....	‡
Shipping: load line rules for ships, international voyages	....	‡

†Published in *Canada Gazette* under "appointments".
‡ To appear in *Canada Gazette* of 23rd March, 1949.

Subject	Orders in Council Tabled	Gazetted
Saint John, N.B., harbour; McLeod-Pettingill wharf, shed, gallery and gantry; extension to contract	....	....
Toronto, Ont., city delivery bldg. rehabilitation; extras to contract	....	....
Ottawa, Ont., Departmental office bldg. site; settlement for lots 36 and 37 West Gainsboro Ave.	....	....
Longueuil, P.Q., post office bldg. addition; contract	....	....
Saskatoon, Sask., federal bldg. alterations; contract	....	....
St. Tite, P.Q., fitting up premises for postal accommodation; payment accounts of J. A. L'Heureux	....	....
Timmins, Ont., lease post office accommodation from Timmins Theatres, Ltd.	....	....
Fassett, P.Q., transfer proposed wharf site property to original donors, Annie Corrigan heirs	....	....
Ottawa, Ont., Rideau Health & Occupational Centre; transfer portion of property to federal district commission	....	....
Veterans Land Act regulations, amended authority to the director to sell chattels repossessed from veterans	Yes	Yes
Canadian Army—appointments, promotions and retirements	....	† Yes
Admiralty Act, 1934—approval general order dated 7-1-49 of Exchequer Court of Canada re appointment of Registrars	Yes	Yes
Annuity to widow of the late Judge James Parker	....	....
Veterans Land Act—sale of lands Jack Hassard	....	....
Annuities—confirming for payment contract	....	....
Red Deer, Alta, Agricultural Society—payment to	....	....
Ottawa, Ont., airport; lease space in lean-to of Hangar H-1 to Atlas Aviation, Ltd. for office and workshop	....	....
Ottawa, Ont., airport; lease space in lean-to of Hangar H-1 to Atlas Aviation, Ltd., for housing of aircraft	....	....
Quesnel, B.C., airport and radio range station; purchase electrical energy from British Columbia Power Commission	....	....
Saint John, N.B., airport development; Municipal Spraying & Contracting Ltd.	....	....
Malton, Ont., hangar No. 1 roof repairs;	....	....
Malton, Ont., airport, water supply;	....	....
Milot, P.Q., lease P.O. accommodation from Jacques Tremblay	....	....
Portneuf station, P.Q., lease P.O. accommodation from Jules Thibault	....	....
Treasury Board Minutes		
Authority for construction of the Berry Creek irrigation district by the Prairie Farm Rehabilitation Act organization.	....	....
Exemption from section 13 of the Civil Service Act of various positions of senior veterinarian, Grade 2.	....	....
Designating salary of L. R. Tendler, Regina, under the P.F.R. Act.	....	....
Designating salary of Harold F. Walker, Lethbridge, under the P.F.R. Act	....	....
Designating salary of Rita Moffatt, Regina, under the P.F.R. Act.	....	....
Designating salaries of three employees under the P.F.R. Act.	....	....
Designating salary of Miss R. L. Fyke, Edmonton, under the P.F.R. Act.	....	....
Changing organization of Department of Agriculture—creating a permanent position of clerk Grade 3.	....	....
Changing organization of the Department of Agriculture by transferring various positions and incumbents.	....	....
Designating salary of Dorothy Richards, Regina, under the P.F.R. Act.	....	....
Designating salaries of two employees under the P.F.R. Act.	....	....
Designating salary of G. C. Simpson, under the P.F.R. Act.	....	....
Designating salary of Murray Magill Wiggins, Vancouver, under P.F.R. Act.	....	....
Designating salary of Mrs. C. Hebert, Hull, under the Agricultural Prices Support Act.	....	....

† Published in *Canada Gazette* under "appointments".

HOUSE OF COMMONS

Thursday, March 10, 1949

The house met at three o'clock.

PRIVILEGE

GRANT TO CITY OF OTTAWA—REFERENCE TO ARTICLE IN OTTAWA "JOURNAL"

Mr. G. J. McIlraith (Parliamentary Assistant to Minister of Trade and Commerce): Mr. Speaker, I rise on a question of privilege. Yesterday's edition of the Ottawa *Journal* contains an article the headline of which reads as follows: M.P.'s' figure of $600,000 not enough". The article, which is rather lengthy, concerns the grant from the dominion government to the city of Ottawa, and contains this sentence:

> Some time ago both George McIlraith and Jean Richard, Liberal members for Ottawa, endorsed a grant of $600,000 yearly.

In so far as that statement refers to me, it is incorrect and without any foundation whatever in fact. At no time have I ever suggested or endorsed a figure of $600,000.

Mr. Graydon: What figure did you endorse?

HOUSE OF COMMONS

OMISSION OF NAME FROM DIVISION LIST

Mr. H. G. Archibald (Skeena): Mr. Speaker, yesterday afternoon, on the first vote, I voted against the motion of the hon. member for Lambton West (Mr. Murphy), but my name was not recorded on the division list. Would it be possible to have my name recorded on that list?

Mr. Speaker: The omission will be corrected. May I take this opportunity of saying that during the course of divisions there is often a great deal of noise in the chamber, which makes it difficult for the officers at the table properly to complete their records. I should like to take advantage of this occasion to ask hon. members to keep quiet while divisions are in progress, as an aid to the responsible officers in the carrying out of their duties.

RESTORATION OF QUESTION TO ORDER PAPER

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, may I call your attention to the fact that question No. 37 on the order paper yesterday, standing in the name of the member for Lake Centre (Mr. Diefenbaker), was first mentioned as answered; that was found to be erroneous and it was ordered to stand. Through some misunderstanding it has been dropped from the order paper today, and I would ask that it be reinstated.

STANDING COMMITTEE ON MINES AND RESOURCES

On the orders of the day:

Mr. J. H. Matthews (Kootenay East): I should like to direct a question to the Minister of Mines and Resources, a copy of which I sent to his office this morning. In view of the fact that the standing committee on mines and resources has not been called to meet for the last five years will the minister arrange for the calling together of this committee this year so that matters pertaining to this department may be discussed?

Hon. J. A. MacKinnon (Minister of Mines and Resources): I shall give the matter consideration.

BUSINESS OF THE HOUSE

MOTION WITH RESPECT TO HOURS OF EVENING SITTINGS

On the orders of the day:

Mr. George A. Drew (Leader of the Opposition): I should like to ask the Prime Minister when he intends to deal with the motion which he presented, having to do with the hours of sittings of the house.

Right Hon. L. S. St. Laurent (Prime Minister): I hope that it will be proper to deal with it tomorrow. I had hoped that it might be of consequence even before that. I still hope that it may become of consequence tomorrow.

TRANS-CANADA HIGHWAY

ANNOUNCEMENT OF CHANGE IN MINISTERIAL JURISDICTION

Right Hon. L. S. St. Laurent (Prime Minister): I should like to inform the house that at the request of the Minister of Mines and Resources (Mr. MacKinnon) arrangements have been made to transfer the ministerial responsibility with respect to the trans-Canada highway project from his department to the department of the Minister of Reconstruction and Supply. This does not involve legislation, nor does it involve any formal action by the governor in council. The action has been

approved, however, by a minute of council. I am making the announcement to explain why any future matters or questions connected with that project will be dealt with by the Minister of Reconstruction and Supply.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

NATIONAL FILM BOARD—DOCUMENTARY FILMS TAKEN IN FOREIGN LANDS

Mr. Fraser:

1. What documentary motion pictures of foreign lands have been produced by or for the national film board during the last eight years?

2. What are the names of each of these pictures; in what country was each taken and in what year?

Mr. Winters:

1. "Out of the Ruins"—Greece—1945. This film on the work of reconstruction in Greece was produced by the national film board in co-operation with UNRRA. A cameraman was lent to UNRRA and the film was supplied by that organization to the national film board for the production of a documentary film which was released in 1946.

"The People Between"—China—1946. This was an information film about the Chinese people and the contribution made by UNRRA in the work of reconstruction.

"Mexico Today"—Mexico—1947. This film was produced by the national film board with the assistance of the Mexican government who made film available to us without charge. The film was released in the "Canada Carries On" series in June, 1947.

"Suffer Little Children"—Greece—1945. This film was made in co-operation with UNRRA out of material filmed by a cameraman lent to that organization. The film showed the plight of children in Greece and the work of UNRRA in caring for them.

2. See answer to No. 1.

SHIPS OPERATING FROM PACIFIC COAST PORTS—RADIO EQUIPMENT

Mr. MacInnis:

1. Did the Department of Transport since January 1, 1946, receive complaints of the failure of ship owners and operators to keep radio equipment on ships operating from ports on the Pacific coast in proper working condition?

2. Did the Department of Transport since January 1, 1946, receive complaints of the failure of ship owners and operators to maintain radio watch-keeping on ships operating from Pacific coast ports?

3. If so, were such complaints investigated and by whom?

4. Was a report made to the Minister of Transport?

5. If so, when?

[Mr. St. Laurent.]

Mr. Chevrier:

1. Yes.

2. Yes.

3. (a) Yes. (b) By the district superintendent of radio, who found that the charges were not substantiated and that the equipment in the respective vessels was in good working order and the proper watches being maintained. The other representations would involve amendments to the Canada Shipping Act and these are under consideration.

4. Yes, verbally from time to time.

5. Answered by No. 4.

IMMIGRATION—DISPLACED PERSONS

Mr. Knight:

1. Are displaced persons given any practical tests in Europe to establish their ability in skills they profess, before being cleared for entry to Canada?

2. When a D.P. immigrant admitted to Canada upon his claim to the possession of certain skills, becomes unemployed within the first year through inability to perform those skills, and is ineligible for unemployment insurance, has such immigrant any claim for support upon the dominion government?

3. If not, does the responsibility for his support rest solely upon the local municipality?

4. Is any definite instruction in the English language given to displaced persons in Europe who have been screened for and are awaiting entry to Canada?

Mr. Cote (Verdun):

1. Displaced persons brought to Canada as workers under the "group movement plan" are selected by employment officers of the Department of Labour who examine them to determine their suitability for the occupation in accordance with requirements of the employer in Canada. Where special skills are called for trade tests are conducted.

2. Displaced persons brought to Canada as workers under the "group movement plan" come forward on the definite understanding that if it is found after their arrival that they cannot perform the work for which they were selected that they will accept such work as may be selected for them by the Department of Labour. If a displaced person is unable to perform the work for which he was selected the Department of Labour locates alternative employment.

3. See answer to No. 2.

4. Yes, by the international refugee organization when practical to do so.

CANADA HIGHWAYS ACT, 1919

Mr. Merritt:

What was the total expenditure, by years and by provinces, under the Canada Highways Act, 1919, and its amending acts?

Mr. Maybank: (Table on p. 1325.)

Dominion Expenditure under The Canada Highways Act, 1919, Chap. 54, 9-10, Geo. V and Amending Acts

Fiscal Year Ending	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia	Totals
	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
March 31, 1920	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
March 31, 1921	40,264 79	.....	.....	56,374 19	295,100 00	.....	.....	.....	86,446 52	478,185 50
March 31, 1922	103,493 93	486,412 69	438,303 74	483,843 80	1,031,229 01	351,740 74	193,773 29	.....	367,026 47	3,455,823 67
March 31, 1923	106,277 01	811,068 94	371,973 01	1,143,879 51	2,047,918 28	165,547 47	544,820 71	.....	662,910 88	5,854,395 81
March 31, 1924	124,079 40	97,347 82	297,202 60	1,117,065 68	1,377,440 88	557,372 32	360,130 31	.....	135,571 13	4,066,210 14
March 31, 1925	34,158 56	61,601 76	56,365 65	1,306,766 21	840,646 14	79,279 87	335,759 80	210,585 93	.....	2,925,163 92
March 31, 1926	180,025 21	12,288 79	.....	640,490 61	181,671 32	133,535 04	85,943 71	415,374 01	.....	1,649,328 69
March 31, 1927	15,156 10	.....	.....	.....	50,000 00	57,744 29	163,966 25	59,629 88	.....	346,496 52
March 31, 1928	.....	.....	.....	.....	53,269 37	257,045 27	121,860 93	792,220 18	.....	1,224,395 75
	603,455 00	1,468,720 00	1,163,845 00	4,748,420 00	5,877,275 00	1,602,265 00	1,806,255 00	1,477,810 00	1,251,955 00	20,000,000 00

Questions

NATIONAL HEALTH—PROFESSIONAL TRAINING AND MENTAL HEALTH GRANTS

Mr. Coldwell:

1. What is the estimated shortage of mental health personnel in each province?

2. How many mental health personnel are now being trained under the professional training grant and the mental health grant in each province?

Mr. Reid:

1. The funds provided under the health survey grant will enable the provinces to make an estimate of the shortage of mental health personnel in Canada. As the surveys have not been completed such an estimate is not yet available.

2. Hundreds of nurses and attendants are being trained in the mental hospitals across the country with the aid of additional instructional staff and equipment provided out of the mental health grant. Also, grants to training institutions such as the university of Toronto, Dalhousie university, the Maritime School of Social Work, university of Western Ontario and university of British Columbia, have permitted great expansion of training facilities which will be reflected next academic year in the large number of post-graduate students being trained for mental health work. In addition, the following mental health personnel are receiving training bursaries under the professional training and mental health grants:

Prince Edward Island, none; Nova Scotia, 1; New Brunswick, 1; Quebec, 13; Ontario, 10; Manitoba, 1; Saskatchewan, 3; Alberta, 5; British Columbia, 5; Canada—39.

NATIONAL FILM BOARD—ANIMATED FILMS "LET'S ALL SING TOGETHER"

Mr. Fraser:

1. Has the national film board sold the animated films called "Let's All Sing Together", series 1944-45, for reproduction purposes, or made arrangements with any individual, or company, for reproduction and sale of these films?

2. If so, what arrangements and financial considerations have been made?

3. With whom were these arrangements made, and when?

Mr. Winters:

1. Yes.

2. In February, 1945, an agreement was made whereby Walter O. Gutlohn Inc., New York, U.S.A., undertook to distribute the series for a period of one year. This firm contracted to pay the national film board a royalty fee of $2.50 for each print sold or leased. An extension of the agreement was granted on October 10, 1946, to expire December 20, 1947. This extension was signed with Film Tel Inc. (formerly Walter O. Gutlohn Inc.) a division of International Theatrical and Television Corporation. In September, 1947, Library Films Inc., the successor to Film Tel Inc., took over the distribution of these subjects. In March, 1948, a new agreement was drawn up with Library Films Inc., for a five year period. As is customary after sales have reached 500 prints, the royalty payment was reduced on this agreement to $1 per print sold.

3. See answer to No. 2.

*IRRIGATION—SASKATCHEWAN

Mr. McCullough (Assiniboia):

1. How many pre-development irrigation farms are proposed under P.F.R.A. plans in the province of Saskatchewan?

2. What will be the location of these developments, and the number of acres utilized in each case?

Mr. Gardiner: This is a matter of government policy which has not yet been determined.

CENTRAL MORTGAGE AND HOUSING CORPORATION —EMPLOYEES, ETC.

Mr. Lockhart:

1. How many persons are employed by the Central Mortgage and Housing Corporation?

2. Are any persons employed outside of the city of Ottawa by this corporation?

3. If so, at what points?

4. What was the total amount paid out in salaries and traveling expenses to employees of the Central Mortgage and Housing Corporation during the year 1948?

5. What are the names of the principal officials of the corporation?

6. What salary does each receive?

7. What were the traveling expenses of each such official during the year 1948?

8. Have any increases in salary been granted to employees of the corporation since it was set up?

9. If so, to whom and what increase to each of them?

Mr. Winters:

1. On February 28 the total number of persons employed by Central Mortgage and Housing Corporation was 1,883. Of these 533 were part-time employees on a fee basis or labourers engaged on a day to day basis for maintenance work.

2. Yes.

3. Persons employed outside the city of Ottawa by Central Mortgage and Housing Corporation are attached to offices located at the following places:

British Columbia: Kelowna, Vancouver, Prince Rupert, Vernon, Victoria, Trail.

Manitoba: Winnipeg.

Ontario: Fort William, Toronto, Hamilton, Brantford, Preston, Kitchener, London, Sarnia, Stratford, North Bay, Sault Ste. Marie, Kirkland Lake, Parry Sound, Peterborough, Kingston, Smiths Falls, Renfrew, St. Catharines, Trenton, Fort Erie, Niagara Falls, Wel-

land, Collingwood, Long Branch, Orillia, Ajax, Windsor, Leamington, Cornwall, Port Hope, Owen Sound.

Quebec: Chicoutimi, Cartierville, Montreal, Nitro, Beauharnois, Quebec City, Sherbrooke, Sorel, Hull, Cap de la Madeleine, Lauzon.

Alberta: Calgary, Edmonton.

Saskatchewan: Regina, Moose Jaw, Saskatoon.

New Brunswick: Saint John, Moncton, Fredericton, Campbellton.

Nova Scotia: Halifax, Amherst, Pictou, New Glasgow, Dartmouth.

In addition the corporation has part-time representatives on a fee basis at the following locations:

British Columbia: Penticton, Prince George, Cumberland, Port Alberni, Nelson, Rossland, Kimberley, Nanaimo.

Alberta: Lethbridge, Medicine Hat.

Saskatchewan: Weyburn, Yorkton, North Battleford, Lloydminster, Melville, Prince Albert.

Ontario: Kenora, Fort Frances, Geraldton, Sioux Lookout.

Manitoba: Portage la Prairie, Brandon, Dryden.

Nova Scotia: Liverpool.

Prince Edward Island: Charlottetown.

4. Total amount paid out in salaries, $3,698,218.49. Total traveling expenses during the year 1948, $247,460.32.

5. David B. Mansur, Esq., President; Major General Hugh A. Young, Vice-President.

6. D. B. Mansur, $18,000 per annum; Major General Hugh A. Young, $12,000 per annum.

7. This information is not available from government records.

8. Yes.

9. This information is not available from government records.

UNEMPLOYMENT INSURANCE

Mr. McCuaig:

What was the total amount of unemployment insurance paid out in Canada in the years 1946, 1947 and 1948?

Mr. Cote (Verdun): Total amount of unemployment insurance paid out in Canada during:

1946	$51,085,261.75
1947	32,039,339.36
1948	40,268,110.44

*HOSPITAL GRANTS—NURSES' HOMES

Mr. Knight:

1. Has the government received any requests for a broadening of the terms of the federal hospital grants to include the building of living accommodation for nurses (nurses' homes)?

2. From whom have such requests been received?

3. Have any of these requests been granted, in whole or in part?

Questions

4. Whether or not such requests have been received, has the government had this matter under consideration?

5. Has a decision in regard to it been reached? If so, what is such decision?

Mr. Martin: It will be more convenient, Mr. Speaker, to deal with this question orally. As the hon. gentleman knows, the present basis of the federal grant with regard to hospital construction is much broader than that originally envisaged in the proposals made by the federal government to the provinces in 1945 and 1946. It is true that there have been discussions with various bodies, governmental and otherwise, in this country as to broadening the base to include matters referred to in the question. There is nothing, however, that I can say at the moment beyond this. The government is giving consideration to this matter and its policy will be announced, in the light of experience, in due course.

DEPARTMENT OF TRANSPORT—BRITISH COLUMBIA —RADIO INSPECTORS

Mr. Jones:

1. What is the total number of employees in the British Columbia branch of the Department of Transport (radio division)?

2. How many radio inspectors are employed by the Department of Transport in British Columbia?

3. What steps have been taken by the department to appoint an inspector, or inspectors, for the interior of British Columbia?

Mr. Chevrier:

1. 290.

2. Six.

3. Action has been taken towards the appointment of a radio inspector for the interior of British Columbia during the fiscal year 1949-50.

RADIO RECEIVING LICENCES—ALBERTA— INSPECTORS

Mr. Shaw:

1. What was the total number of radio licence inspectors employed in the province of Alberta during each of the years 1945, 1946, 1947 and 1948?

2. What was the total amount paid in wages, salaries, commissions, traveling allowances, living and other allowances to each such inspector during each of the above years?

3. What was the total amount collected by each inspector from radio receiving set owners during each of the years 1945, 1946, 1947 and 1948?

Mr. Chevrier:

1. Two (one at Calgary and one at Edmonton).

2. Salaries:

	1945-46	1946-47	1947-48
Calgary	$2,460	$2,640	$2,880
Edmonton	2,580	2,880	3,000

No traveling, living and other allowances paid.

Questions

3. Radio inspectors do not issue radio receiving licences except on demand at their offices. The following are the amounts collected by the Calgary and Edmonton inspectors in respect thereof:

1945-46	
Calgary	$ 976.00
Edmonton	579.50
1946-47	
Calgary	$1,040.50
Edmonton	1,685.00
1947-48	
Calgary	$ 832.50
Edmonton	3,357.00

RURAL MAIL SERVICE—BRITISH COLUMBIA POST OFFICES

Mr. Pearkes:

1. To what company or companies have contracts been let for the carrying of mails to the following post offices in British Columbia: Galiano, Mayne, North Galiano, Pender Island, Port Washington, Saturna, South Pender?

2. What are the amounts of the contracts?

3. How frequently is mail delivered to these offices?

4. When do the various contracts expire?

Mr. Bertrand (Laurier):

1. The post offices at Galiano, Mayne, North Galiano, Pender Island, Port Washington, Saturna and South Pender are served by a water service known as Victoria-Vancouver (Gulf islands route).

*The service is performed by the Canadian Pacific Railway under an agreement covered by order in council P.C. 1543 of 22nd April, 1947.

2. The rate of payment is $12,000 per annum.

3. Mail is delivered to: Galiano, Mayne, Pender Island, Port Washington—Mondays, Tuesdays, Thursdays and Saturdays; North Galiano—Mondays; Saturna, South Pender—Mondays, Thursdays; each week.

4. The order in council expires March 31, 1951.

*The Canadian Pacific Railway steamers deliver mails to the wharf and the following contracts for the conveyance of mail between wharves and post offices are in effect:

Galiano and wharf, D. A. New, $327.60 per annum; contract expires 30-6-49.

Mayne and wharf, A. K. Steel, $126 per annum; contract expires 30-9-50.

North Galiano and wharf (Galiano), G. A. Bell, $416 per annum; contract expires 30-6-52.

Pender Island and wharf (Hope Bay), S. P. Corbett, $30 per annum; contract expires 31-3-50.

Pender Island and wharf (Port Washington), J. S. Stigings, $150 per annum; contract expires 31-12-49.

[Mr. Chevrier.]

Port Washington and wharf, J. B. Bridge, $33.60 per annum; contract expires 30-6-49.

Port Washington and wharf (Hope Bay), J. S. Stigings, $150 per annum; contract expires 30-9-50.

Saturna and wharf, F. J. Jackson, $63.50 per annum; contract expires 31-3-49; renewal to 31-3-53.

INCOME TAX—BRITISH COLUMBIA—BRANCH OFFICES

Mr. Jones:

What steps have been taken by the Department of National Revenue (income tax division) to open any branch office or offices in the interior of British Columbia?

Mr. McCann: Since the report made in 1945 by an independent committee, the taxation division, Department of National Revenue, regularly reviewed the possibility of expansion in the number of district income tax offices. At the moment it is not considered advisable or practical to expand the number of income tax offices in British Columbia.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PRAIRIE FARM ASSISTANCE—INSPECTION

Mr. Diefenbaker:

1. How many complaints regarding 1948 awards under P.F.A.A. have been received?

2. Is re-inspection of certain areas contemplated? If so, when will re-inspection take place?

3. Is there any set procedure to be followed by farmers who are dissatisfied and desire re-inspection?

4. In cases of re-inspection do the rural municipalities concerned receive notice in advance? If not, will consideration be given to giving such notice?

BUILDING MATERIALS—PRODUCTION, EXPORTS, ETC.

Mr. Caouette:

1. During each of the years 1947 and 1948, what was the total production of the following items (a) in quantity; (b) in dollars: nails, lumber (board measure), pipes, bricks, cement, bath-tubs, water closets?

2. During each of the years 1947 and 1948, what was the total production, in dollars, of building materials in Canada?

3. What was the amount of Canadian exports during each of the years 1947 and 1948 of (a) nails, in tons, in dollars; (b) bricks, in dollars; (c) pipes, in dollars; (d) bath-tubs, quantity and in dollars; (e) water closets, quantity and in dollars; (f) lumber, in feet and in dollars?

4. What housing companies are still given government priorities?

5. Are wartime housing and national housing enterprises still operating in Canada?

6. Are other construction firms operating in Canada by virtue of privileges granted by the federal authorities?

7. If so, what are the names of such companies?

8. What quotas are allocated to the several construction organizations in the procurement of building materials?

9. What percentage of the total production of 1947 and 1948 was allocated to companies, and to what companies?

HOUSING—HASTINGS COUNTY, ONT.

Mr. White (Hastings-Peterborough):

How many houses or housing units were erected and completed in the county of Hastings in the years 1947, 1948, in co-ordination with the following agencies: (a) Veterans Land Act; (b) Wartime Housing Limited; (c) Integrated Housing; (d) special plans under National Housing Act; (e) private builders or any other means?

LEGAL SERVICES—HASTINGS COUNTY, ONT.

Mr. White (Hastings-Peterborough):

1. What are the names of the legal firms and solicitors in the county of Hastings (a) receiving fees from the dominion government or any of its commissions from 1st January, 1946 to date; (b) to whom any fees are still due and payable?

2. What amounts have been paid to each of them, in what year, and for what services?

3. What amounts are still due to each, and for what services?

4. What are the names of the legal firms and solicitors in the county of Hastings, at present employed by the dominion government or any of its commissions?

HOUSING—VETERANS LAND ACT—HASTINGS COUNTY, ONT.

Mr. White (Hastings-Peterborough):

1. How many homes were built under the V.L.A. in the county of Hastings?

2. What is the total cost of each home constructed under the V.L.A. in this area?

3. Who was the contractor or contractors for this area?

4. What is the present proposed sale price of each home?

5. What was the original price asked in each case?

6. How many homes have been sold to date and what is the price in each case?

7. What was the cost per unit of project overhead and how was the same made up?

8. Have any veterans made deposits on proposed purchases and later declined to proceed with the purchase of such holdings?

9. If so, by whom and why were said deals not completed?

SOLDIER SETTLEMENT AND VETERANS LAND ACT, HASTINGS COUNTY, ONT.

Mr. White (Hastings-Peterborough):

1. How many applications have been made to purchase farms in the county of Hastings, under Soldier Settlement and Veterans' Land Act?

2. How many applications have been accepted?

3. How many applications have been refused?

4. How many applications are still pending?

PRICES AND TRADE BOARD—PROSECUTIONS, LEGAL SERVICES, ETC.—HASTINGS COUNTY, ONT.

Mr. White (Hastings-Peterborough):

1. How many prosecutions by the wartime prices and trade board were instituted in the county of Hastings in each of the years 1947 and 1948?

2. What is the total amount of fines levied in such prosecutions?

3. What is the total amount paid to legal firms and solicitors in connection with such prosecutions (a) in legal fees; (b) in traveling and other expenses?

4. What is the total amount paid to investigators in connection with such cases; (a) in salaries; (b) traveling and other expenses?

CONTRACTS FOR CONTRUCTION OF VESSELS

Mr. Hazen:

1. How many tenders were called for the construction of vessels by (a) the Department of Transport; (b) the Department of National Defence; (c) the Department of Public Works in the year 1948 and to date in 1949?

2. What companies submitted tenders for each type of vessel and for what amounts?

3. What companies were awarded contracts for each type of vessel and at what prices?

DEPORTATIONS

Mr. Diefenbaker:

How many deportations for illegal entry into Canada have been made by the Department of Immigration in each of the years 1947, 1948 and 1949 to date, and to what countries?

IMMIGRATION—PERMITS FOR ENTRY OTHER THAN UNDER PROVISIONS OF IMMIGRATION ACT

Mr. Diefenbaker:

1. How many written permits provided for by section four of the Immigration Act were issued by the minister during each of the years 1947 and 1948 (a) authorizing any person to enter Canada; (b) authorizing any person to remain in Canada; and in either case without being subject to the provisions of the said act?

2. How many of these permits have been included in a return laid before parliament within thirty days after the commencement of the next ensuing session of parliament in each of the said years?

Mr. Diefenbaker: I should like to ask why this question should be made an order for return.

Mr. St. Laurent: This question and the preceding one deal with the same subject matter, and the same subject matter is involved in the question which was erroneously left off the order paper today. It concerns the Prime Minister's office, the office of the Secretary of State for External Affairs, and the office of the Minister of Mines and Resources. The officials of all three departments have to confer on the form of answer to be made.

TAXATION

REFERENCE TO ARTICLE IN "CHATELAINE" MAGAZINE

On the orders of the day:

Mr. Park Manross (London): I should like to make a correction in an article which appears in this month's issue of *Chatelaine*, a copy of which is now lying on the desk of the Minister of Finance. The article is

entitled, "Look here, Mr. Abbott." There is an error in the article.

Some hon. Members: Order.

Mr. Speaker: I would point out to the hon. member that the rules require that questions asked on the orders of the day should be brief, and I would ask him to govern himself accordingly.

Mr. Manross: Does the Minister of Finance know that there is an error with regard to the tax on soft drinks? The article says that they are taxed twice. The fact is that they are taxed three times—8 per cent, 25 per cent and one cent per bottle.

Some hon. Members: Order.

CHILD WELFARE

ALLEGED TRAFFIC IN BABIES FOR ADOPTION

On the orders of the day:

Mrs. Gladys Strum (Qu'Appelle): I should like to direct a question to the Secretary of State for External Affairs. What steps has he taken to comply with the request of Premier McNair of New Brunswick for assistance in investigating the baby black market operating out of Saint John, New Brunswick? Can the minister give any assurance that the government has taken action to stop the traffic in babies as revealed by the Alberta royal commission investigation of 1947?

An hon. Member: Order paper.

Hon. L. B. Pearson (Secretary of State for External Affairs): I did not realize that the traffic in babies was a matter for the Department of External Affairs, but I will try to secure the information and give it to the hon. member. No information on the subject is at my disposal at the moment.

Mrs. Strum: Is not the citizenship of Canadian babies involved, and does that not come under the minister's department?

Mr. Speaker: Order.

NATIONAL DEFENCE

ADMISSION OF STUDENTS TO ROYAL MILITARY COLLEGE AND ROYAL ROADS IN 1949

On the orders of the day:

Mr. T. A. Kidd (Kingston City): I should like to direct a question to the Minister of National Defence. How many students will be admitted to the Royal Military College at Kingston in 1949, and how many will be admitted to Royal Roads, B.C., in 1949?

An hon. Member: Order paper.

Mr. Kidd: I have asked my question.

Mr. Speaker: Order. May I call the attention of hon. members to the fact that when they wish to put a question before the orders of the day are called, the question should be urgent and brief. I suggest that the hon. member put his question on the order paper.

Mr. Kidd: My question, Mr. Speaker, is prompted—

Some hon. Members: Order.

Mr. Kidd: Never mind; I have the floor. My question is urgent. I am addressing my remarks to you, Mr. Speaker. My question is prompted by an article which appears in this morning's press.

Mr. Speaker: Order. The hon. member knows perfectly well what the rules are; in asking a question he is not allowed to make a statement.

Mr. Kidd: Let the minister answer my question.

Hon. Brooke Claxton (Minister of National Defence): The minister will comply with the rules of the house and with the directions of the Speaker. If the Speaker says that the question is in order, I will answer it. If it is not in order, it ought to go on the order paper, in which case I will answer it in due course.

NATIONAL FILM BOARD

JOHN GRIERSON—PRODUCTION OF ANGLO-CANADIAN MOTION PICTURE

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): I should like to direct a question to the Minister of Reconstruction and Supply. Has Grierson, who said he had a temporary comfortable job with the national film board, made approaches to the board about the production of an Anglo-Canadian motion picture?

Hon. Robert H. Winters (Minister of Reconstruction and Supply): The answer is no.

Hon. Brooke Claxton (Minister of National Defence): He did not say that.

Mr. Fraser: He did say he had a comfortable job.

Mr. Claxton: Not with the film board.

Mr. Coldwell: With UNESCO.

INQUIRY OF THE MINISTRY

TRANSMISSION THROUGH MAILS OF SCHEMES DEVISED TO DEFRAUD THE PUBLIC

On the orders of the day:

Mr. F. D. Shaw (Red Deer): I should like to direct a question to the Minister of Justice. In view of the fact that under section 209 (c) of the Criminal Code it is an indictable offence for anyone to post for transmission or delivery

by or through the post any letter or circular concerning schemes devised or intended to deceive or defraud the public, will the Minister of Justice—

Mr. Speaker: Order. The hon. member seems to forget the rules of the house. As I have already reminded hon. members, when a question is put before the orders of the day are called, the rules require that it should be urgent and brief.

Mr. Shaw: I have come to my question, Mr. Speaker. Will the Minister of Justice—

Mr. Speaker: Order. The hon. member is asking for a legal opinion. I do not think that is the kind of question that should be asked at this time. I suggest to the hon. member that he put his question on the order paper.

COMMONWEALTH CONFERENCE

VISIT OF SIR NORMAN BROOK—QUESTION AS TO MEETING OF FOREIGN MINISTERS

On the orders of the day:

Mr. Gordon Graydon (Peel): I should like to direct a question to the Secretary of State for External Affairs. In view of the fact that newspaper dispatches indicate that Sir Norman Brook, secretary of the United Kingdom cabinet, is to arrive in Ottawa either today or tomorrow, will the Secretary of State for External Affairs indicate what the government's attitude will be with respect to the early calling of the commonwealth conference of foreign ministers?

Hon. L. B. Pearson (Secretary of State for External Affairs): I do not think the latter question arises out of the first part of the question addressed to me by the hon. member for Peel. With respect to the latter part of his question, no doubt the Prime Minister will deal with this matter when the occasion demands.

COMMUNISM

USE OF MAILS IN DISTRIBUTION OF LITERATURE

On the orders of the day:

Mr. F. D. Shaw (Red Deer): I should like to direct a question to the Minister of Justice. Will he at his earliest possible convenience—

Mr. Speaker: Order. May I ask the hon. member if this is the same question that he asked previously?

Mr. Shaw: No, Mr. Speaker. It is another question entirely. Will the Minister of Justice tomorrow, or at his earliest possible convenience, indicate what action the Department of Justice contemplates with respect to the circulation through the mails of certain communist literature, a sample of which I am sending to him at this moment?

Hon. Stuart S. Garson (Minister of Justice): The answer is yes.

EDUCATION

BRIEF OF CANADIAN TEACHERS' FEDERATION—FEDERAL AID FOR UNESCO, ETC.

On the orders of the day:

Mr. R. R. Knight (Saskatoon City): I should like to direct a question to the Prime Minister. Has the Prime Minister received the brief presented by the Canadian Teachers' Federation in February last, and can he say whether any action is being considered with respect to federal aid for education, UNESCO, and the other matters referred to therein?

Right Hon. L. S. St. Laurent (Prime Minister): The answer to the first part of the question is yes. The answer to the second part of the question is that the brief is still under consideration.

VETERANS AFFAIRS

UNIVERSITY TRAINING GRANTS—QUESTION OF SETTING UP COMMITTEE

On the orders of the day:

Mr. E. B. McKay (Weyburn): I should like to ask the Minister of Veterans Affairs whether he is prepared to answer the question which I asked yesterday.

Hon. Milton F. Gregg (Minister of Veterans Affairs): Since the increase made last spring to dependents of student veterans, the matter mentioned has been kept under consideration. It is not intended to recommend a parliamentary committee this session for the purposes stated by my hon. friend.

EXTRADITION

QUESTION AS TO NEGOTIATIONS WITH UNITED STATES FOR NEW TREATY—PRINCIPLE OF DUAL CRIMINALITY

On the orders of the day:

Hon. L. B. Pearson (Secretary of State for External Affairs): On Tuesday, March 8, the hon. member for York West (Mr. Adamson) asked whether the government is negotiating with the government of the United States for a new treaty of extradition, and whether the principle of dual criminality will remain a part of the treaty.

The answer to the hon. member's question is that no such treaty is now being negotiated with the United States.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed from Wednesday, March 9, consideration of the motion of Mr. D. F. Brown for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto of Mr. Drew.

Mr. Solon E. Low (Peace River): I am prompted to take up a few minutes of the time of the house at this stage, for two main reasons. The first of these is to be found in the last sentence of the third paragraph of the speech from the throne, which sentence reads as follows:

> It is the view of my ministers that a steady advance toward the goal of social justice for all is an effective safeguard against the influence of subversive doctrines.

It would be most heartening, sir, to all of the people of this country if they could feel that these words in the speech from the throne were not only a dead statement of fact, but gave promise of substantial fulfilment. My second reason is related to the first one. It is to be found in the fact that over the last four years since I came into this House of Commons the government has been either bankrupt of sound ideas as to how to make that steady advance toward social justice for all, or, in the alternative, unwilling to take the time to consider and to discuss in this house the fundamental changes in the financial and economic approach which will surely be required before any substantial advances can be made toward social justice for all.

These, sir, are very serious times in which we live, times that require the most earnest and sincere inquiry after truth. But as I have sat in this house and listened to the debates over the period of four years during which I have been a member, I have often thought what a wonderful opportunity the Liberal party has really had. When one considers the number of years that they have held office, and the numerous opportunities they have had given to them to learn and to apply sound financial and economic policies, and when one also considers the number of thinking men that they have had in this house, to name only a few—the Slaghts, the McGeers, the Tuckers, and I was going to say the Sinnotts—

Mr. Irvine: The Dunnings.

Mr. Low: —with their outstanding knowledge of the absurdities in our present financial system and the solutions to these absurdities; when one considers these things he is led to exclaim in utter amazement at the failure of the Liberal party to rise to the challenge of present-day problems, and to meet them with courageous and effective action within the financial and economic fields.

[Mr. Pearson.]

For a good many years my family supported the Liberal party. It was because—

Mr. Speaker: Order. I hate to interrupt the hon. member, but I should like to call the attention of hon. members to the fact that there is so much noise in the house it must be disconcerting to the hon. member who has the floor, and it must also be disconcerting to other hon. members who are trying to listen to him.

Mr. Low: Thank you, Mr. Speaker. I deeply appreciate your efforts to keep order in the house. I am sure hon. members will be good enough to try to be quiet while the speeches are being made.

I was saying, sir, that for a good many years my family supported the Liberal party; but it was precisely because the Liberal party turned to the superficial treatment of symptoms instead of showing a disposition to get right down to and treat causes; and also because they turned to ridiculing anyone with courage enough to bring forward a new idea, that I departed from the traditional practice of those who went before me in our family. Since then, and since I came to this house in 1945, I have felt that my action was vindicated.

Year after year I have heard members of the Liberal party ridicule the social credit proposals in this house; but to this date, sir, not a single one of them has attempted to show in what respect the social credit proposals are fallacious, and why. To use one example, and of course it is only one of many —I use this one only because it just happens to be the last one—on Monday night the hon. member for Cape Breton North-Victoria (Mr. MacLean) spoke in this debate, and in referring to certain remarks made by my colleague, the hon. member for Macleod (Mr. Hansell), he used these words, as reported at page 1242 of *Hansard*:

> But the solution will not come about by the introduction and adoption of the peculiar and illogical ideas expressed by the member for Macleod and those associated with him.

He then proceeded to make some inane remarks in a most general and sweeping way, which indicated clearly to me, at any rate, that he did not know the first thing about social credit. To take just one example, sir, the hon. member said:

> If money to carry on the government can be raised in any way besides taxing the people, then people need not work; and when we have reached that stage, all must starve. The social credit money will be of no use, as there will be no goods to purchase.

It is quite apparent, sir, that the hon. member did not get his ideas about social credit from a study of anything which anybody has said in this house, or out of it, as far as this party is concerned. I want to tell him that social credit is a scientific way of making it possible for men to work and to continue working so that they can live.

Mr. Johnston: Can he understand that?

Mr. Low: I wonder if he can understand it? I would just remind him that, periodically, under his financial system men do not have a chance to work. They are thrown on breadlines, and they continue on breadlines because a stubborn government refuses to do anything about it.

Mr. Wylie: He does not understand his own system.

Mr. Low: Just as the hon. member for Medicine Hat says, it is perfectly clear that the hon. member for Cape Breton North-Victoria does not know anything about the financial system under which he lives and tries to carry on. All he needs to do is to ask the Minister of Finance right here in the house a simple question like this: Is it possible for the government to obtain money in any way besides taxing the people? I will guarantee he will get a far different answer from what he indicated would be the case. The hon. member could not have read what was said by Mr. Graham Towers before the committee on banking and commerce in 1939, or he would have seen Mr. Towers admits that the government can obtain all the money it desires for the distribution of the production of this country, without either borrowing or taking it from the people.

Mr. Johnston: Tell him who Graham Towers is; probably he does not know.

Mr. Low: Perhaps I should. Mr. Graham Towers is the governor of the Bank of Canada.

Mr. Johnston: Did you get that over there?

Mr. Low: As Mr. Graham Towers has admitted, it is simply a question of policy, not of economic necessity.

In addition, when the hon. member says that social credit money would be of no use because there would be no goods to purchase, let me simply say to him that if the time ever comes in Canada when there are no goods to purchase, it will not be under a social credit economy. It would very likely be under the very policy that he and his colleagues attempt to support in this House of Commons. Under a social credit economy there always would be exactly enough purchasing power in the pockets of all the people to purchase the goods available—no more and no less. The result would be that every single dollar of purchasing power in circulation would command a dollar's worth of goods.

I should dearly love to see a man like the hon. member for Cape Breton North-Victoria, or anyone else who would like to try it, rise in the house and show us wherein our policies are fallacious, illogical or impossible. He will find our official proposals recorded in *Hansard* down through the years. I do not ask him to go back too far; he does not have to. On January 31, speaking in this very debate, I put on record what the social credit financial proposals actually were. In the budget debate of last session I submitted to the house an alternative to the ball-and-chain budget of the Minister of Finance, and my proposals at that time contained the basic social credit financial proposals. There is no excuse whatsoever for the hon. member, or for any other member for that matter, not knowing what they are. Furthermore, if the hon. member would like to indulge in a little mental exercise he might turn to the questions in the speech made by my colleague the hon. member for Lethbridge (Mr. Blackmore) in the house on February 28; then let him stand up in this house in some future debate and answer those questions.

Mr. Blackmore: Yes, or any of them.

Mr. Low: When he does he will show that he knows something about social credit—maybe.

I started to say that the Liberal party had had great opportunities—and they have. But they have not risen to those opportunities. I mentioned the Slaghts, the McGeers and the Tuckers. But the Slaghts, the McGeers and the Tuckers are gone from the house now. I am sure the first two were embittered because their profound arguments and warnings were not heeded by their colleagues. And Walter Tucker—what about him?

Mr. MacInnis: Yes, what about him?

Mr. Low: Well, Mr. Speaker, he used to be a great advocate of monetary reform within the Liberal party, in the days when he was in the house. As I recall it, he used to be a fair-minded man who was considered quite reliable. But it seems that when he became leader of the Liberal party in Saskatchewan he dropped any convictions he ever did have with regard to reform.

Mr. Blackmore: They have silenced him.

Mr. Low: It now appears that the hon. member has been completely tuckered out, so far as advocating financial reform is concerned.

But enough of that. Just let me say right now that until the government changes its

ways and adopts a new and scientific approach to financing the affairs of the country, it will never make sufficient advance toward the goal of social justice for all to which reference is made in the speech from the throne. And if hon. members continue to spend their time ridiculing social credit proposals instead of getting down to a study of them, they will never provide a safeguard against the influence of subversive doctrines so long as they live.

Let us for a moment take a look at the financial and money system of these fellows who run the government. It might be a good idea to remind them of the things they preach. They believe that before we can add to the national wealth we must go out to the money brokers, who have not anything, and borrow enough of our national currency or credit to complete or develop any one of our national resources and then pay interest to the money brokers for the use of our money. That is exactly what it means when the government authorizes an issue of bonds to raise new money.

We Canadians, therefore, are compelled to add to the national debt every time we wish to add to the national wealth. They call that sensible—the very people who ignorantly refer to social credit as funny money! I am reminded of a young fellow who really wanted to be tops in his class. So he would hang his shirt out on the clothesline at night, and, under cover of darkness, steal it for practice. That sounds foolish, I know; but it is not nearly as stupid and foolish as what the government of this country does when it raises capital by printing a bond which represents all the wealth of the country, taking that bond to an institution which has nothing, trading the bond for some credit created out of nothing by the outfit that has nothing, and then agreeing to pay interest in perpetuity to that institution for its beneficence in allowing us to use what is already ours. With this in mind when these Liberal wise men refer to Social Crediters as crazy money reformers, I am reminded of an incident which occurred at a mental institution. Two inmates stood watching a teamster unload a load of fertilizer. One inmate asked the teamster what he was doing, and the teamster replied, "I'm putting this manure on the strawberries." One inmate said to the other, "We put sugar on ours, and they call us crazy."

Here is another illustration. The wise men of our government believe it is sound practice to permit the chartered banks to create four billion dollars' worth of new money out of nothing and lend it to the government at $75 million in interest each year. But they will argue that if the Bank of Canada were ordered by parliament through the Department of Finance or through a finance commission to make the bookkeeping entries creating the same four billions out of the same kind of nothing, and by doing it save the taxpayers $75 million annually, it would be wild inflation. I wonder who is crazy?

An hon. Member: Nonsense.

Mr. Low: Certainly it is nonsense. And that is just the kind of nonsense the hon. member believes in and advocates.

Mr. Sinclair: No; he is for it.

Mr. Low: If the interruption was an expression of agreement, then I beg the hon. member's pardon and say that he is right and is deserving of being placed with the Slaghts and the McGeers.

Let me ask this: Is it craziness, or is it downright betrayal of a sacred trust, when the wise men in high positions in this country yield to the arguments of the chartered banks and their corporation bureaucrats that they are entitled to receive from the government $75 million every year until the end of time for having created four billions of dollars out of nothing?

By the end of world war II, chiefly as a result of that war and the way in which it was financed, Canada found herself with a national debt of over $16,000 million, on which the Canadian taxpayers are obliged to dig up in interest each year over $450 million. Evidently the bondholders have convinced our high financial advisers that it is reasonable for them to think that they have a moral right to a profit out of the war to an extent of more than $450 million a year. Let us remember that much of that $450 million is gathered in taxes from the boys who lent their lives without interest for the winning of the war.

Of course lives and limbs and eyes and blood of our heroes are not as important as dollars made out of nothing, at least to the people who run this country. What makes it more tragic is the fact that the posterity of those heroes will have to go on paying $450 million a year as tribute in perpetuity unless we get busy and do something about it, and that soon.

I wonder if in this debate some members of the government will get up and defend their sensible money system and show that the Social Credit one is crazy and unsound? There is nothing I would like better than that. I have often been amazed at the naïveté of some of the defenders of our present oxcart, Babylonian financial practices in this country. For many years some of us have

advocated the inserting of a call clause in the bonds issued by the government so that in peacetime the national debt could be called in and converted into bank deposits and the new money needed to distribute our production internally. I made such a suggestion during the budget debate last year. Three years ago the Social Credit government of the province of Alberta refunded their debt and inserted a call clause in every bond so that they could be called in and so that in due time the government could get out of debt. The $35,000 a year head of the Bank of Canada cried out in alarm with these words:

—but an optional redemption feature like that would enable the government to get rid of an interest-bearing debt when a suitable occasion arises after the war.

Would that not be just too bad if the people of Canada should succeed in unloading the old man of the sea from their backs, the old man of the sea in the form of an interest burden of nearly half a billion dollars? Many of the government's supporters have been so naive as to argue that it is not in the interests of Canada to get rid of the national interest-bearing debt that has pyramided now to more than $16,000 million, mainly because the government has borrowed every cent of money the Canadian people use instead of ordering the Bank of Canada to create it for them free of interest. They say that it is not in the interests of Canada to get rid of it because the banks, insurance companies, trust companies and wealthy individuals need steady income. But when poor people, who are forced into breadlines by a government too stupid and stubborn to make what is physically possible financially possible, come to the government for help, the government bureaucrats say to them: "Only when you have used up all your savings and are desperately in need can we give you any help". In the light of that situation, let some of the government wise men get up and defend their subsidy of over $450 million a year out of taxpayers' money to banks, insurance companies, trust companies and wealthy individuals who have in their possession more than $16,000 million of unspent savings.

Social Crediters say that banks, like other business concerns, should be self-supporting. Let them charge for their services instead of expecting the government to subsidize them in the form of huge interest payments. Is that a crazy idea? If hon. members think so, let them get up in this debate and show that it is.

The financial policy persisted in by the Liberal government forces some of the ministers to do some funny things—at least they would be funny if they were not so tragic. Here is one of them. Under thick delusion—that is about what it is—they send out armies of tax snoopers to exact the uttermost farthing they can from every person in the land from whom they think they can get it. The farmers of this country are driven to utter distraction by these armies of tax snoopers. For instance, they assess the poor waitress in the restaurant income tax on her wages, less her exemption, and then in addition they assess that poor waitress a straight ten per cent more on her wages for the tips she is supposed to get, whether she gets them or not.

Along with this so-called sound money system of the Liberals, and of course any others who support it, the government seems to be under the delusion that the only way they can get money is to tax it out of the people. As the hon. member for Edmonton East (Mr. Ashby) so well put it the other day, that is just like saying to the Imperial Oil Limited when they want to get gasoline that the only way they can get it is to drain it out of the gas tanks of the cars belonging to the people around this country. Imperial Oil Limited know better than that, and any schoolboy would know better than that.

Mr. Young: Get it from the Alberta government.

Mr. Low: You can bet your life they have got it. They have something better than they have in Saskatchewan or British Columbia—they have got it. Any schoolboy would know that if Imperial Oil Limited want to get oil they will have to dig down to the source of oil. Social Crediters claim that it is only reasonable that when the government need money when it is not wise to tax it out of the people, and there are times when that is so, they should go to the source of money, to where money is created, to the banks of this country. Only when they do go after it they should have gumption enough to have the Bank of Canada create what they need for the distribution of all our production and for the development of our resources and make it available to the people without exacting tribute by way of heavy annual interest charges that continue to grow decade after decade.

Then on the lighter side. Now I am thinking of two of the ministers over there, the Minister of Finance (Mr. Abbott) and the Minister of National Revenue (Mr. McCann). I am afraid they have been guilty of playing fast and loose with other people's wives.

An hon. Member: Wives?

Mr. Low: Wives, w-i-v-e-s. There are half a million other fellows in this country who think as I do. Let me tell them why. I am

urged to take these two ministers to court for alienating my wife's affections. Why? They have come into my home and they have taken out of my pocket so much each month and have handed it over to my wife as if I did not give her a sufficient monthly allowance.

An hon. Member: Do you?

Mr. Low: Yes, I do. They call it family allowances, but in my case at any rate I would have to call it an alienation of affection fund. But seriously, these Liberals who go around the country belittling and ridiculing Social Credit, and who have not yet dared to get up in this house and debate our proposals when we can be present to defend them, advocate and stick to what they call a sound money system. Just how sound is their money? Under it the banks of this country can expand, which means stretch—

Mr. Blackmore: Like rubber.

Mr. Low: Yes, like rubber. —one dollar of primary deposit of gold into $84 of purchasing power by lending figures in a book to borrowers at interest. Some people will not believe that, because they will not take the trouble to study what is right in front of them.

Mr. Blackmore: In the bank acts.

Mr. Low: At that point, I wonder if you have ever heard of rubber money. I have heard of it so often from these people on the other side of the house. I wonder where you would go to find a better example than what I have just cited of rubber money that will stretch a long way.

There is in the library of parliament a book called the Canadian Banking System. Its author is James Holladay, professor of economics at the university of Alabama. The book was published by the Bankers Publishing Company of Boston and New York in 1938. Note that, by the Bankers Publishing Company. It contains a foreword by Mr. C. M. Short, economist and assistant secretary of the Canadian Bank of Commerce. At the end of the foreword Mr. Short says:

> I am happy therefore, to have the opportunity of commending Doctor Holladay's book to all those who wish to acquire a knowledge of the development of the Canadian banking system and of the way in which it operates.

This, you see, is an unqualified endorsement of the work by a prominent Canadian banker. On pages 140 and 141 of that book you can find verification of what I have just said, namely, that the banks of this country can expand a primary deposit of one dollar of gold into $84 of currency and cheque-book money. This power, which the banks have under the sound money system advocated by my friends opposite, makes it possible for the banks of Canada to bring on periods of boom and inflation. Then, when deflationary forces set in, such as shrinking of foreign markets, cessation of Canadians traveling abroad, and a number of such things, fear may strike into the hearts of bank managers across the country, and they may begin to call in loans that they have made. By this method they can cancel out of existence and destroy a very large part of the purchasing power of the people and bring on a depression. They did it in the period from 1929 to 1933, and they have done it as a prelude to every period of hard times that we have known since the present banking system was devised. Through their power to expand and contract credits almost at will, the banks of this country hold in their hands the power to not only control all the wealth of our country, but to destroy the people and their efforts completely. Yet the Liberals call that sound money.

Mr. Blackmore: And the government does not know what to do about it.

Mr. Low: Under Social Credit financial proposals this sort of boom and bust would be impossible. The amount of purchasing power under such a system would constantly be adjusted to exactly equal the production of the country, no more and no less. There could be no inflation or deflation of any serious magnitude under a Social Credit financial policy. This we can show to be a fact, and we are perfectly ready to do so whenever it suits the Liberals to get out and have us do so. In the light of that, I ask who has all this funny money? It appears that many people in high positions of trust and responsibility never learn anything from history. Many years ago Benjamin Franklin, that great old American, visited his friends in England, and Franklin had this to say to his friends:

> Abundance reigned in the colonies and there was peace in all their borders. A more happy and prosperous population could not perhaps be found on the globe. In every home there was comfort. The people generally were highly moral and knowledge was extensively diffused.

His friends then asked Franklin how the colonies managed to collect enough taxes to build poorhouses, and how they handled the terrible burden and curse of taking care of the poor. In those days the streets of England were covered with vagabonds. Franklin answered:

> We have no poorhouses in the colonies, and if we had we would have no one to put in them, as in the colonies there is not a single unemployed man, no poor and no vagabonds.

His English friends found it hard to understand this very unusual condition, because when their poorhouses and prisons became

too crowded England loaded these poor people on ships like cattle and sent them out of England. Those who survived the terrible trip in poverty and filth were dumped in the colonies. In those days England put her poor people in prison if they could not pay their debts.

Mr. Blackmore: Sound money ideas.

Mr. Low: When the people of England asked Benjamin Franklin how he accounted for the prosperity in the colonies this is what he replied:

> It is because in the colonies we issue our own paper money. We call it colonial scrip, and we issue just enough to move all goods freely from the producers to the consumers and, as we create our own money, we control the purchasing power of money and have no interest to pay.

That is essentially the Social Credit idea. This information was brought to the attention of the English bankers who at once caused a bill to be passed in the English parliament forbidding the colonies to use their scrip and compelling them to use bankers' debt money for the first time in America. Franklin states that, within a year afterward, the towns of the colonies were crowded with unemployed because half the money of the colonies had been taken away from them under the bankers' sound money system. He declared that—

> The colonies would gladly have borne the little insignificant tax on tea and other articles had it not been for the poverty among the colonies caused by the English bankers' influence in the parliament that had created the hatred for England and caused the war of the revolution.

Not long after John Twells, a noted English historian, wrote thus in reference to the colonial scrip used by the colonies:

> This was the monetary system under which the American colonies prospered to such an extent that Burke said of them: "Nothing in the history of the world is like their progress."

It was a wise and beneficial system and its effects were most conducive to the happiness of the people. At the time Alexander Hamilton, in 1791, prevailed on congress to pass a bill granting a charter to a group of bankers in America for what they called the first bank of the United States, wise old Thomas Jefferson pleaded with President Washington to veto the bill. He spoke these words, which it appears many so-called wise men of this day have forgotten:

> If the American people ever allow private banks to control the issue of the currency, first by inflation and then by deflation, the banks and corporations that will grow up around them will deprive the people of all property until their children will wake up homeless on the continent their fathers conquered.

Mr. Blackmore: Just what has happened in Canada.

Mr. Low: That prophecy has been fulfilled a good many times since Jefferson's day. And still there are many people who ought to be doing something about the situation, but who spend their time ridiculing those of us who are trying to think of the people and their welfare instead of power and position.

Right now this country is facing a very serious threat. There are $7 billion of purchasing power in the form of bank deposits, all of which represent loans to borrowers from the banks. Unsaleable surpluses of our production are beginning to appear. Some of our foreign markets are showing a disposition to slacken off. One of these days the banks will begin to call in their loans, and by their actions will destroy many hundreds of millions of dollars of our purchasing power just as they did in the years 1929 to 1933. They could bring on a depression that would make the hungry thirties look like a very pale and washed-out copy. That power is still in their hands. What is the government doing about it? What measures is it bringing forward as a cushion against depression? It is only government that can provide the protection the people need against another bust. It is because the Liberal government has done nothing but ridicule those of us who see the danger and advocate specific measures to meet the situation that I wish to move an amendment to the amendment. I move, seconded by the hon. member for Lethbridge (Mr. Blackmore), that the amendment be amended by inserting between the word "address" and the word "we" the following:

> We regret that Your Excellency's advisers have shown such studied indifference to the Social Credit financial proposals put before this house from time to time for bringing social security and freedom to every Canadian, and economic stability and prosperity to the country as a whole;
>
> We also regret that Your Excellency's advisers have demonstrated such timorous diffidence in their failure to take up Social Crediters' oft-repeated challenge to debate in this house and show honest cause why the social credit proposals would not bring widespread security, happiness and contentment to the Canadian people;
>
> We regret, further, that Your Excellency's advisers have failed to bring forward legislative and administrative provision for maintaining purchasing power at a level which would make possible the equitable distribution of our total production and thus cushion the Canadian economy against the onset of depression, therefore . . .

Mr. J. L. Gibson (Comox-Alberni): Mr. Speaker, I am afraid that any financial proposals I might make to the Minister of Finance (Mr. Abbott) today would sound very dull and orthodox after hearing the very able speech delivered by the member for Peace River (Mr. Low). I must assure him that what he said certainly gives one food for thought.

I should like to congratulate the mover (Mr. Brown) and the seconder (Mr. Demers) of the address in reply to the speech from the throne, not only to preserve the amenities in this debate but because I sincerely believe they made excellent speeches. I wish, too, to welcome to this house the new members. I think I speak for all the members of the house when I say to them that I believe they have made and will continue to make a worth-while contribution to the deliberations of this house.

I have been interested in this debate on the speech from the throne. All the speeches have consistently followed a pattern. All members have suggested to the Minister of Finance and the government that we should spend more but we should tax less. This pattern has been consistently followed on the government side of the house as well. It must be very difficult to be a minister of the crown. He has certain policies to advocate and, like the rest of us, he has constituents to whom those policies might not appeal. It must be difficult to be in a position of responsibility and make the decision as to where this money is going to be found.

I am going to follow the example of the other members. If we are going to have this gravy train arriving in April, I certainly want the people of Comox-Alberni to have a parlour car seat on it. It was interesting to hear a member suggest a day or two ago that a floor should be put under the price of silver foxes. If we are going to get into this skin game, as it were, I have a measure which I should like to suggest. I am sure the government would agree to the suggestion that we put a floor under political scalps, and that we put a floor under the majorities the members obtained in the 1945 general election. If it were possible to do that, I am sure the government would accept that suggestion.

Many protests have been received about this surplus. Speaking for myself, I cannot get very wrathy about it because it seems to me that, in times such as we have just come through, when the minister tells us he has approximately a twenty-five per cent surplus on his gross business, that is good business. I do not think there is a businessman in the house who has gone through this period of prosperity in Canada who would not feel that was a fairly satisfactory year's operation, and that there was nothing wrong with providing a surplus against the vicissitudes of the years ahead. It must be remembered that during this past year we have depleted Canada's natural resources to a great extent. It seems to me that $600 million is not too much for us to have in reserve for the future.

[Mr. Gibson (Comox-Alberni).]

There is another feature of this surplus which I like. When I discuss with the ministry provisions for certain necessary public works in Comox-Alberni, the government cannot plead poverty. Everyone knows that when you go to borrow money from a friend, he usually says he has not got it. In this case, I know the government is fairly wealthy. In the past, I might have been a little harsh with the Minister of Finance, but now I really feel I should congratulate him on the courage and wisdom of the plan he adopted last year for maintaining our tax rate. He was extremely unpopular. I never heard a man so abused without being killed. I must congratulate him on the way he has led Canada through our United States exchange difficulties. A great deal of credit should go to the Minister of Trade and Commerce (Mr. Howe) as well in this regard. Despite the screams we heard last year that there were no tomatoes and no lettuce, and how someone was short of French artichoke hearts, I have not seen many people suffering under the present policy.

Everyone has made suggestions as to how this budget should be arranged. I shall give the Minister of Finance a little help with the construction of it. I believe he should cut income taxes on low and medium incomes as much as he deems advisable. I am quite prepared to have the minister and his financial advisers ascertain what that shoulld be. If I do not think they have acted wisely, then I shall be in a position to criticize them when the budget is brought down.

Mr. Wylie: Criticize him now.

Mr. Gibson (Comox-Alberni): I do not know what is in the budget.

Mr. Wylie: That does not matter; criticize him now.

Mr. Gibson (Comox-Alberni): Shakespeare had a phrase for that. He said zipper up thy lip, or something.

I believe the lowering of the income tax would make the government many friends. It would make us all very happy if the minister removed the tax on jewelry and soft drinks. These are discriminatory taxes. If he needs the revenue, let him get it from some other source which would distribute the burden on every business in Canada rather than on these two businesses.

There is another suggestion I should like to make to the Minister of Finance. It concerns small businesses. The particular provision I have in mind would not materially aid large businesses. I would suggest that any business in Canada be allowed the first thousand dollars tax free if that money were actually reinvested in the business. We are all well

aware of the constant demands on new or small businesses for capital. While such a provision would not materially aid large businesses, it would be of great benefit to small business concerns.

Mr. Thatcher: Hear, hear.

Mr. Gibson (Comox-Alberni): I was not referring to the hon. member for Moose Jaw. It seems to me that the larger business concerns in Canada are doing very well. As a matter of fact, I have been amazed that there have not been more protests from them, considering the very heavy burden of taxation they have been carrying. During this period of prosperity I believe they feel that they can carry the heavy tax burden. If they are to have this large volume of business, I think this is the time to get the money from them. If at a later date there is a business recession of any kind, perhaps they will have a much better argument to put before the Minister of Finance in asking for a cut in taxes.

I have heard it said, of course, that the high tax on large incomes was taking money away from necessary capital development and speculative risk in our country. My own opinion is that our present tax system actually encourages people to invest in enterprises of this type, such as mines, oil wells and that kind of thing, where they can make a capital gain. I feel that big business itself is not suffering unduly under the present tax situation.

I like the remark made by the new hon. member for Digby-Annapolis-Kings (Mr. Nowlan) when he referred to the grave problem which faces Canada in the form of an iron curtain, on one side of which there was the dollar sign and on the other side the pound sterling sign. I am quite certain that if this barrier were removed our people —and I certainly refer to my own people in Comox-Alberni—could be happy and prosperous. As hon. members may well know, we depend to a great degree on our export trade in fish and lumber. In examining the solution to this problem, I think it might be wise for us to think in reverse. When I think of the early development of this country in the construction of our railroads, the development of our mines and our steel plants, it seems to me that in those days we asked English capital to come here in the form of either goods or gold and gave share equities in our various enterprises. Now that the socialist government in Great Britain, in their wisdom, have seen fit to take over the coal mines, the railroads, housing in a great way and also the steel plants, if they are actually as anxious to do business with us in Canada as they say they are, and if they have no dollars, I would think they would be glad to offer their shares which they now own in their treasury and which I think would be quite acceptable to us.

Mr. Sinclair: No profits, though.

Mr. Gibson (Comox-Alberni): There might not be any profits. But I would be hopeful that we would be careful not to get mixed up in any boot factories.

Mr. Sinclair: Or tanneries.

Mr. Gibson (Comox-Alberni): Or tanneries or woollen mills and that sort of thing.

Mr. Thatcher: Let us stick to sawdust.

Mr. Gibson (Comox-Alberni): I think probably we could be careful about what shares we took. I think that Britain would be glad to take lumber, wheat, canned salmon and some of our minerals.

Mr. Sinclair: And canned horse.

Mr. Gibson (Comox-Alberni): That is an extra delicacy for them. There is another thing that I should like to mention that we might accept from the British people, namely modern, fast, cargo vessels. I know that the Minister of Transport (Mr. Chevrier), as head of the Canadian maritime commission, would be the first to say that Canada has a great need of this type of equipment. In passing I must say that I should like to congratulate the Minister of Transport—not particularly on what the maritime commission has done, because I am not sure that they have done anything at all; but they have certainly been successful in resisting the blandishments of quite a number of pressure groups.

Mr. Thatcher: Senator Farris.

Mr. Gibson (Comox-Alberni): And they do not all come from the vested interests, as probably my friend would expect.

Mr. Young: The unemployed merchant marine.

Mr. Gibson (Comox-Alberni): During my career I have had about thirty jobs and I hope that I have reached the point where, if I happen to be a merchant sailor, I do not feel that I just must be a merchant sailor all the rest of my life. Like my hon. friend, I might get to be a member of parliament or something.

Mr. Young: Unfortunately, yes.

Mr. Gibson (Comox-Alberni): I agree with my hon. friend most heartily.

Mr. Archibald: They are not all side-hill gougers.

Mr. Gibson (Comox-Alberni): We got off the side hill.

Mr. Wylie: They are not all gougers on the side hill either.

An hon. Member: That is right.

Mr. Gibson (Comox-Alberni): The shipbuilding interests in Canada would probably be greatly concerned if our government instituted such a policy. But it would seem to me that there are many skills around shipyards—such as electricians, carpenters, plumbers and all the various trades that are incorporated in a shipyard crew—that could be used. I am quite sure that our new minister of reconstruction (Mr. Winters) could divert these skills to his own particular problem now, the construction of housing.

As to this big peanut farm that the British government is developing in South Africa, I think probably we ought to look into that proposal. Canada is a great importer of vegetable oils, and if this particular scheme is a good one—and since it is sponsored by the socialist government, I am sure it must be on extremely sound lines—I think it should be looked into. I do not like to suggest it, but probably the Minister of Trade and Commerce (Mr. Howe) and myself might go down and look this over.

Mr. Thatcher: The hon. member has no socialist with him.

Mr. Gibson (Comox-Alberni): I should be glad to have the company of the hon. member for Moose Jaw. While his knowledge might not be of any value, certainly his charming presence would be.

Mr. Low: That was nicely put.

Mr. Wylie: Peanuts for sale.

Mr. Gibson (Comox-Alberni): Actually I do not think there is any reason why we should confine our investments to Great Britain, necessarily. Great Britain has a large empire which certainly is capable of further development. Since Britain says she has no money to do this, I feel that Canada should step in and give them assistance in this regard. I quite realize that we cannot invest Canadian money in stocks and bonds and still use the same money with which to purchase from the United States all the luxuries that we may think we need. But at the same time I feel that we could probably float here a domestic prosperity loan which would make up the difference between the present net surplus we have on our international trade and the amount of money which we would wish to invest in these industries abroad. I can say to you, Mr. Speaker, that as far as Canada is concerned, if our basic industries are prosperous and if the British government is actually seriously desirous of maintaining the present trade we have with them, I am sure that some means can be found or can be worked out which will make such a thing possible.

Mr. Thatcher: It can, if the government will do something.

Mr. Gibson (Comox-Alberni): If this is done, our people can maintain a reasonable standard of living, something which is not possible if we ever again are forced to depend upon unemployment insurance or direct relief.

Mr. G. H. Stokes (Hastings South): I enter this debate, Mr. Speaker, for one purpose only, and I do not propose to occupy the time of the house for more than five minutes. One particular phase of administration to which I should like to refer for a moment is the administration of the health and hospital assistance program by the Department of National Health and Welfare.

When the estimates providing for this program were before this house on June 30 last year, the Minister of National Health and Welfare stated, as recorded on page 6175 of *Hansard*:

> Let no one minimize the importance of this program; for whatever one may say, it is a program of the greatest significance. My remarks now are made in the knowledge that hon. members are prepared to deal with the steps to be taken by parliament to ease the burden of human suffering caused by disease, and all in this house act in this matter of national health in a spirit of nonpolitical interest. Of that I have no doubt.

This statement from the minister of the department, that the approach to this problem was nonpolitical, was most gratifying, I am sure, to all members of this house and as well to the people of this country, who after all are paying the costs of the program and rightfully expect it to be administered independently of politics.

The minister, during his speech at that time, made clear the basis upon which the health assistance program was to be administered, when he stated, as recorded at page 6177 of *Hansard*:

> The program we are launching today is one of great importance to the people of Canada. We are approaching our role in a spirit of collaboration with those jurisdictions in our country that have direct legal responsibility in the field of health.

Later on in the same debate the minister was asked the following question, as reported at page 6179 of *Hansard*:

> Mr. Green: May I ask a question? Who is to make the decision about where the help is to be given? Is the dominion taking that responsibility?
>
> Mr. Martin: Oh, no.
>
> Mr. Stephenson: As I understand it, the grants will be made by the dominion to the provinces as a lump sum. A municipality desiring assistance will have to make application to the provincial government. The federal government does not intend to allocate any moneys to any particular hospitals.

That will be decided by the province. Is that right? In other words, where a particular municipality is asking for some assistance for a particular hospital—

Mr. Martin: They should write to the provincial government.

Mr. Stephenson: —the minister's position is that they should write to the provincial government?

Mr. Martin: That is right.

A review of the discussion clearly indicated that it was never the intention of this parliament, and I am sure was never the wish of the people of this country, that funds voted by this parliament to ease the burden of human suffering should be administered with an eye to the political future.

Unfortunately, Mr. Speaker, that has not been the case. I was amazed the other day to read this news report in the Trenton *Daily Press* under date of February 19 last:

The dominion government has granted the sum of $58,000 to the unfinished Trenton memorial hospital.

This was announced to the mayor and revealed to the public by Mr. William A. Fraser (a former Liberal M.P.) at the meeting of the Trenton Liberal association in the Orange hall last night.

The grant comes under the dominion hospitalization scheme recently inaugurated. Intelligence of the grant was conveyed to Mr. Fraser by telephone from Ottawa prior to the Liberal meeting.

The Hon. Paul Martin, Minister of National Health and Welfare, telephoned Mr. Fraser to inform him that the grant had been passed by the government.

Mayor Couch of Trenton was also in attendance at the Liberal association meeting, and addressing the gathering he stated, as reported in the press of the same date:

In all my many years in Trenton there has been no party that has contributed as much to the welfare of this community as the Liberal party.

"When the time comes," he said, referring to the coming federal election, "we will show our tangible appreciation."

Now I bring this matter to the attention of this house, Mr. Speaker, because I honestly believe that the majority of hon. members disapprove of such tactics as have been resorted to in this particular instance. The minister himself assured this house that the whole approach to this serious problem was on a nonpolitical basis, and that the dominion government, of which he is a responsible minister, would not make decisions as to where help would be given but that this matter would be administered by the respective provinces concerned.

Yet, Mr. Speaker, here is a case where the minister himself telephones a man, not on the hospital board, not a member of the municipal council, but a member of a Liberal party association and Liberal organizer for eastern central Ontario, holding a meeting that night in Trenton, and advises him a grant of $58,000 is to be made to the local hospital.

No one, I am sure, has any objections to this grant to the Trenton memorial hospital to assist in providing much needed hospital accommodation in that area. But I do protest about the injection of politics into the administration of this act, as has been the case in this instance.

Is it any wonder, Mr. Speaker, that Liberalism in this country is marching towards its long appointed destination of oblivion, when a responsible minister of the crown, in this matter of national health, acts in a spirit of the rankest politics and uses his responsibility of office for political purposes?

I trust, Mr. Speaker, that the Prime Minister, as the first citizen of this country, and as leader of this government, will at the earliest opportunity assure this house and the Canadian people that these tactics to which I have referred will be discontinued and discontinued at once.

Mr. M. J. Coldwell (Rosetown-Biggar): First of all, I want to say a word about the subamendment which has just been moved by the hon. member for Peace River (Mr. Low). In the course of his speech the hon. member made many statements with which I think we in this group agree. The criticism he made of the financial system is in many respects the criticism which we ourselves have made for a number of years, but the remedy he suggests is one which we cannot accept.

I might say to him that the theory of social credit is not a theory with which I am unfamiliar. As a matter of fact I began to read the proposals of Major Douglas as soon as they were first issued in 1919 in a little periodical called "The New Age," which friends of mine used to send me from England. I think that for a number of years I read everything that was written by Major Douglas, such as his plan for the coal industry, his plan for Scotland, and his various other writings. The more I read the more I came to the conclusion that while financial reform was necessary, he was going about it at the wrong end; that it is not money that counts, but physical assets and goods. The physical assets and goods must precede the distribution of money; otherwise you have merely an inflationary process.

Mr. Low: We believe that.

Mr. Coldwell: May I say to them also that I have never been able to understand this: If they wish to end the control of the "big shots", as they call them, about which the hon. gentleman spoke this afternoon; if they wish to relieve this country of the tremendous burden of indebtedness—and we must be relieved of it—to the great banking and financial institutions, then the only way to do that is to own those financial institutions. Any issue of loans we then make through those publicly-owned institutions will be

issues that we make to ourselves for ourselves, and for which eventually we pay ourselves. Hence we then benefit fully from all that we have.

It is not my intention to deal with the social credit amendment, more than to say a brief word about it. May I add that in getting these various theories before the house a useful purpose is served; from time to time we should engage in discussions of these matters, whether we agree or disagree with the theories propounded. We always try to get our own views before the house in order that they may be discussed and our proposals understood.

I did not rise this afternoon to discuss social credit, or even the proposals of my own party in regard to the economic situation. I have always hesitated to inject into the discussions in the house anything which might be of a personal nature. I do, however, wish to deal with a matter which affects me, and, through me, the party I happen to lead in the house.

On February 22 the Minister of Agriculture (Mr. Gardiner) referred to some remarks which I had made in my speech on the address in reply—and which, incidentally, had no reference to the minister himself, but were a criticism of what I considered to be a change of attitude on the part of some of our Progressive Conservative friends. The minister said, as reported at page 785 of *Hansard*:

> I think I know as well as anyone in the country who put the Anderson government in power. When the election was all over we had twenty-eight members; the Conservative party had twenty-four members; the Progressives had six members, and the independents had five members. At that time there was not any C.C.F. party.
>
> There was a Progressive party, in which the present leader of the C.C.F. party took a very prominent part. He was the leader of the labour group in that party, and there was a farm leader as well. It is true that he did not contest the constituency in that election, but I know better than anyone else that the morning after the election was over the leaders of the Progressive party came to my office and asked me if I would accept their support in order to keep us in office, and we only needed their support. I said to them on that occasion: "We have been in power for twenty-four years. It might do us good to be out a little while. I have got tired of traveling up and down the province telling people who never have had any other kind of government"—because we have always been in power in Saskatchewan—"how good we are without anybody to compare us with." They said: "We think it would be a good thing for Saskatchewan anyway to keep the Liberal government in power rather than have a Conservative government. Have you any objection to our talking to the present leader of the C.C.F. party"? He was then the leader of the other group. I said: "No, not as far as I am concerned, but do not speak on my behalf; speak on your own." They came back inside of half an hour and they said: "There is no use talking to him because he is supporting Anderson."

Then the minister went on to say:

> I do not think a gentleman who has gone through that experience should get up in this house and point to the Conservatives and say that they put in the party which conducted the Ku Klux Klan campaign. I am not so sure he did not put them in, but in any case I know who went out as the result of the understanding.

The same evening my attention was called to these remarks. I rose on a question of privilege and quoted from a letter I had received recently from Dr. Hugh MacLean, formerly of Regina. I should like to put on record what I said in part that night. I quote from *Hansard* of February 22:

> A statement admitting the facts was given to the press by the minister in the form of a letter. Somewhere I have an original of that letter. The minister's statement this afternoon is absolutely incorrect for I was bitterly opposed to the Ku Klux Klan and its activities, as were many of my friends. As a matter of fact and record, my advice to the Progressive members was to remain independent and support all good legislation. They did not heed my advice.

Two days later the Minister of Agriculture rose on a question of privilege and requested an alteration in *Hansard* of his speech of February 22. At that time he said:

> At page 785, line 18 of *Hansard*, second column, the words "the leaders" should read "one of the leaders," and in line 38 the word "they" should read "he."

When I saw this I realized that the minister was trying to reconcile his statement on *Hansard* with what I had read into the record from the letter of Dr. MacLean.

It so happens that Dr. MacLean receives *Hansard*, and five days later I received a letter from him in which he expressed amazement at the minister's statement. He goes on in his letter to outline what actually happened.

An hon. Member: Who is Dr. MacLean?

Mr. Coldwell: He was a Regina physician, highly respected in the province. He was a Progressive candidate in that city in 1921. At the time of which I speak he was not a member of the Progressive executive but he was a well-known supporter of the Progressive party.

After this exchange in the house, one of the Liberal newspapers of western Canada, the Saskatoon *Star-Phoenix* accused me of raising this issue, and the minister for taking part in the discussion, and expressed the hope that this would not be a matter for discussion in the next election. I too hope it will not. The Saskatoon *Star-Phoenix* says this:

> But if Mr. Coldwell was unwise in calling up this reeking ghost, Mr. Gardiner, a minister of the crown, was equally ill-advised when he attempted to

breathe life into it, for the Liberal administration of those days was a rather tarnished jewel in the party crown.

It certainly was. That is the opinion of a good Liberal paper in Saskatchewan.

What actually happened? While I am not going to read all of this letter, if either the minister or the house would like me to table it I shall be only too glad to do so. Dr. MacLean's letter states in part:

The day following the election, about two o'clock in the afternoon, I received a telephone call from Mr. Gardiner in which he asked if I could call on him at his office in the legislative building, as he had something of importance to talk over with me. I consented to go to see him.

Then he proceeds to outline what occurred. My name was mentioned as one who might be persuaded to persuade the Progressive and independent group in the house to support the present Minister of Agriculture and might possibly arrange that I join in a union government.

Mr. Gardiner: Does it say who raised the question?

Mr. Coldwell: Yes—the minister.

Mr. Gardiner: Then he is wrong, as I shall demonstrate when you get through.

Mr. Coldwell: That you called Dr. MacLean—that is raising the question.

Mr. Gardiner: No; who raised it?

Mr. Coldwell: I am going to read—

Mr. Gardiner: Who raised the question as to your being seen?

Mr. Coldwell: I will read from the letter that you wrote to the press.

Mr. Gardiner: I have it here in front of me.

Mr. Coldwell: I am glad, because I shall put it on the record. This is what he says:

I went immediately to Mr. Coldwell—

Mr. Gardiner: There is another letter which did not go into the press.

Mr. Coldwell:

—arriving at the school at recess time, and told him of the foregoing conversation with Premier Gardiner. Mr. Coldwell replied: "During the campaign I disagreed entirely with the Conservative leadership aligning itself with the Ku Klux Klan and all its activities, and so now I definitely feel that the elected Progressives should stand alone to support any and all good legislation brought forth before the house no matter under whose leadership the government should be. As for myself I wish to be entirely eliminated, whatever happens, from accepting any cabinet position from either Mr. Gardiner or Mr. Anderson, leader of the Conservative party.

May I just add I happen to know that Dr. MacLean kept a complete diary, and I have no doubt he wrote down his recollection of what happened. I am not going to read the rest of the letter, but it goes on to outline what subsequently occurred. For some time questions were asked at a number of meetings, some at this particular time, both of myself and of the minister, and the minister continually denied that I had been approached with regard to this matter. On February 22, 1933, after four of us had met, the minister, Dr. MacLean, and the gentleman who is now Senator Wood and myself—

Mr. Gardiner: Dr. MacLean was not at that meeting.

Mr. Coldwell: That is my recollection of it.

Mr. Gardiner: He was not at the meeting. I can give my hon. friend the record.

Mr. Coldwell: In any event that is my recollection. I should like to read this letter dated Regina, February 22, 1933, addressed to the editor of the Regina *Leader-Post*.

Mr. MacNicol: Written by whom?

Mr. Coldwell: Written by the Minister of Agriculture. It reads:

To the Editor,

Dear Sir:

The impression has gone abroad, through statements appearing in the press, and is being emphasized through questions asked and answers given in public meetings, that there is some misunderstanding regarding certain negotiations between Mr. Coldwell and myself in 1929 and again in 1932.

Mr. Coldwell and I met in Regina, Thursday, January 19, in company with two mutual friends. We agreed that we at no time discussed with one another—

Perfectly true.

—the possibility of his entering a Liberal government, but that the possibility of his being the representative of the Progressive groups in a government had been referred to on two occasions, once by me and once by a third party with my knowledge, although it would appear that this invitation when conveyed by the third party may have been ambiguous regarding the name and composition of the proposed government. We agreed that the facts regarding these two incidents should be given the public.

It was stated by Mr. Coldwell in an address in Regina that a certain professional gentleman had come to him direct from my office following the election of 1929 and made certain proposals. He named the gentleman to me, and I stated to Mr. Coldwell that I could not recall this gentleman being authorized by me to see him upon this particular mission, but if the gentleman stated it to be so, there could be no doubt about it. I saw the gentleman in question and after talking to him could remember the incident and shall now set down the particulars.

When the results of the election of 1929 were made known, it was evident that no party in the house had a majority, although the Liberals had the largest group. I therefore called in a number of men of Liberal and independent views to consult as to what should be done. Among them was the gentleman in question. After some discussion he was of the opinion that we should meet the legislature and let them decide how the government was to be formed.

When this conclusion was reached, we thought that some one who would have influence with the men in the house as well as outside who held Progressive or independent views should be seen and acquainted with our intentions. The gentleman in question suggested Mr. Coldwell, a member of the Progressive executive. I agreed, and he undertook to see him on the way down town.

This gentleman saw Mr. Coldwell for a few moments. He told Mr. Coldwell that he had met Mr. Gardiner that afternoon. They discussed the possibility of the Liberals and Progressives coming together to form a government before the house met in special session.

The gentleman in question is clear on two things, namely: First, the government if formed would have been a coalition and not a Liberal government, although he referred to such a coalition when speaking to Mr. Coldwell as a "re-organized government with Mr. Gardiner as leader"; second, the negotiations between Mr. Coldwell and myself, suggested by him were to have been between me, as leader of the Liberal party and Mr. Coldwell as an outstanding and representative Progressive.

The second incident when a similar thing was discussed was on or about February 18, 1932. A mutual friend had been discussing with both of us what would happen in case the present government were defeated on the floor of the house on a want of confidence motion. He was anxious that I should see Mr. Coldwell and state to him my point of view. Mr. Coldwell was confined to his home and I called upon him there by appointment.

I pointed out that if there were a sufficient number of government supporters who voted want of confidence to warrant the governor in concluding that a new government could carry on, an election would not be a necessity. Mr. Coldwell raised the question as to how such a government could be formed. I stated, that would depend upon who voted want of confidence. I suggested to Mr. Coldwell that if those outside the Liberal party desired representation of some one not in the house, it would be necessary for them to arrange for it. In the event of such a government being formed, I would have raised no objection to Mr. Coldwell being the representative of such group in the coalition government, although Mr. Coldwell does not think I said so at the time. In any event no understanding of this nature was arrived at between us, nor did Mr. Coldwell indicate his willingness to accept any proposals made.

It would be very easy for me to continue to state and prove that I at no time invited Mr. Coldwell into a Liberal government either directly or indirectly, and for Mr. Coldwell to continue to state that very definite representations had been made to him by leading Liberals. Both statements might be perfectly true, but their repetition gives them an importance which is altogether out of proportion with the issues for which we each stand, and inject feelings which we both desire to leave outside our discussions in the future. I trust that our supporters will accept this as the final word upon the matter.

Yours truly,

James G. Gardiner.

That letter was accompanied by a short note from myself reading:

I have read the above statement of Mr. Gardiner and agree that it is a fair and correct recital of what took place. I join with him in suggesting that the matter be dropped from future discussions.

May I say that I did not raise this the other evening. But what happened after that? I have the complete record of what happened after that. Failing to get any assurance from me, the minister approached the secretary of the Progressive association, Mr. George Thorn. I have a very complete story of what happened on that occasion. The minister went to 202 Darke block, to Mr. Thorn's office, and asked for co-operation, which Mr. Thorn said he could not give. I am not going to give a recital of all that occurred, although I have it here. I just want to mention the fact that before the coalition government was formed I, together with the president of the Progressive association—

Mr. Gardiner: That was formed by Mr. Anderson.

Mr. Coldwell: Yes. At that time the president of the Progressive association was Mr. Charles Little. Mr. Thorn and I met the newly-elected Progressive and independent members to try to persuade them to retain their independence in the house. The only part of Mr. Thorn's letter that I shall read is that which affects me and which reads:

We proceeded to congratulate them, and when we had completed doing that, Carl Stewart—

He was subsequently minister of highways and I think he was wholly responsible for the wreck, if I may put it that way, of the Conservative party in that province. In the last election in 1945 he was the Liberal candidate in the Yorkton constituency.

Mr. Gardiner: Independent Liberal.

Mr. Coldwell: I shall not read the description of Mr. Stewart which follows. Mr. Thorn's letter continues:

Mr. Stewart said, "now boys that you have congratulated us, we would appreciate you leaving, as when all is said and done, we are elected members and we wish to discuss our plans, and while we appreciate your assistance during the election, that is all behind now, and we don't need your assistance here."

The three of us immediately began to splutter, and the other members present at once began to assure us that they didn't want us to leave, the two exceptions being Taylor and Stewart.

By this time you had become quite annoyed, and you proceeded to give Carl Stewart one of the best dressings-down he ever had, and Carl sat and took it. He never said one word back and he never got any encouragement from any of the members to say one word.

I put that on the record together with one more quotation which deals again with the inference the minister gave that I had some association with the Ku Klux Klan. I quote from this letter as follows:

Mr. MacNicol: Who is that from?

Mr. Coldwell: From Mr. Thorn, former secretary of the Progressive association. The letter reads:

There was one thing I missed telling you when I wrote you the other day. In Gardiner's attack upon you, he claimed that you and the rest of the Pro-

gressives and independents supported the K.K.K.'s and the attack upon the Roman Catholic church.

This I can vouch for is absolutely untrue.

As a matter of fact, that was one of the matters that Gardiner brought up in his discussions with Little and myself.

That was a discussion at which I was not present.

He paid tribute to the straightforward and clean-cut campaigns of the Progressives and Independents. He assured me that he quite realized that we did not get behind the Conservatives in their campaign to vilify the Roman Catholics and to pep up the K.K.K. organization.

Mr. Gardiner: The leader of the C.C.F. party is not suggesting that in my speech the other day I said that he supported the Ku Klux Klan?

Mr. Coldwell: Yes.

Mr. Gardiner: What I said was that they had assisted most successfully to put in a government that was supported by the Ku Klux Klan, and that I had my own idea of who put the government in.

Mr. Coldwell: The clear inference was that I was somewhat responsible.

Mr. Gardiner: I did not say that.

Mr. Coldwell: May I say to the minister that I like to be generous, shall I say, with those whom I oppose. Speaking in this house two years ago, when something of this nature came up, I went out of my way to say that I appreciated what the minister's stand was at that time. He probably remembers my saying it.

Mr. Gardiner: After I asked you to.

Mr. Coldwell: I do not remember your having asked me.

Mr. Gardiner: Then we had better look up *Hansard*.

Mr. Coldwell: In any event, if you did ask me the question, I need not have replied in the manner in which I did reply. The inference in your remarks the other evening was that I was responsible. The letter continues:

He assured me that he quite realized that we did not get behind the Conservatives in their campaign to vilify the Roman Catholics and to pep up the K.K.K. organization. He said, "if you will follow my personal campaign through this last election, you will find that nowhere have I ever condemned a single plank in your platform, and nowhere have I ever attacked the Progressive movement as an organization, or its leaders." Later I checked on that and as nearly as I could ascertain it was the truth. His attitude at that time is,—

It should be "was".

—of course, completely the reverse of his attitude now.

I have gone to some trouble to put the record right because, now or in the future, I do not want to have the minister's remarks interpreted as they can be interpreted, and I do not want my activities in regard to some of these things placed in a light that is altogether wrong. As I say, I owe it not only to myself but to the people with whom I am associated. I have never sought public preferment by devious means. I have never tried to advance myself in that way.

I had forgotten one thing which came back to me when I was looking through the press and getting information on these matters. We were approached in 1929. I was approached in 1932, and I ran across this article in the Regina *Leader-Post* of January 6, 1933. I will read the record as it appears in the newspaper:

J. G. Gardiner, leader of the Liberal party, advised the *Leader-Post* Thursday morning that he was awaiting a letter from Premier Anderson setting forth the position of the government in respect to the coalition proposals as decided at the recent government caucus. Following press dispatches concerning Premier Anderson's statements on the coalition question the premier wrote a letter to Mr. Gardiner advising him that the government's position would be decided at the caucus. To this letter Mr. Gardiner replied asking that if the government had any definite coalition offer to make, he would be pleased to receive it before January 12, the date for which the Liberal caucus was originally called.

My interpretation of that is, if I may use a phrase from Dickens, "Barkis is willing." There is the story. It may be threshing old straw, but when someone in the house endeavours to put on something that occurred in the past an interpretation which reflects some discredit, or makes a considerable difference in one's record in public life, I think it has to be cleared up. That was my purpose this afternoon. I regret having had to do it but I felt, no matter what the minister may say, that the plain inference from his words was an inference that no one could mistake. Then the change in *Hansard* the next day on a point of privilege, to make the statement that he had made previously conform to the paragraph from the letter that I read, indicated that he was probably going to have his speech printed and distributed. I was not going to allow him to place me under the kind of cloud that I think people reading only the speech of the minister would have considered I was under, without my bringing some of these matters to the attention of the public through the official record of the house.

I have one last word. I hope that the minister and I, who no doubt will be engaged on opposite sides in the forthcoming federal campaign, will endeavour to stick to facts in regard to such things as we have been discussing this afternoon, and that we can meet the public of our province on a high level

instead of descending to the kind of inference that was made the other evening. That, Mr. Speaker, was my purpose in rising this afternoon.

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, as the leader of the C.C.F. group has just suggested, this is threshing old straw. I do not know that I would have been in a position to get up and say what I am going to say had it not been for the fact that someone behind me—I do not know who it was, because I did not notice at the time—whispered that this statement was going to be made this afternoon by the leader of the C.C.F. As a matter of fact, I was asked whether the member had made his speech, and I said that the leader of the C.C.F. had not spoken. Therefore I sent out and got the record as to this matter, and I have it on my desk.

The record is an old one which dates back, as the hon. member has suggested, to 1932, when he and I were leading opposing parties in the province of Saskatchewan, he leading the new C.C.F. party and I leading the Liberal party.

Mr. Coldwell: A little ahead of that.

Mr. Gardiner: That is where I am starting the record, and my friend will understand in a moment why I am starting it there. I may say before proceeding to do that, however, that those who edit some of the papers in western Canada, and who have a reputation of being Liberal do not always see fit to support either the Liberal party or some of those who are in the Liberal party, for reasons which are best known to themselves. I am not going to discuss that this afternoon. The question whether the Liberal party of Saskatchewan of that day was a bright star in the jewels of the crown, or whether it was otherwise, was pretty well settled in 1934. The Liberal party, which was attacked at the time of this record, was satisfied to remain in opposition for five years. When the five years were up there was not a single supporter of the government elected, not only not a member of the government but not even a single supporter of it. They were all defeated. Every one who supported them in the province was defeated in addition to those who had been in the house. None of them were elected.

Mr. Coldwell: That does not deal with this issue.

Mr. Gardiner: That was the answer which was given by the people of Saskatchewan to the kind of attack that was made in 1929.

Mr. Coldwell: In which I did not join.

[Mr. Coldwell.]

Mr. Gardiner: We will come to that. That was not the question under discussion at all in 1932. The question under discussion in 1932 is pretty well stated in the first two paragraphs of a statement that was put out by the president of the Conservative party in the province of Saskatchewan on November 8, 1932. It is headed:

> Challenge to Coldwell made.
>
> Asked to name any Conservative trying to buy him; reply issued.
>
> A challenge to Alderman M. J. Coldwell, leader of the Farmer-Labour party, "To name any official of the Conservative party", who has at any time attempted to "buy" his support, was issued Monday by Dr. D. S. Johnstone, former provincial president of the Liberal-Conservative party.
>
> This challenge came as a result of the report of a public meeting addressed by Mr. Coldwell, in which he is reported to have said that he could have sold himself to a political career with either Liberals or Conservatives.

If anyone is interested in reading the remainder of this interesting document, it is here. I have read it for the purpose of bringing out what caused all this controversy to which my friend has referred. The extract from which I have read is dated November 8, and on December 31, 1932, I was reported as follows:

> J. G. Gardiner, leader of the Liberal opposition in the Saskatchewan legislature, in addressing a large audience at Soudum school, south of Wilcox, Thursday night, said that at no time either as leader of the government or leader of the party in opposition, had he invited Mr. Coldwell to take a cabinet position in a government. He stated that such a suggestion might have been made to Mr. Coldwell by some Liberal on the street or about the dinner table, but that Mr. Coldwell was flattering himself when he took such suggestions seriously.

Mr. Coldwell: Your letter indicates that the suggestion was made.

Mr. Gardiner: That is what we were talking about at the time. Mr. Coldwell repeated the statement that he had been invited into the government by myself. I challenged him to meet me and discuss the matter with me. When he came to meet me he had with him, not Dr. MacLean but Mr. Menzies. Now that is correct. He had Mr. Menzies with him and I was in my own office—

Mr. Coldwell: When this letter was written to the press it was shown to Dr. MacLean; that is the point.

Mr. Gardiner: We will come to that. When they came to meet me in my office in the Northern Crown bank building, Mr. Wood who is now, as has been suggested, a senator, was with me. It was not by appointment. He just happened to be there when they came. In view of the fact Mr. Coldwell had a witness, I suggested that Mr. Wood remain. The four of us went into the inner office. The first thing I said to Mr. Coldwell when we got into the office—I am calling him Mr.

Coldwell because I am speaking of 1932 rather than of the moment—the first thing I said to him was, "I do not remember ever having discussed with you the question of your coming into a government." My memory of the statement made by Mr. Coldwell was to the effect that he did not think he ever had discussed the question, that it was done through a third party. The statement made on the platform was that it had been discussed with me.

Mr. Coldwell: I do not think so.

Mr. Gardiner: Oh, yes. I can read that from the record, but I am not going through it now. The statement was made that the discussion was with me, and then the second night that was corrected and it was said that it was through a third party coming from me. I said I did not remember ever having discussed the question with him, and Mr. Coldwell agreed that we did not. I said, "Why did you say so the other night?" He said, "Well, I was mistaken; it was a third party who came and discussed it".

Mr. Coldwell: I wonder if I said that?

Mr. Gardiner: I asked who the third party was, and the present leader of the C.C.F. group said it was Dr. MacLean. I said I would sign anything that Dr. MacLean would put in writing and we would publish it in the press if he would sign it. Mr. Coldwell looked at Mr. Menzies and then said, "I think that is fair enough." I said, "All right, who will go and get the statement?" Mr. Coldwell said, "I think you had better go and get it." I said, "All right". I put on my hat and coat, walked out of the office and went right over to Dr. MacLean's office, which was about two blocks away. I told him what had happened and he said, "Well, that is not correct; I did not go from you to Mr. Coldwell to ask him to come into a government."

Mr. MacNicol: That he did not what?

Mr. Gardiner: "I did not go from you to Mr. Coldwell to ask him to come into a government; what I went for was to discuss with him the possibility of the Progressive party keeping the present Liberal government in power."

Mr. Coldwell: You have read what Dr. MacLean writes now?

Mr. Gardiner: I will tell you what Dr. MacLean did write, too. I said to Dr. MacLean, "Do you mind sitting down at your desk and writing out just what did happen?" He sat down and wrote it out. He signed it and I signed it. I took it back to the office where the other three gentlemen were still waiting. I handed it to Mr. Coldwell and I said, "There it is, you sign it and we will put it in the paper tomorrow morning." Mr. Coldwell read it. In that letter there was the suggestion which I made the other day. After reading it, he said he wanted to think about it. I said, "All right, I am going out to my farm and I will be out there for some time. I will leave the letter here and any time you are prepared to sign it, you can sign it."

The fact is that that letter never was signed. In order to settle the whole controversy and stop further discussion of it, I was asked to put in writing what was read to the house. It had very little to do with most of the things about which we were talking at the start, but it did settle the matter in the minds of a few people, more particularly Mr. Coldwell himself, and the matter was left there.

I have never brought the matter up since, except on occasions when my hon. friend has said he has again been invited into a political party as one of its leaders. On two or three occasions recently it has been stated that the leader of the C.C.F. party has been invited by prominent Liberals to come into the Liberal party.

Mr. Coldwell: You would not know.

Mr. Gardiner: In reply to that I have said that both the president of the Conservative party and the leader of the Liberal party in the province knew that there had never been any discussion with him—

Mr. Coldwell: Oh, no.

Mr. Gardiner: Oh, yes. There is nothing in the letter which indicates that. The letter was written for the purpose of indicating there had never been any discussion about my hon. friend going into a Liberal government; the letter says something about a coalition government.

Mr. Coldwell: Which Mr. Gardiner would lead.

Mr. Gardiner: Yes, but I am quite prepared to leave with the people of Saskatchewan, or any other group, the question whether or not Mr. Gardiner would ever have gone into a coalition government anyone formed. That question has been very thoroughly threshed out in Saskatchewan. There were two or three long letters in between the letters to which reference has been made, and those were published. Those were letters written by Dr. Anderson to me and my replies to him. The outcome of the writing of those letters was that under no circumstances would we, the Liberals, enter into a coalition arrangement with the Anderson government in order to prevent the election of the C.C.F. party. In those letters I stated to Dr. Anderson, as I stated to the present leader of the C.C.F. party and to everyone else, that the

Liberal party would not only defeat the Anderson government but would defeat the C.C.F. at the same time. We not only wiped out every supporter of the Anderson government but we saw to it that not more than five members of the C.C.F. party were elected. That was our reason for not supporting a coalition. That was the nature of the discussions. Everybody in Saskatchewan knows all about that. I am not at all concerned about anything that the leader of the C.C.F. party may put onto the record in order to try to prove to anybody that at any time I was ever in favour of a coalition government.

The story, as it has been told, is one which will bear repeating. The two men who were present on the occasion when we had the discussion and who saw the letter, which never was published, are both still alive and in prominent positions. Knowing them as I do, I am quite satisfied that they will agree with the story that I have told as to what did happen and I am sure that now even my friend agrees that Dr. MacLean was not present at that meeting.

Mr. Coldwell: He was present when the letter was finally drafted.

Mr. Gardiner: I do not know whether he was present then.

Mr. Coldwell: I have a fairly good memory, and I do not recollect the minister walking out and bringing back a letter.

Mr. Gardiner: The hon. member will have it put in his memory again by seeing both Dr. MacLean and Mr. Menzies, because I met Dr. MacLean in his office all alone—

Mr. Coldwell: Yes, but the point is—

Mr. Gardiner: —and it will be put in his mind by Senator Wood in a few minutes, if he wishes me to get in touch with him.

Mr. Coldwell: But the letter the minister signed was agreed to be an accurate account of what happened. I will let that stand.

Mr. Gardiner: An accurate account of some other things apart from what was in the first letter, I still repeat; and since my hon. friend wants the whole record, I might add that he was one of the first men given an important appointment by that government.

Mr. Coldwell: May I say that I was the chairman of the royal commission which inquired into the civil service of Saskatchewan. I was nominated by the independents and the man who approached me was Jacob Benson who remained independent. I was acceptable both to the ministerial representative and to the civil service. I acted as neutral chairman. If a chairman of a royal commission is a partisan appointment, then I can understand some of the reports that royal commissions sometimes make.

Mr. Gardiner: But the matter is not as simple as that.

Mr. Fleming: A plague on both your houses.

Mr. Gardiner: As I said, my hon. friend was given one of the first important appointments, if not the first, that was made by the government formed by Dr. Anderson.

Mr. Coldwell: Chairman of a royal commission.

Mr. Gardiner: Chairman of a royal commission to investigate the civil service and make a report as to what kind of civil service act we might have. He made that report. As a result of that report having been made, and the legislation which was drafted, a long list of government employees were removed from their employment before the act came into force; and many of those employees were within a few months of receiving their superannuation.

Mr. Coldwell: Yes. But I stopped it before the report was presented.

Mr. Gardiner: I am giving the whole story, and my hon. friend will agree with it when I have finished.

Mr. Coldwell: I stopped that.

Mr. Gardiner: My hon. friend was chairman of the commission that brought in the report.

Mr. Coldwell: Afterwards I had no responsibility.

Mr. Gardiner: On the floor of the house I moved that the legislation based on the report be brought into effect that day, and I was voted down in the house.

An hon. Member: It must have been a good report.

Mr. Gardiner: And the bringing down of it was delayed for some weeks.

Mr. Coldwell: That was not my fault.

Mr. Gardiner: I am not saying that it was the hon. member's fault.

An hon. Member: Why put it on the record?

Mr. Gardiner: In order to indicate the whole story.

Mr. Knowles: The minister is trying to get away from the subject.

Mr. Gardiner: My hon. friend was chairman of the commission that brought down the report?

Mr. Coldwell: That is right.

Mr. Gardiner: When I moved the motion to which I have just referred, and did not receive the support of the co-operative government side, my hon. friend announced—if not publicly, then to some people privately—that he was not in agreement with what the government were doing.

Mr. Coldwell: As to firing civil servants, I was not.

Mr. Gardiner: Not about firing. They set the date at which the act was to come into effect far enough ahead so that the civil servants could be moved out in the meantime, and then the act could come into effect.

Mr. Coldwell: I agree with the minister.

Mr. Gardiner: That was the point at which my hon. friend decided against the Anderson government.

Mr. Coldwell: No.

Mr. Gardiner: And it was after that that he and I had our discussions on other matters.

Mr. Coldwell: Just once.

Mr. Gardiner: Just once?

Mr. Coldwell: At the minister's request.

Mr. Gardiner: We met seven times.

Mr. Coldwell: No.

Mr. Gardiner: Once in my house and once in your house.

Mr. Coldwell: Oh, yes.

Mr. Gardiner: My memory is still fairly good.

Mr. Coldwell: That was the time that I called for the little book the hon. member was going to lend me, the Soviet Primer by a man called Ilin.

Mr. Gardiner: Yes. And when my hon. friend came to get that little book he brought along a publication of Norman Thomas, socialist candidate for president of the United States.

Mr. Coldwell: Yes, that is right.

Mr. Gardiner: And he told me that in that publication I would find the theories which he himself was coming to believe in—state socialism, which he now supports.

Mr. Coldwell: Oh, no.

Mr. Gardiner: If we want to get down to conversations, I can give my hon. friend some more with regard to that. I read all the books as my hon. friend brought them to me, but they did not convince me that state socialism was right.

An hon. Member: Read them again.

Mr. Gardiner: I want to repeat that we had seven meetings; and when we had the seventh one I came to the conclusion that I have held ever since, namely, that my hon. friend had made up his mind that for certain reasons he was going to be a socialist.

Mr. Coldwell: Oh, no, not going to be.

Mr. Gardiner: I also came to the conclusion that as far as I was concerned I was not going to waste any more time trying to convince him to be a Liberal. Since that time I have been expending my energies in trying to convince other people who are more likely to be converted than is my hon. friend. I want to repeat what I said in reply to a question asked me in a meeting during the last provincial campaign. I was asked whether it was not true that two communists supported me in the last election. I replied that I did not know. I said that I have served a great many years trying to convince people that they ought to vote for me as a Liberal but that I had never spent any time trying to convince people that they should not vote for me. I said that, as a matter of fact, I would even accept a vote from the leader of the C.C.F. party or from the premier of Saskatchewan, if they saw fit to vote for me. I said that I would not object to that. But that would not mean that I agreed with either of them in anything that they happened to think. I said that I do not agree with many of the things that the communists think, but that some of them may have voted for me.

Mr. MacInnis: The minister did not say he did not want their support.

Mr. Gardiner: Having said that and having put on the record what I think is a full report of the little incident, I hope that my hon. friend and I can forget the matter and go on about our business.

Mr. Coldwell: All right.

Mr. Patrick H. Ashby (Edmonton East): At this time, Mr. Speaker, I should like to introduce a matter of far greater importance to the people of Canada than party politics. I refer to ham sandwiches. Since my rather rambling speech on Thursday, February 24, I have watched in cafes and restaurants individuals who have purchased ham sandwiches. If hon. members will do as I did, and just watch these individuals, they will notice that they all do the same thing.

Mr. MacInnis: Eat.

Mr. Ashby: The first thing they will do is carefully lift up the bread to see if there is any such thing as ham in it. They lift it up carefully because the morsel of ham substitute is so small that they may drop it and

lose it entirely. They open up the ham sandwich because they possess only one sense which can indicate whether there is any such thing as ham in it. Their sense of taste does not register; there is not enough ham in it to enable them to taste it. There is not enough in it to enable them even to smell it. The only way they can determine what they have received is to look at it very carefully.

Hon. members will notice that the next thing they do is to look around for a bottle of ketchup, chile sauce or something of that sort. Then they smear the bread with this concoction, close it up and consume it. When I see people doing that in this country of abundance I say to myself, if we start them young enough we can actually get people to eat dry bread, because there is no butter on the sandwiches today. We can get people even to shout for any substitute we like, as we have witnessed in the case of margarine. When people will shout for an artificial substitute rather than the genuine article it is time that we did something about it.

I might point out that I have been asked by many hon. members, and by many others throughout the city, when I was going to get those hogs of mine butchered and the bristles scraped off. Therefore I shall attend to that urgent matter immediately. It will be recalled that I had reached to within a few moments of my allotted time when the house adjourned; therefore it will be necessary for me briefly to review the circumstances which caused this delay.

I had called at a store in the good city of Edmonton for the purpose of purchasing a hogscraper, which is a small tool the price of which is but a few cents. Hon. members will recall that the proprietor of the store, when he heard me mention the word "hogscraper", nearly had an apoplectic fit, because he made only a few cents profit on a dozen of them, and kept these cheap tools only as a convenience to his customers. He had ordered these early in July in preparation for the fall of the year when the odd customer would drop in for one of these small implements. But he did not get his hogscrapers. Instead he received a form from an official of the department here in Ottawa to fill out.

An hon. Member: Hurry up and get that old sow in the hot water.

Mr. Ashby: You must get the tools ready first. I do not want to get into hot water myself. He received this form, filled it out and mailed it. But he did not get his hogscrapers. Instead he received the letter which I hold in my hand, and from which I was quoting at the time the house adjourned. I shall quote from it again:

> It is noted that the end users are stated to be butchers . . . No letter of essentiality from the end users has been furnished, as required as per instructions on the reverse side of the application under paragraph three.

That letter was from a bureaucrat. They insisted, and continued to insist, that this letter of essentiality from those who scrape the bristles off deceased hogs be sent. You can imagine this storekeeper driving through the country, calling at farmhouses and asking the farmer if he intended to butcher a hog or two in the fall; and if so, would he mind hunting up the equipment to see if all was there, and if perhaps his children, playing with the hogscraper during the past year, had lost it, and if he would require one; and, if he did, to please write out a letter of essentiality stating that it was essential that the bristles of hogs be scraped off their hides before those hogs were fit for human consumption. Yet, that is what they insisted upon. Let me continue with the letter:

> If this equipment is required for sale to your customers over a period of time . . .

That is, if people came to a store to purchase something from time to time. Mind you, this is from a bureaucrat asking the storekeeper a question whether people came to his store to buy something from time to time. That is perfectly true.

> If this equipment is required for sale to your customers over a period of time it would be necessary to establish an allotment. Therefore, we would require further information from you and for this purpose I am enclosing the following.

He lists a whole stack of forms which have to be filled out. I did not bring these forms down with me, Mr. Speaker, because I did not want to have to pay for excess baggage. They are listed as follows:

> 1. Letter of instructions.

As soon as I saw that, the thought came to me, who are these individuals to instruct the people who are the only authority in a democratic country? Yet, this is what the letter says:

> 1. Letter of instructions.
> 2. One set C.G. 111 forms.
> 3. One set C.G. 109 forms.
>
> When the information that is required is furnished, your application will be dealt with further.

Heil the bureaucrat! Let me read the remarks that the storekeeper entered on this letter. They are as follows:

> Ridiculous! These things sell but for a few cents. Nine sheets of forms to fill out. What an idiotic waste of paper. My time is surely of some value other than writing this damn rot.

However, he filled them out to the best of his ability. He had to study these rules and regulations very carefully. At this point I should give an example of some of these bureaucratic babblings. Tomorrow, after this is printed in *Hansard*, in order to fully appreciate it, before having any food, that is, on an empty stomach, the reader should take a good drink of vodka and then read it, and he will find himself in a padded cell within a few hours. I quote:

> The maximum price which a manufacturer may charge to any class of purchaser for any packaged cosmetic priced under the general maximum price regulation shall be the maximum price established under the general price regulation for sales of such packaged cosmetics by him to a purchaser of the same class.

If that is not a bureaucratic regulation extraordinary, just read it tomorrow in *Hansard* and see. I have been giving a sample of these bureaucratic babblings. Let us remember that it was in July that this man tried to accommodate his customers and sent for a few dozen of these hogscrapers.

On September 8, however, he finally wrote them a polite letter in which he said:

> Dear Sirs:
>
> Re hogscrapers
>
> We have read your letter of August 25, and also forms C-G 109 and 111, but regret we see little to help us.
>
> You ask for a letter of essentiality, when each customer spends only a few cents for a hogscraper. Surely it is an absurdity.
>
> We can simply assert that we have no hogscrapers on hand, we have them on order for several months, . . and we sell about six dozen per annum. They will come in one delivery, and possibly by express.
>
> Yours truly,

He sent the letter on, but he did not get his hogscrapers. He waited until September 25, when he again wrote.

An hon. Member: What year?

Mr. Ashby: That was 1948. He calls attention to the various officials and says:

> On August 17 last we applied for six dozen hogscrapers on the various forms—

Which he mentions. Then he continues:

> But you still insist on letters of essentiality. On September 8 we applied for an allotment on C.G. 111 . . . We sell these at a few cents each . . . prompt action requested, please.

But he did not get his hogscrapers. The last I saw of the poor fellow was when he handed me this blue form I now hold in my hand, and said, "Look at this; this is what they want to know now." I read it to you:

> Could this equipment be imported for temporary use and then returned?

Foiled by officialdom, blocked by bureaucracy, I have not been able to get these hogs slaughtered nor the bristles scraped off their hides—because I did not get my hogscrapers, either. But I can assure the hon. members of this house and the anxiously awaiting public that, when the agricultural estimates are brought down, I will ring the curtain up and bring the hindquarters of these hogs to the forefront as never before in parliamentary history.

I am not attacking the civil service.

An hon. Member: Oh, no.

Mr. Ashby: I am not attacking civil and obedient servants of the people.

Some hon. Members: Oh, oh.

Mr. Ashby: Keep quiet, please.

Some hon. Members: Oh, oh.

Mr. Ashby: I am not attacking any civil and obedient servant. Perhaps I might illustrate what I mean in this way. My ancestors never kept any record of where they came from originally, nor of where they originally landed on the British isles. So far as I can gather it was before Magna Carta. It may have been, however, that my ancestors were from Norway. It is assumed they came from Scandinavian countries. It may be that one of my ancestors was driven from Norway by an irate fisherwoman who probably heaved a garbage can lid at him as a parting gesture; for my family crest appears to bear on it something which resembles the lid of a garbage can, on which is emblazoned the open-mouthed skull of a dead codfish, and crossed ham-bones—which would seem to indicate that the family was very fond of seafood and juicy sugar-cured ham.

There is this fact, however, which I should bring out, one which is of the utmost importance today. Ever since that time the Ashby family has handed down this thought from generation to generation—one which too many of us have forgotten. It is the thought that under no circumstances should we ever destroy an institution established by our forefathers. Remove the abuses—yes; attack all these abuses which will inevitably be introduced by those of evil intent; but never under any circumstances whatever must we allow these institutions to be destroyed.

When I refer to a civil servant I am reminded of our royal family. And when I think of our royal family, the greatest servants any people on this earth ever had, I wonder how many of us could recite the identical words uttered either by His Gracious Majesty the King or by Her Royal Highness Princess Elizabeth. Is there any member in the house who could stand here, or could stand anywhere else, and state

definitely the words either of them has uttered? I doubt if any of us could. Yet many of us could recite the words uttered over the radio about soap, or some other product. I remember Her Royal Highness Princess Elizabeth speaking over the radio, saying something like this, "I pledge my life to the service of our people."

We hear people condemning our institutions. We hear people saying, "What is the good of this old Senate? Look at the old crocks who are in there." Yet, the Senate and the House of Lords are institutions established for a purpose. That purpose may have been forgotten by this time. But they were set up for us by our forefathers. We note that they are under attack today; they are being undermined by abuses introduced into these institutions by political parties.

It is the abuse of the civil service I am attacking today.

Mr. Blackmore: The uncivil part.

Mr. Ashby: Those who are civil and obedient servants of the people are the most valuable persons in the country. They are the individuals who have made a special study of methods, and who know how to bring about any result desired by the people, if given a free hand.

I might add that all through history, whenever these institutions established by our forefathers have been undermined and have begun to decay, the countries of which they have formed a part have also decayed. And so would Canada and this great British commonwealth of nations decay.

It is our duty as individuals to attack all the abuses in these institutions we can recognize, no matter where they may be. If we can do that we will save this Christian civilization which we and our ancestors have endeavoured to establish. And so, it is all this abuse, and all this interference with genuine business by incompetent and artificial government employees, and all this abuse of institutions and of power—because these bureaucrats do not know how to use power; they know only how to abuse it—about which I am speaking. All of these abuses as well as this false, this perfidious, this inhuman, this despicable method of obtaining revenue which we call taxation; this unnatural and artificial diet of spam and spork instead of the genuine meats we can produce in great abundance; all this cheap and flashy jewelry you see for sale in stores, made of glittering glass, bright tin and so on; all this shoddy cloth that is sold for clothing—I am told that there is anywhere from ten to ninety per cent of old worn-out underwear shredded and woven into the clothing we buy today—the poorest type of cloth that has ever been turned out in the past hundred years and that is being sold at three or four times its value; all this hypocritical, and I do not think I am wrong in so calling it, lying political oratory; all these beer parlours and government black market liquor stores; all these sensational magazines and movies depicting unnatural family life and living; all these things have been sown by the political parties in power and under the care of the political party cabinet, all these artificial, counterfeit and contemptuous things have grown up, and developed, have branched out, have blossomed forth and gone to seed like sow-thistles and stinkweed in a field of what would otherwise be the finest wheat, crowding out the good, distorting and polluting the natural God-given thoughts of our young people with false ideas and unnatural beliefs, confusing the people generally, and resulting in all the misery we see about us, in the wholesale arguments we hear, in the shoutings of men and screamings of abused women, in raucous laughter, in drunkenness, in divorces, in murder and suicides, in thievings and robbery, in violence and filthy slums, in human garbage and ending up, periodically, in wars and wholesale slaughterings of our finest youths and the destruction of what we call our Christian civilization we and our ancestors have endeavoured to build up in past centuries. All this, I say, is the result of maladministration, of evil administration; and the political party which has held the reins of government each time, until it has brought about a depression, was the Liberal party. What a record of crime that is to be placed upon our Canadian records for ever. I should like to have the job of erecting a statue to commemorate the prime ministers who have held office during the past 25 or 30 years, for that is when most of the damage was done. I would employ the greatest sculptor living in the world today and I would have the image carved in the finest clay. I would place it out here on the lawn in the most prominent place so that the first shower that would come along would make of it the true image it really was. Have hon. members ever seen mud that has been rained upon?

I said that I would give hon. members of this house a few details of the methods by which we can abolish taxation, and I shall do that now if I have the time. The method which I am sure would bring about the desired result and of which perhaps I am more in favour than any other; the method which would revive an old custom of the British people and one which I am sure would be approved of by millions of people throughout the country, particularly in Ontario, which province would benefit most of all from an influx of tourists; the method which would immediately solve our problem of a

shortage of United States dollars would be to place the Prime Minister and the members of the cabinet in stocks out here on the lawn between the hours of ten-thirty a.m. and two-thirty p.m. until some method other than taxation was discovered by them or their deputies.

I will guarantee that within thirty days all taxation would be abolished.

Taxation is simply one of many methods of obtaining revenue as there are many methods of transportation. The taxing of money from the people is not the only method, any more than driving in a horse-drawn buggy is the only method of transportation. It would not matter what method I or anyone else might suggest, there would be those who would object. If I said that the automobile provided the best means of transportation today I suppose a dozen men would jump up and produce statistics showing the numbers that had been killed or the accidents that had taken place in an effort to refute this method.

Taxation is not the only method and before I am through I shall give some alternate methods. Another method we could use to abolish taxation would be for all religious leaders who believe in the sanctity of the family and the home to denounce all those engaged in taxing the people. Taxing is not a native British method nor is it a Christian method; it is an alien method, a communist method. According to the communist manifesto it is an essential method used to force people to become absolutely dependent upon those who through trickery and deceit have gained control over them.

Taxation is a false and erroneous belief among many people. Another false and erroneous belief is that held by those who collect the taxes, by those who are employed directly or indirectly by the department of taxation, that if people are paid by the officials of the Department of National Revenue to commit an offence or injustice against their fellow Christians, the responsibility for the crime rests upon the institution, upon the department, upon the government or upon the bureau and not upon the individual who commits the offence. This is false for each individual is responsible. I do not blame the hired criminal. I do not blame those who break bad laws so much as I blame those who make bad laws.

There are other methods. I have had people tell me that you cannot get away from taxation, that you must pay taxes, but my reply is: "If you believe that taxation is necessary, you pay taxes, but do not impose your will upon me and force me to pay them". In my speech on February 24 I said that the key to the whole situation was personal responsibility. Another method to abolish taxation would be to have recorded on every ballot paper on which people vote the name of the individual with his or her address on the ballot paper, and explain that those who vote for the political party which imposes taxes shall pay the taxes, and those who did not vote for that political party shall be exempt from paying taxes.

An hon. Member: That is the only chance you have to get into power.

Mr. Ashby: There is, of course, an excuse for taxation. Should there be too much money in circulation, then it would be necessary to remove some of it. This money need not and should never be removed from those engaged in productive work, but it can be taken from where money accumulates in the greatest quantity. That is simple enough.

Here is a substitute for taxation. Three kinds of money are used to finance any large undertaking such as war. The first is what we call bank credit money. This is money created by the banking institutions which create all true dollars. A dollar is a unit of account as a mile is a unit of distance, as a bushel is a unit of measure, and as a quart is more than you can get out of a beer bottle. By law no one else is allowed to create these true dollars, which is as it should be, for no one knows more about the grocery business than the grocer, or more about farming than the farmer, or more about banking than the banker himself. Few institutions that we have can show such an outstanding record of honesty and trustworthiness as those employed in the institutions known as banks. Most of the national debt accumulated during the past two wars consists of bank credit money only. This money or bank credit is bought by the government from the banking institutions in return for interest-bearing government securities. The people are taxed to pay the interest on those securities held by the banking institutions. That is one form of money which is used to finance war.

Secondly there are the people's savings. The second kind of money used is the savings of the people which the government also buys in return for interest-bearing savings bonds. Only a fraction of this kind of money is used to finance wars; I think about one-fifth. Most of this money is bank credit money which has come into the possession of the people, and on which the people are paying interest by taxation. When the government buys this money from the people's savings the people are paying double interest on it, first to the banking institutions which created it, and secondly to the people who have saved it.

The third kind of money is what I call confiscated money. It is that kind of money known as taxes. This is money, most of which is confiscated from the hard-earned wages of those who do productive work, and who are least able to afford the loss. No interest-bearing government bonds are given in return for this kind of money. It is simply and purely legalized robbery. What is the solution? It is simple enough. No other kind of money is used, or ever has been used, to finance any such undertakings as war. What is the solution? It is for all members of all governments, municipal, provincial and federal, who are loyal to the people, who place their faith and trust in us, to insist on the people being given an interest-bearing government bond for every dollar taxed from them, whether directly or indirectly; for all three kinds of money buy identically the same kind and quantity of goods or services.

The striking thing about it is that, like so many of our democratic institutions, all of which were originally established to serve the people, the functions of the banking institutions have been abused and reversed, and instead of bank credit money being used to pay interest to the people on money confiscated from them by a ruthless and despotic bureaucracy the people are forced to pay interest in money they cannot create, to the very institutions that can and do create it.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at seven-thirty o'clock.

Mr. T. L. Church (Broadview): Mr. Speaker, for three or four minutes tonight, I wish to refer to one proposal, and that is the Bretton Woods-Dumbarton Oaks principle. I shall not take up very much time, Mr. Speaker, but I should like to remind the house that I was the only member on these benches who was opposed to the Bretton Woods-Dumbarton Oaks-Lord Keynes principles because I believed they abandoned the traditional policy of the party. Ever since the days of Sir Wilfrid Laurier and Mr. Fielding, this party had a tradition for dealing with our best customer, the motherland. I believe the abandonment of it was a fatal mistake by those on our side of the house, as it was a traditional policy of the Conservative party.

At that time we had before us the prime ministers of New Zealand and Australia, Mr. Curtin and Mr. Fraser, both of whom addressed this house from the seat now occupied by the Clerk. These men made a proposition which was to be studied in London at a meeting with Mr. Attlee before Geneva or Havana. This was back in December of 1946. Canada opposed it. I was opposed to the policy of the Liberal government of the day and opposed Bretton Woods strongly. I said it would lead us into disaster if we abandoned our best customer, the motherland. For that reason, I supported our friends on the extreme left in their proposal, and I believe I was right. I still think I am right. I might say that it was very difficult for me to be present on that particular day, owing to certain conditions. I supported the traditional policy of preferential trade of our party from time immemorial. It was founded by the two Liberal statesmen I named. I believe the abandonment of it got us into this dollar emergency which led almost to the destruction of the British empire. As you know, the policy of Mr. Attlee, and Canada made no objection to it, was to scuttle and quit and haul down the flag on the seven seas, when I raised here these matters of defence, trade and migration within the empire.

I regret very much that this dollar policy has been forced on this country by the present government. One of the gravest mistakes we ever made as a House of Commons was made in January, 1947. I remember Mr. Curtin and Mr. Fraser were in London at the time and wanted a meeting with Canada before the Geneva and Havana meetings in February, 1947. I asked in the house here about it, from February to July, but we were told not a word about it until late in November 1947, when this austerity policy was announced. Our party threw over its tradition and supported the dollar austerity program, abandoned preferential trade, which leaves us dependent upon Washington not only for trade and migration, but for defence. I believe a fatal mistake was made by those who were in the house on our side at that time.

(Translation):

Mr. Benoit Michaud (Restigouche-Madawaska): Mr. Speaker, perhaps it appears presumptuous to speak at this stage of the debate on the address in reply. However, most members know the reason which made it impossible for me to make my remarks earlier.

About the speech from the throne, I have only a brief comment to make. I was pleased to note the government's intention to amend the Family Allowances Act so as to eliminate the decreasing rate after the fifth child. The house will no doubt recall that on June 19, 1947, I brought up the matter in this house and discussed it at length.

The Minister of National Health and Welfare (Mr. Martin) was then in his seat. He

listened to me sympathetically and promised that my remarks would be earnestly considered. I learned later that the officials of his department actually did consider the matter.

Other members have since made similar representations and I am happy to find today that the government have seen fit to amend the law in accordance with the remarks I then made.

(Text):

Mr. Speaker, I regret that I cannot emulate the humorous vein of the member for Edmonton East (Mr. Ashby). I listened to him with a great deal of interest and, although I do not agree with most of the things he said, I enjoyed his speech. The possible exception to this was the derogatory remarks he made, obviously with reference to the member for Glengarry (Mr. Mackenzie King). I feel that I must take strong objection to those remarks. I have not his exact words before me, but I recall he mentioned he would like to hire the services of a great sculptor and have a statue of the hon. gentleman carved in clay. Then he would have it exposed on the lawn where the rain might do its work on it. I am sure that most of the members resented those remarks as much as I did. Even the political opponents of the hon. member for Glengarry have always recognized him as an outstanding Canadian who served his country under exceptionally difficult and trying circumstances. I am confident that his name will be written in history for centuries after his demise. His name will be remembered a great many years after the names of most of us, including the member for Edmonton East, have passed into oblivion. I feel confident that when the hon. member reads in *Hansard* the remarks he has made he will be sorry for what he has said and will regret having said it.

My main reason for speaking today, after being confined to the hospital for a period of four months, is the fact that a serious problem has arisen affecting a large number of farmers in my native province of New Brunswick, as well as the province of Prince Edward Island. It is the old problem of the marketing of our large crop of potatoes. During the course of the session of 1947 I did, on two occasions, deal with that particular problem.

Every once in a while our large potato growers are faced with a very serious situation. Unlike the grain growers of the west, it is not a drought which threatens them. It is not a rainstorm, a windstorm, a hailstorm, locusts or any such ordinary calamity. Paradoxically as it may sound, the threat which menaces our farmers is none other than what we are accustomed to call a bumper crop. When kind Providence gratifies our farmers with a bounteous crop, it turns out to be a curse rather than a blessing. If the crop is average or below average, there is no problem. Marketing takes place in an ordinary and satisfactory manner. If the crop happens to be good, let us say ten per cent or even five per cent above average, then we face serious difficulties.

At this point, may I emphasize the fact that the trouble does not arise because we plant too many acres. Our acreage does not vary much from year to year. As a matter of fact, in 1948 our acreage was smaller than in the years 1943 to 1946 inclusive, and it was only slightly larger than in the year 1947. The whole trouble comes because in certain years, on account of climatic conditions, the yield is particularly good.

Mr. MacInnis: The Lord has been favourable.

Mr. Michaud: That is right. I need not stress the point that potatoes do not keep from year to year. We all know that. They require frost-proof storage facilities, and whenever there is a surplus crop, the storage problem becomes particularly acute in the fall, with the result that prices slump below the cost of production. Even if there were sufficient storage facilities, the surplus in itself would constitute a problem which would inevitably force prices down. Under such conditions our farmers are obliged to sell somewhat as people do in a bankruptcy sale or a fire sale. In such cases, of course, consumers generally get their potatoes at a price below the cost of production. I know for a fact that this has been the case, to a great extent, as far as the 1946 and the 1948 crops are concerned.

I think it is only fair that I should at this moment point out the fact that the potato growers of the maritime provinces are rendering a great service to the consumers of Ontario and Quebec, two provinces which do not produce enough for themselves and which depend to a considerable extent on purchases from New Brunswick and Prince Edward Island. If these two provinces were to stop selling on the upper Canadian market, I dare say that the price of potatoes in central Canada would just about double. Because of favourable soil and climatic conditions we can produce more economically—and the figures are there to prove it—than Ontario and Quebec. Thus we are in a position to force the price of potatoes down to what we consider a reasonable level. I presume the grain growers of the west also feel that they perform a similar service to the rest of Canada with regard to the production of

grain. In consideration of this service which they are rendering, the western farmers have secured advantages in the form of marketing and other legislation. With these policies I am in full agreement. But I take the view that our potato growers, who are doing such a great service to Ontario and Quebec, should be given more protection in the form of adequate marketing legislation.

In all fairness I must point out that, as to the crops of 1946 and 1948, our farmers have received some sort of protection under the Agricultural Prices Support Act. Although the support given has not been quite sufficient, in my opinion, it has helped considerably in both years, as otherwise prices would have fallen considerably lower and our farmers would have lost a good deal more than they actually did. As I commented at the time in a statement to the press—that was about three months ago, I believe—the guarantee of $1.15 per hundred pounds on April 1 is too small and too late. But perhaps it was difficult to do better under present circumstances.

I attended a meeting here in the month of September, when representatives of the producers from the various provinces made representations to the agricultural prices support board. The New Brunswick farmers claimed that it cost them seventy-two cents per bushel at harvest time, and that they should be getting that much for their product. The Prince Edward Island farmers and the Quebec farmers claimed that they could not get along with that amount, but that they needed at least ninety cents per bushel. The guaranteed price which has been set, considering the shrinkage and the storage, is quite a bit lower than even the moderate price of seventy-two cents per bushel submitted by the New Brunswick farmers.

As I said before, although I have not been able to keep in close touch with the big producers along the St. John river, I have been informed right along that the price received by farmers most of the time has been in the vicinity of one cent a pound or sixty cents per bushel, which is a good deal less than the cost of production. Judging from the quotations on the Montreal market at the present time, I am inclined to think that our farmers along the St. John river are not getting much more than they were two or three months ago.

I understand that this support act expires this year. The assistance we have received for the two years referred to was under that act. I do not believe there is any other legislation besides that to justify any support price. What is the government planning to do, if anything, when this legislation expires? I can only judge from statements made by the Minister of Agriculture (Mr. Gardiner). The latest that has come to my attention on this point is one which appeared in the Canadian press on December 8. The dispatch reads in part as follows:

> Addressing the final session of the dominion-provincial agricultural conference, he—

That is, the Minister of Agriculture.

> —told the delegates, representing provincial departments of agriculture, he was not prepared to say whether the dominion would enact marketing legislation at the forthcoming session of parliament.

I should like to know, as early as possible, what the Minister of Agriculture and the government have in mind as to this marketing legislation. The farmers in my constituency are of course greatly interested in any decision of the government along that line.

At the Liberal convention that was held in the first week of August, in outlining what he considered a national program for Canada the Minister of Agriculture advocated the setting up of a potato board for the benefit of the maritime farmers. Unfortunately I have not the text of his statement to the press at the time, but I distinctly remember reading about it. Naturally I was greatly pleased with the statement. I should be greatly obliged to him if he would inform the house, and through the house the farmers interested, just what are the government's plans on this matter.

Some hon. members of this house are likely aware of the potato price support policy in some of the states of our neighbours to the south. This price support policy has proved to be exceedingly expensive for the crop years 1946 and 1948, and I would suggest nothing of the kind for this country. We just cannot afford it. As a matter of fact, the United States are contemplating reducing by one-third their present support prices. I feel however that this government can bring about orderly and satisfactory marketing without cost to the taxpayers of this country, except the cost of administration. Such a policy could be made possible, provided, one, that consumers be made to pay a fair price, and, two, that acreage be confined to proper proportions. I suggest that all of this could be achieved through federal legislation alone.

There is no question that the federal government has full jurisdiction as regards foreign trade. The federal government could set a minimum price for all potatoes exported out of the country, whether seed or table stock. This would eliminate the often-heard complaint that dealers are cutting one another's throats in quoting prices to foreign purchasers, thus causing considerable losses to the farmer. It would also appear that this parliament has jurisdiction over interprovincial trade. All the provincial marketing acts which I have come across specify definitely

that they apply only to trade within the provinces. On this constitutional question there are not many authorities as to whether this parliament has jurisdiction to regulate interprovincial trade, trade flowing from one province to another. I have looked up the "Canadian Abridgment," a digest of cases, on this point. I hold in my hand volume XI, constitutional law being dealt with at page 432. In the well-known case of Citizens Insurance Company against Parson I find this significant quotation:

Construing therefore the words "regulation of trade and commerce" (which come within federal jurisdiction) by the various aids to their interpretation above suggested, they would include political arrangements in regard to trade requiring the sanction of parliament, regulation of trade in matters of interprovincial concern, and it may be that they would include general regulation of trade affecting the whole dominion.

In another case at page 437 of the same volume, the Grain Marketing Act, 1931, this significant passage in the judgment of the privy council appears:

Held, the Saskatchewan Grain Marketing Act, 1931, was ultra vires, since in its true nature and character it was legislation enacted with the object of controlling the export of grain from Saskatchewan to other provinces and foreign countries, and it was, therefore, an interference with the dominion parliament's exclusive powers over the "regulation of trade and commerce."

It would appear from these two decisions that the federal government has jurisdiction in the matter of interprovincial trade. I have not had time to look into the wheat board act, but what I am advocating resembles the wheat board act, which has not yet been declared to be ultra vires of this parliament. In any event, if there should be any question about the jurisdiction of this parliament, the opinion of the Department of Justice could be sought, or the matter could be referred to the Supreme Court of Canada; and if it should be deemed necessary to have provincial concurrent legislation I am sure that the province of New Brunswick at least would agree to the passing of any such concurrent legislation.

In view of the fact that Quebec and Ontario are not self-sufficient in this particular commodity, potatoes, and that they must get a considerable portion of their supplies from New Brunswick and Prince Edward Island, if proper restrictions were imposed on the movement of potatoes from one province into another an effective floor price could be maintained in the same manner as, at the present time, an effective floor price is maintained on eggs, bacon and beef, because of our sales to Great Britain. If, for example, this parliament should pass legislation setting a minimum price for potatoes grown in one province and sold in another, then the price of all potatoes grown in Quebec and Ontario would immediately rise to that minimum floor level. The main problem in this whole scheme, which I now suggest to the government, would be to regulate properly the movement of potatoes from the maritimes into upper Canada. I think it could be done quite easily, however.

Statistics are available to show how many carlots of maritime potatoes are exported out of the country, and into the other provinces. Incidentally, the marketing scheme which I am advocating need not be concerned with anything less than carlots moved by rail. Any small quantities moved otherwise between the boundary of Quebec and New Brunswick would not amount to much and could not possibly disturb the scheme as a whole.

With statistics available, it is easy to determine what the maritime provinces should grow for export, and here I mean export into the other provinces as well as outside of Canada. I have those statistics in front of me but I do not feel like placing them on *Hansard* because they would not add anything further to the debate.

Farmers would be invited to join the marketing plan proposed by the government under this potato board, or whatever marketing agency may be set up. On the basis of their past performances, the growers would be asked to apply for a quota, so many bushels for export purposes. Since those who did not choose to come under the marketing scheme would not be allowed to market outside their province, until those coming under the scheme had marketed the whole of their quota, practically all potato growers would apply to market through the government agency. If the farmers applied for a quota corresponding to their past performances, it would just about correspond to our over-all requirements. Those who applied for too large a quota could be held to their average year, if they wanted to market through the government agency. In any event, a fair and equitable formula could be worked out in order to bring the sum total of all individual quotas to the over-all quota requirements for the maritime provinces.

All this marketing would be on a voluntary basis, and every farmer at seeding time would be given a quota for which he would be assured of a minimum price. If he chose to grow more, it would be at his own peril, and he could only market the surplus, if and when the national quota determined by the board had been completely disposed of. I do not feel like going into details as to how this marketing could be carried out. I discussed it with the farmers of my constituency

on many occasions, and the suggestions which I am now offering have come mostly from them.

The government marketing agency could very advantageously replace wholesale dealers in potatoes, with the result that farmers would get a slightly higher return for their potatoes. Coupons would be issued to farmers for the amount of their quota. These coupons would have to be surrendered to the potato inspectors at the time of shipment, and then forwarded by the inspectors to the government marketing agency. In this manner every one would be held to his quota. The floor price should advance throughout the season to compensate for storage and shrinkage. Marketing could also be arranged so as to give every farmer an opportunity to sell gradually throughout the marketing period. In my opinion there should be no great difficulty in connection with the setting up of a marketing scheme of this nature.

Practically every other farm product has some sort of minimum price guaranty. The potato grower is just about the only one who has not had adequate protection for his product. From the standpoint of importance, the potato crop comes fourth after wheat, barley and oats. The large potato growers, who are responsible for the very reasonable price at which this vegetable sells, are highly specialized farmers. They derive at least 90 per cent of their income from the growing of potatoes. When the market goes bad, it means a disastrous disturbance in their economy. The fact that they may recoup some of their losses in a good year is not satisfactory. It is very seldom that the benefits of a good year will balance the losses of a poor year. Potato growers, like other farmers, and the majority of wage-earners, want stability. Not very long ago the Canadian federation of agriculture made representations to the government with a view to assuring stability of prices for farm products. I do not know that any special representations were made as regards potatoes, but I do know that those farmers want stability in the worst way; and I do hope that before this session is over the government will do something to protect that particular group of farmers.

In conclusion, I wish to inform the minister and his officials that I am at their disposal to discuss with them all the different phases of this particular problem. I realize that this subject does not interest a great many members of the house, but I would feel remiss in my duty if I had not brought it to the attention of the house and the minister at the first opportunity offered to me in the course of this session.

[Mr. Michaud.]

(Translation):

Mr. Real Caouette (Pontiac): Mr. Speaker, those who have followed with attention the masterly speech delivered this afternoon by the leader of this group (Mr. Low) are unanimous in recognizing the high standard of his address, in addition to the logic and the great value of social credit. We should avail ourselves of the unique opportunity we have of implementing that doctrine in Canada without any delay, during the present session.

I should like to deal briefly tonight with certain attacks directed against social credit supporters in Canada, especially those of the province of Quebec. Violent attacks have been directed in the past and are directed today by some people against social credit and its leaders in the province of Quebec; it is claimed that social credit might be communistic, socialistic or that it might represent a certain "philosophy of the stomach", or in other words that it is quite a materialistic movement.

Mr. Speaker, I wish to tell the house tonight about a study that was made ten years ago not by myself or by any member of this group, but, at the request of their excellencies the bishops of Canada, by a commission of nine theologians, called upon to study the social credit doctrine in comparison with the church's social doctrine. It was not required to consider whether a social credit political party or a political movement of the Union of Electors could be recommended to the Canadian people, but merely to study the monetary theory of social credit.

The commission was composed of the following eminent religious personalities: Chairman: Rev. Father Joseph P. Archambault, S.J.; Mgr. Wilfred LeBon, D.P.; Rev. Canons Cyrille Gagnon and J. Alfred Chamberland, Reverends Philippe Perrier, Arthur Deschênes, Jean-Baptiste Desrosiers, P.S.S., and Charles-Omer Garant, and Rev. Father Louis Chagnon, S.J. It is to be noted that, in the meantime, Rev. Charles-Omer Garant has become Mgr. Garant, Auxiliary Bishop of Quebec. The commission itself decides upon its field of study:

(A) The question is not at all the economic or political aspect, that is the theory's merits from the economical point of view and the practical application to a country of the social credit system. The commission's members do not claim any competency in these matters and, besides, the church is not called upon to express an opinion on questions concerning which, as Pope Pius XI said, "it lacks appropriate means and competency".

(Quadr. anno.)

It is not the member for Pontiac who said or wrote that. Here then is a commission of nine theologians which determines for itself its field of study.

(B) Nor is it a matter of approving that doctrine on behalf of the church because in the social and political spheres, the church never submitted a definite technical system which, incidentally, is not part of its functions.

(C) The sole question under consideration is this: Is the social credit doctrine, in its basic principles, tainted with socialism or communism, which doctrines are condemned by the church; must it therefore be considered by Catholics as a doctrine they cannot accept, and still less propagate?

(D) The state referred to in the present report is considered, *in abstracto*, independently of any contingencies involved.

The commission then gives a definition of socialism.

2. The commission defines socialism and points out the characteristic features of this doctrine, in the light of *Quadragesimo anno*:

(a) materialism;

(b) class struggles;

(c) elimination of private property;

(d) control of economic life by the state without regard for personal freedom and initiative.

Such is the definition of socialism given by the church.

3. The commission then expressed in the form of propositions the essential principles of social credit.

The purpose of the monetary doctrine of social credit is to give each and every member of society the economic freedom and security which they have a right to expect from the economic and social body. To this end instead of bringing down production to the level of purchasing power by the destruction of useful goods or the restriction of labour, social credit wishes to raise purchasing power up to the capacity of production of useful goods.

To this end, social credit suggests—these are the commission's words, Mr. Speaker:

1. The state must recover control of the volume and issue of money and credit and exercise this control through an independent commission entrusted with all necessary authority.

2. The material resources of the nation, expressed in terms of production, represent the basis of money and credit.

3. At all times the issue of money and credit must correspond to the level of production so that a sound balance may be maintained between production and consumption. This balance is ensured, at least in part, through a discount rate which would vary of course with the fluctuations of production.

4. The present economic system, thanks to the many discoveries and inventions that favour it, produces an undreamed-of amount of goods. At the same time it reduces employment level and causes permanent unemployment. A considerable part of the population is therefore deprived of all purchasing power with which to provide for itself goods created for it and not for any individuals or groups of individuals.

In order that all might share the cultural heritage bequeathed by their predecessors, Social Credit suggests a dividend the amount of which is to be determined by the mass of goods to be consumed. This dividend shall be given to each citizen, as such, whether he has other sources of income or not.

Let us consider whether there are traces of socialism in such proposals.

Ad Iam: This proposal does not appear to contain any socialist basic idea and is not therefore contrary to the social doctrine of the church. The allegation is based on the following quotations from the encyclical letter *Quadragesimo anno*.

The Pope said: "There are certain kinds of wealth about which it may rightly be held that they should be reserved to the community when they may confer such economic power that they cannot be left in the hands of private persons without danger for the common good."

Further on we may read: "The most striking thing today is not only the concentration of wealth but also the accumulation or enormous power, of a discretionary economic power in the hands of a small number of men who ordinarily are not the proprietors but only the trustees and guarantors of the capital which they administer as they deem fit.

"This power is especially considerable among those who being the holders and absolute masters of money manage credit and grant it as they see fit. Thus, they distribute the blood to the economic body whose life they hold in their hands to such an extent that without their consent no one can breathe."

Mr. Speaker, when we hear the flamboyant speeches of certain French-Canadian members from Quebec sitting in this house or in the Quebec legislature attacking social credit, suggesting that social credit could be tainted with communism or socialism, I believe, that those politicians or other people who deliver such attacks against social credit are simply being dishonest with society, with the members of the social credit party and with themselves when they talk against social credit as they are doing.

Mr. Speaker, on a recent visit to the Quebec district I heard speeches by some provincial representatives, members of the clique of Mr. Duplessis, the premier of Quebec. At that time, Mr. Maurice Bellemare, of Champlain, attacked Social Crediters, social credit and the leader of the Union of Electors, claiming Social Crediters to be apostates. He mentioned, as an instance, the case of a certain group in Three Rivers who abjured the catholic faith to join a new Christian faith around Cap de la Madeleine. And so, because four or five people decide to take this attitude, certain provincial members of Quebec consider it appropriate or intelligent to connect them with the social credit doctrine, in spite of the fact that the majority of Social Crediters in Quebec are true catholics. Well, Mr. Speaker, some members have made this very unfair statement to help the Union Nationale win an election in the province of Quebec. Mr. Speaker, what I have

just mentioned happened recently in the constituency of Lévis.

Mr. Speaker, Social Credit members cannot be insulted forever and criticized for their theory as at present, because their philosophy is consistent with the social doctrine of the church. Either social credit is good or it is not; if it is not, it should be condemned, but if it is not condemned therefore it is good. People should cease calling us communists and socialists in the province of Quebec or elsewhere in Canada. I do not contend that social credit as a political movement or party is perfect. I am not speaking of the political movement, but of the social credit doctrine.

This is the kind of propaganda that is being directed against the social credit theory. During provincial elections, for instance, provincial politicians said: "The Social Credit party may be good, but in the federal and not in the provincial sphere; in the provincial field, only the Union Nationale is worthwhile, all other parties are no good. It might be a good idea to enter candidates in a federal campaign, since Social Credit advocates monetary reform, which is within the jurisdiction of the dominion government. In Alberta the Social Credit party has not been able so far to put its theory into effect, so it will not be any better in the province of Quebec. Therefore, you are wasting your time in the provincial field. Why not try the federal sphere? You might do better there. Others claim that social credit may be commendable in theory but that the movement does not have good leaders. The leaders of the Social Credit party are hypocrites, they are dangerous, they are demagogues with revolutionary tendencies; they stir up class hatred, the newspaper *Vers Demain* spreads the seeds of revolution, etc".

Mr. Speaker, the best way to kill a movement is to destroy those who are at its head. Deprive the Canadian government of its leaders, and straightway the country will be without government; do away with those who are in command, and any movement will cease to exist; without its captain, any ship will surely go off its course. Therefore, the leaders of the social credit movement are assailed on all sides. Its opponents claim that although the social credit philosophy may be good in itself, its leaders are rather questionable.

Mr. Speaker, we certainly have no intention of asking our Liberal friends in the province of Quebec to begin spreading the doctrine of social credit among our people. We shall certainly not ask our antagonists to propagate the social credit theory because if we did so, they would, judging from the tactics they have used up to the present, soon label us communists. We have our own way of spreading social credit and we shall keep to our own methods; we shall use them for wide-scale propaganda in the provinces and in the country at large.

Since the social credit philosophy has not been censured and, in fact, stands above reproof, and since it is tainted neither by communism nor socialism, we are in a very good position and shall carry on as we have done so far. However, I would ask our opponents, if they have any conscience whatever, to end their treacherous attacks and to stop calling us socialists and communists when they know very well that Social Crediters are as good if not better Christians than they are themselves.

A little further on, the board of nine theologians takes the trouble to answer various objections that might be raised by my hon. friends. If they want to obtain those tracts, I would advise them to write to l'Ecole sociale populaire, Montreal. That tract sells for 3 cents a unit, 20 cents a dozen, $1.50 a hundred and $12 a thousand. Therefore, it might be purchased by the thousand and distributed among the Liberals in this country; after reading it they would possibly have a better notion of what Social Credit is. Now, let us look over the objections. Here is the first one—

Mr. Gauthier (Portneuf): The pamphlets should also be distributed to the supporters of the Union Nationale.

Mr. Caouette: Yes, my hon. friend is right; they should be distributed to the supporters of the Union Nationale.

Here is the first objection:

> The control of currency and credit necessarily implies the control of production to the extent of the socialization of the latter.

I shall quote the commission's answer. The following statement is not from me but from the commission of nine theologians.

> The control of currency and credit does not take away from individuals and private institutions the property of the implements of work and of production even though it might imply a certain degree

of indirect control of that production. Such indirect control which, normally at least, must be exercised for the public weal, does not involve any socialistic character, no more than the reasonable control of production by the banks could necessarily be said to imply liberal individualism.

Second objection:

The dividend is an incentive to laziness.

I doubt if a single one of my friends opposite has ever considered that the national dividend would inevitably lead to laziness. That is the thought and explanation of the commission, which, incidentally, are the same as ours.

Answer:

The state does not manufacture money and credit at will but according to the requirements indicated in the statistics of production which is intimately related to the labour of men. Some may attempt yet to remain idle. But the dividend will not always be sufficient to provide a living. Even if at the outset, the dividend proves sufficient to fill the gap between production and consumption, its stability will require a continuous increase in production due to an equivalent increase in labour.

And, incidentally, whether it be labour provided by man or machinery and progress, it is labour just the same.

Third objection:

The dividend, and even the discount, it is said, deprives the labourer of his salary and the producer of his profit.

Answer:

That could be true more or less, and always indirectly, if in fact there were no gap between production and consumption. But Social Credit is based precisely on this gap which is a purely economical and technical consideration. Thus, the system cannot be condemned on behalf of the social doctrine of the church. Besides, a gap seems to exist in fact between the production cost in certain fields, fisheries, hunting, natural resources of the soil, etc., and the consumption price.

Mr. Speaker, it is rightly claimed that there is a difference between production and purchasing power because dominion statistics show that production now amounts to $15,350 million against a purchasing power of about $9 billion. That is what we ask, that the difference between production and the purchasing power be distributed equally in the shape of dividends, among every Canadian, from the cradle to the grave.

Let that difference be represented by purchasing power in the hands of the people, and that production would be within their reach.

One does not need to have an unusually brilliant mind to understand that it is but logical and quite in order to issue money in proportion to production.

We hear about money being based on nothing but gold. Representatives of mining companies asked me last year what I thought of gold. I do not suggest, as some do, that the price of gold should be raised by $3 or $4 an ounce, but I should like the government to allow the free marketing of gold; mining companies could then sell their gold for $60 or $70 an ounce instead of having to operate at a loss as do some mining companies in my district. That would create more work and enable the owners of small mines to develop their properties faster and come into production as soon as possible.

Mr. Speaker, I urge the Minister of Finance (Mr. Abbott) to do all he can in order to keep the gold market absolutely free, so that mines may sell their gold at a better price. When they can operate at a profit, they can pay better wages.

And now, Mr. Speaker, there is another point to which I wish to call the government's attention. Following a request by mining companies, we have in our district an intensive immigration movement. These immigrants, to date, take the place of our Canadians, of our family heads and I happen to have here the particulars concerning the case of Mr. Michel Lacasse, of Duparquet. A few months ago, Mr. Lacasse sent me a letter telling me that there was no work at the Duparquet mine, operated by Consolidated Beattie Mines Ltd. It was said, he explained, that about fifteen men were fired. Mr. Lacasse, who has two children, then claimed unemployment insurance benefits. After he had waited for a month, he was told to go to Rouyn, 35 miles away, to work at the Senator Rouyn Ltd. mine.

Of course Mr. Lacasse did not wish to leave his family under the circumstances. He informed the unemployment insurance commission that he was willing to accept any job in his home town but a Hull civil servant, Mr. Auger, told him that, since he was turning down a job 35 miles away, the commission could no longer allow him any benefits. Mr. Lacasse writes:

Herewith all the documents I have received in this matter. You will thus have all the particulars. Included is their last letter advising me that I had lost all rights to unemployment insurance.

I was laid off by the Duparquet Mines. We were about fifteen men and immigrants took our place.

I have here a list of the mines in my constituency that have brought in immigrants, or D.P.'s as we call them. I find that the Consolidated Beattie Mines Ltd. accepted and gave work to 40 D.P.'s from Europe. Moreover, I see that there are still 25 immigrants to come to Duparquet. Since June, 1948, this same company has submitted another request for 40 more labourers from Europe, who have not yet arrived.

Mr. Speaker, I am not against D.P.'s nor against immigrants. They probably are perfect gentlemen, good catholics and I have met many of them. I must protest energetically and vehemently against the government allowing mining companies in Abitibi and the northwestern part of the province to instigate such irrational immigration which only serves to cause anxiety to our Canadian families in the district. We have unemployed men in Val d'Or, Malartic, Rouyn, Noranda and Duparquet. We have unemployed men in all cities of the district.

We have in the province a government that for the past two or three years has been clamouring for provincial autonomy. I inquired if provincial authorities had ever protested against this immigration to the province of Quebec, especially in the northern districts. The federal government informed me that the provincial government offered no objection. The latter never said a word against this immigration. And yet the matter of labour does not come within the purview of the federal government only. It is the duty of the province of Quebec to protest energetically to those mining companies in order to prevent them from hiring foreign labour when so many men are available here for this work.

Mr. P. E. Coté (Parliamentary Assistant to the Minister of Labour): On a question of privilege, I challenge the hon. member to mention a single case where foreign labour brought to this country under the authority of the Department of Labour has prevented Canadians speaking French or any other language from keeping their positions in any locality whatever.

The day before yesterday, I made a statement in the house and I abide by what I said at that time.

Mr. Caouette: Mr. Speaker, in reply to the parliamentary assistant to the Minister of Labour, I may say that he should have a strict inquiry held not only at the Consolidated Beattie Mines Ltd., but also at the Noranda Mines Ltd., which has to date given employment to 303 immigrants. Seventy-two more are to come, and the Noranda mining company has put in an application for an additional number of one hundred.

Besides that, we have the East Sullivan Mines Ltd. owned by Mr. Pierre Beauchemin. The president, Mr. Beauchemin, recently admitted to me, during a conversation we had on the train, that French Canadians were not suited for mining work, and that it was necessary to bring displaced persons from Europe for underground work in the mines.

Mr. Speaker, I wish to emphasize to the parliamentary assistant to the Minister of Labour that the displaced persons from Europe are depriving our Canadian workers of employment. The mining companies that have applied for D.P. labour are letting our own people go without work.

The European displaced persons are protected by a labour contract, which provides that the mining companies will employ them for one year. They are thus assured of keeping their jobs for a year. At the end of that period they can be dismissed and replaced by Canadians, but until then nothing can be done. The people I represent in this house have protested and still make representations to the Minister of Labour (Mr. Mitchell) and to his parliamentary assistant.

Mr. P. E. Coté (Parliamentary Assistant to the Minister of Labour): Will the hon. member allow a further interruption? Whenever a company applies to the Department of Labour for manpower, our officials immediately inquire from the national employment service whether its offices located in the province where the industry is operating are able to supply the labour required. Only after the employment offices in and out of the province concerned have stated they cannot fill the order does the department apply for manpower from the European reservoir.

If my hon. friend knows workers who claim they are ready to replace these immigrants, he should tell them to apply to the employment service. That is the best suggestion I can make.

Mr. Caouette: I understand the explanations of the parliamentary assistant to the Minister of Labour (Mr. Coté, Verdun), but that is not the point. I am not blaming the Minister of Labour or his parliamentary assistant, or the provincial ministers of labour, but the mining companies that hire the workers. If the hon. member will take the trouble of inquiring from the employment offices in Val d'Or as elsewhere, he will see that they receive applications all day long. Workers come in every day requesting jobs in mines, but there is no place for them. Men from the East Sullivan mine have recently been fired. The hon. member asked me to mention names. I will take note of his request and give him a list early next week, together with supporting evidence. However, the Minister of Labour cannot compel a mining company employing a European displaced person to fire that man because, under the contract, it has to keep him on for a year. I understand that at the end of the year he can be replaced, but during the contract year neither the parliamentary assis-

tant to the Minister of Labour nor the minister himself can remove a displaced person. Under the contract, it is impossible to do so. Therefore, the D.P. cannot be replaced by a Canadian.

Still, I bring this matter to the attention of the parliamentary assistant to the Minister of Labour and I hope that the activities of the mining concerns operating in the northern part of my constituency of Pontiac will be fully investigated; I refer to Canadian Malartic Gold Mines, Consolidated Beattie Mines Limited, Consolidated Central Cadillac Mines Limited, East Malartic Mine Limited, East Sullivan Mines Limited, Golden Manitou Mines Limited, Lamaque Gold Mine Limited, Malartic Gold Fields Limited, O'Brien Gold Mines Limited, Perron Gold Mines Limited, Sullivan Consolidated Mines Limited, Noranda Mines Limited, etc. All these mining concerns already have D.P.'s on their staff and will employ more of this labour; since June 1948, they have even asked the Canadian government to supply them with more such manpower.

I shall now discuss another matter. A while ago, I mentioned production and purchasing power. I pointed out that our annual production is now valued at $15 billion but that the yearly national revenue amounts to barely $9 billion. It may be noted that $11 billion include salaries paid employees of various departments, civil servants, etc., as well as taxes. However, for every $100 earned, $20 must go towards income tax, which reduces our purchasing power to $80 out of $100. Thus, these things being considered, the national income amounts to approximately $9 billion. There is therefore a difference of $6 billion between this country's total production and its purchasing power. And yet there are still people who inveigh against communism, who declare that communism is a dangerous thing. Even the leader of the Quebec provincial government, Mr. Duplessis, has been heard to cry out that communism "is a hideous face that appears in this very country and which must be chased out at all cost." Well, Mr. Speaker, when the present leader of the opposition (Mr. Drew) was at the head of the Ontario government, he was unable to stem the rising tide in Toronto. Toronto is the haunt of Canada's leading communists and certain districts have given as many as 40,000 communist votes during elections. And what about the prime minister of the province of Quebec, Mr. Duplessis, who has never been able to stem the rising tide of communism in the province of Quebec. Well, I maintain that better means will have to be taken than those presently employed by the government. Since the present leader of the government feels unable to halt the forward march of communism in Canada, I say to them that as long as the difference between total production and total purchasing power is not distributed among the people of Canada, communism will go on rising and making progress in this country. I insist upon the fact that the only way to prevent it from doing so is to provide for a fairer and more equitable distribution of the country's wealth. To this end, it is absolutely necessary to establish a system whereby the difference between total production and total purchasing power can be distributed among all the citizens of Canada. Therefore I say that if this is not done, communism will certainly take root in Canada and the only ones responsible for this situation will be the ministers of the present government, the Liberal members of parliament and others on this side of the house who accept the government's policies. There is no other alternative but to help our fellow-countrymen and to make the country's wealth serve the people so that every individual will have the self-respect to which a human being is entitled. There is only one way of achieving this end and that is to make money once again serve human beings and to provide them with the social and economic security to which each and every one of our citizens is entitled and to prevent cartels and those who control the nation's economy from controlling our lives as they have done so far.

In conclusion, Mr. Speaker, I hope that when the budget is brought down, the special luxury tax will be abolished by the government.

A strange suicide has lately taken place in Pembroke. The hon. Minister of National Revenue (Mr. McCann) says: "That is no fault of ours". It may be no fault of ours, but it is certainly the fault of taxation, let there be no mistake about that. A tax is not an incentive, but the contrary. Anybody who has taxes to pay is always looking about for a means of escape. That was what Mr. Simpson was telling Mr. R. Roger Smith, who lives on Dorchester street in Montreal, in a letter he wrote to him on 21st January last:

(Text):

So far I haven't questioned the right of a government to levy a tax but, as you evidently understand, I do question their method of doing their collection by forced labour.

All I can do, therefore, is to press for a decision on the constitutionality of the law under which I am charged. This is too big a decision for a police magistrate to deal with, so all he can do is convict me for violating the law, which he has done. Sentence will be passed next Thursday.

I do not know how long it will be before the next step is taken. I have some time yet before I must decide on the exact move. But I intend to push it to the limit.

And Mr. George J. Simpson went to the limit with regard to that tax. He died fighting it.

(Translation):

Mr. Speaker, in conclusion, I suggest that a national flag be adopted during this session so that Canada may have a distinctive flag which would be the fulfilment of one of our ambitions and which would allow us to be recognized as a nation throughout the world.

(Text):

Mr. W. Chester S. McLure (Queens): Having waited for some time to take part in this debate, Mr. Speaker, I might say that, if I could start off in the high gear achieved by the speaker who has just taken his seat, it would not take me long to get through with my remarks. But having waited to say a few words in this debate, it being one of the most important ones of the session, I am glad to have this opportunity now. This debate gives to all hon. members on either side of the house the opportunity to speak for the district which they represent in this parliament of Canada. For that reason it is one of the most important debates of the House of Commons, if not the most important one.

I was rather surprised when the Prime Minister (Mr. St. Laurent), who himself spoke in this debate for half of a labourer's day, was anxious at the opening of the debate to give it what we might term "the back door run" or to get rid of it in a couple of days. We have, however, listened to the great number of speeches which have been made. Many of the ministers have spoken, and some of them for the second time. It must, therefore, be an interesting debate to them. I can fully realize why the Prime Minister is anxious to have this debate shortened. An election is in the offing, and it would be well if the government could avoid criticism from the floor of the house with regard to their maladministration for the past four years.

When beginning his remarks, it is customary for a member to pay compliments and offer congratulations to those who have taken part in this debate. But as they have all received numerous congratulations, any adjectives that I might have to offer would be only a matter of repetition of what has been said by those who have spoken before me. I will, however, say "amen" to all the congratulations that have been heaped on the mover and seconder, and on the other speakers.

There are, however, two or three congratulations I should like to add. I am sorry that the Speaker himself has left the chamber. I intended to congratulate him on being able to hold his honourable position in view of reports circulating after the close of the house on June 30 to the effect that he was slated for some cabinet position, and in view of the shuffle that took place while we were at home. I might say that the cabinet was nearly all gone over. We now find ourselves wondering, when we come in here, just who is who, and what cabinet minister administers which portfolio.

At this time I should also like to congratulate the Prime Minister even though he is not here in the house just at the moment. I wish to congratulate him on attaining the highest position in the House of Commons although he has been a member of parliament for only a short time. He deserves those congratulations and I am glad to extend them. At the same time I sympathize with him, as do many others, in having bequeathed to him the leadership of an extremely sick party at the present time.

I might also congratulate my hon. leader, but he has been congratulated by everybody, even the Prime Minister; he was congratulated by all the speakers on our side of the house and by many on the other side. I will say this to him by way of congratulation. To this house "He came a hero strong his race to run." He has also received the hearty congratulations conveyed in the winning by his party of three by-elections since he became leader.

The speech from the throne is a governmental document prepared by the cabinet ministers and then placed in the hands of His Excellency by his constitutional advisers. Hence any remarks by way of criticism made by any member of parliament in this debate are not in any way directed toward His Excellency, either in person or in private or public life. One can therefore speak at almost any length and on any subject, as long as one uses the common parliamentary language.

As one views the speech from the throne one finds that it is similar to others which have come before this parliament from time to time. I might say it is, more than anything else, a detour from the real issues confronting the people, and which the people of Canada thought that we should have at this session of parliament. No doubt it was designed to lure my leader away from the course that he might take. However, he was not to be lured away. He took his own course, followed it, and won his spurs in his first speech in this House of Commons.

If time permits I shall say something on freights and freight rates; but something has arisen in the legislature in Prince Edward Island, which is in session at the present time, which almost bars me from doing that. When speaking on the address in the legislature of Prince Edward Island on February 23 last, the premier of Prince Edward Island said this:

> The dissenting seven provinces of Canada are making a strong impression. I think we are beating them right now.

He was referring to the powers that be who had increased the freight rates. He continued:

> We have held up increases already granted and I do not think the railroads will be allowed to charge the exorbitant rates that they have been asking for.

Therefore the premier of Prince Edward Island, when speaking for the seven provinces, said more than I would have said if I were speaking on the freight rates. However, there is one thing on which I should like to say a few words, namely, transportation. Transportation and freight rates, ferry auto charges and the Maritime Freight Rates Act of 1927 seem to be so interwoven that when one speaks on any of these subjects they all lead into that of transportation. Some newspapers, also many members of parliament and others, continue to make reference to the Maritime Freight Rates Act of 1927 as a subsidy or a charity handout to the maritime provinces. It is unfortunate that such misinformation extends even into the sittings of the railway committee of the House of Commons, and it is very harmful indeed.

The maritime provinces have suffered from the ever-increasing unconstitutional injustices in connection with the operation of the Intercolonial railway, which is perhaps the most important part of Canada's constitution. The report of the Duncan commission in 1926 discloses this injustice. The Maritime Freight Rates Act of 1927 is an admission of it, and the action of the federal government, partially to offset the unconstitutional injustice by paying both railways an amount which reduced their charges in accordance with the act, is also an admission of the injustice. The amount that has been paid is only a fraction of the amount of the unconstitutional overcharge to the maritime provinces. Here let me mention this fact in connection with the freight rates act. When the railways were amalgamated freight rates were greatly increased across Canada. Taking 100 as the basis on which freight rates were established, the average increase in the maritime provinces was 92 per cent, while 55 per cent was the average increase across the rest of Canada. When the Duncan commission studied this matter they found that this was an unconstitutional injustice to the maritime provinces. On that basis they made a recommendation that brought into effect the Maritime Freight Rates Act of 1927, and our rate of 92 per cent was reduced to equal the average rate of the rest of Canada. Consequently almost 20 per cent was paid to the two railways for the freight that they had carried.

I bring this to the attention of the house, Mr. Speaker, in order that it may not be referred to as a subsidy or a handout. It is an effort to alleviate the injustice which had been imposed on the maritime provinces by reason of the overcharge of freight rates from the time of the amalgamation of the roads up to 1927. There is still a large amount owing to the maritime provinces for the years that they suffered these high rates as compared with the rest of Canada. That amount should be paid either in dollars and cents or in extra public works, which are long overdue in the maritime provinces. The way that they could start to pay it at this time would be by giving us some public works such as the bridge at Canso, the building of the Chignecto canal and, last but not least, giving Prince Edward Island a railway connection and living up to the terms of our going into confederation by treating the water which separates Prince Edward Island from the mainland as a bridge and not as part of the railway on which we are charged, which is against the terms of 1873, when we entered into confederation.

Time will not permit me to go into all the details of the maritime rates, but I wish to say that there is a better feeling in the maritime provinces now that we are to have a tenth province, another maritime province, which will help us, and make four provinces to fight for their maritime rights. For years we have been endeavouring to push our claims with the federal authorities, but we have been more or less discouraged. Some of the cabinet ministers have called us yappers because we were always talking about our freight claims and so forth. However, it does not matter what they term us; we are out for our rights and we are going to get them. If we do not get them from a Liberal government, we are sure that we shall get them from the Progressive Conservative government.

I want to deal with transportation in my own province, because this is the great problem faced by our farmers, fishermen, importers and exporters. This is the problem with which they have to deal, because we are not a manufacturing community. Our endeavours are more or less those of agriculture.

Sixty-five per cent of our people earn their livelihood from the land.

Fishing is our next largest industry. Freight rates offered our farmers, and means of transportation, are the all-important question with us. In the wintertime, from November until May, we have only one means of transportation, that of the Borden-Tormentine ferry. In the summertime we have the Wood Island-Cariboo route. Both of these, taken together, handle the service fairly well. However, we still want more service by way of transportation.

For instance, we are discriminated against because trucks are not allowed to travel free on the new ferry, using the Borden-Tormentine route. They are still being charged a rate, contrary to the terms under which we entered confederation. The heavy charges for the freight carried, as well as for the trucks, is by no means a satisfactory condition, so far as truck traffic by way of the ferry is concerned. Some slight reduction was made by the board of transport commissioners after their sitting at Charlottetown. While they had no jurisdiction over water rates, they did go down there and make some slight adjustment. When they got there they learned that they had no jurisdiction over water rates. I was glad to hear the Prime Minister (Mr. St. Laurent) state in the house the other day that he knew that the board of transport commissioners had no right whatsoever to set freight rates for water carriage between any provinces, or between any province and any other British territory. This matter has been under discussion for some time, and I was pleased to hear the Prime Minister endorse my views in that connection—views which were in accordance with the terms of confederation.

The unfair part of the situation in connection with trucks is that while the ferry had no right to make a charge, according to our contract, they are nevertheless making a certain charge. They should carry the load free. I notice that some of the motor trucks are enclosed. The freight does not require handling, and in most instances those who are in charge never see it; nevertheless the weight is recorded, along with the weight of the truck, following which a rate somewhat lower than that of 1945 is charged.

That rate is charged for a certain class of goods including potatoes, turnips, hay and farmers' livestock. But supposing a farmer kills his hogs or his beef cattle, and wishes to take them across, he must pay the highest l.c.l. rate. However, if they are shipped as livestock they go at the lower rate. This is not the fault of the operators of the boat; they are just living up to the regulations.

[Mr. McLure.]

Truck operators find the men on the boat most courteous; but they must live up to the orders sent to them by the Canadian National Railways or by the Department of Transport—or both of them. These charges are made on dressed beef or pork because they are not considered products of the farm. How they come to that conclusion, I do not know.

Farmers should have a preferred rate on all those things. Then, if a farmer is bringing back a load, according to the regulations freight traveling from Tormentine to Borden is charged at the highest rate. I have reference to coal, Nova Scotia apples, lumber and many things the people of Prince Edward Island must buy from the other provinces. A change in these rates would benefit our farmers and our people generally in the maritimes.

As hon. members know, the car ferry *Abegweit* is the boat on that run, and she has been giving excellent service. However, that boat is not able to handle all the traffic. Consequently we are hoping to have a new boat on the Wood Island-Cariboo route when it opens in the spring.

I understand a delegation was here in Ottawa interviewing the Minister of Transport (Mr. Chevrier) and placing before him the suggestion that we should have a new ferry within the next year. I do not know how successful they were. They could not have been very successful. One suggestion they made was that they themselves would build the new boat if their subsidy was increased by $50,000 and guaranteed for a period of ten years. I do not believe either proposition was successful, because when the delegation returned to Charlottetown the news items did not contain any glamorous report as to the way they had been received.

I understand the *Abegweit* was built to carry out the terms of confederation. For that purpose the ferry system was inaugurated by the Borden government. While the car ferry is handed over to the Canadian National Railways, and while the railways are the greatest users of the boat, at the same time they use it as a connecting link between the Prince Edward Island railway and the railways in the other provinces.

What we should have is a free rate across the water for all our products, both outgoing and incoming. Why should the Canadian National Railways, who at the present time are the subcontractors of this boat, exclude any other method of shipping goods, such as the use of trucks? They could dispense with the truck opposition by placing a high rate on the transportation of the truck and on the freight it carries. Both these proce-

dures are unconstitutional and, according to the terms of 1873, an injustice to Prince Edward Island.

I am not going to say much more about transportation, but I should like to pay attention to another detour in the speech from the throne. The Postmaster General (Mr. Bertrand), as the lord of Canada's post office business—and I wish he were in the house tonight to hear this—announced a net balance of profits of some $10 million. The figure given is $9,827,491. Like many others I am proud to see the Post Office Department piling up profits over the years. It is really a grand thing. However, the 33⅓ per cent wartime emergency tax on letter postage must have played a considerable part in piling up these surpluses, yet the Postmaster General has said that there will be no reduction in this tax. I am not arguing that it should be reduced, as I would rather see the Postmaster General use the money to give his rural mail couriers a chance to live by being paid sufficient for rendering the best service of any civil servants in Canada.

The mail couriers in my province, and I imagine the same remarks will apply to all provinces, are doing a wonderful work. They are wonderful men. They have to work almost every day in the year and are on the job through rain or shine. It has been brought to my attention that the department is rather niggardly with these mail couriers, and I should like to cite one case.

A few days ago the mail courier on a good route was offered the magnificent sum of six and a half cents per day to operate an extension of the route to the university near Charlottetown. This extension was to serve some 300 students and the staff and help at the university. The mail courier was quite ready to do the work for thirty or thirty-five cents per day, but all they would offer was six and a half cents per day and therefore the extension was not put into effect and the people at the university must continue to go after their own mail.

We have been promised from time to time that the problems of the mail couriers in Canada would be gone into thoroughly by this House of Commons and that adjustments would be made whereby these men would have some hope that after securing the necessary equipment their contract would be permitted to run for more than four years. At the present time the contract can be abolished if someone bids $1.50 or $2 lower. That is very discouraging. These men have no safeguard. All they have to do is their work, and they are doing it.

At the present time the department is offering mail contracts to veterans, and I am glad to see that being done. However, these contracts are being offered to veterans in receipt of small pensions and the suggestion is being made that perhaps they can bid a little lower than others and apply their pensions to what they receive. That is what I take objection to. Why should a veteran be asked to apply his small pension in order that a contract may be let below the regular contract price?

A short time ago a mail route in Queens county was advertised and tenders were asked for. It was stipulated that the tenderer must have a half-ton truck for mail delivery during the spring, summer and autumn and a snowmobile for the wintertime. They might just as well have added that he should have a small Moth plane equipped with special parachutes. A man could not tender for that contract unless he had a half-ton truck and could assure the department that he would have a snowmobile for the winter. The total equipment there would cost from $4,000 to $5,000, and yet the contract would be for only four years with no assurance beyond that. I do not know how many tenders were received but when the estimates of the department come down we will surely find out how many tenders have been put in for contracts on this basis. There are other matters in connection with mail service that I should like to deal with but we will have an opportunity to do this when the estimates are brought down.

In the few minutes I have left I should like to say a few words about a topic that has been discussed fairly well—taxation. In my province the burden, the annoyance and the perfect nonsense of taxation in connection with collecting and making out the forms falls most heavily upon the farmers. The farmers are quite willing to pay a legitimate tax but they are rebellious over being hounded by these inspectors or snoopers or whatever they are called. This whole thing is causing great concern to the farmers and labouring people.

Toward the close of the last session we made the great mistake of voting $19 million for the Department of National Revenue to cover temporary employees. I understand that that was largely to cover the employment of an army of tax collectors, many of whom were hired to spy on the farmers, labourers and small businessmen. They were armed with authority to go to the different dealers in the constituency to ask for information about their neighbours. The farmers in our province held a series of meetings to protest against the income tax form and the

manner in which they are being hounded by the officials of this department.

A few days ago the income tax branch at Ottawa sued the president of the farmers' federation of Prince Edward Island. The courthouse was crowded when the trial started and when the prosecuting lawyer started to question the witness he used a form of question which it was impossible for the witness to answer. For instance, he was asking him what he had to eat for his Christmas dinner six years ago. He also asked such foolish questions as whether they had extra turkey for Thanksgiving. He refused to answer because he could not answer such questions, and then the prosecuting lawyer said: "If you do not confess to this charge that is laid against you I will withdraw it and bring in four charges more serious against you." I should like to ask the Minister of Justice (Mr. Garson) whether he considers that is justice in law.

There is another matter on which I am compelled to say something, although it has been mentioned so often now that I understand the Minister of Finance (Mr. Abbott) is going to abolish some of the taxes in his next budget. We have a tax on soft drinks and chocolate bars. I believe every member of parliament has received thousands of requests for the abolition of these taxes. It is a heavy tax; 40 per cent is very high indeed. I have a letter on my desk from one man complaining about it. He says that it caused him so much worry that he did less business and had to lay off a staff of some twenty men. It is cutting down on employment. On the one hand we have the generosity of the government, of the Minister of National Health and Welfare (Mr. Martin), who goes around and hands out the family allowances to the children. On the other hand we have the Minister of Finance coming around the corner and snatching it all from the little ones.

There is one form of taxation that has caused us a great deal of worry in my section of the country, the taxation on furs and conservation fur farming. Under the former Minister of Finance the Liberal party seemed determined to put fur farming off the map, and the former Minister of Finance almost did so. Now that he has left, however, we hope that the new minister will look into the matter and study it from a sane and honest point of view. For example, the government imposed a tax of 25 per cent, called a processing tax, on the raw skins. There was not very much objection to that although it made an ordinary garment, even though the tax was imposed in process, cost all the way from $10 to $150 more than it should have. After that tax had been in force for a year the fur merchants and fur farmers of Canada got after the Minister of Finance, and he stated that he would reduce the tax. He reduced the tax from 25 per cent to 15 per cent on the processing, but what did he do then? He had a real bludgeon behind him and he went to work. He reduced the tax to 10 per cent on the processing, and then on the finished article he imposed a tax of 8 per cent, which meant that the 25 per cent tax was increased from 2 per cent on the lowest grade of furs to 45 per cent on the best grade of furs. This heavy tax has put hundreds of concerns out of business.

The Acting Speaker (Mr. Golding): I must remind the hon. gentleman that his time has expired.

Mr. F. D. Shaw (Red Deer): Mr. Speaker, this afternoon my leader, the hon. member for Peace River (Mr. Low), moved that the Progressive Conservative amendment to the address in reply to the speech from the throne be amended by adding certain words. There are three very pertinent sections to that amendment. I propose to refer to them briefly this time. The first of the three important sections is:

> We regret that Your Excellency's advisers have shown such studied indifference to the Social Credit financial proposals put before this house from time to time for bringing social security and freedom to every Canadian, and economic stability and prosperity to the country as a whole.

The second section reads:

> We also regret that Your Excellency's advisers have demonstrated such timorous diffidence in their failure to take up Social Crediters' oft-repeated challenge to debate in this house and show honest cause why the Social Credit proposals would not bring widespread security, happiness and contentment to the Canadian people.

The third section of the Social Credit amendment reads:

> We regret further that Your Excellency's advisers have failed to bring forward legislative and administrative provision for maintaining purchasing power at a level which would make possible the equitable distribution of our total production and thus cushion the Canadian economy against the onset of depression.

We proposed that amendment because of the fact that we are vitally concerned that the government should take the necessary action in order to guarantee stability of the Canadian economy, and to prevent a recurrence of a depression such as that which occurred between the two wars, and which was so devastating in character. We are fearful that, unless concrete action is taken to stabilize the Canadian economy, it will give rise to further encouragement to certain elements within our nation so that they—and I have no hesitation in naming them, the communists—may further their attempt,

as I stated the other day, to undermine the very foundation upon which democracy rests.

Already the Canadian communists are becoming more vociferous in their advocacy of outright treason. It is becoming more obvious day by day that they are anticipating certain conditions, conditions in which they know the maggots of communism flourish. I am greatly agitated about this matter; I am greatly agitated about the extent to which subversive elements within the nation are being permitted to use the mails of the country by which to disseminate the treasonable propaganda which they are now disseminating throughout the nation. I have already had occasion to inquire from the Minister of Justice (Mr. Garson) as to just what course of action the government contemplate taking in order to stop this. I tried to state this afternoon that, in my opinion, they were using the mails to defraud. Some may say that is an exaggeration, but I say their purpose is to defraud us of our freedom, to defraud us of our nation. Moreover, that section of the Criminal Code states that it is a criminal offence to use the mails to deceive. If deception were ever practised within this country it is now being practised on a widespread scale by the communist forces who are pleased to call themselves Labour-Progressives.

Mr. Speaker, within my constituency a communist hive has recently come to light. I have received two copies of a circular from two very indignant residents of the town of Sylvan Lake. They came in this form, unwrapped, through the mail. The contents of it are largely devoted to the north Atlantic security pact, which I do not propose discussing at this moment. For those who are gullible enough to believe it, it states that the signing of the pact will change the cold war into a shooting war. That is what they are telling the people of my constituency. Then it is said we are doing all that we are doing in connection with defence measures within this country behind a smoke screen, as they are pleased to call it, against Russian aggression. They come right out and use this expression:

> This is the modern hitlerite big lie.

Mr. Speaker, that reminds me of the type of propaganda these people put out in 1940 in their manifesto and which led directly to the action which the government took in outlawing the party. One may ask me, are you in favour of outlawing them? At the moment my attitude is this: If a skunk is raiding my chicken coop, I do not want to chase him down a hole and then have to dig him out. I would rather leave him on the surface where I can shoot him.

This circular proceeds to point out that the oil development in my own province, the building of the Alaska highway and the building of air bases in the city of Edmonton, are all part of this scheme of Canadian aggression. As I say, it is almost pitiful when you stop to realize that this is being put in the hands of the people throughout that district. The pamphlet then refers to a number of things to which I shall not refer, with the exception of this remark. It says:

> It is a lie that Canada's independence is threatened by the soviet union. The soviet union in its thirty-one years of existence has not destroyed the independence of any nation.

I remind them of Hungary, Roumania, Bulgaria, Czechoslovakia and so on.

The people who receive the pamphlet are urged to write to me requesting that I vote against the signing of the north Atlantic security pact. I think I can probably save them the time of writing by putting the matter on record as I have, uttering words of outright condemnation of the policies they are advocating and the methods they are employing in an effort to disseminate this propaganda.

An editorial appeared in the Edmonton *Bulletin* on March 4, entitled "The Age of Tolerance." I think it is very significant and so important that I should put it on the record. It is a brief one, and reads as follows:

> The communist leaders of the United States, following the example of communist leaders in France, Italy and England have announced with defiant clarity that if Russia attacks their respective countries they will side with Russia. It seems to be an amazing thing that people can say such things and stay out of jail.

Incidentally, I would say that Tim Buck said as much in that questionnaire in *Liberty* magazine, I think it was, last November. If his statement is analysed, I think it will be found he said the same thing, but in a cunning, sly, communist way.

Continuing to quote from the editorial, I read:

> These vicious statements indicate, of course, what communism in the democratic countries really means. It means plain and unadulterated subservience to Russia. It means that communists, quite definitely and frankly, put Russia first.
>
> Once upon a time, in a rougher and more manly age, statements of this kind were designated as treason. But this, of course, is the age of tolerance. We have graduated beyond the point of letting people say and think what they like. Today, they can do as they like, including cutting the throats of their own country with impunity.
>
> The amazing thing is that, with all this namby-pamby deference to that kind of freedom, which is only unbridled licence, the communists and their leftist friends still howl to high heaven about the "intolerance" of the democracies.
>
> If anyone ventures to resent the blatant propaganda of leftists and suggests that traitors be muzzled, there is at once a scream about the narrow bigotry of anti-reds and a wild protest about the stifling of freedom. It seems to many that our smug

complacency in the face of such repeated threats indicates nothing so much as the urgent need for a psychiatric examination.

In leaving that, Mr. Speaker, I think two things are extremely important: First, as I said earlier, we should endeavour to seek out every means of applying whatever measures we can to remove the conditions in which communism is bred and in which it develops. Secondly, I have come to the conclusion that some action should be taken to prevent the dissemination throughout the length and breadth of this country of the type of propaganda to which I have referred.

Mr. Low: A treasonable type.

Mr. Shaw: A very treasonable type of propaganda.

Coming back to the amendment, Mr. Speaker, it is rather interesting to me to observe that, since it was moved very few of the speakers who have participated in this debate have chosen to deal with the amendment as such. I am not going to suggest for one moment that hon. members opposite refrained from dealing with the contents of that amendment because they did not know anything about social credit. Deep down in their souls they know they cannot refute the principles which we have advanced over a period of fourteen years in this house. They are not prepared to stand up during this debate and refute them if they can. When they are traipsing about the country I think it would be the better part of wisdom for them not to tell the people they do not understand social credit, because I am satisfied the people will immediately conclude they are not telling the truth.

During the course of the debate this afternoon, the member for Rosetown-Biggar (Mr. Coldwell) made a short reference to social credit. I refer to it only for the purpose of making a correction. He observed that he had read Major Douglas' books; and, if I understood him correctly, he stated he did not agree with his principles as a solution of our economic problems because it is not money that counts but goods. I believe that is what he said. I want to emphasize, for the benefit of this house, that we have never at any time argued that money counts and not goods. In his book "Warning Democracy" Major Douglas stated this:

Looked at from this point of view, money is simply a ticket. A railway ticket is, in the truest sense, a limited form of money and differs only from any other sort of money in that the owner of it only believes, and is only justified in believing, that he will receive in return for it a particular form of service, i.e., transportation.

I want to read one other paragraph from another book of his, "Credit Power and Democracy", in which he states, as we have always stated—

An hon. Member: What page?

Mr. Shaw: These quotations are from the "Douglas Manual", and they are taken from his various publications. Major Douglas states:

Money is only a mechanism by means of which we deal with things—it has no properties except those we choose to give to it. A phrase such as "There is no money in the country with which to do such and so" means simply nothing, unless we are also saying "The goods and services required to do this thing do not exist and cannot be produced, therefore it is useless to create the money equivalent of them."

Further on he says:

For instance, it is simply childish to say that a country has no money for social betterment, or for any other purpose, when it has the skill, the men and the material and plant to create that betterment. The banks or the treasury can create the money in five minutes, and are doing it every day, and have been doing it for centuries.

Mr. Blackmore: One would think that an intelligent man could understand that.

Mr. Shaw: I quote that excerpt just in answer to the hon. member for Rosetown-Biggar (Mr. Coldwell) and to stress the point, as I said a moment ago, that we have not emphasized that it is money that counts but rather goods.

In the next few moments I should like to go back a few years, and it is not for the purpose that the Minister of Agriculture (Mr. Gardiner) found it necessary to go back sixteen years today. I think he went back sixteen years, if I heard him correctly—

Mr. Gardiner: Twenty years.

Mr. Shaw: —to try to cover up some of the tracks he left in the sandhills of Saskatchewan when he was premier of that province. I am going back for quite another purpose. I might also say in passing that I think it is rather unfortunate that one should still have to cover up his tracks sixteen years after he made them.

We go back to 1930, Mr. Speaker, and I am doing it for this reason. When it comes to assessing political parties and what they stand for, it is often necessary to go back and examine some of the records. In 1930 the Conservative party was unfortunate enough to have taken over the reins of government in this Dominion of Canada. I say "unfortunate enough" because of the policies which the Liberals had pursued for some nine years prior to that time, and because of the conditions which had developed in the country by 1930 because of the pursuance of those policies. I remember our Conservative friends coming in in 1930 and if I remember it correctly their battlecry was: We will blast our way into the markets

of the world. They did some blasting all right; but if history indicates anything at all, to me it indicates that they practically blasted us off the face of the earth as a consequence of their policies.

An hon. Member: And themselves also.

Mr. Shaw: Yes. Somebody interjects, and themselves also.

By 1930, in spite of the fact that a depression was anticipated—in fact, that we were moving headlong into that depression—there was absolutely no breakdown whatsoever in Canadian production. The Canada Year Book for 1937 indicates that for those years 1931, 1932, and 1933 Canada's productive capacity was greater than it ever had been before. In fact, we had more houses and more goods of all kinds than we had had prior to that time. Yet the Conservatives were pleased to tell us that we were headed into a depression. Almost overnight 50 per cent of the purchasing power of this nation disappeared. Almost overnight the wheels of industry started to slow down and men were dumped out on their heads. Because of the fact that their right to eat seemed to be contingent upon their ability to procure remunerative employment, they experienced great difficulty in providing for themselves and for their dependents. Obviously, for the conditions which existed, the Conservatives of that day laid the entire blame upon overproduction within our nation. They no doubt saw the piling up of huge surpluses. But they seemed to fail to see at the same time three-quarters of a million unemployed and almost another million living on a substandard level. Their battlecry was: We are going to blast our way into the markets of the world. What actually happened, Mr. Speaker, between 1930 and 1935?

The Conservative party kept in operation all of the trade agreements which had been in effect up to that time. They also entered into a comprehensive preferential agreement with the United Kingdom. They also for the first time entered into a formal agreement with New Zealand, South Africa, Southern Rhodesia and the Irish Free State. Moreover, they entered into a trade treaty of broad scope with France. They entered into a commercial arrangement securing most-favoured-nation treatment from Germany. They also engineered an arrangement in order to secure most-favoured-nation treatment from Austria and Brazil. They also drew up a comprehensive agreement with Poland. In spite of those agreements, and in spite of the fact that they utilized a good deal of energy in an effort to blast their way into the markets of the world, a condition of tragedy continued to prevail within our own nation.

In the first place, they seemed to forget that many of these surpluses were not real surpluses in any sense of the word. We had a great demand in Canada for surpluses, but unfortunately there was not an effective demand. By 1935 we find that we had 259,918 families on relief within this nation; the number of individuals totalled 1,229,935. That was by the spring of 1935—February, to be exact. After all, that was supposed to be two years beyond the depth of the depression. In spite of the fact that certain definite refunding operations took place during that time, we find that the debt jumped from $2,544 million approximately to over $3,205 million; and the interest paid during that same period of time amounted to approximately $673 million. So not only did we have a vast army of unemployed within the country and a vast number of people living on a substandard level, but hand in hand with that condition debts were piled up.

What was our export picture during that time? The Conservative party from 1930 until 1935, after entering into these export agreements, did export during the eleven months prior to the end of February, 1934, $527,391,000 worth of goods. At the same time they imported $386,279,000 worth. In other words, they managed to get rid of $141,112,000 worth of our production for which no goods were brought back to the country in return. In fact, the records indicate that they even exported some of their imports in order to try to solve the problem. I believe that $5,585,000 worth of goods that had been imported were exported during the same period of time.

For the eleven months just preceding the budget of 1935, exports exceeded imports by $133,867,000. Their policy of exporting was working, but the weakness in the whole thing was that they were absolutely refusing to bring back into the country or import goods in return for those which they exported. They knew that if Canadians could not purchase our entire Canadian production, there was no conceivable chance for the Canadian people to buy goods which were brought into Canada in exchange for goods which were exported.

I have already emphasized that we had no effective market within our country. When I try to assess the Conservative picture at the present time these are questions which come to my mind and which I hope the members of the Progressive Conservative party will endeavour to answer at least before an election. We are interested in the condemnation of the vast number of 142,000 orders in council. I am very much opposed to government by order in council, but at the

same time if anyone thinks that reducing the number of orders in council that a government passes will in itself solve the economic disabilities which inflict the country, then definitely he has another think coming. I should like to hear from the Progressive Conservatives whether or not they consider recessions and depressions inevitable. I should like to know whether they consider that poverty in the midst of plenty is an unavoidable consequence of recessions or depressions. I should like to know whether they agree that it is a sound policy to export from a country more than that country imports. I might interject at this point that when you do that you simply reduce the standard of living of the Canadian people.

I should like to know from them whether they consider that man's right to live is dependent entirely upon remunerative employment. Incidentally, I might also direct these questions to those across the way on the Liberal benches. I should like to know whether or not both Liberals and Conservatives consider that debt and interest are legacies which are bound to accrue as a consequence of the development of any nation. This is a most deplorable thing. As one goes back over the years since confederation, one wonders at the great development that has taken place in this country, but one also considers the absurdity that during that development a debt of approximately $16 billion has been piled on the shoulders of the Canadian people, a debt load carrying interest charges somewhere in the neighbourhood of $450 million a year. If a businessman were to pursue the same policies that the government pursues in connection with financing, that businessman would not last very long.

I cannot understand, Mr. Speaker, why it should be any different so far as the government is concerned. I said a moment ago that I am not satisfied, and the Canadian people are not satisfied, merely to have the Liberals and Conservatives fighting over this question whether there shall or shall not be orders in council. I am not satisfied to hear them merely arguing whether there should be this many civil servants or that many. I am inclined to believe that we must go considerably deeper than that. I would emphasize the fact that if we are assured by both Liberals and Conservatives that depressions are not inevitable; that poverty in the midst of plenty is not inevitable; that man's right to live is not dependent entirely upon his right to find remunerative employment; if they can assure us that debt and interest must not be inevitable legacies accruing to us as a result of developing this great nation of ours: then we and the Canadian people will commence to understand at least just what hope does lie in either of these parties.

We have already put ourselves on record as being in the main opposed to the policies advocated by the C.C.F. I am speaking for myself when I say that I am always very fearful that—and I am not going to say that all socialists are communists, although I will say I can never forget that all communists are socialists—into any organization, political or otherwise, men of evil purposes are bound to worm their way. I do not think there is any organization which can claim to be free from that. When I find advocated policies which I, at least, feel take you on the road toward communism, then I am just a bit afraid that, if we are carried so far, the wrong man will take the reins and we shall be plunged into the morass from which we shall not be able to extricate ourselves.

I am not going to occupy very much more of the time of the house, Mr. Speaker. We feel that this amendment of ours, very clearly explained by the hon. member for Peace River (Mr. Low) this afternoon, taken in conjunction with his budget speech of last year, offers to hon. members sound and concrete proposals for the stabilizing of our economy, the establishment of prosperity within our nation, and the bringing of security, happiness and contentment to our Canadian people. We urge all hon. members to give it their consideration.

Mr. G. R. Pearkes (Nanaimo): The amendment which has been moved by the leader of the Progressive Conservative party (Mr. Drew) and the subamendment which is now being considered as moved by the hon. member for Peace River (Mr. Low) indicate that there is some lack of confidence in the present administration. A good deal of evidence has been produced in the one hundred or more speeches which have been made during this debate, which would give abundant proof of that suggestion. Tonight I wish to indicate one other small and particular point in which I feel that there is justification for questioning the wisdom of the present government in that particular.

I am going to deal with one point which concerns a great many men in a very personal way. In the speech from the throne reference is made to the fact that some legislation will be introduced regarding the administration of the armed forces of the crown. On February 4, the Minister of National Defence (Mr. Claxton) indicated that there was to be a change in the old traditional policy of paying prize money to the men of the Royal Canadian Navy, and he elaborated on that point in a statement which he made on February 18, when he explained the policy which the present government

proposes to follow, a policy which breaks with all naval tradition, a policy which I suggest breaks faith with many a gallant lad who joined the Royal Canadian Navy at the commencement of the war.

I wish to take a few moments just to trace the history of this prize money, how it became part of naval tradition, how it is a century-old custom under which sailors have received a certain bounty, a certain grant of money to augment the pay which they received.

It was first introduced in the reign of Henry VIII. At that time the various ports of the United Kingdom were expected to produce a quota of warships and their crews. When the war was over His Majesty divided up among these ports the money which had accrued from the sale of the prizes which had been captured during the naval engagements. Certain changes and modifications were brought in during the reign of Charles II, when it was decided that there were different conditions under which captures were made. There were certain ships taken when they were in port; others were captured on the high seas. A distinction was made there. Certain rights, or droits, as they were called then, of the admiralty, or droits of the crown, were made under that decision. Those rights going to the lord high admiral were used for the purpose of developing the fleet.

The rights which became the prerogative of the crown were divided up after the campaign was over among the seamen who had fought at sea. It was an act of grace; but it was an act which was followed down through the centuries, starting at the time of King Charles II.

Then, during the reign of William IV, the lord high admiral surrendered his rights to the exchequer—that is, moneys which arose from the capture of ships actually in port. But the rights to the crown from ships captured at sea still remained the prerogative of the crown; and the crown in those days still divided up that money among the sailors who were sailing in the fleet during the campaign.

So it went on, right down to Nelson's day. In Nelson's time one might say an evil practice crept in, because most of the prizes captured were captured by the light ships of the navy—the frigates and cruisers. Anyone who will read any of the "lives" of Lord Nelson will see how he complained against certain of his captains who spent most of their time chasing merchantmen of the enemy rather than perhaps engaging in battle. There was a tendency to do that. And as a counterbalance to that, the prize bounty, known as blood money, was introduced. This was paid to the ships of the line. When they sank an enemy ship the crew of the ship engaged in that battle received a certain amount of money, according to the size of the ship sunk and according to the number of the crew on the vessel. This was frequently referred to as blood money.

However, changes have taken place and, as the years have gone by, blood money has been discontinued. But prize money was paid after the first world war. Large sums of prize money were paid then, because the Germans had their merchantmen on the seven seas, and our ships were able to capture a large number of them. At the conclusion of the second world war the amount of money available for prize moneys was not nearly as large as that at the conclusion of the first world war, simply because the Germans had brought their ships into their own ports, and the majority of those still on the high seas were scuttled.

However, last November in the British House of Commons a prize bill was introduced. An estimate had been made by the lords of the admiralty as to the amount of money which would be available from the prizes which had been captured. That money was divided among the nations of the commonwealth which had fleets on the seas; and because the air force had taken part and assisted in many of those captures, a certain proportion was allocated to the Royal Air Force—the exchequer still keeping its one-third. And when I say that it kept its one-third, it was decided as a rather arbitrary arrangement that the exchequer, according to the tradition of the old droits of the admiralty, should keep one-third of the moneys to go into the consolidated revenue fund.

There was considerable debate in the British House of Commons as to the method in which the prize moneys would be divided among the air force and the various ratings of the navy. A decision was reached, in so far as the amount of money available for the United Kingdom services was concerned. This decision appeared in British *Hansard* of November 12, at page 863, in a speech made by Mr. John Dugdale upon moving second reading of the prize bill. Mr. Dugdale, parliamentary and financial secretary to the admiralty, said on that occasion:

> It is the intention of the government that all naval officers and ratings, marine officers and other ranks and also merchant seamen who served in the navy under T-124—

T-124, I might explain, was a special type of enlistment of men serving in the armed merchantmen who came under certain special regulations of discipline. Some Canadians

served under T-124. I believe some of them were serving on the armed merchant cruiser *Rawalpindi* which, if I recall correctly, was sunk off the coast of Iceland early in the war. He continues:

—and similar agreements, by which they became subject to naval discipline,—

Mind you, they were merchant seamen.

—shall be regarded as entitled to prize money if they have rendered six months service at sea and if they have not, for any reason, such as misconduct, forfeited their entitlement. Service at sea exceeding six months will not, however, attract any greater sum by way of prize, nor, in view of the small amount to be distributed, will it allow proportionate shares for those who have not served for that full qualifying period.

That is, every sailor of the Royal Navy, every sailor who served under a special agreement such as T-124, would be entitled to his share of prize money. There was a graduated scale, so far as the British navy is concerned, in respect of that prize money.

Then, later in his speech, the financial secretary said:

It looks as though an ordinary seaman will get between £5 and £6.

That would be his share of the prize money. And, in closing his address, he used these words:

Many men throughout the country have been expecting to get this money. They have been expecting it for some years. They have been rightly expecting to get it and, small though these payments are, they will, I hope, give just a little pleasure to many men who have given a lot of service to their country.

That was the closing sentence of the address made by the financial secretary to the admiralty. In further discussions on the bill it was indicated that, in future, prize money would not be paid if there should be any occasion on which it was necessary for the Royal Navy to capture a prize. One can see the reason for that argument; one can see the logic of it. The pay of sailors has gone up since Nelson's day and there are pension schemes which provide for these men serving in the fleet which they never had in bygone days. I suggest that the financial secretary to the admiralty has adopted the honourable course. He has recognized the fact that British sailors joined the navy at the commencement of this war knowing the old traditions, realizing that if they served through the war and were fortunate enough to go to sea when prizes were captured they would be entitled, by the ancient law and tradition of the navy, to a grant from the crown as a proportion of that prize money. I say that that was an honourable course that was taken by the financial secretary to the admiralty. He went on to announce that in future prize money would not be paid because of changed conditions.

[Mr. Pearkes.]

But what has this government done? Has this government adopted the same course? No, sir; it has given a high-handed arbitrary ruling that Canadian sailors who served in the Canadian fleet will not receive any grant or prize money, will not receive the money to which they are entitled. There may be Canadian men who left the shores of Canada to serve in the Royal Navy or on armed merchantmen who will receive the prize money grant given by the admiralty, but the men who served in the Canadian navy are not to receive any prize money. Without asking their consent, this government has decided that that money will be placed in some benevolent fund.

I suggest that in 1939 and 1940 many a gallant Canadian lad who joined the Royal Canadian Navy was motivated, shall we say, by the romance that lies behind the history of the sea. Perhaps, as it were, he heard the bosun piping "Boarders Away" and perhaps he thought of himself with a cutlass between his teeth swinging onto a captured prize. He believed that when the war was over he would get a share of the rewards that were being handed out for his gallant action according to the traditions of the sea and according to the traditions of the navy down through the centuries.

However, now we are told that that is not to be done. I should like to quote from page 670 of our *Hansard* where is reported an announcement made by the Minister of National Defence (Mr. Claxton) on February 18. In making his announcement the minister intimated that the amount would be only $10 each. I quoted previously how the financial secretary to the admiralty estimated the amount as being from £5 to £6. For some reason or other the Minister of National Defence estimates that it will be only about $10 each. But I am not talking about the amount of the money, it does not matter whether it will be only sufficient to buy a bottle of rum; it is the principle that is important. The minister goes on to say:

A distribution on this basis would, it was considered after careful examination, be very much less desired by naval personnel themselves than to have the money used by their own representatives to meet needy cases.

I do not know how that careful examination was made, but I do know that I have received a large number of letters from sailors and from sailors' organizations on the Pacific coast indicating in no uncertain terms that that is not their wish, that they regard the money as being their money, and that nobody has the right to take it away from them. I should like to place on the record a letter I have received from the naval officers associa-

tion of Victoria. The secretary of that association states:

> This meeting instructs the executive committee to write an extremely strong letter to the Minister of National Defence protesting against the high-handed proposal of the naval board to allocate the prize money of the Royal Canadian Navy without any reference to the wishes of those who by every tradition and precedent are entitled to share in its distribution.

He goes on to state that Canada has received this money from the United Kingdom as prize money, and as nothing else, and that therefore it is held in trust as such by this government for the men who are entitled to it. These men feel that the government has no right to implement such a proposal as placing this money in another fund instead of giving it to the men who earned it. He concludes by saying that the government of Canada is merely putting forward a pathetic excuse for furthering the unjust proposal of the naval board when it suggests that the administrative arrangements would be too difficult if they were to attempt to distribute the money.

In a minute I will explain how the admiralty is distributing the money, and hon. members will see that there are no administrative difficulties. I have a telegram here from a group of officers who form part of the naval section of the Canadian legion in Victoria. They condemn the action of the department of naval service in recommending that the naval prize money be allocated to the naval benevolent trust fund without obtaining the consent of the Royal Canadian Navy and reserve personnel to whom it legally belongs.

I admit that the legality may be questioned because it has always been an act of grace on the part of the crown, but sometimes long usage and ancient traditions establish a form of legality. It is dangerous to tamper with naval tradition. I have another resolution passed by the Esquimalt branch of the Canadian legion which is composed largely of naval men. They unanimously endorsed the resolution I just read. I have various letters from individual ex-naval personnel. Here is one which reads as follows:

> Why should this large sum of money be turned over to a fund, the existence of which I'll warrant is practically unknown to many ex-navy men and/or their dependents; and if it is known or suspected, the method of making an appeal to it in case of need is practically a mystery?

I could go on and give many more examples. I have a file composed entirely of letters that I have received on this subject. I have introduced the matter merely to say that I question the minister's authority when he makes the statement that he believes it is the wish of the majority of the naval personnel that this money should be placed in the naval benevolent fund instead of being distributed among them. Why should it be put in the naval benevolent fund? Have not the present Minister of Veterans Affairs (Mr. Gregg), and the one who gave up his post to go to the other place not very long ago, openly stated in the house that we have the finest veterans legislation anywhere in the world? Has the Minister of Veterans Affairs not got certain trust funds which can be used for exceptional cases? Why is there a need to put additional moneys in this benevolent fund if our naval personnel, our veterans, are, as they should be, well looked after by the present government?

I said I would refer to how the admiralty is carrying out this terrific administrative task. In the discussion on the bill in the House of Commons in London it is stated that notices will be sent to every post office, that application forms will be available there, and any ex-sailor who feels that he is entitled to this prize money may, within the next twelve months, send in his application form and it will be considered. His record will be turned up and the money will be sent to him. There is no great administrative difficulty about that. We have post offices from one end of the country to the other. Notices can be posted. Ex-sailors will hear very quickly if there is a chance for them to get the money. I can see them going to the post offices, filling in their application forms and sending them in. There will be no particular difficulty about it. We are creating a situation here in which certain Canadian sailors who were fortunate enough to serve with the Royal Navy, or on some special assignment with the Royal Navy, will be receiving the prize money. On the other hand, our own Canadian sailors who were proud to serve at one time in the Royal Canadian Navy—and I hope they will always be proud to serve—are not going to receive the prize money which each and every one of them thinks he is fully entitled to receive. Therefore I ask the government, and the Minister of National Defence, to revise their decision; I ask them to follow the practice which has been followed by the admiralty in the British House of Commons and divide the prize money, as has been the ancient custom of the service, to which these Canadian sailors believe that they are entitled. Should there be wars in the future, and should the government decide that it is not desirable to continue any longer the practice of paying out prize money, let the government announce it now. Then men who join the navy in the future will realize that perhaps it is an outgrown custom. But why break faith with Canadian sailors who joined the navy in the

belief that they would be entitled to such moneys? I do not care how small the amount is; it is the principle behind the question. The Minister of National Defence (Mr. Claxton) is trying, and rightly so, to build up the services of the country. Active recruiting campaigns have been carried on for the last twelve months. I venture to say that many members on all sides of the house—I know I have—have taken part in these campaigns. I have urged the young men of the country to get into the armed forces. But such action as has been taken in this case is not encouragement. It is a petty, cheap, despicable business of taking a few dollars from men who gave so much during the war and putting them into certain funds when we believe that these funds are well endowed, when we know that there are large balances in them. Surely the government can rise above such petty cheese-paring practices and give these sailors the money which is their due, and to which they are entitled.

On motion of Mr. Blackmore the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. St. Laurent: In spite of indications today, I hope that the debate on the address will be concluded tomorrow. If it is, we shall then proceed with the resolution for the introduction of a bill to extend certain emergency powers. I should like to remind hon. members that there are certain measures which, if not renewed, will expire on the 27th of March. I think it should be regarded as the responsibility of the house to express itself as to whether or not they should be renewed, and not allow them to lapse by default. There is not very much time left. There is sufficient time to deal with them in an orderly manner if it is the desire of hon. members that they be dealt with in that fashion, but I think we shall have to move tomorrow, even if this debate is not concluded by the end of the sitting then, to proceed with the emergency legislation from and after Monday the 14th.

At 10.30 p.m. the house adjourned, without question put, pursuant to the order of the house passed on February 22, 1949.

HOUSE OF COMMONS

Friday, March 11, 1949

The house met at three o'clock.

MANITOBA

ACHIEVEMENTS OF CITIZENS IN CURLING AND BALLET

Mr. Alistair Stewart (Winnipeg North): I should like to call the attention of the house, Mr. Speaker, to the fact that the rink led by Mr. Ken Watson of Winnipeg emerged for the third time as the best curling rink in Canada, thus bringing much credit to himself, his colleagues and his province.

Manitoba's obvious superiority does not end there, however, for last week in Toronto the Winnipeg ballet club, under the skilled direction of Miss Gweneth Lloyd, also brought honour to Manitoba by asserting its supremacy over all comers by taking extra honours in the Toronto festival.

Mr. J. A. Ross (Souris): I should like to ask the Secretary of State whether he realizes that in his home city last night one of the finest curling teams in the world won the Canadian championship for the third time.

Some hon. Members: Too late!

Mr. Ross (Souris): They should be congratulated, I believe, on their fine victory.

Hon. Colin Gibson (Secretary of State): I had the pleasure of seeing the Manitoba rink curl in Hamilton, and I do want to congratulate them on their victory.

HOUSE OF COMMONS

PROVISION FOR EVENING SITTINGS 7.30 TO 10.30 UNTIL LAST SITTING DAY IN APRIL

On the order:

Resuming the adjourned debate on the motion of Mr. St. Laurent that, except on Wednesdays, Mr. Speaker shall leave the chair at six o'clock p.m. until seven-thirty, and shall adjourn the house at ten-thirty p.m. without question put, unless the closure rule (standing order No. 39) be then in operation, this order to be in effect until and upon the last sitting day of the month of April.

Right Hon. L. S. St. Laurent (Prime Minister): May I suggest that this order be allowed to stand? It is not immediately practicable to proceed with it, because we have not reached the end of the debate on the address in reply to the speech from the throne. If by good fortune we do reach the end of the debate today, I shall ask the house to come back to this motion and deal with it then.

IMMIGRATION

ORDERS IN COUNCIL GAZETTED AND TABLED—EXCEPTIONS UNDER REGULATIONS

Right Hon. L. S. St. Laurent (Prime Minister): At the risk of making some of our newspaper friends believe that I am providing the hon. member for Lake Centre (Mr. Diefenbaker) with another easy victory, I should like to deal with a couple of questions that he has placed on the order paper, one of which was passed as an order for return.

The first question was as follows:

1. How many orders in council relative to the provisions of the Immigration Act have been passed since the first day of July, 1947?

2. Of said orders in council, how many have not been (a) published in the *Canada Gazette;* (b) tabled in parliament?

Answer: 121, of which ten were published in the *Canada Gazette* and none tabled in parliament.

The other question, passed as an order for return, read as follows:

1. How many written permits provided for by section four of the Immigration Act were issued by the minister during each of the years 1947 and 1948 (a) authorizing any person to enter Canada; (b) authorizing any person to remain in Canada; and in either case without being subject to the provisions of the said act?

2. How many of these permits have been included in a return laid before parliament within thirty days after the commencement of the next ensuing session of parliament in each of the said years?

Answer: 1. 1947—twenty-four authorizing persons to enter Canada and three authorizing persons already here to remain in Canada; 1948—twenty-five authorizing persons to enter Canada and twenty-six authorizing persons already here to remain in Canada.

2. All the above permits were included in the following returns: For 1947—January 28, 1948, *Votes and Proceedings,* page 94; for 1948—January 27, 1949, *Votes and Proceedings,* page 16.

The answers to two other questions, which have also been passed as orders for return, will be tabled as soon as the necessary information has been collected.

I have had a careful check made of all the orders in council relative to the provisions

of the Immigration Act, including those orders regarding the entry into Canada of individuals or groups of individuals during the period from July 1, 1947, to March 4, 1949.

As will be noted from one of the answers just given, there were 121 orders in council in all. Included in this total were eleven orders of general application amending the regulations. Of these, ten were published in the *Canada Gazette;* the eleventh—P.C. 4852 of November 26, 1947—merely repealed certain obsolete orders in council and its publication was therefore not considered necessary. Next there were sixteen orders in council dealing with unnamed groups of persons, such as the displaced persons, the Maltese, the Estonians, the movement of orphan children, and the like. Then there were nineteen orders in council of an administrative or executive character. Lastly there were seventy-five orders in council which waived the provisions of the general immigration regulations in regard to the persons named therein.

I now wish to table copies of all the orders in council included in the four groups to which I have referred. This in fact includes all orders in council relating to the Immigration Act that have been passed during the period July 1, 1947 to March 4, 1949. The tabling of these orders in council will also serve as a return to the motion on the order paper in the name of the hon. member for St. Paul's (Mr. Ross).

I think I should take advantage of this occasion to say a word about the manner in which the government—not only this government but all preceding governments—have administered the question of exceptions under the regulations for the admission of immigrants.

Immigration into Canada is controlled by the terms of the Immigration Act and by the regulations made in accordance with those terms. The act does not define the classes or categories of persons who are admissible to Canada as immigrants. On the other hand it does define certain prohibited classes, including persons suffering from some forms of mental or physical ailment, criminals, advocates of the use of force or violence against organized governments, spies and certain others enumerated in the terms of the statute. Persons within these prohibited classes cannot be admitted to Canada as immigrants unless and until the Immigration Act is amended by parliament. On the other hand it is in the general orders in council that one finds in the definition of persons who are from time to time admissible.

[Mr. St. Laurent.]

The reason for such an arrangement is to provide a certain flexibility which would not be possible if every changing circumstance had to be met by an amendment to the act. Because the regulations made under the act can be altered by order in council, this provides the flexibility without which the whole administration of the Immigration Act would be so rigid as to be practically unworkable.

It is of course inevitable that in dealing with human beings, as is the case in the administration of the Immigration Act, special circumstances will arise in which it is proper to make exceptions to the general rules. This happens most frequently as a result of humanitarian considerations. For example, a person is found to be living in Canada who entered several years ago contrary to the regulations. In the meantime he has become well established, is married to a Canadian citizen, and has a family. In such circumstances, if the regulations had been embodied in the act, it would have been necessary to pass a special act of parliament to provide for the admission of that one person. Under the procedure establishing the regulations by order in council, however, it is possible for the governor in council to provide for his admission, and that is quite frequently done.

Another example of the kind of thing that is handled in this way would be found in the passage of an order in council to permit the admission to Canada of a Swiss manufacturer who desires to come to this country with certain capital and technical knowledge to establish himself in business here. Under the existing regulations he is inadmissible, but by the passage of an order in council his admission can be authorized.

The whole movement of displaced persons to Canada has been provided for by order in council.

The members of the house will recall that at the beginning of the depression, the government of the day, under the authority of section 38 of the act, passed order in council P.C. 695 of March 21, 1931, which practically prohibited the landing in Canada of immigrants of all classes and occupations except those coming from the British isles and the United States. This order in council was amended from time to time as it became desirable to widen the field of immigration. Therefore, when for the reasons I have mentioned it is desirable to admit persons who are not classed as admissible under this order in council, new orders are passed waiving the prohibition.

As I have said before, there is nothing new about this procedure. It has always been followed.

It might be of interest to hon. members to know—and I am not citing this in any critical

mood—that during the period from November 1, 1930, to October 23, 1935, two hundred and seventy-five such orders in council were passed in regard to 4,173 persons, waiving the provisions of the restrictive regulations. May I point out that this was during a time when there was great unemployment and there were felt to be very good reasons for restricting immigration. None of these orders was published. But it shows that even in those times there were considered to be that number of cases which were worthy of special treatment.

I should also say a word about the alleged "secrecy" of these orders in council. In fact, of course, there is nothing at all secret about them. When an order in council is of a general character, changing the regulations or affecting categories of persons, that order is published in the *Canada Gazette*. On the other hand, when the order in council deals with groups of individuals or specific individuals, it is normally considered to be of interest only to the persons immediately concerned and it is not published. Information about it, however, can be obtained by application to the immigration branch.

Perhaps I can summarize what I have said in this way.

There is nothing secret about the immigration orders in council.

There is nothing new about this method of administering the act. It is the procedure that was envisaged when the act was passed and it has been followed by all governments. These orders from 1930 to 1935 were not published or tabled. They were passed in the usual course, as have been those made since.

I think this would be an appropriate time to refer to statements attributed by the press to the hon. member for Lake Centre.

According to the Montreal *Gazette* of March 9, the hon. member is reported to have taken steps to determine why the federal government has not tabled all special immigration permits, covering cases not covered by the Immigration Act. This statement appears to be confusing two different things. Section 4 of the Immigration Act provides that the minister may issue a written permit authorizing any person to enter Canada, or having entered or landed in Canada, to remain therein without being subject to the provisions of the act. These permits are limited in time; they do not grant and cannot be used to allow permanent entry. The statute requires that they must be reported to the house within thirty days of the opening of the session, and that is always done. The return for the calendar year 1948, as I have already said, was tabled at the beginning of this session, and showed that fifty-six persons, and fifty-six persons only, were granted such permits. Of these twenty were Polish veterans.

With regard to the other category of persons, that is, those who have been admitted by order in council, I have fully explained the situation in the course of the statement I have just made.

But I want to make it absolutely clear that the department has invariably reported all cases of persons admitted by minister's permit as is required by the act, and this year the report, which was required to be made within thirty days, was made within three days, of the opening of the session.

I should like to refer to another statement attributed to the same hon. member. The Ottawa *Journal* last Tuesday quoted him as saying that by the use of "secret" orders in council, the government may provide an "underground railway by which thousands of aliens are entering the country, completely by-passing the Immigration Act . . . " May I say emphatically that it is a complete distortion of the facts to suggest that there are orders in council providing "an underground railway" or "by-passing the Immigration Act". These orders in council have been passed in accordance with the provisions of the act and in accordance with long established practice.

Because of the controversies which have arisen over this, I felt it my duty towards the Canadian people and their representatives in this house to establish the facts in their true light, so that whatever differences there may be as to the wisdom of particular decisions, there may be no further doubt as to the legality of the procedure, and no excuse for allegations that there has been any concealment or secrecy.

I now table the return I have just mentioned.

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, may I be allowed to say a word in reply to the statement made by the Prime Minister? First he suggested casually that his answers to the questions could not be interpreted as an easy victory for any hon. member, and with that I agree. The tabling of these orders by the Prime Minister and the attitude he has shown in the last two or three days is a victory for the cause of the restoration to parliament of its right to know what is being done.

The Prime Minister on March 9 tabled a list of the first one hundred orders in council, beginning on July 1, 1948, and a further one hundred beginning on January 1, 1949. He suggested the other day when he brought this matter to the attention of the house that, if there was a request, a like summary would be made for the period not covered, from

August 1. I suggest, so that the record be complete, that that list be provided.

One word with regard to secret orders in council. It is all very well—

Some hon. Members: Order.

Mr. Speaker: Order. I would remind the hon. member for Lake Centre that there is no motion before the house. As the hon. member knows, it is not the practice to permit a debate upon a statement made by a member of the government. The hon. member, if he wishes, may ask for information from the Prime Minister, but I cannot permit debate.

Mr. Diefenbaker: On a point of order, sir, the Prime Minister went out of his way to make a reference to myself which was not necessary and which was totally irrelevant to the matter being discussed. All I wish to do is to answer the point made by the Prime Minister with regard to secret orders in council.

Mr. Speaker: Order.

Mr. Abbott: Go ahead.

Mr. Diefenbaker: An order in council is secret when members of parliament have no knowledge of it unless they get in touch with the proper office, give the number of the order and ask for its production. In other words, before a member of parliament can inform himself about an order in council he first must know of the order; then he must get in touch with the office; then the office asks for the number before it produces the order.

I conclude my remarks by referring to page 17 of the auditor general's report, in which reference is made to an order in council which was passed amending section 17 of the Civil Service Act; that order in council was not tabled, and hon. members had no knowledge of it until the auditor general's report was brought down.

QUESTION AS TO MEDICAL EXAMINATION

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): Do all the people who are allowed to remain in Canada permanently by special permission, and not subject to the Immigration Act, have to undergo medical examination and X-ray?

Mr. St. Laurent: In my declaration a short time ago I stated that no permits to remain permanently in Canada could be granted under section 4 of the Immigration Act.

REPORTS AND PAPERS

TABLING OF DIPLOMATIC INSTRUMENTS

Mr. Hugues Lapointe (Parliamentary Assistant to the Secretary of State for External Affairs): Mr. Speaker, I wish to table a series of diplomatic instruments, being part of treaty series 1947, as follows:

Exchange of notes between Canada and the United States of America providing for the renewal of the arrangement of 1942 for the exchange of agricultural labour and machinery, together wtih the text of the 1942 arrangement. Effective May 19, 1947. (Treaty series 1947/42).

Supplementary protocol to the protocol signed in London on 26th November, 1945, amending the international agreement for the regulation of whaling, signed in London on the 8th of June, 1947, as amended by the protocols of 24th June, 1938, and 7th February, 1944. Signed at London, March 3, 1947. (Treaty series 1947/39).

Exchange of letters between Canada and the United Kingdom constituting an agreement concerning the grant to airlines of traffic rights in Fiji and Canton island. Effective February 1, 1947. (Treaty series 1947/37).

Exchange of notes between Canada and the United States of America amending the provisional fur seal agreement effected by exchange of notes signed at Washington, December 8 and 19, 1942. Effective, December 26, 1947. (Treaty series 1947/36).

Exchange of notes between Canada and France constituting an agreement concerning the application of the French national solidarity tax to Canadian nationals and corporations. Signed at Paris, May 15 and September 5, 1947. (Treaty series 1947/28).

Exchange of notes between Canada and Switzerland extending to the principality of Liechtenstein the treaty of friendship of September 6, 1855, and the additional convention of March 30, 1914. Signed at Ottawa, May 19 and July 14, 1947. (Treaty series 1947/26).

Supplementary financial agreement between Canada and Czechoslovakia. Signed at Ottawa, November 26, 1947. (Treaty series 1947/32).

Supplementary financial agreement between Canada and France. Signed at Ottawa, August 20, 1947. (Treaty series 1947/23).

Supplementary financial agreement between Canada and Norway. Signed at Ottawa, November 10, 1947. (Treaty series 1947/31).

Universal postal convention and related documents. Signed at Paris, July 5, 1947. (Treaty series 1947/40).

Convention of the postal union of the Americas and Spain and related documents. Signed at Rio de Janeiro, September 25, 1946. (Treaty series 1947/41).

Protocol amending the international accord on German-owned patents of July 27, 1946. Signed at London, July 17, 1947. (Treaty series 1947/38).

Agreement relating to the resolution of conflicting claims to German enemy assets. Signed at Brussels, December 5, 1947. (Treaty series 1947/35).

Exchange of notes between Canada and the United States of America constituting an agreement on the allocation of channels for radio broadcasting. Effective October 15, 1947. (Treaty series 1947/30).

POSTAL SERVICE

REDUCTION OF RATES ON CERTAIN GIFT PARCELS TO THE UNITED KINGDOM

Hon. Ernest Bertrand (Postmaster General): Mr. Speaker, I wish to announce a reduction in postage rates for gift parcels. Arrangements have been made with the British Post Office Department and the steamship companies whereby they have agreed to accept lower handling charges for gift parcels to the United Kingdom containing non-perishable foodstuffs, discarded wearing apparel, and soap. Therefore, effective April 1, 1949 any such gift parcels so marked by the sender will be accepted for onward transmission by the postal service at the rates indicated below:

Weight						Postage Rates
Up to and including			5	pounds	.....	$0.50
"	"	"	10	"	.....	1.00
"	"	"	15	"	.....	1.50
"	"	"	20	"	.....	2.00

BUSINESS OF THE HOUSE

DEBATES ON THE ADDRESS—PRECEDENCE OF CERTAIN GOVERNMENT ORDERS

Right Hon. L. S. St. Laurent (Prime Minister) moved:

That, from and after completion of the debate on the address in reply to the speech of His Excellency at the opening of the session, government notices of motions and government orders shall have precedence over all other business except routine proceedings, introduction of bills, questions and notices of motions for the production of papers until the following resolutions and the legislation based thereon shall have been disposed of by this house, viz. (a) the resolution for a measure to provide for the continuation of certain orders and regulations of the governor in council for a limited period during the national emergency arising out of the war; (b) the resolution for a measure to amend the Agricultural Products Act to extend the operation of the act for a period of one year; (c) the resolution to amend the Canadian Commercial Corporation Act to provide authority for advances to the corporation by way of loan out of the consolidated revenue fund and to extend the time of operation of the act; (d) the resolution for a measure to provide for the continuance in force of the Foreign Exchange Control Act until sixty days after the commencement of the first session of parliament commencing in the year 1951.

He said: Mr. Speaker, when this notice of motion was drafted I had hoped that by the time it was presented the debate on the address in reply to the speech from the throne would have been concluded. But the debate has provided opportunity to so many members to bring to the attention of the house matters which they have considered to be of interest that we have not yet concluded the debate, and it may not be concluded today. I shall, therefore, ask one of my colleagues to move, as an amendment to the motion, that if the debate on the address be not concluded at or before the ending of today's sittings, the order of business set out in this motion apply as from Monday until the business referred to thereunder is completed, and that the order of the house of February 21, 1949, continue to apply after it is thus completed.

The reason for making this motion is as follows: As hon. members will have noted, the motion makes reference to four measures. Three of these are referred to in paragraphs (a), (c), and (d), having reference (a) to a continuation for a limited time of certain orders and regulations; (c) a resolution to amend the Canadian Commercial Corporation Act, and (d) a measure to provide for the continuation in force of the Foreign Exchange Control Act. These measures are due to expire sixty days after the opening of parliament, or on March 31, 1949, whichever is the earlier. The sixty days expire on March 27. In order to give the house an opportunity to express itself as to whether or not these measures should continue in force after March 27, it is necessary that they be dealt with before that date. Then, by the terms of the statute, the one dealing with agricultural products will expire on March 31, 1949, unless it is extended. There will be only eight or ten sitting days after Monday in which to deal with these matters, and even during those days hon. members may wish to take some little time to express their views about the text of the north Atlantic security pact, which I hope will be tabled early next week, possibly on Tuesday. We have to deal with these matters, and unfortunately it is necessary that we ask that the debate on the address be interrupted again if it is not completed today.

I think the Canadian public are entitled to expect that parliament will deal with these measures and in express terms say whether

or not they are to be continued beyond March 27 and March 31 respectively. I think it is in the public interest that there be an opportunity for parliament to make its views in that regard expressly known, and that matters of this kind should not be allowed to be disposed of by the lapse of time It is for that reason that I put this motion before the house and ask my colleague to add to it an amendment which will make it applicable if the debate on the address is not completed today.

Right Hon. J. G. Gardiner (Minister of Agriculture) moved:

That there be added to the motion the following words:

"Provided that notwithstanding the order of the house of the 21st of February last if the debate on the said address is not completed at or before the end of this day's sitting the order of business set out in this motion shall be followed on and after the 14th of March instant until the above mentioned resolutions and the legislation based thereon shall have been disposed of by the house, and thereafter the said order of the 21st of February last shall continue to operate according to its terms."

Mr. M. J. Coldwell (Rosetown-Biggar): I rise simply to ask the Prime Minister one question. As I understand this motion, it applies only to the four matters mentioned. I understood the Prime Minister to say that there would be an opportunity to debate the proposed north Atlantic security pact soon after it is tabled. I think that that should be done before the house adopts the pact or approves it. But I understand that nothing else in the way of government orders will be introduced, other than perhaps what the Prime Minister has mentioned already. I think we should be clear on that point, because last year we passed a motion in somewhat similar terms and then found that we had more or less agreed to something that many of us did not understand.

Mr. St. Laurent: First of all, with respect to the north Atlantic security pact, of course there will be a full debate in which every hon. member will have the opportunity of expressing his views. This debate will take place at the time the pact is presented to the house for ratification. However, I think it would probably be the desire of the house that there be a short debate, possibly some time next week upon the proposal that is to serve as the basis for discussion. I would hope that I could arrange with the leaders of the groups to provide, say, a day for that preliminary debate, reserving to all hon. members their full rights to go into the matter at much greater length when the pact comes back for ratification.

There is one other bill which deals with legislation that would expire on March 31; I refer to item No. 14 on the order paper, a bill to amend the Mail Contracts Supplemental Payments Act, which provides for supplemental payments to mail carriers. This was done by legislation last year, and it is felt desirable that it be dealt with again before it expires; otherwise there will be a hiatus in the payments to these mail carriers.

Before the end of March some supplementary estimates for the current year may have to be dealt with. Furthermore, it might be of interest to the public to have the Minister of Finance bring down his budget, if it is ready—and there is a possibility that it will be ready. I think the public would be glad to know the contents of the minister's proposals as soon as they can be made available. I should like to make the reservation that something unforeseen may arise, but at the moment this is all that appears to be of the kind that would justify taking time away from the consideration of the emergency measures.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I would point out that there are considerations other than merely emergency measures. So far the private members of this house have had no opportunity to assert their positions. What is now proposed is to continue a procedure which will prevent the discussion of a number of matters that have been put forward by private members of this house.

The amendment which has been moved deals with the possibility of the debate on the speech from the throne not terminating tonight. I for one am not able to say when the debate may end, but there is certainly every reason to believe that we are within a short distance of taking the vote. It seems to be an extraordinary procedure to come forward now with the statement that this motion must be dealt with today and the debate postponed thereafter when in fact only an hour or two of discussion may remain on Monday.

The debate on the address has covered an extended period. The discussions, in many but not in all cases, have dealt with matters of particular interest to the communities of hon. members. The general debate has taken place and an amendment to the amendment has been presented in substitution for an earlier amendment to the amendment which was voted down. It seems to me that it would be consistent with what has been suggested already that the motion now before the house should stand over until later today, when it can be discussed with some knowledge as to whether the debate is likely to continue. It might well terminate today. Even if it should not, there is no reason why the debate should not continue until Monday,

with the expectation in the minds of all members, I am sure, that it will be concluded then.

Some hon. Members: Oh, oh.

Mr. Drew: Mr. Speaker, I hope you can hear me, because I am addressing my remarks to you, and I realize that you are listening to them. Hon. members who are not interested will be able to check in *Hansard* and see what was said. The debate on the address has obviously come to the point where a vote is about to be taken. I do not think hon. members should vote on the motion before the house with the idea of postponing indefinitely the debate on the address, when a vote may conceivably be taken today, or, under any circumstances that can now be foreseen, will be taken on Monday. If there has been any delay, it has been the result of the considerable lack of direction—

Some hon. Members: Oh, oh.

Mr. Speaker: Order.

Mr. Drew: If there has been any delay, it has been the result of a lack of direction of the affairs of the house.

Some hon. Members: Hear, hear.

Mr. Drew: I would point out that a considerable measure of businesslike procedure can be followed if it is possible for the whips of the parties to know in advance exactly what is to take place, as is the case in other legislative bodies, and make their plans accordingly. Of course I need not point out it also helps businesslike procedure if those who have some particular noises to make will make them outside the house.

Mr. Abbott: I can think of some other noises.

Mr. Drew: I admit that some of these noises are doubtless the only utterances of which these particular members are capable. I urge very strongly, Mr. Speaker—

Some hon. Members: Order.

Mr. Drew: —that this motion be not put at the present time. I urge that it stand until we consider the other motion which is before the house, and which the house agreed should be considered later in the day when it will be known what is to be done. We have not yet reached the orders of the day, and if this motion is not to stand, then the other motion should be dealt with at this stage.

Mr. Abbott: Who is directing the business of the house?

Some hon. Members: Question.

Mr. Drew: I ask that the Prime Minister indicate which course he is prepared to follow. If this motion is to be proceeded with, then the other motion also should be proceeded with before the orders of the day are called.

Mr. St. Laurent: The matter connected with the other motion has been dealt with, and I am sorry that I cannot acquiesce in the suggestion that consideration of this motion be postponed.

Amendment (Mr. Gardiner) agreed to on division.

Main motion (Mr. St. Laurent) as amended agreed to on division.

NOTICE OF MOTION WITH RESPECT TO MARKETING OF AGRICULTURAL PRODUCTS

On the orders of the day:

Mr. F. S. Zaplitny (Dauphin): According to *Votes and Proceedings* of today the Minister of Agriculture intends to ask for leave to introduce a bill on Monday next to provide for the marketing of agricultural products in interprovincial and export trade. Obviously the bill is not to be preceded by a resolution. Does this mean there will be no government expenditure in connection with that legislation?

Right Hon. J. G. Gardiner (Minister of Agriculture): The bill will be presented in due course, and at that time all the necessary information will be available.

ROYAL CANADIAN NAVY

QUESTION WITH RESPECT TO SUBMARINES

On the orders of the day:

Mr. T. L. Church (Broadview): I should like to direct a question to the Minister of National Defence. The minister stated this week in a return requested by me, and in answer to questions I asked, that the Canadian navy has no submarines. Does the minister's answer mean that so far as modern submarine protection is concerned we are dependent on the United States? Has the minister a copy of a report made by Hon. J. L. Sullivan, United States Secretary of the Navy, to President Truman last December, in which he says that the United States navy is spending a very large sum of money on submarine navy defence, a sum of money which in time will be well on to $1 billion? I should like to ask the minister what further action he will take in the matter.

Mr. Speaker: Order. May I suggest that the hon. member put his question on the order paper.

Inquiries of the Ministry

Mr. Church: I am not asking for an answer today; I am merely giving notice of the question.

Mr. Speaker: Order.

OLD AGE PENSIONS

FEDERAL PAYMENTS UNDER ACT AND AGREEMENTS WITH PROVINCES

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 National Health and Welfare. In view of the fact that Manitoba has announced a small old age pensions supplement, which means that the federal government will soon be paying less than seventy-five per cent of the old age pension being paid in six out of the nine provinces, will the minister not agree that it is time to amend the Old Age Pensions Act so as to bring the payment up to $50 across the country?

Hon. Paul Martin (Minister of National Health and Welfare): I thank the hon. gentleman for giving me notice of his question. I am bound to tell him that his calculations are incorrect. The federal government is reimbursing the provinces for seventy-five per cent of all payments made by the provinces under the provisions of the Old Age Pensions Act.

Mr. Knowles: Only up to $30.

Mr. Martin: This applies, without exception, to all nine provinces of Canada. It is true, of course, that in six out of the nine provinces the provincial governments are paying additional allowances of varying amounts—$10 in British Columbia, $7 in Alberta—

Some hon. Members: Ten dollars in Alberta.

Mr. Martin: Seven dollars. In the province of Ontario it is $10 in certain cases, and lesser amounts in Saskatchewan, Manitoba and Nova Scotia. These payments are supplementary payments, and are not made under the provisions of the Old Age Pensions Act or the agreements made by the provinces and the federal government under the authority of the Old Age Pensions Act. For this reason it is not correct to include them in the calculation, because under the Old Age Pensions Act the federal government clearly pays seventy-five per cent of the basic amount of the pension provided under that act. May I tell my hon. friend that, pursuant to the amendments to the act introduced by this government a year ago, there is nothing now to prevent the province of Saskatchewan or any other province from paying $50 a month.

[Mr. Speaker.]

Mr. Coldwell: Except their inability to pay.

Mr. Knowles: What is there to prevent the federal government from amending the act?

FRUIT

ASSISTANCE TO BERRY GROWERS IN FRASER VALLEY

On the orders of the day:

Mr. G. A. Cruickshank (Fraser Valley): I should like to direct a question to the Minister of Agriculture. When may we expect consideration of the problem of the Fraser Valley berry growers similar to that announced for the Manitoba fisheries?

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, the difference between the British Columbia berry growers and the Manitoba fishermen is that we started to consider the difficulties of the British Columbia berry growers almost a year ago. We gave them consideration last spring to the extent of guaranteeing the price of their picking baskets or boxes, and the barrels of SO_2 for the preservation of the commodity. At present we are arranging to sell all the SO_2 we possibly can. Negotiations are proceeding with the government of Ireland for the purchase of certain parts of it, and we are obligated to pay the amounts for which we gave guarantees last spring. We are also considering the disposal of that part of the commodity which may not be sold to Ireland or to some other government. For that reason I would say we are considering the matter all the time, and have been considering it, and are dealing with it in the most satisfactory manner possible.

INQUIRY FOR RETURNS

ORDERS IN COUNCIL

On the orders of the day:

Mr. E. D. Fulton (Kamloops): I want to direct a question to the Prime Minister arising to some extent out of his statement that there are no secret orders in council. On Monday, March 7, three motions standing in my name were passed for the production of orders in council, of which at least two had not been gazetted or tabled in the house. I should have thought a week would be sufficient time in which to produce those orders in council, and I would ask the Prime Minister—

Some hon. Members: Question.

Mr. Speaker: Order. The hon. member knows he should not make a statement but should ask his question.

Mr. Fulton: Will the Prime Minister take the necessary steps to see that the orders in council are produced without further delay?

Right Hon. L. S. St. Laurent (Prime Minister): The hon. member may be assured that this will be done.

COARSE GRAINS

OATS AND BARLEY—FLOOR PRICES

On the orders of the day:

Mr. P. E. Wright (Melfort): I wish to direct a question to the Minister of Trade and Commerce, of which I have sent notice. Is the order in council which sets the present floor prices on oats and barley based upon the emergency legislation at present on the order paper? The second question is, when can we expect some statement on floor prices for the 1949 coarse grain and oilseed crops?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The answer to the first question is no, because the floor price legislation enacted by this House of Commons, I think in 1945, governs the matter. As to the second question, I hope to be able to make a statement on the position of the coarse grain and oilseed crops on Monday or Tuesday of next week.

ENABLING PROVINCIAL LEGISLATION—REFERENCE TO ARTICLE IN "FINANCIAL TIMES"

On the orders of the day:

Mr. T. J. Bentley (Swift Current): Has the attention of the Minister of Trade and Commerce been drawn to an article in today's *Financial Times* which states that the Alberta and Manitoba governments have decided to pass enabling legislation with respect to this government's Bill No. 135 of 1948; and will the minister inform the house whether this news report is correct?

Right Hon. C. D. Howe (Minister of Trade and Commerce): As to the first question, I have not seen the article referred to.

Mr. Bentley: I have it here if you would like to see it.

Mr. Howe: And as to the second question, I have no knowledge of any decisions along the lines mentioned by the hon. member.

LABOUR CONDITIONS

UNEMPLOYMENT IN VANCOUVER

On the orders of the day:

Mr. Angus MacInnis (Vancouver East): I should like to ask whether either the Minister of Fisheries or the Minister of Labour is in a position to make a statement on the position of the unemployed in Vancouver.

Hon. Humphrey Mitchell (Minister of Labour): I shall be glad to do that on Monday.

Inquiries of the Ministry

COMBINES

BAKERY FIRMS IN WESTERN PROVINCES—QUESTION AS TO PROSECUTIONS

On the orders of the day:

Mr. John O. Probe (Regina City): With respect to the Goldenberg report alleging that a breadmakers' combine exists in Saskatchewan, Alberta, and British Columbia, will the Minister of Justice indicate to the house what advice with respect to prosecution has been given him by his legal adviser, Mr. C. S. Blanchard, and what follow-up steps the minister has taken on this advice?

Hon. Stuart S. Garson (Minister of Justice): Instructions have already been given to counsel to proceed with the prosecution in the case referred to by the hon. member.

INQUIRY AS TO APPEAL IN DENTAL PROSECUTIONS

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): Having regard to the outcome of the appeal in the dental case, arising under the Combines Investigation Act, and the decision of the court of appeal, which would appear to emasculate that act, is it the intention to carry the appeal further or to bring in amendments to cover the matters referred to by the court, which render a conviction very difficult to obtain?

Hon. Stuart S. Garson (Minister of Justice): My hon. friend did not give me notice of this question, but the answer is that the matter to which he refers has been under consideration by the officials of the department and our counsel who appeared in that case. We are now awaiting their report, which we expect shortly.

NORTH ATLANTIC SECURITY PACT

OPPORTUNITY FOR DISCUSSION—INQUIRY AS TO ELECTION

On the orders of the day:

Mr. T. L. Church (Broadview): I should like to ask the Prime Minister whether before the Easter recess we will have an opportunity of discussing the proposed north Atlantic pact. I ask that question because of the motion presented today by the right hon. gentleman, as amended by the motion of the Minister of Agriculture, which it seems to me gives the government power to call an election at any time. I should like to know from the Prime Minister also whether or not there is going to be an election.

Right Hon. L. S. St. Laurent (Prime Minister): With respect to the north Atlantic pact, I do not think I can add anything to

what I said a few moments ago. I hope it will be possible to arrange for a short preliminary debate during the course of next week. And I would hope that the north Atlantic pact may give us sufficient security so we can look forward to an election.

BUTTER

CEILING AND FLOOR PRICES FOR CURRENT YEAR

On the orders of the day:

Mr. R. E. Drope (Northumberland, Ont.): Is it the policy of the government to continue the present ceiling and floor prices on butter for the remainder of 1949?

Right Hon. J. G. Gardiner (Minister of Agriculture): The hon. member was kind enough to send me a copy of his question. In reply I would say that the dairy year, as acknowledged by both the department and the farmers, begins on May 1 and ends on April 30 following. It has been our custom to announce the policy for the coming dairy year prior to May 1 of each year. The announcement made last year with regard to floor prices had to do with the dairy year we are now in. The announcement with respect to ceilings had to do with a period beginning with the date of the announcement, and that matter is subject to reconsideration. The policy for the remainder of 1949 will be discussed and announced some time before May 1.

VETERANS AFFAIRS

NON-PENSIONED WIDOWS—QUESTION OF SETTING UP COMMITTEE

On the orders of the day:

Mr. P. E. Wright (Melfort): In view of the recent application of the non-pensioned war veterans' widows for further consideration of their case, will the Minister of Veterans Affairs reconsider the matter of setting up a veterans affairs committee of the house this session so that this matter and others related to it may be given due consideration?

Hon. Milton F. Gregg (Minister of Veterans Affairs): The answer is no, Mr. Speaker; but I may add that last year the parliamentary committee considered this question and did not bring in any recommendation with regard to it.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed from Thursday, March 10, consideration of the motion of Mr. D. F. Brown for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto of Mr. Drew, and the amendment to the amendment of Mr. Low.

Mr. J. H. Blackmore (Lethbridge): After years of careful study, Mr. Speaker, of certain individuals among the veterans, I have come to be filled with a deep anxiety concerning Canada's treatment of her veterans. I refer to the case of veteran Thomas Harvey of world war II. According to evidence I placed before this house in June, 1948—evidence that, so far as I know, has never been denied or questioned—the following are facts concerning that unfortunate soldier.

Veteran Thomas Harvey, regimental No. D76502 and pension No. 550593, I find was punished without trial by his equals. He was railroaded forcibly into an insane asylum. He was held in that asylum under duress. He was for years cheated out of his well-earned pension. He was denied medical treatment to which he was fairly entitled, thereby risking and seriously impairing his health. He was given no chance to contest his case in the courts of the land. He was provided no recourse for redress to any impartial agency. He was intimidated against having recourse to his member of parliament or to parliament.

This is not the only case of that kind which has come to my attention, Mr. Speaker. Careful consideration of this case of veteran Thomas Harvey forces upon one the conclusion that the time has come for the Minister of Veterans Affairs (Mr. Gregg) to discover for himself, the government and the Canadian people—by a royal commission if need be—the grim, unsightly fact that, in accordance with actual present-day practice in Canada, any Canadian who signs into any of the services of Canada thereby signs a document by which in effect he surrenders, forgoes and forfeits for all the remaining days of his life every one of his fundamental rights and freedoms. In other words, a free Canadian man or woman enlisting in the Canadian forces to defend freedom virtually forgoes for life all possible effective legal claim to those precious inherent freedoms won for him by his fathers through Magna Carta, the petition of right, the bill of rights and every other guarantee reclaimed for Anglo-Saxons through their strenuous thousand years of struggle for liberty.

To anyone who has not studied these cases with some care I know those words sound extreme. But I am afraid that when the facts are all known concerning the way in which scores and scores of veterans of world war I and world war II in Canada have been and are being treated those words will be found to be moderate, and to be a bare, simple expression of the facts as they now exist in Canada.

May I read from Magna Carta:

No freeman shall be seized or imprisoned or dispossessed, or outlawed, or in any way brought to ruin: we will not go against any man nor send against him, save by legal judgment of his peers or by the law of the land.

Again:

To no man will we sell, or deny, or delay right or justice.

A careful consideration of the facts pertaining to Thomas Harvey will, I think, make it abundantly clear to every hon. member that we have fallen far short of Magna Carta, even, in respect of our treatment of certain classes of veterans. I am not saying that a great many of our veterans do not obtain treatment which is quite satisfactory but there is a "no man's land" of veterans. The luckless individuals who happen to find themselves in "no man's land" are in a bad way.

We have permitted to grow up in peacetime in Canada a military dictatorship over our veterans, under the name of the Department of Veterans Affairs, including the Canadian pension commission, and the war veterans allowance board. This dictatorship is absolute as far as many people are concerned. In fact, I have evidence to show that employees working under the war veterans allowance board and the Canadian pension commission have rather arrogantly told people that they would not modify their way of treating any given case no matter who asked them to do so, whether it was a member of parliament or anyone else. In due time I will bring evidence to show that that has actually happened in Canada, and within the last year; and I think the evidence I have is dependable.

Let us take a glance at the present-day organizations to which I have referred, namely the Department of Veterans Affairs, the Canadian pension commission and the war veterans allowance board. I asked a question which was answered recently in this house. The question was:

1. How many former commissioned officers are now employed by D.V.A.?
2. Of these, how many were (a) brigadiers; (b) colonels or lieutenant-colonels; (c) majors, or officers of equivalent rank in other services?

In a return dated March 7, 1949, for the Department of Veterans Affairs, the Canadian pension commission and the war veterans allowance board, the answer given was as follows:

1. 1,386 former commissioned officers.
2. (a) 8 brigadiers; (b) 122 colonels, lieutenant-colonels, officers of equivalent rank; (c) 269 majors, officers of equivalent rank.

We might as well face the facts. The Minister of Veterans Affairs (Mr. Gregg) and the Minister of National Defence (Mr. Claxton) both know,—as do a majority of the members of this house, I believe—through having been in the army, that during military activities, training and fighting, great bitterness often develops between the men and their officers. Sometimes it is the fault of the officers; sometimes it is the fault of the men; and sometimes it is merely the fault of the situation in which they find themselves. Nevertheless, the bitterness is there.

Mr. Gregg: Will the hon. member allow me to make a comment at this particular time? In the first place, I deny that statement regarding great bitterness. In the second place, as the house knows, all the medical officers, all the nursing sisters, and all the pension doctors in my department are as far as possible men and women who had service. All such medical personnel—both men and women—when serving in the forces were automatically of commissioned rank.

Mr. Blackmore: That has no bearing on what I was saying, although I am glad to have the minister tell us that. But what we are concerned about is this fact. The men who occupy key positions in the Department of Veterans Affairs are men who could have had grudges against certain men in the services or who could be influenced by men who have had grudges against those men, and who could be influenced in their judgment on a given case by such considerations as that. I am not saying they are.

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

Mr. Blackmore: I am quite ready to permit all the questions that hon. members wish to ask, but I do not want to have "forty minutes" called on me when the time has been taken up by members asking questions.

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

Mr. Blackmore: I would ask the hon. member to speak a little bit louder so I can hear what he is saying.

Mr. Mutch: I am asking whether the hon. member is suggesting that the position between the commissioned and noncommissioned members of the Canadian forces was one of hostility.

Mr. Blackmore: I think that the hon. member who asked that question reflected on his own sincerity by so doing.

Mr. Mutch: I have been on both sides. I think I know, but I do not think you do.

Mr. Blackmore: The hon. member would be surprised at how much I know, and we shall just leave it at that. When the time comes that we can get at each other across

the floor I shall give the hon. member all the evidence that he wants, and perhaps a little more.

The difficulty lies in the fact that there is too much of a stacking of the cards against certain veterans, and I believe that the case of Thomas Harvey well illustrates that point. I wish to make this comment. There must be provided in Canada a set of nonmilitary, nonbiased tribunals, before whom the humblest and weakest veteran can present his case and call in every bit of pertinent evidence, with implicit assurance that every particle of applicable evidence shall be sympathetically weighed on his behalf. That certainly does not exist today. These tribunals must have power to compel the making of appropriate adjustments in favour of the veteran where these are justified.

On June 30, 1948, I put on record a statement prepared by veteran Thomas Harvey. I refer hon. members to *Hansard* of 1948 at pages 6228 and 6229. The salient facts concerning veteran Harvey's case, as outlined in his statement, will be elicited by answering the twenty-five questions which I asked on June 30, as recorded on pages 6227 and 6228 of *Hansard*. These questions have never yet been answered. It may be the intention of the department to answer them in this house, but thus far they have not been answered. If the evidence at hand concerning veteran Harvey's experiences is reliable, and it would appear to be so, then it is important that this house and the country should know who are the persons responsible for the wrongs committed against veteran Harvey in the name of Canada.

In order to help the minister to discover these persons, and the nature of their responsibility to the Minister of Veterans Affairs, I propose to put the following series of questions. These questions are slightly different from the ones which I asked on June 30, but I believe that they go after information which is vital to all Canadians at the present time. Let us bear this in mind. Probably half the members of this house are going to have sons enrolled within the armed forces of Canada within the next two or three years, and there will be tens of thousands of people across Canada who will have sons enrolled in these forces. In the past we have had to worry about having our boys injured in service, or taken sick in service, or killed in service or lost. Now we have the haunting fear that something will happen to them and that they will fall into the clutches of some inner circle in the war veterans allowances department or Canadian pensions commission, and suffer as horrible outrages as those which were endured by Thomas Harvey. I say that it is absolutely unjust, inequitable and injurious that Canadian people should have to worry, as men would worry, after hearing about Thomas Harvey.

[Mr. Blackmore.]

The following are the questions:

1. Where is the Captain Haljerston, president of the mess, whom veteran Thomas Harvey had paraded before Major General Price and charged with refusing to obtain medical aid for veteran Harvey sometime between September 8, 1939 and June 10, 1940?

2. Upon whose recommendation was veteran Harvey sent back to Canada in May or June, 1940?

3. Upon what grounds was the recommendation made?

4. Who asked veteran Harvey to sign his discharge?

5. Who told veteran Harvey that the veteran would receive no treatment for his pains?

6. Who threatened to keep veteran Harvey in detention until veteran Harvey did sign his discharge without guarantee of suitable treatment for his illness?

7. To what extent was Captain Haljerston at the bottom of the two outrages against Harvey referred to in questions 5 and 6?

8. Was veteran Harvey classified as A-1 upon enlistment?

He says he was.

9. Was veteran Harvey classified as category E upon discharge?

He says he was.

10. Was veteran Harvey X-rayed upon discharge?

He says he was not.

11. Was veteran Harvey, notwithstanding the facts indicated in questions 8, 9 and 10, told that he did not need treatment?

12. Who was responsible for this miscarriage of justice?

13. To what extent was Captain Haljerston at the bottom of this piece of skulduggery?

14. Who in the D.V.A. refused veteran Harvey treatment for his pains on the grounds that there was nothing wrong with him? Why?

15. After veteran Harvey had gone to a civilian hospital and been diagnosed as afflicted with T.B., who refused to grant him treatment in D.V.A. on the grounds that he had been out of the service for more than a year?

16. What facilities are provided by D.V.A. for rectifying for a veteran such crass injustices as are indicated in questions 14 and 15?

17. Why did not these facilities intervene on behalf of veteran Harvey?

18. By what course of procedure can a veteran now suffering from such a grievance gain redress?

19. Why was pension granted veteran Harvey in May, 1946?

20. Why had he not received pension in May, 1944, in May, 1942, in May, 1941?

He had already been discharged as category E after enlisting as category A.

20. (a) Who refused veteran Harvey pension?

21. To what extent was Captain Haljerston responsible for this wrong against veteran Harvey and Canada?

22. Why was veteran Harvey taken under escort from the veterans pavilion to Ste. Anne's when it was known that he was afflicted with T.B.?

22. (a) Upon whose orders was this done?

23. Did veteran Harvey get out of Ste. Anne's on condition that he would not fight for his pension or write to parliament about his treatment?

He says he did.

24. Does this signify that the D.V.A. systematically intimidates veterans of certain classes to discourage them from writing to members of parliament, to discourage them from fighting for their pension rights?

25. After veteran Harvey left Ste. Anne's was he still denied treatment by D.V.A., although he was haemorrhaging and growing worse?

He says he was.

26. Was veteran Harvey on May 7, 1948, forcibly taken from St. Hyacinthe, where he was recovering steadily, to Ste. Anne's?

He says he was.

27. What was the reason?

28. Who gave the orders?

29. At Ste. Anne's was veteran Harvey locked up for six weeks and held incommunicado?

He says he was.

30. Upon whose orders?

31. For what reason?

I do not know how anything more important to the fathers and mothers can possibly be found than these questions and the answers to these questions. The country will expect the minister to answer the twenty-five questions on pages 6227 and 6228 of *Hansard* of 1948, and the thirty-one questions I have asked today. I suggest that the minister answer these questions early.

I have several other flagrant cases—Stuart Brown is among them. Stuart Brown has written an extended article, very carefully prepared, very thoroughly documented, given in great detail under the title, "They put me in Essondale". This article appeared in the Vancouver *Sunday Sun* on January 8, January 15, and January 22, 1949. Before this session is over I am going to call for an accounting for the treatment of veteran Brown. Why are there these outrages against veterans? What is the fundamental cause? Is it a fact the government fears Canada is unable to produce enough food for those boys to eat, enough clothes for them to wear, enough shelter to protect them? Is that what is the matter? Or is it a fact they are afraid they cannot raise the money to provide the needs of these veterans?

That is a vital question. That is the point at which that which I am discussing enters into this debate, on the amendment of the hon. member for Peace River (Mr. Low). That is why I say a change in the method of financing should be found.

May I stop here to assure the minister who sits in the house that I do not wish to complain against him at all. In my judgment he is the victim of circumstances, and he faces a task of such colossal magnitude, in endeavouring to clean up the situation over which he is now called upon to preside, that I doubt if any man alive could do it. It will require a great deal more assistance than the efforts of one man. The object of my efforts today is partially that of giving the minister some assistance.

The solution to the problem facing us in connection with veterans is the solution to the problem in connection with old age pensions and a hundred and one other things troubling us in Canada. It is a money question. The whole trouble is one of money. I am going to suggest the solution lies in social credit, and it is implied in the amendment offered by the hon. member for Peace River.

Before I commence to discuss social credit I should like to pay some attention to certain remarks made yesterday by the hon. member for Rosetown-Biggar (Mr. Coldwell). With this in mind I shall read some of his words as they were reported at page 1341 of *Hansard*. The hon. member rose and, in a rather assured way—perhaps that word is sufficient—proceeded to tell the house or to imply to the house that he knew all about social credit, that probably he knew quite a lot more about it than hon. members who are fighting for social credit, and that long ago he had discovered that it was fallacious. I hope I am fair to him in this remark, and I shall proceed to read what he said:

> The more I read the more I came to the conclusion that while financial reform was necessary, he was going about it at the wrong end—

Referring to Major Douglas—

> —that it is not money that counts, but physical assets and goods. The physical assets and goods must precede the distribution of money; otherwise you have merely an inflationary process.

With the second part of his remarks of course we all agree; and the hon. member for Peace River said we believe that. The surprising thing is that the hon. member for Rosetown-Biggar would take the trouble to make a remark which, in the light of the knowledge he must have, if he knows anything about social credit, must be considered to be completely inane.

What manner of man is this member for Rosetown-Biggar? He poses as a rather intelligent fellow, rather an able chap. He would like to have people consider him something of a student, and he would hate to be called dishonest.

Having said that, let me point out some of the things the hon. member for Rosetown-Biggar has done or has neglected to do since he came to this house in 1935, the same year in which I came.

He has been in the house long enough to know better than to make a remark like the one he made yesterday. The first speech I made in March of 1936 made clear that social

credit proposes to create money to represent surplus goods and services already on the market. That fact completely stultifies the remark of the hon. member for Rosetown-Biggar. It indicates that either he is not intelligent, or he is not diligent, or he is not honest—one of the three. He may choose whichever of the three undesirable alternatives he wishes. In the first speech I delivered in 1936 I cited the fact that in 1918 the United States produced $60 billion worth of goods—and I wish the hon. member for Rosetown-Biggar's friends would call him in. I wish he were here—I was hoping he would be. I want to talk with him face to face. I said that in 1918 the United States produced $60 billion worth of goods, but distributed among the people only $45 billion worth of purchasing power.

How in the world could a bit of evidence be found which would more clearly illustrate the fact that social credit stands for the monetization of surplus goods? And the hon. member for Rosetown-Biggar must have sat right here in the house and heard my speech —although he probably utterly disregarded it, as coming from one of those poor Social Crediters who did not know anything. I believe that probably this year we shall have to have a real collision with the hon. member for Rosetown-Biggar, to find out who does know more—he, or the Social Crediters. I must say he has not shown up very promisingly thus far. He does not show in a very favourable light, considering what he said yesterday.

The figures I have given will be found in the report of the bureau of economic research, No. 2, for 1922. This is a United States document, and is obtainable in the House of Commons library. I wonder if, when the hon. member for Rosetown-Biggar was studying social credit, he read the Douglas books. I wonder if he read Maurice Colbourne's two remarkable books, the first of which is "Unemployment or war" and the second "Economic Nationalism"? I wonder if he ever read Charles Marshall Hattersley's "This Age of Plenty"? If he had read any of these he would have had it impressed upon him, and it would have been made painfully clear to him —so clear that even he could have seen, or could not have failed to see—that what was in mind was the creation of money to enable people to buy surplus goods; he would have seen that the difficulty arises out of the shortage of purchasing power which develops naturally in our modern economy, in which we have an abundance.

Time and again since 1936 I have repeated the truth which I have indicated, and I have done so in the presence of the hon. member for Rosetown-Biggar. He has had *Hansard*; he could have read it. If he did not have the time, probably he could have had his secretary read it.

Now let me illustrate further. I have pointed out, too, that the reason the depression hurt the United States so painfully was that between 1929 and 1934 eight billions of dollars in purchasing power, of a total of $23 billion, had been withdrawn in the United States. Naturally it was the shortage of purchasing power which caused the falling of prices and which caused the depression in the United States, so far as its technical and physical aspects were concerned. In the Dominion of Canada in that same period over $930 million was withdrawn. This indicated quite clearly that while we were in the depths of the depression, one for which my Liberal friends love to blame the Conservative party, we were suffering from a shortage of purchasing power, and surplus of goods. Will some of the intimate friends of the hon. member for Rosetown-Biggar take that copy of *Hansard*, read it to him, and point out the words I have just mentioned?

As I have declared three or four times in the house, the fundamental cause of the depression in the United States was the fact that within her own economy the United States had a shortage of purchasing power, as was indicated by the figures of production and purchasing power in 1918.

Between the years 1920 and 1929 the United States lent abroad vast quantities of money to enable people abroad to buy her goods. Thus she maintained a level of prosperity, or apparent prosperity, in her own economy. The trouble was she had a shortage of purchasing power and too many goods. Let the hon. member for Rosetown-Biggar take note of that—too many goods. Once more I do hope he is able to read what I say this time. The United States lent money abroad so that people could buy her goods which her own people could not buy, goods for which they did not have the money to pay.

In 1928 it began to dawn on United States authorities that perhaps it was not safe to lend money abroad to enable people to buy their goods. So they discontinued lending abroad; and that fact caused the depression. I am sure the hon. member for Rosetown-Biggar and his colleagues need to read deeply of these matters before they can attempt to be the wise men they claim to be. I am sure the Liberals have not read deeply enough of these matters because they do not know anything about what it is all about. I am sure the Conservatives do not know. They

do not know as much as the Liberals, judging from the way they have been talking in the house.

The simple matter is that if we are going to begin to deal with the causes of our trouble instead of just the symptoms, if we are going to begin to discuss a policy that will solve our problems instead of just throwing smoke screens around and scattering red herrings on the trail, we have to get down to the fundamental causes of the phenomena which afflict our generation.

The fundamental cause of the phenomena which afflicted us in 1929 was the shortage of purchasing power in the United States economy which the United States endeavoured to rectify by lending abroad, just as she is doing today through the Marshall plan. When she ceased to lend abroad she was in for the depression into which she descended with such fearful rapidity. She will do the same thing again unless a remedy is applied to the fundamental cause of all these troubles.

If the hon. member for Rosetown-Biggar or any one else desires to read up on this matter rather than just take what the Social Crediters say, I would suggest to him that he read "The United States in the World Economy", to be found in the parliamentary library. If the hon. member cannot find a copy down there I will lend him mine if he comes to me. I can show him where he will find the facts. He will discover that what I have said about the causes of the depression in the United States is true. "The United States in the World Economy" is a United States public document which was prepared by a committee which was especially appointed to examine into the causes of the trouble which came on to the United States in the depression.

The United States and Canada are now approaching a surplus position. That is the reason why I asked the questions I did the other day of the Minister of Trade and Commerce (Mr. Howe). If we are approaching a surplus position in Canada in connection with a considerable number of commodities, then we are on the verge of a depression. We shall have to make fundamental adjustments in our national economy in order to enable us to distribute the purchasing power necessary to absorb those surpluses or they will become vexatious in several different ways. We must have a distribution of purchasing power if a depression is to be avoided.

I am going to refer once more to "The United States in the World Economy" a carefully prepared document. Is the hon. member for Rosetown-Biggar prepared to face the facts, now that I have brought them out? Are the members of the C.C.F. prepared to face the facts? Does the hon. member for Rosetown-Biggar dare to face the facts? I suggest that several of his most trusted members take him aside and suggest to him that he read what I have said in this speech this afternoon and then explain himself to them. Let me tell him that if he does face the facts he and his party will have to stop talking their nonsense about private enterprise failing, because it is the success of private enterprise in producing goods that brings about surpluses.

Let me point out another fundamental principle which I am afraid has eluded the intelligence of a number of them. No industry is designed to distribute purchasing power, be that industry a coal mine or a farm or any other kind of industry. Industry is designed to produce goods. When an industry produces ample goods, it succeeds rather than fails. The fact that we have produced surpluses so many times is the best evidence that private enterprise has succeeded superbly in producing goods. But private enterprise cannot distribute purchasing power enough to enable people to buy the goods it produces. Private enterprise, and even a government-owned industry, could not afford to spend as much money in producing its goods as it receives for the goods.

Mr. Low: For instance, the wool mill in Saskatchewan.

Mr. Blackmore: Or any other mill. Let hon. members of the C.C.F. tell the hon. member for Rosetown-Biggar that if he does face the facts he and his party will have to go back to their constituents, if they are going to be honest, and say to them, "We have been all wrong in our diagnosis of the problem up to the present time; we find that the only people who seem to have any real knowledge about this whole economic situation which is confronting us are the Social Crediters; they have been right all the time."

An hon. Member: They must be wonderful.

Mr. Blackmore: They are wonderful; that is right, I should say they are! The hon. member has not been here as long as I have but I can tell him that in every major decision since the C.C.F. became an important party it has voted wrong. It has been wrong every single time and the Social Crediters have been right every time.

Mr. MacInnis: There have been times when the Social Crediters voted with us.

Mr. Blackmore: We have voted with the C.C.F. at times to keep the C.C.F. from going out into the country and lying about us or misrepresenting us. The people out in the country are not in a position to know what we

in parliament know, and the result is that they can be deceived. The C.C.F. are the people who are trying to deceive and the Social Crediters are the people who are trying to keep them from deceiving. You can debate that fact right here on the floor of the house as much as you like. We will take you on from now to the end of the session. It is time that you C.C.F. people were asked to put up or shut up. I know, and the hon. member does not know; he only thinks he knows.

An hon. Member: A Daniel.

Mr. Blackmore: We need a Daniel today and, lo, he has come. The C.C.F. do not recognize the Daniel because he is right.

Mr. Matthews (Kootenay East): Do they recognize the hon. member?

Mr. Blackmore: You will recognize him when you get to know him better. We are having real fun now, but I mean every word of what I am saying.

Mr. Matthews (Kootenay East): That is the trouble.

Mr. MacInnis: If the hon. member did not mean it, it would not be so bad.

Mr. Blackmore: Let the hon. member take advantage of this debate and get up and say what he has to say and I will answer him point for point. That is the thing to do, rather than to make silly remarks. If the C.C.F. were honest with the people whom they represent they would go back to them and say: "The only solution that you can possibly find for the problems which confront us today, for the ills from which we are suffering in Canada today and throughout the world, is to be found in the social credit proposals, and the only accurate analysis of the situation is the social credit analysis."

Just before I close I want to read into the record, as evidence of the truth of what I have been saying with regard to the need for adjustment in the United States, a passage from "The United States in the World Economy." This is to be found on page vi, and it reads:

> A world economic structure organized on the basis of equal treatment and with large scope for free enterprise cannot be maintained in the face of such reductions in the supply of dollars as have occurred in our international transactions in the past. Unless the supply of dollars is more adequate—

I direct the attention of the hon. member for Rosetown-Biggar to these words:

> —to meet foreign requirements, other countries will assuredly insist on their rights to exercise a close selective control over the use of the amounts available and to promote more intensive relations with third countries under preferential trading arrangements. Unless dollars are made available with greater regularity than in the past, it would be both unjust and unwise to demand the removal of restraints and controls largely designed to protect the internal economies of other countries against external shock and pressure.

That is dealing with the international situation, but here is what is said about the internal situation, the problem of distributing purchasing power:

> On the solution of these problems, through maintenance of a high and reasonably stable level of economic activity in the United States, the interests of this country, and of other countries, are most clearly and indisputably united.

There is only one way in the world in which the United States or Canada can keep her economy stable, and that is by continually introducing into the hands of consumers sufficient purchasing power to enable them to buy the goods they can produce. The only possible solution to the world's difficulties is to be able to put into the hands of the have-not people the money which is necessary to enable them to buy those goods which the more happy countries can produce.

Because of the evidence and of the facts which I have brought forward, I intend to support the amendment moved by the hon. member for Peace River (Mr. Low).

Mr. Howard C. Green (Vancouver South): Mr. Speaker, this afternoon I propose to say a few words about the question of freight rates, and I do so for two reasons. First of all I believe that there is great urgency about the matter. It is now admitted in most parts of Canada that there are great inequalities in our Canadian freight rate structure. Unfortunately each delay in dealing with these inequalities makes the position just that much worse. Therefore the time element is of great importance. My second reason for dealing with the subject today is that I fear there will be no other opportunity before the Easter adjournment, and possibly for the remainder of the session. I say that for this reason. Not only is there nothing coming up on the order paper which would open up a debate on the subject, but a royal commission on transportation has been set up, and I expect that once that commission commences its hearings anyone who rises in the house and tries to debate the question of freight rates will be met with the objection that the matter is under the consideration of the courts. In effect, an iron curtain will then be drawn over the question, and it will be impossible to have effective debate.

In approaching the subject at this time I believe it is necessary to bring up to date the record of what has been happening, and to see that the record is kept straight. It is also necessary to make clear to the house,

and to the country, that the removal of the inequities, of the discrimination, is still a long way off; also that it is necessary to ask that the functions of the two bodies which are supposed to be dealing with the question of freight rates, the royal commission on transportation and the Board of Transport Commissioners for Canada, be much more clearly defined; at the present time there is great uncertainty across the country as to the respective functions of the two bodies. I think it is also necessary to demand that the government face its responsibilities on the freight rate question.

There is a reference to the matter in the speech from the throne, reading as follows:

> A royal commission has been appointed to inquire into and report upon all questions of economic policy within the jurisdiction of parliament arising out of the operation and maintenance of national transportation.

That, of course, refers to the royal commission. Then the paragraph goes on:

> Together with the findings of the investigation by the board of transport commissioners, the report of the royal commission should furnish parliament and the government with the basis for a sound transportation policy.

Here we have the government handing on the obligation to determine policy on railroad transportation not to one commission or board, which is the usual practice, but actually to two boards. We have two bodies being asked to do the job which the government should do for itself.

What is the record on the question? On October 11, 1946, the railways applied for a flat increase in freight rates of thirty per cent. I suppose there were very few people in the country who did not believe that the railways were entitled to a reasonable increase because of the rising costs in all the activities of the country. The application for an increase was opposed by seven of the provinces, the three maritime provinces on the east coast, Nova Scotia, Prince Edward Island and New Brunswick, and the four western provinces, Manitoba, Saskatchewan, Alberta and British Columbia. Those seven provinces were the ones primarily concerned with any increase in freight rates.

The other two provinces, Quebec and Ontario, are not so much concerned about rail charges. The distances that freight has to be hauled in those two provinces are much shorter. Then, too, there is very efficient road and water transportation which is in direct competition with the railroads, and which has served throughout the years to keep rail rates down; and has resulted in fact in the full rates permitted in Ontario and Quebec not being charged in many cases. As I have said, these two provinces were not directly concerned with the increase in the freight rates.

British Columbia was in the unfortunate position of being more concerned than any other province because the people of that province pay the highest rate of all by reason of what is known as the mountain differential, which takes the prairie rate and adds to that another quarter. It costs as much to haul freight a mile in British Columbia as it does to haul it a mile and a quarter in the prairie provinces, and the prairie rates are higher, of course, than the rates in Ontario and Quebec, or in the maritime provinces.

The board of transport commissioners held many sittings across Canada, and finally on March 30, 1948, handed down a judgment which allowed a flat increase of twenty-one per cent as against the increase of thirty per cent which had been requested by the railways. In their judgment they held that the freight rates must pay not only for the costs of operating the railways but also such charges as income taxes, dividends, fixed charges, depreciation and surplus, although a portion of those charges came from other earnings such as hotel earnings, shipping earnings, and various other services supplied by the railways. The Consolidated Mining and Smelting Company is another example, it being a subsidiary of the Canadian Pacific Railway. The judgment could be put into effect upon three days' notice, which meant that the increase of twenty-one per cent could be made by the railways after that time had passed.

Great dissatisfaction was expressed immediately by the seven provinces which had been involved in the hearings. I have here the different wires that were sent to the cabinet requesting mainly that the increase of twenty-one per cent be suspended for a period of thirty days in order that the different premiers might get together and decide what they would do about appealing the judgment. For example, I shall read from the wire sent by the premier of Manitoba, who is now the Minister of Justice (Mr. Garson) in the government. In his wire we find these words:

> The provinces which oppose the application desire the opportunity to meet and consider the judgment and to formulate their grounds of appeal, and it would be manifestly unjust to allow the higher rates to go into effect before they have had this opportunity.

Those seven provinces were in this position, that the only appeal they had from the judgment of the board of transport commissioners was to the cabinet. There is no other appeal from a decision of the transport board. On April 7 the Minister of Transport (Mr. Chevrier), speaking in this house, announced

that the government refused to suspend the operation of the judgment, and went on to say that the government had decided to order the board of transport commissioners to conduct a general rate inquiry. That was the answer given by the government to the seven provinces. I have here the order in council passed on that date, P.C. 1487, which contains the instructions to the board of transport commissioners concerning this general rate inquiry, and I read the material part of it, as follows:

. . . it is therefore advisable that the Board of Transport Commissioners for Canada be directed to make a thorough investigation of the rates structure of railways and railway companies which are under the jurisdiction of parliament, with a view to the establishment of a fair and reasonable rates structure which will, under substantially similar circumstances and conditions, be equal in its application to all persons and localities so as to permit the freest possible interchange of commodities between the various provinces and territories of Canada and the extension of Canadian trade both foreign and domestic, having due regard to the needs of agriculture nd the other basic industries.

It goes on to exempt from that inquiry the statutory provisions, which I believe are the maritime freight rates and the Crowsnest rates, both of which are in existence by reason of statute. In effect the government on April 7 last admitted that there were inequalities in the freight rate structure. Hon. members were very much concerned. The minister was asked how long it would take to complete this general inquiry and this was his answer, to be found at page 2718 of *Hansard* for April 7:

It may take a year, or it may take two years. That will depend upon the dispatch with which the board can get across the country.

Because the minister's statement was not considered satisfactory, that same day an amendment was moved to a motion to go into supply, by means of which the whole freight rate question was brought before the house. It was also a matter of the greatest interest across the country. For example, I have the leading editorial from the Vancouver *Sun* of April 9, 1948; and as the minister knows that newspaper is a consistent supporter of this government. In the editorial I find this paragraph:

This government has given the victims of regional rate discrimination not the slightest grounds to believe that it is interested in inequalities as such. It is interested, however, in shutting up the roars of protest evoked by a twenty-one per cent magnification of the injustices.

That was a very good word, I think, to apply to these increases, considering the discrimination which existed before. The debate was adjourned on April 7 and resumed on April 13, when the minister took part. At page 2904 of *Hansard* for that date he dealt with the question of the length of time it would take the board of transport commissioners to complete this general inquiry. He said:

In order that there will be no further misunderstanding on this question may I say that I conferred with the chief commissioner of the board and asked him how long in his opinion it would take to complete this investigation. He said that because of the circumstances which had changed in the economy of this country from the time that the judgment was handed down in 1927—

There the chairman was referring to a previous general inquiry.

—it would require an absolute minimum of six months in which to complete the investigation, and that it would probably be completed within a year.

Then on April 15 the board of transport commissioners issued a directive, which stressed the need for speedy action. For example, it says:

The Board of Transport Commissioners for Canada, in order to carry out as expeditiously as possible the direction of the above recited order in council—

That is the one from which I read a few moments ago.

—hereby invites provincial governments and other authorities, boards of trade, chambers of commerce and other interested parties to submit to the board any statement of facts under which it is claimed that unjust discrimination, or undue or unreasonable preference or advantage, or prejudice or disadvantage, or unfair treatment exists against or in favour of any locality, province or region by reason of the present rate structure.

The directive goes on to say that submissions should be filed not later than May 25, 1948, and that the railways would be given until June 30, 1948, to file answers. Then it goes on further:

The purpose of this notice is to put the board, as early as possible—

I point out that throughout this directive the board is stressing speed.

—in possession of any and all complaints against the existing rate structure, and to specifically direct attention to the subject matter of such complaints, with a view of considering what changes, adjustments and redistribution in rate incidence may be necessary to correct the defects complained of.

The board desires to proceed with the investigation and to hold such public hearings as may be deemed necessary with the least possible delay, and to conduct the same in a manner most calculated to secure a complete and systematic development of all material facts.

That directive was issued just about eleven months ago. Eleven months have gone by, and I believe as yet not one brief has been filed by a provincial government. There have been no hearings. It looks as though this general rate inquiry has just been pigeonholed in the meantime.

Mr. Chevrier: May I interrupt the hon. gentleman? The application for the removal

of the mountain differential, which came from British Columbia, has been heard since that time, following that directive.

Mr. Green: I am going to deal with that in a moment.

Mr. Chevrier: Is that not so? The hon. gentleman has made the statement that nothing has been done under that directive, and I am saying now that the application of British Columbia has been heard. Is that not right?

Mr. Green: The minister is not right, because the directive to which I referred has to do with the general rate inquiry. It quotes the order in council issued on April 7, and deals only with the general rate inquiry. The application of British Columbia for the removal of the mountain differential was an entirely separate application.

Mr. Chevrier: No, it was not. I do not want to be interjecting, as my hon. friend interjected during my speech, and if he thinks I should not I will sit down. But I believe he should be fair. The mountain differential is a part of the whole rate-base structure.

Mr. Green: The minister will understand as I go along. I will deal with that point.

Mr. Chevrier: I did not want to interrupt the hon. gentleman unduly.

Mr. Green: This general rate inquiry has not been held, and unfortunately the discrimination continues. Of course that discrimination was accentuated by the 21 per cent increase, because it meant that where an unfair rate was being charged that rate went up 21 per cent, which was more than the 21 per cent on a lower rate.

Then in spite of the formula therein to which I referred a few moments ago, which said that the freight rates had to bear all these various charges, the minister in his speech in this house also vigorously defended the judgment of the board of transport commissioners. I would refer you, Mr. Speaker, to page 2900 of last year's *Hansard;* it was on April 13. As reported at page 2900 of *Hansard* of 1948 the minister said:

> The board gave careful consideration to all the arguments that were put before it. They sat for almost fourteen months.

He went on to say how careful they had been in holding hearings in all parts of Canada. Then he said:

> There are six commissioners on the board at the present time.

Then he uses these words, which are the key words supporting the point I am now making:

> The board through the chief commissioner has delivered a clear and outstanding judgment in this case.

He went on to refer to the various commissioners, and to point out how much each of these commissioners knew about the railway question, arguing that, because they knew so much about it, therefore their judgment was right. But he was not content with that.

Mr. Chevrier: The words speak for themselves.

Mr. Green: Yes, they certainly do. The words shout for themselves. The minister went on to explain about the board's experts. He said they were fine experts and therefore the judgment must be right. The tragedy of the minister's action was this. In this country we have, or are supposed to have, cabinet solidarity. The minister spoke for the cabinet, and the cabinet was the only body to which persons could appeal against this judgment of the board of transport commissioners. In effect the Minister of Transport (Mr. Chevrier), for the cabinet, prejudged any appeal that the seven provinces might take.

He went further. The other day he was praising this royal commission. I would refer hon. members to page 2906 of *Hansard* of 1948, the same day, where we find what he thought about a royal commission then. He said:

> I say to the house that if we were to appoint a royal commission or other body to investigate the inequalities of the freight rates structure in Canada this is what would happen. The royal commission or other body would come to the government and say, "We are ready to proceed with the case. Give us the technical assistance; give us the experts." We would have to reply, "We know of only two groups of people in this country who are able to give you the technical evidence and assistance you require, and those two groups are to be found in the board of transport commissioners." Those groups are, first, the bureau of economics of the board of transport commissioners, and second, the traffic experts of that board, the one composed of a personnel of forty and the other of a personnel of twenty. That being the case what would be the use of asking four, five or six men, not nearly as conversant with this question as are the members of the board of transport commissioners, and who to my mind would not have the same knowledge of the circumstances as the board, to carry out such an investigation? I say to the house therefore that the members of the board, four of whom are from provinces other than Ontario and Quebec, are better qualified and equipped to deal with this question than would be the members of a specialized board or commission of some kind or other.

That is the minister less than a year ago. On the same day, by the way, the leader of the opposition moved an amendment—which will be found at page 2915, and which

expressed the position of the Progressive Conservative party—in these words:

. . . regrets the government's failure to secure the removal of inequalities and discriminations in the Canadian railway freight rates structure before the imposition of a horizontal increase of twenty-one per cent—an increase which is bound to intensify the aforesaid inequalities and discriminations . . .

Then it went on to regret the refusal of the government to give the provinces thirty days in which to consider an appeal.

That carries the picture up to April 13, 1948. An interesting series of events followed in that year. On April 26 the seven provincial premiers again protested to the cabinet. They were in the position of having had their appeal prejudged by the Minister of Transport on the floor of this house. Obviously, in the nature of things, they would not expect much help from the cabinet. They asked then that a royal commission be set up; and they did not ask for a royal commission just to investigate the transportation question. They actually asked to have set up a royal commission which would act as an appeal body from the judgment of the board of transport commissioners. They also asked for the suspension of the twenty-one per cent increase in the meantime, and went so far as to say that, if the railways were hard-pressed financially during the time that this matter was being considered, the government should subsidize the railways. On April 29, British Columbia filed a claim for the removal of the mountain differential. That was a new case which they filed on that date. This claim has been heard, but the decision has not yet been handed down.

Then on July 1, some two months later, the Prime Minister (Mr. King) advised the seven provinces that he was refusing a royal commission and that there could be no suspension of the twenty-one per cent increase. On July 14 there was a wage increase of seventeen cents an hour across the board. On July 20 the provinces again appeared before the cabinet. At this time they filed their appeal from the decision of the board, and again asked for a royal commission. Four days later, on July 24, the royal commission was refused. Four days after that again, on July 28, the railways applied for a further increase—that is, on top of the increase of twenty-one per cent. I believe their second application was for a fifteen per cent interim increase and a twenty per cent permanent increase. But I am told that now the argument is for a twenty per cent flat increase over and above the twenty-one per cent increase granted previously.

Early in August the government party held a convention here in Ottawa. Among the resolutions passed by that convention—we were told it was against the wishes of the cabinet, and it certainly must have been against the wishes of the Minister of Transport—was one advocating the setting up of a royal commission on transportation. On September 17 the announcement was made that there was to be a royal commission. In other words, the Minister of Transport was then overruled for the first time.

On September 27 and 28 the provinces argued before the cabinet their appeal from the decision of the board. The Minister of Transport was not present at that time. He was representing Canada at a conference in Europe. It was a good thing that he was away, in view of the speech he had made on April 13. In any event, eleven other ministers heard the appeal by those seven provinces. On October 14 the eleven members of the cabinet handed down a judgment which will be found in "Canadian Railway and Transport Cases," volume 62, at page 273. That judgment upset the formula which had been laid down by the board. I will quote to the house the material paragraph, which reads as follows:

The committee are favourably impressed with the view—

That is, the cabinet.

—that income derived by the railways from sources other than their railway transportation operations should not be entirely excluded by the board in determining the corporate needs of the railways. The payment of fixed charges and income taxes are corporate obligations of corporations as such, and the incomes of corporations, whatsoever their source, are liable therefor; provisions to be made for dividends and a surplus are likewise corporate needs and should be so considered. For these reasons, the committee are of the opinion that some portion of the corporate needs should be borne by the income derived from nonrailway operations.

The cabinet referred the judgment back to the board of transport commissioners. The headnote reads that it is to be referred back for consideration by the board of the claims set forth in the petition by the provinces, and that consideration "should take place concurrently with and in relation to the pending application by the railways for a further increase in freight rates." Then the following footnote appears:

The result of this order in council is that the increase of 21 per cent in freight rates authorized by the board in the general increase case 1946-48 will remain in effect unless and until altered by the board by means of an adjustment which may be made in the course of its disposition of a pending application for a further increase of 20 per cent in freight rates.

The Minister of Transport was clearly wrong in April, 1948. He was proved wrong by the fact that in October, 1948, his colleagues found the judgment of the board of transport commissioners in error. Since October, 1948, the board has been hearing

these two applications; reconsidering the application for a 21 per cent increase on the basis suggested by the cabinet, and also hearing for the first time the application for an additional 20 per cent increase. All the time, Mr. Speaker, the discrimination continues and it will be made worse, as I pointed out, by any flat increase. There is no sign of a general rates inquiry by the board of transport commissioners.

In the meantime, on December 29, a royal commission on transportation was appointed. Its powers, obviously, conflict with the powers given to the board of transport commissioners to hold a general rates inquiry. In addition to a repetition of the powers given to the board for such inquiry, power is given to this royal commission to review the Railway Act, and to review the capital structure of the Canadian National Railways. Various other powers are given to them, with the one proviso contained in the last paragraph of the order in council setting up the commission, which reads as follows:

> That the scope of this commission shall not extend to the performance of functions which, under the Railway Act, are within the exclusive jurisdiction of the board of transport commissioners.

There is no proviso there concerning the statutory freight rates, namely, the maritime freight rates and the Crowsnest rates. They are not excepted from the powers of the royal commission. It may well be that these statutory rates will be lost as a result of the hearings of the royal commission. Furthermore there is no sign of the commencement of the hearings of this royal commission. There has already been a delay of six months. In September of last year it was announced that a commission would be appointed, and when the commission was set up on December 29 press dispatches stated that the job of the commission would take the better part of a year, with public hearings across the country starting perhaps in two months from the announcement of the appointment of the commission. That would mean in March. The press dispatch goes on to say:

> It is not expected a report will be received from the commissioners before 1950.

The other day I asked the minister when the hearings were to commence and he said the intention had been that they would commence in May—

Mr. Chevrier: No, by the end of April.

Mr. Green: Surely the end of April would be the beginning of May, or pretty close to it. He said that it had been thought the commission would be ready to proceed by the end of April. He went on to say, as reported at page 1062 of *Hansard*:

> Since then I have been informed that provinces have sought some delay in order to prepare their cases.

I point out that there has already been a delay of six months.

It would appear, Mr. Speaker, that the royal commission must first sit and report, because they are instructed to review the Railway Act. The royal commission having reported, if any changes are to be made in the Railway Act, these will have to be put through parliament. After that has been done the board of transport commissioners will have to decide on rates. They would obviously be foolish to try now to set up a new basis of rates, because that job has been handed on to the royal commission. This double set-up, this business of two boards, means more delay; it means more expense; and of course it means that the discriminations continue, unless the railways themselves get soft-hearted and remove them.

Mr. Knowles: There is not much chance of that.

Mr. Green: After all, the actual equalizing of rates can only be done by the rate experts. It cannot be done by the royal commission; it cannot be done by the members of the board of transport commissioners. It has to be done by rate experts. I suggest that parliament could have been used. Instead of setting up a royal commission we could have had a committee of this house deal with this question and then parliament could have advised the experts what was to be done, and they could have drawn up the rates. Certainly nothing miraculous will come from this commission any more than has come from other commissions.

In any event, the government can now clarify the function of these two boards. There is confusion from coast to coast.

Mr. Chevrier: There is no confusion at all.

Mr. Green: Boards of trade do not know—

Mr. Chevrier: Let me tell my hon. friend that there is no confusion at all.

Mr. Graydon: Except in the cabinet.

Mr. Chevrier: If my hon. friend reads the order in council setting up the investigation, and setting up the royal commission, he will find that there is no confusion. It is quite clear. The duties are set out. Of course my hon. friend can make the statement that there is confusion, and he is entitled to his opinion.

Mr. Green: The minister tells me that, but I tell him that there is confusion across the country.

Mr. Chevrier: I am saying that there is not.

Mr. Green: Boards of trade and other public bodies interested do not know to whom they should make recommendations. Furthermore, the government should insist upon the speeding up of these hearings. If there are to be two sets of hearings, then the hearings should be speeded up. And most important of all, the government should make up its mind as to its freight rate policy. The question involved is, are these discriminations to be removed or are they not? That is a matter of government policy. The present government is dodging that responsibility, but in the end some government will have to adopt a policy on freight rates.

I repeat what I have said several times, because I want to emphasize the point; in the meanwhile, discrimination continues and it will be made worse with each flat increase across the board.

Mr. Angus MacInnis (Vancouver East): I wish to deal with two points for a few minutes. First, I shall say a few words in regard to the subamendment moved yesterday by the hon. member for Peace River (Mr. Low). In doing so, I should like to assure my Social Credit friends that my comments will be as bereft of chiding criticism, if one can call it that, as I can possibly make them. I have a certain affinity, if I may use the word, with my Social Credit friends. I shall be careful of my words and say that we are both descended from the same social stratum of society, and that consequently we see the same kind of people and to a large extent meet the same conditions. For that reason, if for no other, I have no wish to be either unfair or acrimonious in any remarks I make.

The subamendment, however, is one which this party, I regret, cannot support. It contains three sections, the first of which is an expression of regret that the government has shown studied indifference to social credit financial proposals. The second is a regret that the government has failed to take up the social credit challenge to debate in the house certain aspects of social credit. Surely no such proposals were ever made a part of a want of confidence resolution. What does it matter if the government has not done those things.

Then, the last section is a regret that the government has not made legislative provision for the maintenance of purchasing power for the distribution of goods and services. All of us would agree with that. But if the assumption is that that could only be done, or must be done, by the application of social credit principles, then we cannot agree with it.

Yesterday my leader said the trouble today was not one of a scarcity of money, but a maldistribution of money. As a matter of fact up to a very few months ago it was not a scarcity of money, but too much money.

An hon. Member: We agree with that.

Mr. MacInnis: If you agree with it, and if that was the condition two months or six months ago, the question is not that there is less money today than there are goods. As a matter of fact the processes of production distribute always in wages, salaries, rent and profits enough money to consume the goods produced.

Mr. Blackmore: Never in your life.

Mr. MacInnis: Yes, that is the Social Credit argument. They assert one thing and I assert the opposite. And while I am not a Daniel, or any of the major or even the minor prophets, I am prepared to put my opinion against theirs any time. As I shall develop my argument I shall have something to say along that line.

I maintain, and I think every economist of any note anywhere maintains, that the trouble with the capitalist system, with so-called free enterprise, is that it does not distribute equitably enough the fruits of industry so that the people can be provided with the clothing, food and shelter they need through our productive processes. That is the fact. But the reason it does not do that is because it is not its purpose to do that. The purpose of industry is to produce profits for the owners of industry. The more that is put into wages or into any other costs, the less goes into profits. If we do not understand that, I do not believe we can understand anything about our economic system. And until we understand that we will not understand how to apply remedies.

The hon. member for Lethbridge (Mr. Blackmore) complained yesterday, as he has on several other occasions—if "complained" is the right word—about his inability to make the members in the house understand the principles of social credit. I have listened to the hon. member since 1935, and the more I listen to him the more confused I am. I am free to say that perhaps that is not his fault; it may be mine. I find however that I can understand other people when they are talking; I can understand what they mean. But I cannot understand the hon. member for Lethbridge or the others in the Social Credit party who deal with the theory of social credit; they are not understandable to me.

Mr. Blackmore: Give us an example.

Mr. MacInnis: I shall do that.

Mr. Shaw: Give us your amendment of 1935.

Mr. MacInnis: Speaking in the house on March 12, 1947, the hon. member for Lethbridge said, as reported at page 1309 of *Hansard*:

> Up to the present time there has been the danger, when banks have lent money, that they could not get their money back. It is obvious that with debt-free money going into circulation among the people the banks would have a far better chance of having their loans repaid. In many cases the loans would be partly if not wholly repaid with debt-free money. That is one way in which the debt-free money would be cancelled out of circulation. So there would not be the danger of too much of it being in circulation.

If that means anything at all, it means that bank loans—in other words, debt money—are to be paid with debt-free money which, when the bankers receive it, they are going to cancel out so that there will not be too much money in circulation. If that makes sense to anyone I should like him to hold up his hand and then to explain it to the house. It does not make sense to me. Then we have this paragraph:

> The banks lend money for production purposes but not to pay interest. But interest is necessary to encourage the banks to lend money.

In other words, debt money is necessary to encourage the banks to lend debt money. Then it continues:

> The banks also never lend money to pay a profit. If we are to continue under our system of interest and profits the finest way to enable us to carry it on is to have debt-free money which can supply means for the payment of interest and profits. That is another way to cancel debt-free money out of circulation.

There again, when you pay debt-free money to pay interest and to pay profit, then the person receiving it cancels it. If he cancels it out, what has he got?

An hon. Member: Nothing.

Mr. MacInnis: Well, that is social credit. I have been trying to understand that sort of thing for the last fourteen years.

An hon. Member: Page the hon. member for Cariboo (Mr. Irvine).

Mr. MacInnis: If the hon. member for Cariboo understands it, he was never able to make me understand it.

Then, again, my hon. friends charge the socialists and the C.C.F. with favouring controls and regulations. They are fearful if that sort of thing is allowed to creep in we will not be able to control it. As the hon. member for Red Deer (Mr. Shaw) said last night, bad men will get into almost any organization, and may take over control.

At the last session of parliament I asked the hon. member for Lethbridge a question, which is found at page 5605 of *Hansard* for 1948. I quote:

> Mr. MacInnis: I have been trying to grasp the principles of social credit. My understanding is that it is controlled free enterprise. Is that correct?
>
> Mr. Blackmore: I think you could say "controlled" or "regulated." It is difficult to get a word which will carry the exact truth without an unfortunate connotation.

I might say that I am still trying to grasp those principles. Even after listening to my Social Credit friends I think it must be admitted that any controls that we would likely have under a C.C.F. or any other government would be the utmost freedom in comparison to the controls that would be necessary under social credit. The high priest of social credit was brought out last night to bear witness. I refer to Major C. H. Douglas. I have in my hand a copy of "Social Credit" by C. H. Douglas. This is a revised edition, but I do not know the year of publication. At the back of the book is an appendix headed, "Draft Social Credit scheme for Scotland."

It is rather interesting to note that Major Douglas should make Scotland a testing ground for social credit. I imagine he felt that, if social credit would not work with the intelligence of the Scottish people, it would not work at all. For that he is to be commended. What is this plan? Section 1 reads:

> Obtain from existing sources, such as company balance sheets, land registration offices, and insurance companies, such information necessary to place a money valuation upon the whole of the capital assets of Scotland, such as land, roads, bridges, railways, canals, buildings, drainage and water schemes, minerals, semi-manufactured materials... Add to this the sum representing the present commercial capitalized value of the population.

There was to be a census made and a value put on sewers, roads, cattle, hogs—

An hon. Member: And porridge.

Mr. MacInnis: Yes, on oatmeal as well.

An hon. Member: And haggis.

Mr. MacInnis: And a value was also to be put on human beings. The men, women and children of the country were to be given a value. I quote again:

> Such a figure exists and varies with the actuarial expectation of life and the plant capacity of the country, and is something like £10,000 for a citizen of the United States at the age of twenty-five.

This is the only social credit plan I have ever seen and apparently it would apply to other countries besides Scotland. They are going to place a commercial value on human beings. But they go further, and I quote from page 206:

> No transfer of real estate directly between either persons or business undertakings will be recognized. Persons or business undertakings desiring to relin-

quish the control of real immovable estate will do so to the government, which will take any necessary steps to re-allot it to suitable applicants.

This from the people who shout about the socialization of land, but such things as this were never in any C.C.F. program at any time. Yet we find them here in the only social credit plan that has ever been drawn up. Yet social credit members talk about freedom. The hon. member for Red Deer (Mr. Shaw) quoted Major Douglas last night. Does the hon. member for Peace River (Mr. Low) repudiate Major Douglas?

Mr. Low: No.

Mr. MacInnis: These are Major Douglas' words. These are the words in the bible of the Social Credit party.

Mr. Low: That is not what he said.

Mr. MacInnis: Those are the words of the high priest of the Social Credit party.

Mr. Blackmore: It is the hon. member's interpretation.

Mr. MacInnis: I think I can understand English. I have not time to read much more, but the following is found on page 210:

Wage rates in all organized industries will be reduced by 25 per cent where such reduction does not involve a loss to the wage-earner exceeding 20 per cent of the sums received in the form of national dividend. The wage rates ruling in 1928 to be taken as the basis against which the reduction would be made.

Any trade union violating a wage agreement to render its membership liable to suspension of national dividend, and any employers' organization committing a similar offence, to be liable to suspension of price assistance or wage reductions.

If you put a program like that into effect, and I submit that that is the only extant program of the social credit movement, without an iron-clad dictatorship you will be doing something that has never been done before.

Mr. Low: That is just the plan for Scotland.

Mr. MacInnis: If it is good enough for Scotland it ought to be good enough for any place else. My hon. friends remind me of the minister who had been brought into a new parish. He had been there for six months or so and had never heard any comment on his sermons. One day he asked one of the elders how he thought he was getting along, whether they were satisfied with his sermons, and the elder replied, "Don't worry, the members of this congregation did not know what sin was until you came here." Let me say again that despite what the hon. member for Lethbridge (Mr. Blackmore) said this afternoon the industries of Canada do distribute purchasing power.

Mr. Low: Incidentally.

Mr. MacInnis: As a matter of fact any useful work that they do is incidental. It is not their purpose to do useful work for the community; their purpose is to produce profits for the shareholders. If you are selling shares or stock in a company no one will ask you what useful service the company is doing for the community; but they will want to see the balance sheet for last year. If the balance sheet shows a loss, no matter what useful purpose the company is performing they will not buy. That is proof positive of what I say is the purpose of private industry. I regret that we cannot vote for the subamendment.

I should like to say a few words in regard to the amendment moved by the official opposition. This amendment expresses want of confidence in the government and I think it has been referred to as a straight want of confidence motion. It is customary when a member of the house moves a motion of want of confidence for him to give his reasons for moving the motion. The leader of the opposition did that before moving his amendment. When the leader of the C.C.F. party moved the amendment to the amendment, which has been disposed of, he accused the government of failure to deal effectively with two matters; natural products marketing, and national health insurance. We could have included half a dozen other items of government policy, but we have been in the house long enough to know that, if you put a thing in an amendment once you are not allowed to refer to it in an amendment again. We want to move several votes of want of confidence in the government before this session is over, and we are leaving ourselves as free as we can.

The point is that the official opposition voted against the amendment to the amendment although our amendment left the want of confidence part intact. It did not interfere with it at all. Having voted against it, we can only assume that the official opposition are satisfied with the government's marketing policy, and that they are satisfied with the government's policy on national health insurance.

Mr. Casselman: That is your argument only.

Mr. MacInnis: It is not only an argument; it is a logical assumption and I think I am a very logical person. I have mentioned the reasons behind the amendment to the amendment moved by the leader of the C.C.F. party. Let us look at the reasons for the amendment moved by the leader of the official opposition. The amendment was preceded by a speech by him lasting more than two hours justifying his own position with regard to the dominion-provincial conference.

Mr. Knowles: We will probably get another one today.

Mr. MacInnis: And it ended up with this paragraph to be found on page 59 of *Hansard.*

Mr. Hartt: Which side did he try to justify?

Mr. MacInnis: I stated quite clearly what, in my opinion, he tried to do. The paragraph reads:

> By its refusal to reconvene this conference to which I have referred, the dominion government is not only threatening national unity, but making impossible any solution of our constitutional problems. For that reason this government should not receive the support of hon. members of this House of Commons in the course it is following.

Then there were a few further words, and he moved the amendment. I think I am justified in saying that his amendment was an amendment of want of confidence because of the policy of the government in the dominion-provincial conference. Later on I think he must have felt that was a rather thin reason because he referred to the matter again in his second speech on February 21, and he indicated that really the amendment was based on more than the results of the dominion-provincial conference. I shall read from page 738 of *Hansard,* where he said:

> In this debate this house has an opportunity to say by its vote that the time for arbitrary powers has gone; that the right of parliament to enact laws on behalf of the people should be restored; that any legislation which should be continued should be continued only in the form of proper statutory terms and that those things which we are asked to deal with should be dealt with only in the form of statutes.

But that was only an afterthought. He did not mention any of these things when he proposed his amendment of want of confidence. On the same page of *Hansard* he refers to the amendment to the amendment in these words:

> The amendment to the amendment presents limited objections to the conduct of the government,—

They were not nearly as limited, in my opinion, as the amendment itself.

> —and what is stated in the speech from the throne. That in itself might be interpreted as a general want of confidence motion, but it also might be interpreted as simply limiting criticism of the government to those points that are set forth in the amendment to the amendment. I for one do not feel that it touches upon some of the most vital points that are before us, and particularly the right of parliament to assert its authority as against the right to govern by order in council. For that reason I think that the amendment to the amendment is inadequate.

If the amendment to the amendment was inadequate, then surely the amendment itself was inadequate because it did not deal with any of these matters. As I said, we could have dealt with a dozen things, housing, the high cost of living, social security, and a whole host of things for which this government can be condemned for not doing anything about them, and for which they will be condemned. To take that position three weeks after the amendment had been moved is just not good enough. When a person takes more than two hours to justify his own position on any question it seems to me that he must be doubtful of his position himself.

I am told that criminologists—I believe that is what you call the people who study crime —say that criminals have a propensity for coming back to the scene of their crimes. The preoccupation of the leader of the opposition with the dominion-provincial conference can only be explained by some such hypothesis as that. He is continually drawn back to the scene of the crime, to where the conference was strangled. I often wonder as I listen to him if his partner has as tender a conscience or as morbid a curiosity. I have already said in the house that I was not placing the blame for the scuttling of the conference. I am not absolving the government from having a share in it. As a matter of fact, I am fairly well convinced that they were more or less pleased when the premier of Ontario and the premier of Quebec made the carrying on of the conference impossible. During periods of war people see what can be done when they co-operate for certain ends. They see that in wartime, despite all the expenditure on goods and services for war purposes, the standard of living of the people can be raised, and there is a realization of the necessity for better living and more security when peace comes. The feeling was there in 1945 when the proposals in the green book were drafted, but by 1946 it was wearing off. Other pastures looked more luscious, and social security less pressing than it did in 1944 and 1945. Therefore when the conference broke down I am convinced that the government was pretty well satisfied. I see the Minister of National Health and Welfare (Mr. Martin) shaking his head.

Mr. Martin: That certainly was not the case.

Mr. MacInnis: If they were not satisfied there was no reason under heaven why they could not embody the proposals in the green book in an agreement with the provinces that were willing to sign. What I am working up to is that as far as this party is concerned the want of confidence amendment moved by the official opposition is phony and we are not going to vote for it. We will vote against it. We have given the official opposition one chance, but we will give them another; we will call a vote on the main motion itself.

Mr. Sinnott: Would you call it six o'clock, Mr. Speaker?

Some hon. Members: No.

Mr. J. S. Sinnott (Springfield): Well, Mr. Speaker, I shall make my remarks short, concise, brief and to the point. Having been named as one of the reformers of the Liberal party along with the McGeers, the Slaghts and the Tuckers, I thought this might be an opportune time to say a few words. We hear much criticism from the other side about the surplus the government has had this year. We heard a great deal of criticism from the opposite side about the taxation of the people, and I think this is a good time to let the government know that they have someone who can help them out a little. I have every reason to believe that when the next election is over and we come back here to the house I shall be asked to become Minister of Finance. If I should accept, my first step will be to tell the private banks that we intend to discontinue their charters and to assign all their branches and subsidiaries to the Bank of Canada. Then we would be in a position to look after our own finances.

I shall never forget the statement of our former Prime Minister, now the hon. member for Glengarry (Mr. Mackenzie King), in 1935, that once a nation lost control of its currency and credit all else would be idle and futile. Nor shall I forget the words of one of the old financiers, who said, "Give me control of the currency and credit and I care not who makes the nation's laws." We live in an age in which science and invention have improved the old methods of production, but we are still following the orthodox methods of finance. We have seen Canada's debt built up during wartime to the astronomical figure of sixteen billion dollars, on most of which we are paying interest, and we are told we will continue to pay interest on this money until we go to join our ancestors. So I think it is about time the government really took a hand in seeing what makes the clock go round as far as finance is concerned. We can make all the speeches we like in this house; words will not mean anything. It is action we need, and action now. If the Minister of Finance makes up his mind that he is going to get down to business and tell these bureaucrats who are advising him that he is going to run the business, we will be better off. I remember when I took over a municipality which was being run by some of these bureaucrats, with the money of the people being squandered here and there. When I took over the reins I said, "I am running the show," and as a result the people of that municipality were better off by some $226,000 in eight years. I believe that if the Minister of Finance would take the reins in his own hands and follow the same procedure the people of Canada would be very grateful, and I wish he would do it now.

I should like to call it six o'clock, Mr. Speaker.

Mr. Drew: Before we rise, Mr. Speaker, with the consent of the house I would move that we sit through the dinner hour, in view of the fact that the debate is to terminate this evening by reason of the motion of the government. That will make it possible for the debate definitely to conclude this evening.

Mr. Howe: I would second the motion.

Mr. Quelch: I move the adjournment of the debate.

Mr. Speaker: Order. It is moved by Mr. Drew, seconded by Mr. Howe, that notwithstanding standing order No. 6, Mr. Speaker do not leave the chair at six o'clock, but that the debate be continued.

Mr. Knowles: Does it not require unanimous consent for a motion of this kind to be made without notice?

Mr. Casselman: He got consent.

Mr. Knowles: Oh, no.

Mr. Speaker: According to standing order 45 notice is not necessary for this motion. Is it the pleasure of the house to adopt the motion?

Some hon. Members: Yea.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

Mr. Blackmore: Mr. Speaker, it is impossible to understand what you said.

And some hon. members having risen.

Mr. Speaker: Is it the desire of the house to have a division?

Some hon. Members: Yes.

Some hon. Members: No.

Mr. Speaker: It being six o'clock I do now leave the chair.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at seven-thirty o'clock.

Mr. Victor Quelch (Acadia): Before I go on with what I really want to say tonight, Mr. Speaker, I should like to make brief reference to a number of statements that were made by the hon. member for Vancouver East

(Mr. MacInnis). I want to congratulate him upon the orderly way in which he made a criticism of certain proposals that we have put forward from time to time. But I was surprised at his attitude to the principles of social credit when he said he could not understand them even after studying them for some fourteen years. He even went so far as to say that the hon. member for Cariboo (Mr. Irvine) had not been able to convert him. I am satisfied that the hon. member for Vancouver East must be suffering from a serious relapse. I do not think he is getting old; it certainly cannot be his age; but I cannot understand how he can say that he does not understand these principles when apparently he understood them quite clearly in 1935. I should like to quote, in order to refresh his memory, an amendment that he seconded on March 26, 1935. The motion was moved by Mr. Coote and seconded by the hon. member for Vancouver East. Let me read the amendment, as reported at page 2138 of *Hansard* of 1935:

That the amendment be amended by striking out all the words after the word "Canada" and adding thereto the following:

"and would appear to be based upon the assumption that poverty and debt are inevitable conditions within the country;

and whereas the real and potential wealth of the nation, based upon our natural resources and our capacity to produce, is such as to make possible an abundant provision for all the requirements of our people;

Therefore, this house is of the opinion that the government should take immediate action to insure the fullest and most equitable distribution possible of our socially-created wealth and that, as a first step in this direction, the measures which may be necessary to meet the pressing needs of the farmers and the unemployed should be financed—

And mark this well.

—by the social credit of Canada, thus avoiding a further increase in the debt burden of the country.

The hon. member for Vancouver East took exception to the statement by the hon. member for Lethbridge (Mr. Blackmore) advocating that debt-free money could be used to reduce the debt. He thought that was a weird suggestion. Yet in 1935 he advocated that social credit should be used for the purpose of expanding certain services without any expansion of debt.

Mr. Johnston: He has a convenient memory.

Mr. Quelch: As I say, the hon. gentleman seems to be suffering a relapse. The hon. member also implied that we in this group were opposed to all controls. Yet on every occasion when a motion has been made in this house to grant the government continuation of emergency power to exercise certain controls, we have always voted for that motion in order that any absolutely necessary controls could be continued. The stand that we have always taken is that we are opposed to controls for control's sake. We are opposed to the idea of continually controlling, unnecessarily, the lives of the people.

I will give one or two examples of the type of controls that I dislike. During the war we had the wartime prices and trade board. I am of the opinion that some frustrated fashion expert got into that board. All his life, apparently he had wanted to have the power to make men change their methods of dress. The fashion experts have always been able to get the women to change their methods of dress, to make them pull up their skirts one day and let them down the next. But they have never been able to get men to change their method of wearing pants. So a measure was put into force which said that men would have to take the cuffs off the bottom of their pants. It might be argued that by so doing there would be a saving of a little bit of cloth. One day I went into a store on Sparks street in order to get a pair of semi-finished flannels. They were not hemmed on the bottom. There was enough material on the bottom with which to make cuffs. So I asked the manager, or the man who was serving in the store, to finish them with cuffs. Oh no, he said, that is against the regulations of the wartime prices and trade board. I said, what are you going to do with the cloth? He said, cut it off. I said, what for? He said, to throw it away. I said, surely that would be a waste of cloth; surely they could turn it up into cuffs. He said, no, we will have to cut it off and turn it up underneath. But, he said, if you like, you can take the pants away as they are and turn them up yourself. What kind of silly control was that?

Then again control was exercised over the kind of lapels you wore, and the kind of pockets you wanted. For years I had been in the habit of getting inside pockets in my vest. No, I could not have them; it took extra work. I said, all right, put only two pockets on the outside and put one on the inside. No, they could not do that. It was against the controls. It is that kind of silly control that makes people angry. If any decided benefit accrues from the controls, or if the controls are necessary to the welfare of the country, the people will not object. But just the minute a bunch of bureaucrats start interfering unnecessarily with the peoples' way of life, the people will object.

For some strange reason the hon. member for Vancouver East objected to Major Douglas' plan of assessing the value of human beings. Surely the hon. member would not suggest that human lives are not valuable. We assess them at a high rate, because the

more manpower you have, the greater potential productive power there is in the country. Therefore we should look upon every human being as a great asset. Our main complaint has been that in the past we have regarded the people of a country as a liability, and have deplored the fact that we have unemployment instead of rejoicing in the fact that we have surplus productive capacity to make it possible to increase the production of the country, improve the standard of living of the people and at the same time reduce the hours of labour. Certainly we would be the last ones to look upon the people as a liability rather than an asset.

There is just one other point I want to deal with at this stage. The hon. member referred to profits and insinuated that it was wrong to produce for profit. I think that people will be obliged to agree, whether they believe in profits or not, that they are a great incentive to production. I claim that everybody who works, either with his brain or with his hands, works for a profit, whether it be a labourer or whether it be what some like to call a capitalist. It is true that when the labourer works he should take an interest in the type of work he does, but he hopes to profit by his work and therefore he will always try to get the highest wage possible in order to profit more. On the other hand, that does not mean for one minute that we condone exorbitant profits or excess profits. But those are things that can well be taken care of by taxation.

Mr. Blackmore: By the just price.

Mr. Quelch: When the hon. member for Vancouver East was speaking, he disagreed with us in our argument that in normal times there is invariably a deficiency of purchasing power with which to buy the produced consumer goods of a country. Instead of dealing with that matter at this moment, I will deal with it later on when I shall be dealing with a situation which developed in this country during certain years.

After being in this house for the past fourteen years, I want to say that I am more convinced than ever that the people of this country will never reach the objective towards which they are striving until the principles of social credit are adopted in some form or other either by this government or by some other government.

Mr. Blackmore: Both nationally and internationally.

Mr. Quelch: Furthermore, I would say that either the principles of social credit will be adopted or private enterprise will go, and in its place will come some form of "ism" which we may not like but which, once we have had it, we may have a great deal of difficulty in getting rid of. It is only necessary to refer to what has happened in the past fifteen years in certain parts of Europe to appreciate what I am referring to. We maintain that by the adoption of social credit principles it will be possible at all times to maintain the optimum development of the resources of the country in order to give the people of Canada the highest standard of living that the country is capable of producing, at the same time giving them the greatest degree of personal freedom possible. In order that a high standard of living may be maintained, we have always advocated that it would be necessary to use a certain amount of national money for the purpose of maintaining the purchasing power of the people at a level sufficiently high to maintain an effective demand against the production of the country. We have never advocated that more money should be issued than was necessary to maintain an effective demand. In other words, we are advocating that national money shall be issued to equate demand with supply.

Mr. Blackmore: We have always said that.

Mr. Quelch: It must be quite obvious that this is essential if we are to maintain the full development of our resources, because just the minute that demand lags behind supply, industry will reduce production, since no industry can continue to produce unless it can sell.

It is true that most political parties would say that they believe in maintaining the full development of our resources; but the other three parties, the Liberals, the Conservatives and the C.C.F., advocate that it be done out of taxation or by borrowing. When you borrow money you increase debt. When you increase debt, you increase debt charges. When you increase debt charges, you have to increase taxation in order to pay them, and when you increase taxation you reduce the purchasing power of the people and thereby make it impossible to maintain an effective demand, resulting in unemployment, and then you are on your way into the spiral of a depression.

When the Minister of Finance (Mr. Abbott) introduced the budget last year, he told us that we had a new high in production, in employment and in prosperity. Already this session we have heard words to that effect. But the Minister of Finance went on to warn us that we could not expect that situation to continue indefinitely into the future. As a matter of fact, he warned us that there might be a recession in the not distant future. Therefore, in view of the fact that we have

a large national debt, the government considered it a wise policy to tax the people heavily while they had the money because, the minister said, if a recession comes they will not have so much money. Therefore the only thing to do was for the government to tax the money while they had it. It will be recalled that during the past two years the government have taxed from the people $1,200 million more than was required to meet government expenditures, and the national debt was reduced to quite an extent. But here is the point. The minister emphasized the fact that we had a high level of income, production and employment. Then he warned us that a recession might come, but instead of trying to safeguard the country against a depression developing he instituted a policy which hastened the day of the depression, because he maintained taxation at a high level, thereby withdrawing from circulation $1,200 million, and thereby of course reducing the purchasing power of the people to that extent.

When the minister told us that we had a new high in production, in employment and prosperity, I think he might also have reminded the house that we had, and still have, a new high in discontent; discontent among the workers, discontent among the farmers. You can find it wherever you go. Not only is there discontent among the workers but there is a high degree of fear in the minds of all people, fear as to what is going to happen in the future, fear as to whether or not there will be a depression. Why does that situation exist at a time when we are supposed to have such a high degree of prosperity? I think it is easy to understand why that situation exists. It exists because the people can remember only too clearly what happened in this country during the past nineteen or twenty years. They remember the nine years of the depression when many people lost their life savings, and in some cases their health and in other cases even their lives. They remember the five years of war and the various restrictions that were placed upon their movement. I suppose there is hardly a family in Canada that did not suffer the loss of a relative or a friend. They remember only too well the last four years of high prices and the inflationary period. There is no doubt that many people have prospered during that period, but on the other hand there are many people who have suffered, and suffered severely. I have in mind the people in the low-income brackets, and especially those on low fixed incomes, such as old age pensions, and those on the war veterans allowances. At last they are hoping that we may be approaching an era where there might be a fairly high degree of prosperity on a somewhat permanent basis. But instead of being able to look forward to an era of prosperity, they are now being warned on every side that the danger is that we are going into another depression. Therefore, is it any wonder that fear is expressed on all sides today and that there is widespread discontent? I believe all hon. members will agree that it is a somewhat dreary outlook. People are asking the question whether or not depressions are inevitable. Just because people in other parts of the world suffer depressions, is it any reason why we in this country have to have one? Surely in a country such as Canada, where we have great resources, it should be possible at all times to maintain the development of these resources at a sufficiently high level so as to give the people a fairly decent standard of living, whether or not there is a depression in Europe or in some other part of the world.

I am not suggesting for one minute, Mr. Speaker, that the problem is an easy one to solve; but I do suggest that the situation has been greatly aggravated by various blunders on the part of the government, blunders which will always occur so long as the government ties itself to an orthodox financial system. We believe that these difficulties could have been avoided under a system of social credit. Let me give an example of what I mean when I say that. Let me deal briefly with the three periods that I have mentioned, namely, the depression years, in the thirties, the war years and the postwar years.

Yesterday the hon. member for Red Deer (Mr. Shaw) referred to the depression years from 1930 to 1935. Let me go on from there and deal with the years from 1935 to 1939. What was the situation in Canada at that time? During that period we had around a million people on relief, half a million people unemployed, and industry operating at less than 50 per cent of its capacity. In addition, strangely enough, during those five years we had, on an average, a favourable balance of payments of over $219 million. In other words, we had exported $219 million worth of goods more than we brought back in imports. During those years it was a very common thing for people to blame industry for the situation. They asked, why does not industry have more confidence? Why does not industry employ more of the unemployed, expand its production and produce the things that the people require? I think the answer to that question is quite obvious. Industrial production at that time was less than 50 per cent of its capacity. Even with that low production, industry was having a great deal of difficulty in selling that limited production. Industry knew only too well that

if they expanded their production they would just have that much more goods left unsold and they would go bankrupt that much quicker. It was in those years that the social credit movement originated in Alberta. It is interesting to note that after fourteen years the Social Credit government of Alberta was returned stronger than ever.

What was the analysis we made at that time, an analysis which is just as sound today as it was then? Fortunately more and more people are coming to realize the soundness of that analysis. At that time we said that owing to certain practices inherent in the capitalistic system industry was not able to distribute sufficient purchasing power in the form of wages, salaries and dividends to maintain an effective demand against its own production except—and here is the point that most people ignore—in times of abnormal capital goods construction, such as you have in wartime, or in the early development years of a country. And the reason of course that purchasing power at that time can increase to the point necessary to maintain effective demand against the production of the country is that the money paid out in the construction of roads, bridges and the like is not required to buy those roads and bridges. Therefore that money becomes available to buy the consumer goods upon the market. Therefore, the higher the degree of capital construction in relation to production of consumer goods, the more purchasing power will there be in circulation for the purpose of maintaining an effective demand against the production of consumer goods in the country.

It was that point to which the hon. member for Vancouver East (Mr. MacInnis) took exception. He said that in his opinion industry always distributed sufficient moneys in salaries, wages and dividends to buy back this production. I pointed out that owing to certain practices inherent within the system, that was not so.

Let me give an example. In the first place, banks create money and lend it, but they do not create the money to pay the interest on the loan. They charge interest on the money they lend. But they do not provide the money for which the interest is paid. A deficiency is created, therefore, to the extent that total interest paid exceeds wages and dividends paid out by banks. Then take, for example, an industry which produces $10,000 worth of goods. We will say that in the production of those goods the industry pays out $10,000. Therefore you have $10,000 available to buy back $10,000 worth of goods. But if $1,000 of that $10,000 is saved, then only $9,000 is available to buy the $10,000 worth of goods, and you have a deficiency of $1,000. As we know, people are being continuously urged and advised to save more money. The more you save, the greater that deficiency will become, unless other steps are taken to make up the deficiency in purchasing power existing as a result of the saving.

Then again, the industry will have certain profits. If the people benefiting from those profits proceed to spend them, there is no deficiency in purchasing power. But we all know that many industries make a practice of not distributing all their profits. They plough them back. To the extent the profits are not distributed, you will have a deficiency.

Those are three simple examples of how a deficiency of purchasing power occurs. I do not wish to go into it in greater detail now. Rather than argue the point further I believe it would be better to give one or two concrete examples to prove that in the past the purchasing power of the people has not been sufficient to buy the total production of the country. Let us see what happened in England for two hundred years prior to 1914. Let me quote what was said by Reginald McKenna to the American Bankers Association on October 5, 1922. These are his words:

> For over two centuries British capital, that is, credit, has been lent to other countries; year by year England produced more than she either consumed herself or could exchange for the products of other nations, and she could not obtain a market for the surplus unless she gave the purchaser a long credit. Foreign loans and foreign issues were taken up in England and the proceeds were spent in paying for the surplus production. British factories and workshops were kept in good employment,—

And this is the important point—

> —but it was a condition of their prosperity that a part of their output should be disposed of in this way.

In other words, during those years of production industry found it impossible to sell its total output within England, or the imports brought back in return. In order to maintain production it was necessary to ship surplus goods out of the country, and to refuse to accept imports in return. So that the money paid out in the production which was exported, and for which no goods were brought back in return, helped to maintain an effective demand against the goods left within the country.

That is why one will find all great industrial nations have insisted in the past—as they still do—upon trying to maintain a favourable balance of trade in order to prevent unemployment. That is one of the main reasons we took such strong exception to the Bretton Woods agreement; because under the Bretton Woods agreement we find the great industrial nations endeavouring to maintain

a favourable balance of trade merely for the purpose of dumping their own unemployment problem upon the doorstep of another nation.

Let me quote from a survey made in the United States under the direction of the government of that country. In 1934 the Hoover administration set up a committee of technicians to make a national survey of the potential productive capacity of the United States. Let me quote from the foreword to that book:

> After almost a year of research by sixty technicians, financed by the federal government, the national survey of potential product capacity has released its findings. Official publication will follow in due course. Preliminary thereto, Mr. Loeb, the director of the survey, here describes the results.

Let me quote two short paragraphs from this survey, one which is well worth reading because it illustrates much better than I can do the manner in which a deficiency of purchasing power has curtailed production. At page 71 I find this:

> The total national monetary income in 1929 did not equal the total price asked for the goods which could have been produced by the plant then existing. But instead of dropping prices until monetary income was able to command full production (which is the classical answer to this situation), prices were maintained and production was restricted. Consequently, national monetary income did not in 1929, nor does it today, command the full production of our industrial plant.

Then, later in the book, they make certain suggestions. Perhaps I did not mention the name of this book; it is "The Chart of Plenty". One of the conclusions at page 161 states:

> It would seem that the simple and obvious way out, that of giving a buying power adequate to procure desired goods and services to the limit of our ability to produce them, might well be tried. It is simple in principle but has not been attempted.

Mr. Blackmore: That is social credit.

Mr. Quelch: And that is what we maintain. There you have sixty technicians appointed by the government of the United States to make a survey of the potential capacity of that country; and they bring in a report which states that the logical way to deal with the situation is to issue money to maintain the purchasing power of the people to a point where the people will be able to buy the total production of the country.

Let me return to the point I was making earlier. I was stating that during the year of depression we had a situation wherein our production was less than 50 per cent of its capacity. We were not able to expand our production, because the people did not have money to buy even the reduced supply of goods then being produced. Industry knew only too well that if they expanded their production they would have that much more goods left unsold. So in those years we advocated that a certain amount of national money should be issued in order to raise the purchasing power of the people, thereby expanding the demand for goods. Consequently as soon as industry found there was an expanding demand for their goods they would have employed more people and would have begun to expand their production.

Someone may suggest that if that had been done in the early stages of such a program there would have been inflation until there was an expansion of production. But that is not so. It would have been possible for the government to have issued $200 million because, as I have already mentioned, throughout the whole five-year period we had an average favourable balance of payments of over $219 million a year. In other words we had paid for more than $200 million of imports which we never brought back to this country. Is anyone going to say the reason we did not bring $200 million worth of imports back into Canada was that the people did not need them, when at that time we had a million people on relief? The reason those $200 million worth of imports were not brought into the country was that the importers knew that if they brought them in the people would not be able to buy them owing to the fact that they lacked the money with which to pay for them. Therefore we advocated that $200 million be issued as a start toward increasing social services and to provide for national projects that were so urgently required at that time, such as the elimination of railroad crossings, irrigation and many other things. Hon. members who were in the house at that time will remember the pitiful reply we got from the government on every occasion that we made that suggestion. We were told that it could not be done because the government lacked the money with which to finance it. We were told then, as we are being told by some people today, that the only money available to the government was the money that could be obtained from the people's pockets. I remember the late Norman Rogers stating that they could not obtain that money by taxation because it would mean increased taxation of the people in the lower-income brackets who were already suffering from a deficiency of purchasing power. That was the situation up to September, 1930.

Then, strangely enough, a change took place in the situation. Shortly after war was declared the government instructed the chartered banks to create for their use $200 million. It is interesting to note that when the Minister of Finance spoke on the budget he stated that the government were indulging in monetary expansion for the purpose of

putting some of the unemployed to work in order to produce the goods they would need for war and, of course, provide the government with the money to pay for those goods. I think it is a great condemnation of any nation to say that it is willing to adopt a certain financial system in order to go to war and yet is not prepared to adopt the same financial system in order to maintain the welfare of its people.

There is no question that the war did more to retard the growth of social credit than any other one thing. As I pointed out, in normal times there is bound to be a deficiency of purchasing power; but that is not the case in times of abnormal capital goods production as in wartime. The vast sums that are paid out for capital goods production help to make up the deficiency. In wartime over 50 per cent of the production of the country was being taken away from the people and being used for war purposes. Then the government maintained heavy taxation in order to withdraw the purchasing power that had been created by the production of goods used for war. Then in addition a large number of people who would have been able to produce goods were taken away for war purposes.

In spite of everything our production went ahead by leaps and bounds. Why? Was it because we had socialized the industries of this country? No. It was due to the fact that during the war the banking system created for the use of the government over $4,000 million. I admit that they carried on the fictitious rumours that the war was being financed through the sale of bonds and by taxation. But if we had depended on the sale of bonds and taxation to finance the war we would have had a very different type of war effort from what we did have. It was due to the fact that $4,000 million was created that it was possible to finance the great production of this country and at the same time finance the government as the great purchaser of all kinds of goods that were being produced. An insatiable market was established.

I see my time is running out and I should like to close by saying that the situation that existed during the war has changed considerably today. There was an inflationary period after the war, due to reconversion and the spending of war savings as well as on account of the large loans made to foreign nations; but today reconversion has been completed and industry is now in the process of turning out the greatest volume of consumer goods this country has ever seen.

In addition, the people in the lower-income brackets have largely spent their savings, and loans to foreign nations have been spent. In the very near future we will be approaching that period of time about which the governor of the Bank of Canada warned us in 1946 when he said that after these three things I have mentioned had taken place we might run into difficulty in maintaining the purchasing power of the people at a level sufficiently high to buy the production of the country. That day is rapidly approaching.

Unemployment is increasing and apparently we have lost some of our markets. Surpluses are beginning to appear. If the government waits until that situation develops it will allow such a lack of confidence to be created in this country that we may have great difficulty in restoring it. Therefore, we urge that the government bring down at this session legislation that will guarantee in the future that the purchasing power of the people will be maintained at a level sufficiently high to buy the production of the country and the imports brought in on a permanent basis. If that is done, and if industry is assured that no matter how high their production goes they will be able to sell it, I believe we could enjoy in this country the greatest degree of prosperity we have ever had.

Mr. R. R. Knight (Saskatoon City): Mr. Speaker, I rise to take part in this debate for only a few moments. On March 10, on the orders of the day I asked the following question of the Prime Minister, to be found on page 1331 of *Hansard*:

> I should like to direct a question to the Prime Minister. Has the Prime Minister received the brief presented by the Canadian Teachers' Federation in February last, and can he say whether any action is being considered with respect to federal aid for education, UNESCO, and the other matters referred to therein?

The Prime Minister's answer was as follows:

> The answer to the first part of the question is yes. The answer to the second part of the question is that the brief is still under consideration.

That last line sounds rather familiar. If that answer had been given by one of the Prime Minister's lesser colleagues I might have termed it as being glib, but having an appreciation of the sincerity of the Prime Minister (Mr. St. Laurent) I shall merely say that the answer was brief. But in any case it was not satisfactory.

My purpose in rising is to place on the record the details of this brief so that members of the house and people outside the house may be informed. I sometimes think that it takes a brave man to bring up the subject of education on the floor of this house. When one does venture upon that particular subject he is told immediately that it has to do solely with the provinces. As we have reason to know, this session there are those who are very zealous of provincial rights.

I offer no excuse for bringing up the matter of education on the floor of this or any other house. To me education is fundamental. I shall be very brief with the philosophical part of my discourse, if I may call it that. Education is our hope for democracy. I would say that it is our only hope for unity, both national and international. It is our hope for physical survival itself. If enlightenment does not secure national and international unity, then I do not think there is any other agency that will secure it.

During times of crisis, and particularly during times of war, there are those who say that education can wait. Education is the first casualty of war. The thing to do in a case of that kind as a substitute for education is to accumulate gadgets. The accumulation of gadgets, by the way, seems to be one of the main hobbies of the people of the North American continent. In times of war we substitute for real education large doses of scientific knowledge which enable us to perform certain functions which have to do with the process of war but which, after the war is over, leave the mind perfectly barren as far as general education is concerned. And scientific knowledge of itself is not enough.

I know it has been scientifically proven that acquired characteristics cannot be handed down to another generation by means of heredity. That is why education must be a continuing process, because we can get no knowledge from our parents through the processes of heredity. What I mean to say is that a generation or two generations cannot neglect education and then expect to resume where they left off. Similarly, in the case of democracy it has to be worked at to be retained, and it has to be passed on not by heredity but rather by precept and example. In that sense education to me is like freedom of speech. Irrespective of the conditions under which I live, as long as I can retain it I can use it to obtain ultimate justice; but, if I lose it, it is in a measure like losing my own soul.

Culture can be lost. A generation can be left in darkness. Remember, that generation which is left in darkness does not come back of its own volition and demand the light. It does not know enough to do that. That is the reason why certain conditions in some European countries today are a cause for real alarm because, given a generation or two of darkness, these people will have to start the long slow process of education again. As I said before, it can only be done by a continuing process.

So much for my interest in this particular matter. I shall now deal with the brief which I mentioned in the first place. This is a brief which was presented to the federal government by the Canadian Teachers' Federation in February last. It drew to the attention of the government some of their desires and requirements, and contains some of the matters which they presented to the government on that particular occasion. There were three main points. The first one was that this organization was convinced that some form of federal aid would be a good thing for the people of the country. We hear a great deal about floor prices. We have floor prices now, or had during the war, for almost everything, and I would suggest that one of the things we want is a floor price on education.

Mr. Sinclair: What about lower taxes?

Mr. Knight: That is to say, a certain minimum shall be available to every child in every province of Canada. The federation thinks that the best solution for the problem would be a federal grant to education given—note this—to the provinces to be used as the provinces might see fit. I should like to quote from page 8 of the brief as follows:

> After studying for a number of years various plans that have been commended to us, we believe that a straight per pupil capita grant would bring the greatest benefits compatible with the safeguards which certain provinces would require to guarantee that the federal government would not infringe upon their jurisdiction in the field of education. We believe that any system of federal aid should be contingent upon the provinces maintaining or bettering their present level of payments toward education.

That, Mr. Speaker, would do away with the objection of any interference with provincial rights. May I say to those gentlemen, who are so zealous about provincial rights in this particular matter, that they were apparently not so squeamish about accepting family allowances. The mere acceptance of family allowances has not taken away any of that individual liberty of which they are so proud.

Let me say that the federal government is presently immersed in the matter of education. We have federal grants to education now. We have technical aid grants. I need not go into the details as to the particular grants, and the years in which they were passed, but there are youth training grants and vocational training grants. These things have not in any sense taken away from the prerogative of the provinces to handle their educational problems in their own particular way. Under this particular scheme each province, irrespective of whether it be rich or poor, would have a certain minimum amount of money per capita for each child, and in that way each child would be assured of equality of educational opportunity.

In closing I should like to quote another paragraph from page 4 of the same brief. It reads:

In any plan of federal assistance it would be understood and agreed that the expenditure of funds by the government of Canada would in no way be deemed to confer upon any minister or official of the government of Canada any right of supervision or control over any school or educational institution with respect to which any federal government funds are expended.

The second matter that I dealt with in my question to the Prime Minister was the matter of UNESCO, the United Nations educational, scientific and cultural organization. For some reason, which I have never been able to understand, the present administration has always been suspicious of UNESCO. The organized teachers have often asked the government to put into effect the original plan which was that, along with international UNESCO, to which this government sends a delegation, there would also be a Canadian national commission of UNESCO. The teachers have also asked that they should be consulted as to some of the appointments to the international body. I myself have always pleaded for a national commission of UNESCO. I have spoken in favour of it in the house and out of it. Personally I think that the usefulness of the international organization is very much limited by the non-existence of a national commission. May I say that I think the latter, had it been created, would have been of great assistance to the government at this very time in its proposed cultural program about which we were told in the speech from the throne.

I should like to read a short quotation from page 12 of the same brief, as follows:

We have persisted in our efforts to get the government of Canada to establish a national commission for UNESCO affairs because we agree that UNESCO without national commissions is like a tree without roots.

There is one other, and perhaps lesser, matter which I shall mention, and then I shall have finished. It is the last matter dealt with in the brief of the federation, and it has to do with income tax exemptions. This organization feels that there are certain people who have to take summer school courses, not to improve their positions, but so that they may hold the educational status to which they are already entitled in order that they may practise their profession. They think the fees for courses of that kind should be deductible for purposes of income tax. I wish to read from page 14 the relevant paragraph, which is very short.

We urge the government to give consideration to amending legislation if necessary to permit the expense of summer school courses taken by teachers as a condition of employment to be a deductible item from their fixed income.

That, I think, is a legitimate expense in the case of teachers. There is one other small item, to which I personally have given no particular thought, but the brief asks:

That travelling and extraordinary expenses attendant upon teacher exchange should be deductible for income tax purposes.

Now, I feel I have only done my duty to the organized teachers of this country and, which I believe is much more important, to the cause of education generally, in bringing before this house and this country this very short synopsis of the brief presented to the government by the Canadian Teachers' Federation.

Mr. F. S. Zaplitny (Dauphin): What I have to say will take only about two minutes, Mr. Speaker. It concerns a matter which it would be difficult to discuss on a question of privilege; therefore I am taking this opportunity of bringing it to the attention of the house and the country.

On March 1 the broadcasting station at Moose Jaw, CHAB, carried a news report in which Mr. Sam Carr was referred to as a "Ukrainian-born former organizer of the Canadian communist party." In view of the serious charges that have been made against Mr. Carr, which call in question his loyalty to this country, it is important that no wrong impressions should be created by inaccurate news items such as the one to which I have referred.

When this newscast was brought to my attention by a resident of the province of Saskatchewan I immediately went to the Minister of Justice (Mr. Garson) who, after checking with the commissioner of the Royal Canadian Mounted Police, confirmed my belief that Mr. Carr was neither of Ukrainian nationality nor of Ukrainian racial descent. I want to make it clear that I am not interested in what Mr. Carr's nationality or racial origin may be, but I am interested in clearing up any misunderstanding or wrong impression that may have been created by this erroneous newscast.

Canadians of Ukrainian origin wish to completely dissociate themselves from any such activities as those with which Mr. Carr has been charged. Their loyalty to Canada is beyond question, and they wish to keep it so. More than forty thousand Ukrainians, that is Canadians of Ukrainian origin, served in the armed forces of Canada in world war II. Many of them made the supreme sacrifice. Those who remained at home sought to promote Canada's war effort in every way possible, and have a fine record of voluntary service in such organizations as the Canadian Red Cross, Canadian victory clubs

and various other organizations which in time of need serve the nation on a voluntary basis. It is therefore understandable that such an erroneous news report as the one to which I have referred would create resentment and bring forth protests from our peace-loving and law-abiding citizens. I am informed by the manager of the radio station at Moose Jaw that the news item in question came from the British United Press. Accordingly I have communicated with the manager of that news service, asking him to have an appropriate correction made.

I am making this statement in the house today in order to clear up any misunderstanding or wrong impression which may have been created by the news report broadcast by the Moose Jaw radio station on March 1, by placing formally on the record the correct position with regard to this matter.

Mr. John O. Probe (Regina City): Mr. Speaker—

Some hon. Members: Question.

Some hon. Members: Oh, oh.

Mr. Probe: I am as anxious as any hon. member of this house to proceed with the vote, but if I have a grievance to air or a matter that affects any citizen of this country I will not listen to the oh's and ah's of impatient individuals in any part of the house.

Very briefly, Mr. Speaker, my purpose in rising this evening is to suggest to the Minister of Veterans Affairs (Mr. Gregg), in a way that is not possible by means of a question preceding the orders of the day, that it is high time he decided to reconstitute the committee on veterans affairs for this year. Very shortly I am going to give one glaring example to indicate why such a committee should function again. It will be recalled that a year and a half ago, in July of 1947, the hon. member for Swift Current (Mr. Bentley) and the hon. member for Acadia (Mr. Quelch) raised certain questions affecting the administration of Shaughnessy hospital, and that to deal with these charges or suspicions what was known as the McCann commission was appointed by the then Minister of Veterans Affairs, Mr. Mackenzie. That commission was composed of the Minister of National Revenue (Mr. McCann), the hon. member for Inverness-Richmond (Mr. McGarry), the hon. member for Lanark (Mr. Blair), the present Minister of Reconstruction and Supply (Mr. Winters) and myself. The terms of reference governing our work were exceedingly narrow; and while we did what I think was a thorough job in regard to the particular work assigned to us, though I was powerless to say anything at the time, I did feel that our authority was not broad enough to enable us to do the things that really should have been done. I believe that only a committee of this house can deal with the difficulties individuals are having with the pensions board or other branches of the Department of Veterans Affairs in a way that can solve those problems.

To indicate the sort of thing I have in mind I want to refer briefly to what I think is a serious charge against the pension officials. I have before me the case of a young man of this province who served in His Majesty's forces from June of 1942 to October of 1945. He was in the naval service and was on some particularly dangerous missions in the course of which, from the evidence as I gather it, he suffered a form of battle fatigue. The young man came back to this country, married and now has two children, a fairly good position, and is buying his own home. Because of his mental state he went to the authorities in Hamilton in January of 1946, within three months of his discharge from the service. At that time the examining doctor was of the opinion, as I have it here in a letter from the director general of treatment services, that no treatment was required. After being told by the officials in Hamilton and those at Christie Street hospital, to which he went later, that treatment was not necessary in his case, being concerned about his mental state he went to a private doctor in Hamilton and, according to the evidence furnished the pension board, started treatment at his own expense within the year of his free entitlement, that is in July of 1946.

I have in my hand receipts covering medical treatment by the psychiatrist, Dr. Finlayson, and other Hamilton doctors, which this young man received as a result of trying to look after his own case because the Department of Veterans Affairs did not consider his case sufficiently serious to recommend D.V.A. treatment.

The medical bills that I have here, running throughout the last year and a half or two years, in the aggregate amount to well over $500. This man was advised to apply for a pension. In a letter to me he said he did not want a pension. All he wanted was his hospital bills paid and the opportunity to return for free treatment for his mental condition. His bills have been turned down. He has been refused the right of treatment.

This man may not have a case, but I feel that he has. I have talked to him. I find him to be a fine young man. The pension board speaks of his straightforward and frank manner in giving evidence before the board. He may be frank, he may be straightforward, he may be everything; but the fact is that he was still turned down, and he is

paying from $25 to $50 a month for his own medical treatment. That is not good enough from a country which he served as he did. Every member of this house has similar cases.

Before I take my seat I want to plead with other hon. members and with the cabinet to make certain that the so-called bureaucrats —I do not like to speak in disparaging terms of the officers in charge of any government department; I know they have a job to do—carry out government policies. It is time that the ministers of the government made certain that the policies they talk about on the hustings are enforced by the employees of the government itself.

The house divided on the amendment to the amendment (Mr. Low) which was negatived on the following division:

YEAS

Messrs:

Blackmore	Low
Caouette	Marshall
Fair	Quelch
Hlynka	Shaw
Johnston	Sinnott
Kuhl	Wylie—12.

NAYS

Messrs:

Abbott	Coté (Verdun)
Archibald	Cournoyer
Arsenault	Coyle
Aylesworth	Cruickshank
Baker	Daniel
Barrett	Dechene
Beaudoin	Demers
Beaudry	Denis
Belzile	Desmond
Benidickson	Dickey
Bentley	Diefenbaker
Bertrand (Laurier)	Dionne (Beauce)
Bertrand (Prescott)	Douglas
Black (Cumberland)	Drew
Black (Yukon)	Drope
Blair	Emmerson
Blanchette	Eudes
Boivin	Fleming
Bonnier	Fontaine
Bourget	Fournier (Hull)
Bowerman	Fournier (Maisonneuve-Rosemont)
Bradette	Fraser
Bradshaw	Fulton
Brooks	Gardiner
Brunelle	Gariépy
Bryce	Garson
Burton	Gauthier (Nipissing)
Campbell	Gauthier (Portneuf)
Cardiff	Gibson (Comox-Alberni)
Casselman	Gibson (Hamilton West)
Chapdelaine	Gillis
Charlton	Gingues
Chevrier	Golding
Church	Gour (Russell)
Claxton	Grant
Cloutier	Graydon
Cockeram	Green
Coldwell	Gregg
Coté (Matapedia-Matane)	Menary
Hackett	Merritt
Hallé	Michaud
Harkness	Miller
Harris (Grey-Bruce)	Mitchell
Hartt	Moore
Hazen	Mullins
Healy	Murphy
Henderson	Mutch
Héon	Nixon
Herridge	Pearkes
Hodgson	Pearson
Howe	Picard
Isnor	Power
Jackman	Probe
Jaenicke	Raymond (Wright)
Jean	Reid
Jones	Richard (Gloucester)
Jutras	Richard (Ottawa East)
Kidd	Rinfret
Kirk	Robinson (Bruce)
Knight	Robinson (Simcoe East)
Knowles	Ross (Souris)
Lafontaine	Rowe
Lalonde	St. Laurent
Langlois	Sinclair
Lapointe	Skey
Laurendeau	Smith (Calgary West)
Leger	Stanfield
Lennard	Stephenson
Little	Stewart (Winnipeg North)
McCann	Stuart (Charlotte)
McCuaig	Stokes
McCulloch (Pictou)	Strum, Mrs.
McCullough (Assiniboia)	Thatcher
McGarry	Timmins
McGregor	Tremblay
McIlraith	Tustin
MacInnis	Viau
McIvor	Warren
McKay	Webb
MacKinnon	Weir
MacLean	White (Hastings-Peterborough)
McLure	Whitman
McMaster	Williams
MacNaught	Winkler
MacNicol	Winters
Maloney	Wright
Marier	Young
Martin	Zaplitny—179.
Matthews (Brandon)	
Matthews (Kootenay East)	
Mayhew	

Mr. Dorion: I was paired with the hon. member for Kamouraska (Mr. Marquis). Had I voted I would have voted against the motion.

(Translation):

Mr. Gagnon: Mr. Speaker, I was paired with the hon. member for Lake St. John-Roberval (Mr. Dion). Otherwise, I would have voted against the amendment to the amendment.

(Text):

The house divided on the amendment (Mr. Drew) which was negatived on the following division:

YEAS

Messrs:

Aylesworth	Casselman
Barrett	Chapdelaine
Black (Cumberland)	Charlton
Black (Yukon)	Church
Blackmore	Cockeram
Blair	Coyle
Bracken	Daniel
Bradshaw	Diefenbaker
Brooks	Drew
Caouette	Drope

Fair	Marshall
Fleming	Menary
Fraser	Merritt
Fulton	Miller
Graydon	Murphy
Green	Pearkes
Hackett	Quelch
Harkness	Robinson (Bruce)
Hatfield	Ross (Souris)
Hazen	Rowe
Hlynka	Shaw
Hodgson	Skey
Jackman	Smith (Calgary West)
Johnston	Stanfield
Kidd	Stephenson
Kuhl	Stokes
Lennard	Timmins
Low	Tustin
McGregor	Webb
McLure	White (Hastings-Peterborough)—62.
McMaster	
MacNicol	

NAYS

Messrs:

Abbott	Hartt
Arsenault	Healy
Baker	Herridge
Beaudoin	Howe
Beaudry	Irvine
Belzile	Isnor
Benidickson	Jaenicke
Bentley	Jean
Bertrand (Laurier)	Jones
Bertrand (Prescott)	Jutras
Blanchette	King, Mackenzie
Boivin	Kirk
Bonnier	Knight
Bourget	Knowles
Bowerman	LaCroix
Bradette	Lafontaine
Brunelle	Lalonde
Bryce	Langlois
Burton	Lapointe
Campbell	Laurendeau
Chevrier	Leger
Claxton	Little
Cloutier	McCann
Coldwell	McCuaig
Coté (Matapedia-Matane)	McCulloch (Pictou)
Coté (Verdun)	McCullough (Assiniboia)
Cournoyer	McGarry
Cruickshank	McIlraith
Dechene	MacInnis
Demers	McIvor
Denis	McKay
Dionne (Beauce)	MacKinnon
Douglas	MacLean
Emmerson	MacNaught
Eudes	Maloney
Fontaine	Marier
Fournier (Hull)	Martin
Fournier (Maisonneuve-Rosemont)	Matthews (Brandon)
	Matthews (Kootenay East)
Gardiner	Mayhew
Gariépy	Michaud
Garson	Moore
Gauthier (Nipissing)	Mullins
Gauthier (Portneuf)	Mutch
Gibson (Comox-Alberni)	Nixon
Gibson (Hamilton West)	Pearson
Gillis	Picard
Gingues	Power
Golding	Probe
Gour (Russell)	Raymond (Wright)
Grant	Reid
Gregg	Richard (Gloucester)
Hallé	Richard (Ottawa East)
Harris (Grey-Bruce)	Rinfret
St. Laurent	Warren
Sinclair	Weir
Sinnott	Whitman
Stewart (Winnipeg North)	Williams
Stuart (Charlotte)	Winkler
Strum, Mrs.	Winters
Thatcher	Wright
Tremblay	Young
Viau	Zaplitny—125.

Mr. Desmond: I was paired with an hon. member—I mean a Liberal hon. member. Had I voted I would have voted for the amendment.

Mr. Cardiff: I was paired. Had I voted I would have voted for the amendment.

Mr. Robinson (Simcoe East): I was paired. Had I voted I would have voted against the amendment.

Mr. Wylie: I was paired with the hon. member for Parry Sound (Mr. McDonald). Had I voted I would have voted for the amendment.

Mr. Dickey: I was paired with the hon. member for Digby-Annapolis-Kings (Mr. Nowlan). Had I voted I would have voted against the amendment.

Mr. Heon: As you know, Mr. Speaker, I am permanently paired with the hon. member for Joliette-L'Assomption-Montcalm (Mr. Lapalme). Had I voted I would have voted for the amendment.

Mr. Gagnon: I was paired with the hon. member for Lake St. John-Roberval (Mr. Dion). Had I voted I would have voted for the amendment.

(Translation):

Mr. Dorion: Mr. Speaker, I was paired with the hon. member for Kamouraska (Mr. Marquis). Had I voted, I would have voted for the amendment.

(Text):

Mr. Alistair Stewart (Winnipeg North): Mr. Speaker, on February 9 last this house passed a motion for the production of certain papers. These papers have not been produced. They concern nazi collaborators.

Some hon. Members: Order.

Mr. Speaker: Order. There is nothing before the house.

Mr. Stewart (Winnipeg North): As I said, Mr. Speaker, on February 9 last a motion was passed for the production of certain papers. This is now March 11, and those papers have not been produced.

Mr. Speaker: I am sorry, but I am informed that the hon. member has spoken on the main motion.

Mr. Stewart (Winnipeg North): I could not have spoken on the main motion. The leader of the opposition (Mr. Drew) was the first

opposition speaker, and he moved an amendment. I want to say that these papers have not been produced, and I should like very much to see what is in them. I have sufficient evidence of my own to make very interesting reading, but I am not going to produce it just now. Rather I am going to wait until, in the fulness of time, the government does produce these papers.

The house divided on the motion (Mr. Brown) which was agreed to on the following division:

YEAS

Messrs:

Abbott	Isnor
Arsenault	Jean
Baker	Jutras
Beaudoin	King, Mackenzie
Beaudry	Kirk
Belzile	LaCroix
Benidickson	Lafontaine
Bertrand (Laurier)	Lalonde
Bertrand (Prescott)	Langlois
Blanchette	Lapointe
Boivin	Laurendeau
Bonnier	Leger
Bourget	Little
Bradette	McCann
Brunelle	McCulloch (Pictou)
Chevrier	McGarry
Claxton	McIlraith
Cloutier	McIvor
Coté (Verdun)	MacKinnon
Cournoyer	MacLean
Cruickshank	MacNaught
Dechene	Maloney
Demers	Marier
Denis	Martin
Dionne (Beauce)	Matthews (Brandon)
Douglas	Mayhew
Emmerson	Michaud
Eudes	Mullins
Fontaine	Mutch
Fournier (Hull)	Nixon
Fournier (Maisonneuve-Rosemont)	Pearson
Gardiner	Picard
Gariépy	Power
Garson	Raymond (Wright)
Gauthier (Nipissing)	Reid
Gauthier (Portneuf)	Richard (Gloucester)
Gibson (Comox-Alberni)	Richard (Ottawa East)
Gibson (Hamilton West)	Rinfret
Gingues	St. Laurent
Golding	Sinclair
Gour (Russell)	Sinnott
Grant	Stuart (Charlotte)
Gregg	Tremblay
Hallé	Viau
Harris (Grey-Bruce)	Warren
Hartt	Weir
Healy	Whitman
Howe	Winkler
	Winters—97.

NAYS

Messrs:

Archibald	Brooks
Aylesworth	Bryce
Barrett	Burton
Bentley	Campbell
Black (Cumberland)	Caouette
Black (Yukon)	Casselman
Blackmore	Chapdelaine
Blair	Charlton
Bowerman	Church
Bracken	Cockeram
Bradshaw	Coldwell
Coyle	McKay
Daniel	McLure
Diefenbaker	McMaster
Drew	MacNicol
Drope	Marshall
Fair	Matthews (Kootenay East)
Fleming	Menary
Fraser	Merritt
Fulton	Miller
Gillis	Moore
Graydon	Murphy
Green	Pearkes
Hackett	Probe
Harkness	Quelch
Hatfield	Robinson (Bruce)
Hazen	Ross (Souris)
Herridge	Rowe
Hlynka	Shaw
Hodgson	Skey
Irvine	Smith (Calgary West)
Jackman	Stanfield
Jaenicke	Stephenson
Johnston	Stewart (Winnipeg North)
Jones	Stokes
Kidd	Strum, Mrs.
Knight	Thatcher
Knowles	Timmins
Kuhl	Tustin
Lennard	Webb
Low	White (Hastings-Peterborough)
McCuaig	
McCullough (Assiniboia)	Wright
McGregor	Young
MacInnis	Zaplitny—89.

Mr. Dickey: I was paired with the hon. member for Digby-Annapolis-Kings (Mr. Nowlan). Had I voted, I would have voted for the motion.

Mr. Desmond: I was paired with the hon. member for Essex South (Mr. Clark). Had I voted, I would have voted against the motion.

Mr. Cardiff: I was paired. Had I voted, I would have voted against the motion.

Mr. Dorion: I was paired with the hon. member for Kamouraska (Mr. Marquis). Had I voted I would have voted against the motion.

Mr. Gagnon: I was paired with the hon. member for Lake St. John-Roberval (Mr. Dion). Had I voted, I would have voted against the motion.

Mr. Robinson (Simcoe East): I was paired, Mr. Speaker. Had I voted, I would have voted for the motion.

Mr. Wylie: I was paired with the hon. member for Parry Sound (Mr. McDonald). If I had voted, I would have voted against the motion.

(Translation):

Mr. Heon: Mr. Speaker, I was paired with the hon. member for Joliette-L'Assomption-Montcalm (Mr. Lapalme). Had I voted, I would have voted against the motion.

(Text):

Right Hon. L. S. St. Laurent (Prime Minister) moved:

That the address be engrossed and presented to His Excellency the Governor General by such members of this house as are of the honourable the privy council.

Motion agreed to.

WAYS AND MEANS

Right Hon. L. S. St. Laurent (Prime Minister) moved:

That this house will, on Monday next, resolve itself into a committee to consider of the ways and means for raising the supply to be granted to His Majesty.

Motion agreed to.

SUPPLY

Right Hon. L. S. St. Laurent (Prime Minister) moved:

That this house will, on Monday next, resolve itself into a committee to consider of supply to be granted to His Majesty.

Motion agreed to.

BUSINESS OF THE HOUSE

Mr. St. Laurent: I move that the house do now adjourn. On Monday the striking committee will present its report, and the standing committees can then be set up. The estimates for the year 1949-50 will be tabled, with a message from His Excellency that they be referred to the committee of supply. We shall then proceed first of all with resolution No. 6 on the order paper, resuming the adjourned debate on the motion of the Minister of Justice that the Speaker leave the chair to consider a resolution for the introduction of a bill to extend rent control and certain other controls.

Afterwards order No. 4 on today's order paper, resuming the adjourned debate on the motion of the Minister of Agriculture on a resolution to present a bill to amend the Agricultural Products Act. If that is disposed of, then resolution No. 7 on the order paper for the introduction of a bill to amend the Canadian Commercial Corporation Act. If there is time we shall deal with No. 3 on today's order paper, a resolution for the introduction of a bill to continue the Foreign Exchange Control Act. These are only resolutions and they may be disposed of quite rapidly. If so we shall deal with order No. 14 on the order paper for the introduction of a bill to continue supplemental payments to the mail carriers.

Motion agreed to and the house adjourned at 9.50 p.m.

29087—90

HOUSE OF COMMONS

Monday, March 14, 1949

The house met at three o'clock.

MAIN ESTIMATES, 1949-50

A message from His Excellency the Governor General transmitting estimates for the financial year ending March 31, 1950, was presented by Hon. Douglas Abbott (Minister of Finance), read by Mr. Speaker to the house, and referred to the committee of supply.

PRIVILEGE

REFERENCE TO REPORT IN WINNIPEG "CITIZEN"

Mr. J. S. Sinnott (Springfield): Mr. Speaker, I rise on a question of privilege. My question of privilege arises out of a report carried in the Winnipeg *Citizen* newspaper, and which is headed, "Sinnott renegade." I wish to inform the writer of the article that, if I read the dictionary correctly, "renegade" means traitor. If he will look at the vote on the main motion taken on Friday last he will see that I was not a traitor to my party.

STANDING COMMITTEES

Hon. Alphonse Fournier (Minister of Public Works) presented the report of the special committee appointed to prepare and report lists of members to compose the standing committees of the house, as follows:

PRIVILEGES AND ELECTIONS

Messrs:

Baker
Benidickson
Brooks
Brunelle
Coldwell
Cote (Matapedia-Matane)
Cruickshank
Diefenbaker
Fair
Fournier (Maisonneuve-Rosemont)
Graydon
Green
Harris (Grey-Bruce)
Heon
Jaenicke
Knowles
MacNicol
Manross
Marier
Marquis
Martin
Miller
Mutch
Parent
Pouliot
Raymond (Beauharnois-Laprairie)
Richard (Ottawa East)
Richard (Gloucester)
Winters—29

(Quorum—10)

RAILWAYS, CANALS AND TELEGRAPH LINES

Messrs:

Archibald
Ashby
Aylesworth
Beaudoin
Beaudry
Bentley
Bertrand (Terrebonne)
Black (Cumberland)
Blair
Bonnier
Bourget
Breithaupt
Brooks
Campbell
Chevrier
Church
Clark
Douglas
Drope
Eudes
Gagnon
Gauthier (Portneuf)
Gauthier (Nipissing)
Gourd (Chapleau)
Hartt
Hatfield
Herridge
Hodgson
Irvine
Johnston
Jutras
Lafontaine
Lennard
Lesage
Little
Maybank
McIvor
McCulloch (Pictou)
McKay
Michaud
Mullins
Nowlan
Pearkes
Picard
Pouliot
Robinson (Simcoe East)
Robinson (Bruce)
Ross (Hamilton East)
Shaw
Sinclair
Smith (York North)
Stephenson
Stuart (Charlotte)
Timmins
Viau
White (Hastings-Peterborough)
White (Middlesex East)
Whitman
Winters
Young—60

(Quorum—20)

MISCELLANEOUS PRIVATE BILLS

Messrs:

Black (Yukon)
Bonnier
Bowerman
Bradshaw
Brown
Chapdelaine
Cleaver
Cloutier
Coté (Verdun)
Cournoyer
Croll
Cruickshank
Dechene
Demers
Dickey
Dorion
Ferguson
Fournier (Maisonneuve-Rosemont)
Gariépy
Gladstone
Grant
Hallé
Hazen
Healy
Hlynka
Knight
Laurendeau
Lennard
Little
McCuaig
McGregor
MacLean
Matthews (Brandon)
Matthews (Kootenay East)
Miller
Murphy
Nixon
Parent
Picard
Richard (Gloucester)
Ross (St. Paul's)
Sinnott
Stokes
Timmins
Townley-Smith
Warren
Webb
Whitman
Winkler
Wylie—50.

(Quorum—15)

BANKING AND COMMERCE

Messrs:

Abbott
Adamson
Argue
Arsenault
Baker
Beaudry
Belzile
Benidickson
Blackmore
Boucher
Bradette
Breithaupt
Chapdelaine
Cleaver

Standing Committees

Coté (St. Johns-Iberville-Napierville)
Dechene
Dionne (Beauce)
Dorion
Fleming
Fournier (Maisonneuve-Rosemont)
Fraser
Fulton
Gour (Russell)
Hackett
Harris (Danforth)
Hazen
Irvine
Isnor
Jackman
Jaenicke
Jutras
Lesage
Low
Macdonnell (Muskoka-Ontario)
MacNaught
Marquis
Maybank
Michaud
Nowlan
Picard
Pinard
Quelch
Richard (Ottawa East)
Rinfret
Sinclair (Vancouver North)
Smith (York North)
Stewart (Winnipeg North)
Thatcher
Timmins
Webb—50.

(Quorum—10)

PUBLIC ACCOUNTS

Messrs:

Arsenault
Beaudry
Black (Yukon)
Bradette
Burton
Case
Cleaver
Cockeram
Cloutier
Cruickshank
Dechene
Denis
Diefenbaker
Dionne (Beauce)
Ferguson
Fleming
Fournier (Hull)
Fournier (Maisonneuve-Rosemount)
Fraser
Gibson (Comox-Alberni)
Gladstone
Golding
Grant
Green
Hamel
Hartt
Heon
Homuth
Howe
Isnor
Jackman
Johnston
Kirk
Macdonnell (Muskoka-Ontario)
Marshall
Maybank
Murphy
Nicholson
Picard
Pinard
Probe
Raymond (Wright)
Richard (Gloucester)
Richard (Ottawa East)
Rinfret
Stuart (Charlotte)
Thatcher
Warren
Winkler
Young—50.

(Quorum—15)

AGRICULTURE AND COLONIZATION

Messrs:

Argue
Arsenault
Barrett
Beaudoin
Belzile
Bertrand (Prescott)
Black (Chateauguay-Huntingdon)
Black (Cumberland)
Boucher
Bracken
Bryce
Burton
Cardiff
Charlton
Clark
Cloutier
Coté (Matapedia-Matane)
Coyle
Cruickshank
Dechene
Demers
Desmond
Diefenbaker
Douglas
Drope
Fair
Fontaine
Gardiner
Golding
Gour (Russell)
Halle
Harkness
Harris (Grey-Bruce)
Hatfield
Herridge
Jones
Jutras
Kirk
Lapalme
Laurendeau
Leger
Lesage
Matthews (Brandon)
McCubbin
McGarry
Menary
Michaud
Nixon
Nowlan
Quelch
Robinson (Bruce)
Ross (Souris)
Sinnott
Strum, Mrs.
Townley-Smith
Warren
Webb
Whitman
Wright
Wylie—60.

(Quorum—20)

STANDING ORDERS

Messrs:

Bertrand (Prescott)
Brunelle
Cardiff
Daniel
Denis
Hamel
Hlynka
Knight
Knowles
Lapalme
MacLean
Marier
Murphy
Pinard
Robinson (Simcoe East)
Sinnott
Smith (York North)
Stokes
Stuart (Charlotte)
Tustin—20

(Quorum—8)

MARINE AND FISHERIES

Messrs:

Archibald
Arsenault
Ashby
Baker
Benidickson
Blair
Brooks
Bryce
Cote (Matapedia-Matane)
Cournoyer
Gibson (Comox-Alberni)
Gillis
Gour (Russell)
Gregg
Hazen
Kirk
Kuhl
Lafontaine
Langlois
Leger
Lennard
Little
MacNaught
Mayhew
McDonald (Parry Sound)
McLure
Merritt
Miller
Moore
Pearkes
Reid
Sinnott
Stanfield
Stuart (Charlotte)
Winters—35

(Quorum—10)

MINES, FORESTS AND WATERS

Messrs:

Adamson
Benidickson
Black (Yukon)
Blackmore
Boivin
Cockeram
Caouette
Dickey
Dion (Lake St. John-Roberval)
Gariepy
Gourd (Chapleau)
Hodgson
Jones
Lafontaine
Lalonde
Lapalme
Little
MacNicol
McCann
McCulloch (Pictou)
McCullough (Assiniboia)
McDonald (Parry Sound)
McMaster
Maloney
Matthews (Kootenay East)
Moore
Raymond (Wright)
Ross (Hamilton East)
Rowe
Sinclair (Vancouver North)
Sinnott
Viau
Webb
White (Hastings-Peterborough)
Zaplitny—35

(Quorum—10)

INDUSTRIAL RELATIONS

Messrs:

Adamson
Black (Cumberland)
Blackmore
Bourget
Case
Charlton
Cloutier
Coté (Verdun)
Croll
Dechene
Dickey
Dionne (Beauce)
Gauthier (Nipissing)
Gibson (Comox-Alberni)

Gillis
Gingues
Hamel
Johnston
Knowles
Lapalme
Lockhart
MacInnis
McIvor
Maloney
Maybank
Merritt
Mitchell
Pouliot
Ross (Hamilton East)
Sinclair (Vancouver North)
Skey
Smith
Timmins
Viau
Williams—35

(Quorum—10)

DEBATES

Messrs:

Barrett
Brown
Desmond
Gauthier (Portneuf)
Hlynka
Knowles
Matthews (Brandon)
Pouliot
Richard (Gloucester)
Richard (Ottawa East)
Rinfret
Rowe—12

(Quorum—7)

EXTERNAL AFFAIRS

Messrs:

Baker
Beaudoin
Benidickson
Bradette
Breithaupt
Coldwell
Coté (Matapedia-Matane)
Croll
Dickey
Diefenbaker
Fleming
Fraser
Gauthier (Portneuf)
Graydon
Green
Hackett
Hansell
Harris (Grey-Bruce)
Jackman
Jaenicke
Kidd
Knowles
Lapointe
Leger
Low
MacInnis
Marquis
Miller
Mutch
Picard
Pinard
Raymond (Beauharnois-Laprairie)
Reid
Sinclair
Winkler—35.

(Quorum—10)

PRINTING

(Members to act on the part of the Commons)

Messrs:

Adamson
Arsenault
Aylesworth
Baker
Beaudry
Bentley
Bertrand (Prescott)
Bertrand (Terrebonne)
Boivin
Bonnier
Bradette
Bradshaw
Brunelle
Campbell
Casselman
Church
Clark
Coté (St. Johns-Iberville Nap.)
Emmerson
Fontaine
Gauthier (Nipissing)
Gibson (Hamilton West)
Golding
Halle
Hansell
Healy
Henderson
Hlynka
Kidd
Kirk
Kuhl
Lalonde
Lapalme
Lapointe
Lennard
MacLean
MacNaught
Maloney
McCuaig
McCullough (Assiniboia)
McDonald (Parry Sound)
McGregor
McLure
McMaster
Nicholson
Robinson (Simcoe East)
Ross (St. Paul's)
Sinclair
Sinnott
Tustin
Viau
White (Hastings-Peterborough)
Williams
Wright—54.

(Quorum—..)

Standing Committees

LIBRARY

(Members to act on the part of the Commons)

Mr. Speaker and Messrs:

Adamson
Aylesworth
Black (Chateauguay-Huntingdon)
Bowerman
Cardiff
Casselman
Castleden
Cloutier
Dion (Lake St. John-Roberval)
Eudes
Fournier (Maisonneuve-Rosemont)
Gauthier (Nipissing)
Gingues
Gladstone
Gourd (Chapleau)
Grant
Henderson
Howe
Hlynka
Kidd
Knight
Lapalme
Leger
MacLean
Marier
Marshall
Matthews (Brandon)
McGarry
McIlraith
McKay
Menary
Mullins
Nixon
Pearkes
Probe
Reid
Richard (Ottawa East)
Ross (St. Paul's)
Skey
Smith (York North)
Stephenson
White (Middlesex East)
Winkler
Zaplitny—45

(Quorum—)

RESTAURANT

(Members to act on the part of the Commons)

Mr. Speaker and Messrs:

Black (Yukon)
Bradshaw
Breithaupt
Cote (Matapedia-Matane)
Cournoyer
Coyle
Cruickshank
Gagnon
Gariepy
Gladstone
Harkness
Jutras
Kirk
Laurendeau
Leger
Lennard
Lesage
Marshall
McGregor
McIvor
Richard (Ottawa East)
Stewart (Winnipeg North)
Strum, Mrs.—24

Mr. Fournier (Hull) moved that the report be concurred in.

Mr. Green: May I ask the Minister of Trade and Commerce when the special committee on atomic energy will be set up?

Right Hon. C. D. Howe (Minister of Trade and Commerce): That is a matter which has not yet been given consideration.

Motion agreed to.

[*Later:*]

On the orders of the day:

Mr. Coldwell: I wish to ask the Minister of Trade and Commerce a supplementary question. I was disappointed in the reply he gave the hon. member for Vancouver South (Mr. Green) in reference to the possibility of setting up a committee on atomic energy. My understanding was that the minister said that would likely be done this year.

Mr. Howe: Now that the standing committees of the house have been set up, immediate attention will be given the question of setting up this committee.

Mr. Low: I wonder if the minister will take note of the fact that I had intended to ask a question similar to this, in reference to the atomic energy committee.

Mr. Howe: Yes.

PRINTING OF PARLIAMENT

Hon. Alphonse Fournier (Minister of Public Works) moved:

That a message be sent to the Senate to acquaint Their Honours that this house will unite with them in the formation of a joint committee of both houses on the subject of the printing of parliament, and that the following members, namely: Messrs. Adamson, Arsenault, Aylesworth, Baker, Beaudry, Bentley, Bertrand (Prescott), Bertrand (Terrebonne), Boivin, Bonnier, Bradette, Bradshaw, Brunelle, Campbell, Casselman, Church, Clark, Coté (St. Johns-Iberville-Napierville), Emmerson, Fontaine, Gauthier (Nipissing), Gibson (Hamilton West), Golding, Hallé, Hansell, Healy, Henderson, Hlynka, Kidd, Kirk, Kuhl, Lalonde, Lapalme, Lapointe, Lennard, MacLean, MacNaught, Maloney, McCuaig, McCullough (Assiniboia), McDonald (Parry Sound), McGregor, McLure, McMaster, Nicholson, Robinson (Simcoe East), Ross (St. Paul's), Sinclair (Vancouver North), Sinnott, Tustin, Viau, White (Hastings-Peterborough), Williams, Wright, will act as members on the part of this house on the said joint committee on the printing of parliament.

Mr. Fraser: Mr. Speaker, I wonder if that committee will sit oftener than it did last year. It sat for only about ten minutes; really it was a farce.

Mr. Fournier (Hull): I am sure the committee will take notice of the remarks of the hon. member.

Motion agreed to.

LIBRARY OF PARLIAMENT

Hon. Alphonse Fournier (Minister of Public Works) moved:

That a message be sent to the Senate informing Their Honours that this house has appointed Mr. Speaker and Messrs: Adamson, Aylesworth, Black (Chateauguay-Huntingdon), Bowerman, Cardiff, Casselman, Castleden, Cloutier, Dion, Eudes, Fournier (Maisonneuve-Rosemont), Gauthier (Nipissing), Gingues, Gladstone, Gourd (Chapleau), Grant, Henderson, Howe, Hlynka, Kidd, Knight, Lapalme, Leger, MacLean, Marier, Marshall, Matthews (Brandon), McGarry, McIlraith, McKay, Menary, Mullins, Nixon, Pearkes, Probe, Reid, Richard (Ottawa East), Ross (St. Paul's), Skey, Smith (York North), Stephenson, White (Middlesex East), Winkler, Zaplitny, a committee to assist His Honour the Speaker in the direction of the library of parliament so far as the interests of the House of Commons are concerned and to act on behalf of the House of Commons as members of a joint committee of both houses on the library.

Motion agreed to.

POWERS OF COMMITTEES

Right Hon. L. S. St. Laurent (Prime Minister) moved:

That the standing committees of this house shall severally be empowered to examine and inquire into all such matters and things as may be referred to them by the house, and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

Mr. Knowles: May I ask the Prime Minister if arrangements can be made to refer to the committee on public accounts the public accounts and Auditor General's report of last year?

Mr. St. Laurent: The matter will receive consideration, and an announcement will be made by the Minister of Finance.

Motion agreed to.

COARSE GRAINS

STATEMENT AS TO MARKETING IN COMING CROP YEAR

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I wish to make a statement regarding the marketing of coarse grains.

Because of recent representations that have been made to the government, and in order to clarify the position for our farmers, I should like to make a brief statement in connection with the marketing of coarse grains for the coming crop year.

Hon. members will remember that this subject was fully discussed in this house last spring in connection with the passage of Bill 135. In introducing that bill I said in part:

The fourth amendment proposes to empower the governor in council by regulation to extend to oats and barley the regulations now applicable to wheat. Strong representations favouring the marketing of oats and barley through the wheat board have been received from farm organizations in both western and eastern Canada, among them the Canadian Council of Agriculture.

At present this is called the Canadian Federation of Agriculture.

The government desires to meet the wishes of farm organizations in this regard, provided that a workable plan can be agreed upon. However, the government is well aware that the compulsory marketing of oats and barley through the board represents serious difficulties. The success of such an enterprise must be dependent on a large measure of agreement on policy matters as between organized farmers of both the producer and the consumer class, as well as on the co-operation of provincial governments. Therefore this government will wish to have concrete evidence of such agreement and such co-operation before it can assume the responsibility for putting this amendment into effect.

Again quoting from my same statement, I gave assurance that—

The government is prepared to take whatever steps lie within its power to assist in establishing marketing arrangements that will help to maintain economic and stable prices for Canadian agricultural products. The government must, however, be satisfied that any given scheme for this purpose is a practical one, a constitutional one, a workable one and one that will command the support of the interested groups concerned. Until it is satisfied that these conditions have been met, the govern-

ment will not be prepared to undertake the marketing of oats and barley through the wheat board. It will be noted in the resolution that marketing arrangements shall come into force only at the beginning of a crop year. I believe the attitude of the government in this regard will be understood by all hon. members who are familiar with grain marketing and related agricultural problems.

The position now is that one of the prairie provinces has introduced complementary legislation but the other two have not. However at a meeting of the western agricultural conference—namely, the provincial units of the Canadian Federation of Agriculture in the four western provinces—in Saskatoon on January 20 to 22 inclusive, the following resolution was passed:

Be it resolved that a joint effort be made to enable the Canadian wheat board to be the sole marketing agency of coarse grains, and that any legislation giving the Canadian wheat board the same exclusive powers over the marketing of other grains as it now exercises over wheat, shall be based on the principle that the Canadian wheat board shall be an agency operating for the benefit and in the interest of grain producers, with a duty to sell grain for the best available price whether in export or domestic markets, and shall not be used as an instrument of government to control domestic policy; but full recognition of the importance of the livestock industry shall be given by the government of Canada, and that the government shall take adequate measures to establish necessary reserves of feed grains whenever such action is deemed necessary.

At the annual meeting of the Canadian Federation of Agriculture in the same city on January 24 to 28, the same resolution was presented and carried.

On February 21 of this year I met with a committee representing the western farm organizations and the Alberta, Saskatchewan and Manitoba governments, who asked, first, for assurances that the implementation of Bill 135, when proclaimed, would meet the letter and the spirit of the resolution quoted above, and second, whether the federal government still considers it necessary that the three provincial legislatures must pass complementary legislation.

The resolution forwarded by the Canadian Federation of Agriculture, which has been carefully reviewed, is not acceptable to the government. In the first place, if this resolution is intended to suggest that the Canadian wheat board as now constituted does not function in the best interests of the Canadian producers, this is a suggestion which I strenuously deny. Further, this resolution by its terms is contradictory, in that it would, on the one hand, require the board to sell "for the best available price whether in export or domestic markets" and at the same time to give "full recognition of the importance of the livestock industry."

In discussing the marketing of crops that are largely consumed within Canada, it is obvious that the government of Canada cannot give any undertaking that it will become responsible for marketing coarse grains solely in the interests of the producer, and without regard to the interests of the consumer of those products. If the coarse grain producers of western Canada are not satisfied that the wheat board, as now constituted, is a satisfactory marketing agency for their coarse grains, then an obvious alternative is for the producers of coarse grains in western Canada to establish their own marketing agency. My colleague, the Minister of Agriculture, has on the order paper legislation designed to complement the marketing legislation of the provincial governments. Under such legislation, the producers can themselves establish a board to sell "for the best available price, whether in export or domestic markets." This assumes that to obtain "the best available price, whether in export or domestic markets," is in fact always in the best interest of the producers, which in my opinion is questionable, to say the least.

If, on the other hand, the western producers wish to market their oats and barley through the Canadian wheat board, and provided that their provincial governments will enact the necessary legislation, this government's position has not changed since I introduced Bill 135 in response to specific requests then made by the farm organizations.

Mr. George A. Drew (Leader of the Opposition): I should like to ask the minister if it is not a fact that the judgment given by the appeal court of Manitoba on Thursday finds that it is not competent for the government to pass an order dealing with coarse grains.

Mr. Howe: No. The litigation in question refers to an entirely separate transaction under the wartime prices and trade board. It has no reference to the Canadian Wheat Board Act.

Mr. Drew: The transaction I am referring to had to do with an order under the transitional powers act which had the effect of bringing the marketing of coarse grains for a particular purpose under the wheat board. I thought that probably the explanation that was being given was in relation to that judgment.

Mr. Howe: No. The Canadian Wheat Board Act is an act of this parliament which is not contingent upon emergency powers. I think that that is the point my hon. friend refers to.

Mr. Drew: I am not suggesting that the wheat board act deals with this matter. As the minister will recall, an order was passed under the transitional powers act dealing with barley and passing the administration

of that transaction to the wheat board. I merely repeat that I thought this announcement might be related to that judgment.

Mr. Howe: This parliament at the last session amended the wheat board act to make the board the marketing agency for oats and barley. The judgment referred to by my hon. friend referred to a transaction in which the board was merely acting as agent for the wartime prices and trade board.

[*Later*]:

On the orders of the day:

Mr. C. C. Miller (Portage la Prairie): Does the government intend to compensate any of those who delivered barley at a loss pursuant to the order in council which has been found to be ineffectual in the Nolan case, recently decided by the Manitoba court of appeal?

Right Hon. C. D. Howe (Minister of Trade and Commerce): It is my understanding that the Minister of Justice intends to appeal the decision of the Manitoba courts; therefore no answer can be given.

STRAIT OF CANSO

REPORT OF BOARD OF ENGINEERS—RECOMMENDED CONSTRUCTION OF BRIDGE

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I have a statement to make which I hope will meet with the approval of the house. The board of engineers appointed jointly by the dominion government and the province of Nova Scotia last year to investigate the transportation facilities and their betterment at the strait of Canso have now submitted their report. The board, having given consideration to several methods of transportation across the strait, have reported in favour of the construction of a low-level bridge capable of handling both railway and vehicular traffic. The cost of constructing such a bridge is estimated at $13,500,000.

The board of engineers, consisting of D. S. Ellis, dean of the faculty of applied science of Queen's university, chairman, Arthur Surveyer, consulting engineer, of Montreal, and P. L. Pratley, consulting engineer, of Montreal, reported unfavourably on proposals for constructing a causeway, a tunnel or a high-level bridge. The board further reported that the present ferry system was operating at a loss and its discontinuance would result in a substantial saving which would more than pay for the probable cost of maintaining and operating the proposed bridge.

It is evident that purchasing new ferry boats and rebuilding the ferry terminals would not materially improve the efficiency of the ferry services and would not give the uninterrupted passage which the public desires. The low-level bridge will, at all times, save fifty minutes in freight and passenger train schedule to the Sydneys.

The board of engineers had been called upon to review and report on the proposals to (a) construct a bridge capable of accommodating a single track railway and highway traffic, and which will permit the passage of vessels through the strait; (b) construct a causeway for railway and highway traffic which will permit the passage of vessels; (c) construct a tunnel for railway and highway traffic; or (d) provide improved railway ferry service across the strait. Of these projects, the board of engineers reported that the low-level short-span bridge was the only one which shows a saving on present operating costs and consequently was the only one which in their opinion was economically sound.

The board of engineers recommends that the bridge should be located between Cape Porcupine, on the mainland, and Balache Point, on Cape Breton island, where the strait is at its narrowest. The width at this point is slightly more than 3,000 feet. The proposal would require a bridge with a clearance of fourteen feet above water at high tide and a vertical lift span close to the Cape Breton shore to provide clearance of 156 feet for the passage of ships.

The government has decided to accept the recommendation of the board of engineers—

Some hon. Members: Hear, hear.

Some hon. Members: Oh, oh.

Mr. Chevrier: I repeat: The government has decided to accept the recommendation of the board of engineers—

An hon. Member: Say it again.

Mr. Chevrier: —in favour of the construction of a low-level bridge, and I am happy to announce that it will proceed to implement this recommendation with the least possible delay.

I am also pleased to announce that the premier of Nova Scotia, after consultation with his colleagues, has agreed to contribute a portion of the cost of this project, details of which will be worked out later.

I believe the decision of the government to implement the recommendations of the board of engineers will not only provide an entirely satisfactory crossing of the strait, with consequent improvement in transportation generally in that part of Nova Scotia,

but with the entry of Newfoundland into confederation will also be of great importance in assisting the flow of traffic to and from the new province.

The board of engineers recommends that test borings, extending at least ten feet into the rock, should be made at the site of each of the proposed piers. The board further recommends that this boring program should be undertaken as early as possible—

Mr. Jackman: How were the political borings?

Mr. Chevrier: —after the ice is gone from the strait so that construction plans can be started without delay. I am glad to notice that my hon. friend is not interrupting me today.

It is estimated that the construction of the proposed low-level bridge would take about three years to complete, which is about the limit of the useful life of one of the railway car ferries now in operation between Mulgrave and Point Tupper.

The government will establish an authority or agency to carry out the recommendation of the board of engineers.

Mr. Black (Cumberland): Will the full report be made available to hon. members?

Mr. Chevrier: Yes, a full report will be available just as quickly as I can get sufficient copies to give to hon. members who are desirous of having it. This voluminous report was submitted to me on Thursday of last week; to give the house an example of the action taken by the government, may I point out that today, Monday, the government is recommending the adoption of the board of engineers' report which was received on Thursday.

Mr. Graydon: Nothing like an election to move a balky horse.

Mr. Casselman: Is this the same bridge that the Minister of Public Works promised over the week end?

Mr. Fournier (Hull): I wish to tell the hon. gentleman that I made no promise about any bridge over the week end. I did tell a meeting that we had an understanding with the province of Ontario to build a dam on the French river to help relieve conditions on lake Nipissing.

Mr. Gillis: May I compliment the Minister of Transport upon the statement he has just made? It took us ten years to get it; but regardless of the motive, regardless of whether or not there is to be an election, I want to thank the minister for the statement he has just made.

House of Commons

HOUSE OF COMMONS

PROVISION FOR EVENING SITTINGS 7.30 TO 10.30 UNTIL LAST SITTING DAY IN APRIL

The house resumed, from Monday, March 7, consideration of the motion of Mr. St. Laurent:

That, except on Wednesdays, Mr. Speaker shall leave the chair at six o'clock p.m. until seven-thirty, and shall adjourn the house at ten-thirty p.m. without question put, unless the closure rule (standing order No. 39) be then in operation, this order to be in effect until and upon the last sitting day of the month of April.

Right Hon. L. S. St. Laurent (Prime Minister): I ask that consideration be resumed of the motion that was made on March 7 as to the hours of sitting of the house. Hon. members will recall that there was a motion in effect which provided that until the completion of the debate on the address in reply to the speech from the throne the house should resume its evening sitting at seven-thirty and adjourn at ten-thirty. The debate on the address has now been completed, and, unless consideration is given to this motion, the house will automatically go back to the standing order under which the house shall sit in the evening from eight o'clock until eleven o'clock.

As I stated when I put the motion before the house, I did so in order to give the house an opportunity to express its views upon the question, and not because I was recommending that the order then in effect should be continued. Since that time my attention has been called to the fact that, when the days are longer and finer, many hon. members like to take a stroll after dinner before coming back into the house. This motion, however, would merely extend to the end of April the changed evening hours of sitting. Perhaps it is optimistic to feel that prior to the end of April there will be very much opportunity for those agreeable strolls before coming into the house for the evening session. In any event, without asking the house to make one decision or the other, I submit this proposal so that the views of hon. members may be expressed and the desires of the greatest number followed.

Mr. George A. Drew (Leader of the Opposition): I said when the motion was previously before the house that I felt this was not an effective way to deal with the problem, which many members have been considering for some time. I indicated that it was my intention to move an amendment which would result in the hours being from two to six and from eight to ten. In making such a motion now by way of amendment, I should like to point out that, as the Prime Minister

has said about the main motion, it is simply a suggestion put forward for consideration.

While I am a comparative newcomer in the house, one does not need to be here very long to recognize that the effectiveness of debate is related to a certain extent to the way in which the hours of the house accommodate themselves not only to the personal convenience of the members but also to the necessity for their doing a great deal of work outside the chamber. I think it is also to be considered that it must be a matter of great disadvantage to the press that the evening hour of adjournment is so late, because when the house sits until eleven o'clock it is some time after that before the press can deal with matters that have been discussed in the house.

My own feeling is that the members will do better work in the evening if the hours are from eight to ten, and afterwards they will be able to complete any necessary outside work without undue encroachment upon other arrangements they may make, and particularly upon their domestic arrangements where that may be a consideration. Moreover, by having a recess from six to eight an opportunity will be provided to meet people who wish to discuss various matters with the members, and members will be able to have their dinner and be back in the chamber at the time the house resumes.

The amendment I propose to move calls for the meeting of the house at two o'clock. The Prime Minister has indicated that in his opinion this presents some inconvenience to the cabinet. But I suggest that there is ample opportunity to adjust the hours of meeting of cabinet council, and that the business of government can be conducted more satisfactorily if the sitting hours that are arranged accommodate the members as well as the government itself—recognizing, of course, the importance of the task of the members of the cabinet and the responsibility that they assume. It seems to me that the government can well adjust the time of the regular meetings of cabinet council to meet this requirement, because, and properly so, the ministers during the course of certain debates find it convenient to carry on some of their other work in their own offices.

Therefore I move, seconded by the hon. member for Peel (Mr. Graydon), that the resolution be amended as follows:

1. That the following words be inserted after the word "that" in the first line of the resolution: "notwithstanding standing order No. 2, on and after Tuesday, March 15, 1949, the house shall meet at two o'clock in the afternoon of each sitting day, and that on and after this day" . . .

2. That the words "eight o'clock" be substituted for the words "seven-thirty" in the third line of the resolution; and that the words "ten o'clock p.m." be substituted for the words "ten-thirty p.m." in the fourth line of the resolution.

The effect would be that the resolution would read as follows:

That notwithstanding standing order No. 2, on and after Tuesday, March 15, 1949, the house shall meet at two o'clock in the afternoon of each sitting day, and that on and after this day, except on Wednesdays, Mr. Speaker shall leave the chair at six o'clock until eight o'clock p.m. and shall adjourn the house at ten p.m. without question put, unless the closure rule (standing order No. 39) be then in operation, this order to be in effect until and upon the last sitting day of the month of April.

Mr. Cruickshank: If I may ask the leader of the opposition (Mr. Drew) a question—I do not want to infringe upon provincial rights at all in this—do I understand that his amendment includes Wednesday nights?

Mr. Drew: That would include Wednesday, and would mean an added hour each week in which to complete the business, as my hon. friend so earnestly desires.

Some hon. Members: No.

Mr. Drew: I was thinking so much of the insistence of the hon. member that we sit Wednesday night that I made a mistake. The resolution would have the effect of adding one hour a week through the longer sitting on Wednesday afternoon, but we would not sit Wednesday evening.

Mr. Cruickshank: Then I am sorry; I cannot support you.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, I have been here long enough to appreciate the fact that it is extremely difficult to find sitting hours that will accommodate all hon. members and enable them, as well as the members of the cabinet, to do the work that must be done. I would be quite willing to go along with the old hours of three to six and eight to eleven, though I do appreciate getting home half an hour earlier. The point I want to make is that there is a definite objection to the amendment moved by the leader of the opposition. Today we have set up the standing committees, which usually sit in the morning from eleven to one. By the time you get to your office and put away your papers it is at least 1.15, and that leaves only three-quarters of an hour in which to get lunch and be back in the house. That would be an impossible situation; and while I am not particularly in favour of the original motion, I am definitely against the amendment for the reason I have stated.

Mr. J. A. Bradette (Cochrane): I want to say a few words about starting an hour earlier. I believe the hon. member who has

just spoken (Mr. MacInnis) pointed to a serious situation which would develop. It is true that the committees generally start work at eleven o'clock; and it may surprise the leader of the opposition to learn that many times, because there is a large number of permanent and special committees of this house, it is difficult to secure a quorum in order to get the work of a committee started. Sometimes we have to close our eyes and ignore the fact that we lack a quorum.

In spite of what hon. members opposite may say, I think it would be impossible to have the committees begin work at ten o'clock, no matter how hard we might try to do it. The question of changing the hours of sitting should be studied thoroughly; but we should be careful to see that the work of the permanent and special committees of the house is not interfered with, because that would defeat the very end we are trying to achieve—that of accelerating at least to some extent the work of this house.

In all sincerity I say it is impossible to have the committees start before eleven o'clock in the morning, and I have had a good deal of experience in that regard. It is also impossible to adjourn much before one o'clock. If the amendment were adopted, only one hour would be left before the opening of the house, and I submit that under such conditions we could not do our work properly. I am sure the leader of the opposition agrees that committees must function freely in this or any other legislature, and if we curtail their work to any extent, instead of expediting the work of this house we shall be retarding it. So far as I am concerned, after many years of experience with the committees of this house, I must vote against the amendment.

Mr. Gordon Graydon (Peel): The hon. member who has just spoken has had a great deal of experience in committee work, but I find myself in disagreement with the view he has put forward. It seems to me it would meet the convenience of hon. members if our committees were called at an earlier hour, and perhaps the result would be better all round if we closed at ten o'clock and took the extra hour off at night. I think that would overcome the objection of the hon. member for Cochrane (Mr. Bradette).

Mr. J. A. Ross (Souris): In some respects I agree with the hon. member for Fraser Valley (Mr. Cruickshank); one of our points of agreement is that neither of us is a tête-à-tête man. I agree wholeheartedly that the work of our committees is an important phase of the work of this house, but for the life of me I cannot see why the hours of meeting of the committees cannot be adjusted. A great many of us are here at eight-thirty in the morning, have our breakfast and are looking after our correspondence by nine o'clock. On the average that work is cleared up by ten o'clock, when we could attend committee meetings, and those committees could rise at noon.

There is another thought I should like to put forward. As part of our democratic parliamentary set-up we depend a great deal upon the press, and I know that many members of the press do not leave this house until after midnight, sometimes not until one or two o'clock in the morning. Surely we could give a little consideration to the gentlemen of the press without interfering at all with the splendid work done by the committees of the house. I have not been here as long as some hon. members, but this is my tenth session, and at times I have belonged to three or four standing committees, some of which have been meeting simultaneously. I believe that with a little thought and adjustment we could arrange to have those committees sit from ten to twelve, in order that the house might meet at more convenient hours, thus benefiting all hon. members.

I would hope that we might seriously consider, on a non-party basis, the possibility of changing to the hours proposed, two to six and eight to ten, which I am sure would prove to be in the interests of the committees as well as of this house itself.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I suggest that the question be put? I for one would like to enter into the argument, but surely this is largely a matter of personal desire and opinion. We can neither dissuade nor persuade each other; therefore I suggest that we take the vote.

Mr. A. W. Stuart (Charlotte): Before the vote is taken I would like to hear the views of hon. members on the possibility of sitting through from two o'clock until eight o'clock, without any dinner adjournment, or from three to nine, whichever may meet with their approval. In discussing this matter I have heard hon. members say you could not get a sufficient number in the house at that time to carry on. Come in here any night at eight o'clock, half an hour after the house opens, and you will not find more than forty or fifty members in their seats; the other two hundred could be having their dinner at that time. I believe many hon. members feel as I do and would like to get out in the evening for a swim or to play golf or to do various things, and I am sure this change would suit many who do not wish to sit here night after night. For my part, I would just as soon sit

in the House of Commons from ten to eleven, as I would sit down at the Lord Elgin hotel.

Mr. A. L. Smith (Calgary West): Speaking personally, and perhaps from a selfish point of view, I think the silliest thing this House of Commons ever did was to attempt to save this half hour and ruin everybody's dinner. I live about a mile and a half from the parliament buildings. I like to walk home once a day, and I like to be able to say hello to my wife without doing it on the run. I intend to walk home before dinner, and I intend to do what I usually do before dinner, irrespective of what rules are made. I am going to take the two hours, and I think that is what all members should do.

Mr. W. Garfield Case (Grey North): The member for Cochrane (Mr. Bradette) has laid great stress on the work of the committees. My experience has been that the committees usually meet on Tuesdays and Thursdays. I think we should adjust the hours of sittings of the house, which meets daily, and adjust the committee hours later —even ten-thirty to twelve-thirty; we could get our two hours in just the same. I make this observation, sir, in the hope that members will keep it in mind when making their decision.

Mr. St. Laurent: I think we have had an effective demonstration of the difficulty of fixing hours that will suit the convenience of everyone. I should be reluctant to have the convenience of the members of the government, or even of the members of the house, put into competition with the convenience of the members of the press gallery. Nevertheless, it is evident no solution can be found that will suit everyone. As the member for Winnipeg North Centre (Mr. Knowles) has said, this is not a matter of government policy. If the house sits from two until six, it involves inconvenience for the members of the government. If the house sits at other hours, it involves inconvenience for other members of the house and, as we have been told, for the gentlemen of the press. I think the only possible remedy is for each of us to record his vote on the amendment and on the motion in accordance with what most closely approximates his own convenience.

Amendment (Mr. Drew) negatived.

The house divided on the main motion (Mr. St. Laurent) which was agreed to on the following division:

YEAS

Messrs:

Archibald	Beaudoin
Argue	Belzile
Arsenault	Black (Yukon)
Baker	Blackmore
Boivin	McCullough (Assiniboia)
Bourget	McDonald (Parry Sound)
Bowerman	McGarry
Brooks	McIlraith
Burton	MacInnis
Chevrier	McIvor
Claxton	McKay
Cloutier	MacLean
Croll	McLure
Daniel	MacNaught
Dechene	MacNicol
Diefenbaker	Maloney
Douglas	Marier
Emmerson	Martin
Fair	Matthews (Brandon)
Fournier (Hull)	Matthews (Kootenay East)
Gardiner	Miller
Garson	Moore
Gibson (Hamilton West)	Nicholson
Gillis	Probe
Golding	Quelch
Gour (Russell)	Raymond (Wright)
Grant	Robinson (Bruce)
Green	St. Laurent
Gregg	Sinclair
Herridge	Sinnott
Jackman	Stanfield
Johnston	Stuart (Charlotte)
Jones	Strum, Mrs.
Knight	Thatcher
Knowles	Tremblay
Lafontaine	Viau
Lapointe	Williams
Low	Wright
McCuaig	Young
McCubbin	Zaplitny—80.

NAYS

Messrs:

Abbott	Lennard
Ashby	Lockhart
Barrett	McCann
Benidickson	McCulloch (Pictou)
Bentley	Macdonnell (Muskoka-Ontario)
Bertrand (Prescott)	McGregor
Black (Cumberland)	MacKinnon
Bracken	Marshall
Bradette	Mayhew
Bradshaw	Menary
Campbell	Merritt
Case	Mitchell
Casselman	Murphy
Church	Mutch
Cockeram	Parent
Coldwell	Pearkes
Cruickshank	Pearson
Dickey	Reid
Drew	Ross (St. Paul's)
Fleming	Ross (Souris)
Fraser	Shaw
Fulton	Smith (Calgary West)
Gagnon	Stewart (Winnipeg North)
Gibson (Comox-Alberni)	Stokes
Graydon	Timmins
Hackett	Townley-Smith
Harkness	Tustin
Hazen	Warren
Hlynka	White (Hastings-Peterborough)
Howe	White (Middlesex East)
Irvine	Whitman
Isnor	Winters
Jaenicke	Wylie—68.
Jutras	
Kuhl	

Mr. Harris (Danforth): Mr. Speaker, in the absence of the hon. member for Waterloo North (Mr. Breithaupt), who is paired with

me, I refrained from voting. Had I voted I would have voted against the motion.

Mr. Smith (Calgary West): I hope the 7.30 boys will be here when the house resumes after dinner.

AGRICULTURAL PRODUCTS

PROVISION FOR MARKETING IN INTERPROVINCIAL AND EXPORT TRADE

Right Hon. J. G. Gardiner (Minister of Agriculture) moved for leave to introduce Bill No. 82, to provide for the marketing of agricultural products in interprovincial and export trade.

Some hon. Members: Explain.

Mr. Gardiner: This bill, for which many hon. members have been asking, is complementary to the provincial legislation.

Mr. Knowles: We still want an explanation.

Motion agreed to and bill read the first time.

PRIVATE BILL

SENATE BILL—FIRST READING

Bill No. 80, (from the Senate) respecting the Dominion Altantic Railway Company—Mr. Dickey.

NATIONAL PARKS ACT

BANFF—EXCLUSION OF AREA REQUIRED FOR SPRAY LAKES POWER AND STORAGE PROJECT

Hon. J. A. MacKinnon (Minister of Mines and Resources) moved the first reading of Bill No. 81 (from the Senate) to amend the National Parks Act.

Motion agreed to and bill read the first time.

INQUIRY OF THE MINISTRY

REQUEST FOR CLARIFICATION OF ANSWER TO QUESTION

Mr. N. J. M. Lockhart (Lincoln): Mr. Speaker, I rise on a question of privilege. Last week the Minister of Reconstruction and Supply (Mr. Winters) replied to a question I had asked. Part 5 of that question was as follows:

What are the names of the principal officials of the corporation?

I was referring to the Central Mortgage and Housing Corporation. In part 6 I asked what salary each received. Part 7 was as follows:

What were the traveling expenses of each such official during the year 1948?

In question 8 I asked:

Have any increases in salary been granted to employees of the corporation since it was set up?

In the last question I asked to whom such increases had been given, and the amounts of them.

In the answer to part 5 the officers of the company are set out. In the answer to No. 6 the salaries are given. However when in No.. 7 I asked for the traveling expenses of each of the officials, the answer given was that "this information is not available from government records." I feel that that is information I should have.

In part 8 I asked if any increases in salary had been granted to employees of the corporation, and this is answered yes. The answer to part 9, which asks "To whom, and what increase to each of them", is, "this information is not available from government records." I would ask the Minister of Reconstruction and Supply to look over the question again and to give me the information.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CONTRACTS FOR DELIVERY OF GOODS TO GOVERNMENT DEPARTMENTS

Mr. Fulton:

1. What deliveries have been made to the Department of National Defence or any other department of government of goods under the contracts referred to in the following orders in council respectively: P.C. 859 of March 2, 1948; P.C. 938 of March 6, 1948; P.C. 1051 of March 16, 1948; P.C. 1101 of March 16, 1948; P.C. 1186 of March 23, 1948?
2. What is the value of the goods delivered under each of these respective contracts?
3. What balance, if any, remains to be delivered?
4. If there is any balance remaining to be delivered, what time is set for the final delivery?

Mr. Baker:

1. Deliveries have been completed and/or services rendered in accordance with contracts in all cases except P.C. 938 which covers modification of 50 snowmobiles, the property of the Department of National Defence, 28 of which have been completed and accepted.

2. (a) Delivered to Department of National Defence:

P.C.	859	$226,597 00
	1051	34,326 54
	1101	226,269 11
	1186	196,417 20
	938	420,000 00

(b) P.C. 938: Additional materials and components in hands of Canadian Arsenals and work completed as at 26th February, 1949—$143,308.

3 and 4. P.C. 938: 22 snowmobiles being modified, of which 15 are to be delivered by 31st March, 1949, and balance expected by 30th April, 1949.

Questions

NATIONAL HEALTH—HOSPITAL CONSTRUCTION GRANT

Mr. Henderson:

1. How much of the moneys in the supplementary estimates 1948-49, relating to the hospital construction grant to the provinces, has been spent?
2. What commitments are already made for further expenditures to be undertaken before the end of the present fiscal year?
3. What is the distribution by provinces of (a) money spent; (b) commitments made?

Mr. Reid:

1 and 2. Projects covering new construction of hospital accommodation amounting to an estimated 13,000 beds will be received this fiscal year. Projects for hospital construction grants amounting to $6,087,501 had been approved to March 10, 1949.

Under the terms of orders in council P.C. 3403 and P.C. 5504 instalment payments of $1,300,289.77 have been made to March 10, 1949. It is not possible at this time to indicate what commitments under the grant will be for the present fiscal year since commitments depend upon:

(a) the rate of completion of the numerous hospitals for which construction grants have been approved since payments are made on an instalment basis, depending on degree of construction;

(b) the accounts submitted for payment by the provinces by the end of the fiscal year.

3. (a) As at March 10, 1949, the following instalment payments have been made:

Prince Edward Island	$ 21,416 66
Nova Scotia	57,853 66
New Brunswick	....
Quebec	1,006,355 46
Ontario	32,563 50
Manitoba	49,952 00
Saskatchewan	2,498 90
Alberta	5,661 00
British Columbia	123,988 59
	$1,300,289 77

(b) See answer to Nos. 1 and 2.

DRAINAGE AND RECLAMATION—BRITISH COLUMBIA —PEMBERTON MEADOWS

Mr. Fulton:

1. What has been the total expenditure to date in connection with drainage and reclamation at Pemberton meadows, British Columbia?
2. What has been the expenditure by years?
3. What has been the expenditure by areas, as defined in the McGugan report on this project?

Mr. McCubbin:

1. $306,817.32.

2. Pemberton expenditures by years: April 1, 1944-March 31, 1945, $9,421.47; April 1, 1946-March 31, 1947, $48,876.57; April 1, 1947-March 31, 1948, $138,803.17; April 1, 1948-February 28, 1949, $109,716.11.

3. Expenditures by areas: area 1, $81,583.24; area 2, $3,343.11; area 3, $220,806.66; area 4, $1,084.31.

ORDERS IN COUNCIL

Mr. Diefenbaker:

1. How many orders in council relative to the provisions of the Immigration Act have been passed since the first day of July, 1947?
2. Of said orders in council, how many have not been (a) published in the *Canada Gazette;* (b) tabled in parliament?

Mr. St. Laurent: This question was answered in a statement by the Prime Minister on Friday, March 11, 1949, page 1377 of *Hansard.*

WAR ASSETS CORPORATION

Mr. Shaw:

1. What was the total gross value of sales by War Assets Corporation during the year 1948?
2. What was the net value of sales during 1948?
3. How many persons were employed by War Assets Corporation during the year 1948?
4. What was the total amount paid in wages, salaries, traveling allowances, etc., to employees of War Assets Corporation during the year 1948?

Mr. McIlraith:

1. $36,288,752.98.

2. $32,165,546.35.

3. The following is the number of employees of War Assets Corporation as at the end of each calendar month in 1948:

1948	W.A.C.	Corps of Commissionaires
January 31	4,480	396
February 29	3,966	358
March 31	3,217	310
April 30	2,648	258
May 31	2,183	219
June 30	1,750	204
July 31	1,388	193
August 31	1,093	180
September 30	461	141
October 31	451	127
November 30	365	118
December 31	316	106

4. $4,728,132.58.

PRICES AND TRADE BOARD—SALARIES, TRAVELING EXPENSES, ETC.

Mr. Shaw:

1. How many persons were employed by the wartime prices and trade board in (a) 1947; (b) 1948?
2. What was the total amount paid in wages, salaries, traveling expenses and other allowances to employees of wartime prices and trade board in (a) 1947; (b) 1948?

Mr. Belzile:

1. Number employed by the wartime prices and trade board as at:

(a) 1947: January 1, 1947, 4,568; December 31, 1947, 1,160.

(b) 1948: January 1, 1948, 1,160; December 31, 1948, 1,056.

2. Total amount paid in wages, salaries, traveling expenses and other allowances to employees of wartime prices and trade board:

	Wages, Salaries and Other Allowances	Traveling Expenses
(a) 1947	$5,519,511.41	$513,055.79
(b) 1948	$2,602,707.26	$269,189.44

CONSUMPTION IN CANADA OF CONSUMER GOODS AND SERVICES PER CAPITA

Mr. Coldwell:

What was the consumption of consumer goods and services per capita in Canada expressed in terms of the dollar pegged at the base 1935-1939 level, for each of the years 1926 to 1948 inclusive, and what is the government's forecast for 1949?

Mr. McIlraith: Consumption of consumer goods and services per capita in Canada expressed in terms of the dollar pegged at the base 1935-1939 level is estimated to be as follows:

Year	Dollars per capita
1926	318
1927	336
1928	354
1929	359
1930	332
1931	317
1932	295
1933	284
1934	295
1935	308
1936	318
1937	334
1938	331
1939	338
1940	365
1941	390
1942	407
1943	419
1944	442
1945	479
1946	520
1947	521
1948	501
1949 forecast.....	509

Note: The cost of living index was used to convert the actual dollar values of consumer expenditure on goods and services to constant dollars since it was the best available single index for this purpose.

RED CROSS—EXCISE AND SALES TAXES

Mr. Shaw:

Does the Department of National Revenue collect the full rate of excise and sales taxes on taxable articles which are purchased by the Red Cross and other organizations out of money secured through voluntary contributions and given without charge to the needy?

Questions

Mr. McCann: The statutes provide no exemption for the Red Cross or other organizations and the Department of National Revenue collects taxes legally due.

AUDITOR GENERAL'S REPORT—PAYMENT UNDER "SERVICE PERFORMED"

Mr. Isnor:

1. What payment or payments, if any, were made in respect to "service performed" and referred to in the auditor general's report of 1947-48 as set out in paragraph 9?

2. What was the total amount?

3. To what do these amounts relate?

4. What are the details of each transaction or contract?

Mr. Baker:

1. On P.C. 859, $93,852.50 and 938, $425,000.00, totaling $518,852.50, while advance payments for components were made on P.C. 1051 of $15,000, on P.C. 1101 of $113,135, and on P.C. 1186 of $33,979.78, totaling $162,114.78.

2. $680,967.28.

3. and 4. (a) P.C. 859

The contract was placed with R.C.A. Victor Company Limited in September, 1947, for wireless equipment and subsequently revised to an amended total value of $226,597.00. Work completed at March 31, 1948, was valued at $113,298.50, on account of which $93,852.50 was paid as a normal progress payment.

(b) P.C. 938

The contract was placed with Canadian Arsenals in August, 1947, covering modification of and development work on snowmobiles for use in the north, the property of the Department of National Defence, at a cost of $800,000. Work completed and material acquired at March 31, 1948, was valued at $425,000, and payment of this amount made as a normal progress payment.

(c) P.C. 1051

The contract demand for teletype equipment, to a total value of $34,326.54 was signed by the Minister of National Defence on January 24, 1948. In order to obtain components of specialized military type partly from the United States, the contract in accordance with normal business practice called for an advance payment to the contractor, Northern Electric Co. Ltd. of $15,000.

(d) P.C. 1101

The contract demand for the supply and installation of wireless equipment to a total value of $226,269.11 was signed by the Minister of National Defence on December 1, 1947. For the reasons in (c) above, the contract called for an advance payment to the contractor, Canadian Marconi Limited, of $113,135.

Questions

(e) P.C. 1186

The contract demand for the purchase of 2 Sikorsky helicopters to a total value of $196,693.20 was signed by the Minister of National Defence on January 30, 1948. The contractors, Canadian Pratt and Whitney Aircraft Limited were acting as agents for United Aircraft Corporation of Hartford, Connecticut, manufacturers of the Sikorsky helicopter. The latter, as an essential condition of the contract which provided for the inclusion of Canadian-owned engines in the finished machines, required an advance payment of $33,979.78.

IMPORTS FROM JAPAN

Mr. Bradshaw:

1. How many mitts or gloves of any kind have been imported into Canada from Japan each month since February, 1948?

2. Under what classification as to wool, leather or other product were they entered?

3. What is the value of such imports per month and by classification?

Mr. McIlraith:

1. and 3.

Month	Doz. Pr.	Value
February, 1948	—	$ —
March	—	—
April	—	—
May	—	—
June	—	—
July	—	—
August	5,475	12,681
September	5,325	11,665
October	—	—
November	1,200	2,412
December	1,195	3,661
January, 1949	2,550	4,808

2. In January 1949, 300 dozen pairs valued at $466 were entered as cotton gloves. All other importations during this period consisted of wool gloves.

UNEMPLOYMENT INSURANCE

Mr. MacInnis:

1. What was the number of unemployed in each of the months of December, 1947; January and February, 1948; December, 1948 and January and February, 1949?

2. How many of such unemployed were in employment covered by the Unemployment Insurance Act?

3. How much was paid in unemployment insurance benefits in each of the above-mentioned months?

4. What was the average individual weekly unemployment insurance benefits paid in each of these months?

Mr. Mitchell:

1. Number of unplaced applicants in Canada at end of following months was: December 1947, 142,409; January 1948, 186,750; February 1948, 200,844; December 1948, 186,732; January 1949, 256,813; February 1949 (Figures not yet available).

2. Number who signed the unemployment register the last six working days of following months was: December 1947, 94,525; January 1948, 130,798; February 1948, 146,074; December 1948, 144,058; January 1949, 197,675; February 1949 (Figures not yet available).

3. Amount of unemployment insurance benefits paid in following months was: December 1947, $2,544,796; January 1948, $3,924,641; February 1948, $5,017,492; December 1948, $3,592,155; January 1949, $6,727,221; February 1949, $8,158,902.

4. Average individual weekly unemployment insurance benefits paid in following months were: December 1947, $11.58; January 1948, $11.76; February 1948, $11.82; December 1948, $12.78; January 1949, $13.20; February 1949 (Figures not yet available).

BOARD OF TRANSPORT COMMISSIONERS

Mr. Fair:

1. Who are the members of the board of railway commissioners of Canada?

2. What are their specific duties in detail?

Mr. Chevrier:

1. Mr. Justice M. B. Archibald, K.C., chief commissioner, Hugh Wardrope, assistant chief commissioner, A. Sylvestre, K.C., deputy chief commissioner, J. A. Stoneman, commissioner, F. M. MacPherson, commissioner, H. B. Chase, C.B.E., commissioner.

2. The principal duties of the Board of Transport Commissioners for Canada (formerly the board of railway commissioners for Canada) are to deal with complaints that any provision of the Railway Act or the Transport Act, 1938, has been violated and to hear applications requesting the board to make any order which it is authorized by these acts to make. The board has jurisdiction in regard to (a) the construction, maintenance and operation (including rates) of dominion railways; (b) the rates of dominion telephone, telegraph and express companies; (c) the tolls on international bridges and tunnels; (d) the licensing and rates of ships on the great lakes, the Mackenzie river and the Yukon river.

ELECTRIC POWER SHORTAGE—DAYLIGHT SAVING

Mr. Church:

1. Is the government considering any national plan for daylight saving in Canada so as to relieve the shortage of power situation in urban, suburban, and rural districts for 1949?

2. Will any action be taken in the matter?

Mr. Gibson (Hamilton West):

1. No. The shortage of power in Canada is not national in scope, but local, and it is a

matter for the municipalities and provincial governments affected to decide any plan for daylight saving in order to conserve power.

2. Answered by No. 1.

WINDOW GLASS

Mr. Caouette:

1. Is window glass manufactured in Canada?
2. If so, in what locality?

Mr. McIlraith:

1. Yes.

2. Montreal, Quebec.

NEEPAWA, MAN., AIRPORT

Mr. Bracken:

Have any specific plans been formulated by the Department of National Defence for utilizing the Neepawa airport, and if so, will the minister state what they are?

Mr. Baker: No. Neepawa airport is under Department of Transport control.

ROYAL MILITARY COLLEGE AND ROYAL ROADS—STUDENTS ADMITTED

Mr. Kidd:

1. How many students will be admitted to the Royal Military College at Kingston in 1949?
2. How many students will be admitted at Royal Roads College, Royal Roads, British Columbia, in 1949?

Mr. Baker:

1. Royal Military College, Kingston, 103.

2. Royal Roads, Royal Roads, B.C., 80.

NATIONAL FILM BOARD—"THE PEOPLE BETWEEN"

Mr. Fraser:

1. How many national film board employees were sent to China for taking and producing the motion picture "The People Between"?
2. What are the (a) names of these employees; (b) yearly salary of each; (c) cost of travel and other expenses paid by the national film board for these employees from time of leaving Ottawa, Canada, until return to Ottawa?
3. If persons other than regular employees of the national film board were employed for these pictures, how many were so employed and what was the total cost of engaging them, including expenses, during the time of producing this picture?
4. Is this film being shown in Canada by the national film board or is it to be released in Canada by the board?
5. If not to be released, for what reason or reasons is it not to be released by the national film board?
6. Is this documentary film being sold or is it to be sold?
7. If so, to whom?
8. At what price has this film been sold, or is to be sold?
9. What footage was used in producing this film, and what footage is the completed film?
10. What is the estimated cost of producing this film, including rightful portion of national film board; overhead and estimated cost of all services supplied them by public works department, such as building, telephones and other charges, and treasury branch of the Department of Finance?

Mr. Winters:

1. No employees were sent by the national film board to China for taking and producing the film in question. A cameraman was lent to UNRRA to make a film record for that international organization of its work in China.

2. The cameraman loaned to UNRRA was Grant McLean. His yearly salary was $3,600 per year. All salary, traveling and living expenses were paid by UNRRA over a period of approximately fourteen months. $879.15 traveling expenses was paid by N.F.B. to save time by returning the cameraman by air via London.

3. None.

4. No arrangement has been completed for the distribution of the film in Canada.

5. The film will probably be released by a commercial distributor, but owing to its length—two reels—it will not be one of the films in the N.F.B. regular theatrical series which are one-reel in length.

6. Normal arrangements will be made for commercial theatrical distribution and for non-theatrical distribution.

7. See answer to 6.

8. See answer to 6.

9. The film is 1,980 feet in length. This is the finally edited length from approximately 24,000 feet of film. In addition some of the footage was used by UNRRA for release to newsreels and other agencies. The remainder of the footage has been turned over to N.F.B. by UNRRA and will be used as library material, as is customary, for stock shot purposes, sale to other film producers and, if necessary, for further film reference to China.

10. Estimated cost of film, $16,185.06, includes all overhead and services, telephone charges, etc. It is not possible to apportion to this film rental of buildings assigned by Department of Public Works for the use of the national film board.

WORLD WAR II—REQUEST FOR FREE TRANSPORTATION TO VISIT GRAVES OVERSEAS

Mr. Jones:

1. Has the government received a petition from the next of kin association requesting that mothers and widows of servicemen be given free transportation to visit the graves of their kin who were killed in world war II?
2. If so, would the minister make a statement as to what plans, if any, the government have made to comply with this request?

Mr. Mutch:

1. Yes.

2. No plans have been made by the government.

Questions

*PUBLIC ACCOUNTS—ACTIVE ASSETS—INVESTMENTS

Mr. Fulton:

What are the details of the various "investments" totaling $1,175·2 million in the active assets of Canada as at 31st March, 1948, as referred to at p. XXV of the public accounts for the year ended March 31, 1948?

Mr. Sinclair: The details of the answer will be found on the balance sheet of the government of Canada, page 2 of the public accounts, together with the supporting schedules at page 17.

UNEMPLOYMENT INSURANCE—SASKATCHEWAN GOVERNMENT SHOE FACTORY

Mr. Diefenbaker:

1. Are any of the employees of the Saskatchewan government tannery or shoe factory who were laid off in December in receipt of unemployment insurance?

2. If so, of this date how many of said employees in each of said businesses are receiving benefits?

Mr. Mitchell:

1. Yes.

2. As of March 12, 1949, three employees of the Saskatchewan tannery and eight employees of the Saskatchewan shoe factory were receiving benefits.

INCOME TAX

ASSESSMENTS NOT YET MADE—REFERENCE TO ANSWER TO QUESTION ON MARCH 2

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, before we leave the order for questions, there is a matter I should like to bring to the attention of the house—though I am sorry to have to do so again; it has already been mentioned twice in the house. On March 3 I drew the attention of the house to the fact that a most important part of a question I had put on the order paper had not been answered. I pointed out, as reported at page 1085 of *Hansard,* that nothing was forthcoming. Further reference was made to the matter on March 9. Referring to it on that occasion I asked if Your Honour would be kind enough to give a direction that the question be restored to the order paper. Your Honour bowed most graciously, and I thought that intimated that you were going to give the necessary direction. But the question has not been restored to the order paper, and the Minister of National Revenue (Mr. McCann) has not answered it. I would ask that the question be put back on the order paper, because it was not answered.

Mr. McCann: The hon. member's speech has saved me a lot of explaining. Here is the answer to his question.

Mr. Casselman: Why is it so late?

[Mr. Mutch.]

Mr. McCann: The answer is as follows:

The reply to this question as previously given on page 1059 of *Hansard,* dated March 2, 1949, was in the form in which the statistics are maintained by the taxation division. A similar question asked last year by the hon. member when answered in this form was accepted.

It has been the policy of the taxation division to maintain monthly records of the number of returns remaining unassessed in reasonable detail. For this purpose, returns which are more than three years old are grouped under one caption in order to avoid the necessity of keeping scattered records under five or six detailed yearly headings. In view of this, I regret to advise the hon. member that it is not possible to submit figures from the taxation division's records in any greater detail than that already given.

QUESTIONS PASSED AS ORDERS FOR RETURNS

ACCELERATED DEPRECIATION

Mr. McMaster:

1. What amount of accelerated depreciation to date has been allowed to individuals or firms for the purpose of (a) erecting or extending or improving buildings; (b) other purposes?

2. What were the amounts of the ten largest allowances for (a) buildings; (b) other purposes?

GOVERNMENT PRINTING CONTRACTS

Mr. Stephenson:

1. What was the cost per year of government printing contracts let to private individuals, firms or publishing organizations from January 1, 1940 to December 31, 1948?

2. Were any of the above contracts let to publishers of weekly newspapers? If so, to what papers and what amount each year during the above period?

Mr. Gibson (Hamilton West): Return tabled.

UNEMPLOYMENT INSURANCE—PONTIAC AND CHAPLEAU COUNTIES, QUE.

Mr. Caouette:

1. How many unemployed persons in the counties of (a) Pontiac; (b) Chapleau, have received unemployment insurance benefits since June 1, 1948?

2. How many unemployed persons are registered for the purposes of unemployment insurance in the towns of Rouyn, Noranda, Val d'Or, Malartic, Cadillac, Perron and Duparquet?

3. Of such unemployed persons now registered with the unemployment insurance commission, how many were in the employ of (a) Noranda Mines; (b) East Sullivan; (c) Waite Amulet; (d) Malartic Goldfield; (e) Sullivan Consolidated?

M. E. POWERS

Mr. McGregor:

1. Have the services of M. E. Powers, consultant engineer, been used by the dominion government?

2. If so, for what purpose were his services required?

3. What amounts as salary, fee, or other remuneration has Mr. Powers received from the dominion government and for what period?

4. Did Mr. Powers receive additional sums for traveling expenses and/or other charges?

5. If so, what amount did he receive for (a) traveling expenses; (b) other charges?

6. What are the qualifications and experience of Mr. Powers for the services which he has performed?

7. Is Mr. Powers a Canadian citizen?

8. Where are his business headquarters situated?

9. Are the services of Mr. Powers still being retained by the dominion government? If so, for how long are such services to be retained?

CANADIAN PACIFIC SECURITIES

Mr. Knowles:

1. As at September 1, 1939, what was the total value of Canadian Pacific securities of all kinds held in the United Kingdom, the United States, Canada and other countries?

2. What is the total value of Canadian Pacific securities of all kinds held in the above noted countries as at the present time?

3. Have any Canadian Pacific securities held in the United Kingdom been acquired by the government of the United Kingdom? If so, what is the value of such securities so acquired?

4. What is the total value of Canadian Pacific securities returned to Canada from the United Kingdom since September 1, 1939, and what disposition has been made of any such securities returned to Canada?

5. Did the Canadian government acquire any Canadian Pacific securities following world war I? If so, to what extent were such securities acquired, and to what extent are such securities still in the possession of the Canadian government?

6. Does the Canadian government hold any Canadian Pacific securities other than those acquired following world war I?

CANADIAN ARMED FORCES—EXPENDITURES, 1938-48

Mr. Probe:

What amount of money was spent by the national defence department and/or any other government department on account of each of the following (a) reserve army; (b) reserve navy; (c) reserve air force, in each of the years 1938 to 1948 inclusive?

CHURCHILL, MAN., POST OFFICE

Mr. Knight:

1. What is the over-all floor space of the post office at Churchill, Manitoba?

2. How much of that space is used as a waiting room?

3. What is the approximate number of population which uses the post office facilities?

4. Is mail stored at this post office over periods of time awaiting navigation?

5. Are postal boxes available for rental?

6. By what percentage has the receipt of mail increased at this point in the last three years?

7. For how many outposts is mail stored for periods of time at this post office?

8. Has the Postmaster General received resolutions from Churchill asking for increased facilities? If so, what action has been taken upon such requests?

NATIONAL CAPITAL PLAN—SALARIES AND OTHER EXPENSES

Mr. Hodgson:

1. What salary, honorarium and expenses have been paid to Mr. Jacques Greber in connection with the national capital plan?

2. Have any bills been rendered by Mr. Greber that are yet unpaid? If so, in what amounts?

3. How many persons are employed or working in connection with the said plan and what salary and expenses have been paid to all such persons?

UNEMPLOYMENT INSURANCE COMMISSION—NEW GLASGOW, N.S., OFFICE

Mr. Black (Cumberland):

1. Is the building occupied by the unemployment insurance commission in New Glasgow, Nova Scotia, owned by the government? If so, what was the total price paid, and to whom was it paid?

2. If not (a) from whom is it rented; (b) for what period; (c) at what rental?

3. How many employees are there in this office?

4. Who is in charge, and what salary is paid?

5. What are the total monthly salaries paid?

6. How many war veterans are employed in this office?

7. How many of these employees are under the civil service?

COMBINES—DENTAL COMPANIES

Mr. Diefenbaker:

1. What was the total cost incurred by the combines investigation department in the investigation that led to the prosecutions in 1948, of the 18 dental companies for conspiracy?

2. What was the total cost of the trial?

3. What was the total cost of the appeal to the Court of Appeal of Ontario?

4. Who were the counsel on (a) the trial; (b) the appeal, and how much did each receive for fees and expenses?

5. Are there any outstanding accounts submitted by counsel or solicitors? If so, by whom and what are the several amounts?

MOTIONS FOR PAPERS

MICHEL LUCIEN SEIGNEUR

Mr. Stewart (Winnipeg North):

For a copy of all orders in council, correspondence, reports or other documents in the possession of the government concerning Michel Lucien Seigneur.

CHESTER, N.S., WHARF

Mr. Nowlan:

For a copy of all payrolls, covering repairs to the wharf at Chester, Nova Scotia, for the months of August, September, October, November and December, 1948, together with a statement showing all material purchased for the said work; the names of the parties supplying the same and the amounts of money paid therefor, as well as the name or names of the party or parties who purchased salvage or surplus material derived from or purchased for the said work, the quantity or kind of material so purchased by each such individual and the prices paid therefor.

Orders for Returns

CHILD WELFARE ADMINISTRATION, ALBERTA

Mrs. Strum:

For a copy of all correspondence, telegrams, agreements, and other documents, exchanged between officials of the government of Alberta, and/ or other persons and the various departments of the federal government, with respect to child welfare administration in Alberta, during the period covered by the ten-month investigation into this question conducted by the royal commission appointed in 1947.

YUKON TERRITORY—FEDERAL EMPLOYEES

Mr. Black (Yukon):

For a statement of the names of all persons employed in Yukon Territory by the federal government (with the exception of those names in return tabled March 10, 1947), showing where they are serving; in what capacity; their remuneration, and when each was first so employed.

HEALTH GRANTS—NURSES' HOMES

Mr. Knight:

For a copy of all correspondence since January 1, 1948, exchanged between the government and individuals or organizations regarding the possibility of obtaining federal grants towards the building of new nurses' homes or additions to those in existence; together with any documents or memoranda indicating decisions made by the government in connection with such inquiries.

INDIAN AFFAIRS—BLOOD INDIAN RESERVE—ST. MARY IRRIGATION DAM

Mr. Diefenbaker:

For a copy of all records, letters, telegrams or correspondence since the 1st of July, 1947 to date in the possession of the Department of Mines and Resources, connected with the Blood Indian reserve, number 148, relative to the purported lease of land on the reserve for the St. Mary irrigation dam and all documents connected with the vote on the 9th and 10th of December, 1948, of the Blood band of Indians and in particular any complaints regarding irregularities in the vote made by members of the band that have been transmitted by the superintendent of the Blood agency and the Indian Agent.

EMERGENCY GOLD MINING ASSISTANCE ACT

EXTENSION TO CERTAIN MINES NOT NOW INCLUDED

Hon. J. A. MacKinnon (Minister of Mines and Resources) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a bill to amend the Emergency Gold Mining Assistance Act by extending the assistance to certain mines not presently included under the act.

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

Motion agreed to.

[Mr. Nowlan.]

ROYAL CANADIAN NAVY

QUESTION WITH RESPECT TO SUBMARINES

On the orders of the day:

Mr. T. L. Church (Broadview): I should like to direct a question to the Minister of National Defence in connection with a reported statement by Vice-Admiral Grant at a meeting in Toronto of the Toronto branch of the Naval Officers' Association last Friday evening when he stated that Russia had four times the number of U-boats that Hitler had. I asked a similar question last week in the form of a notice of question. The minister said that Canada's navy had no submarines. Perhaps the minister does not know, but I should like to find out.

Hon. Brooke Claxton (Minister of National Defence): The hon. member asked on Friday about the policy of the government with regard to submarines. I take it from what I could hear of what he has just said that his question today relates to the same subject. The submarine is still generally regarded not as a defensive weapon but as an offensive weapon, used to destroy naval vessels and shipping of an enemy. Canada has no aggressive intentions. The only possible aggressor at the present time has not a large surface fleet.

It is the view of the government and its advisers that it would be a waste of Canada's resources to go in for the very expensive business of having submarines. When we need a submarine for anti-submarine training we have been able to make arrangements with the Royal Navy or the United States navy or to engage in joint exercises such as those now going on in the Caribbean. We believe that this represents the sensible approach to the problem of co-operation in defence. Co-operation is the only way in which Canada or any other country can defend itself today, and is also the only way in which peace can be secured. Obviously Canada could not and should not duplicate the defensive activities of every great power. Our object is to do what we should for our own immediate defence against direct attack and to work with other friendly nations in joint defence so as to preserve the peace.

Mr. Church: Was the air marshal right? He said the same thing as I said a week ago.

Mr. Claxton: No air marshal spoke on Friday or Saturday.

LABOUR CONDITIONS

UNEMPLOYMENT IN VANCOUVER

On the orders of the day:

Hon. Humphrey Mitchell (Minister of Labour): I should like to reply to a question in connection with unemployment in Vancouver which was raised by the hon. member for Vancouver East (Mr. MacInnis) as reported on page 536 of *Hansard* of February 15, 1949. At that time the Prime Minister (Mr. St. Laurent) said that an investigation would be made of the situation, and the following is the report of this investigation.

At the beginning of March, 1949, the number of unplaced applicants registered with the national employment service in the city of Vancouver totaled approximately 25,000 persons—20,000 males and 5,000 females.

These current figures may be compared with those of the same dates in each of the preceding three years as follows:

Year	Males	Females	Total
1946	15,800	3,800	19,600
1947	11,700	3,200	14,900
1948	12,200	4,200	16,400

Many of these unplaced applicants are covered by unemployment insurance. At the beginning of this month there were about 22,000 active claimants for benefits in the city of Vancouver. Of these, 17,600 were men and 4,300 were women. These current figures may be compared with those at the same date in earlier years as follows:

Year	Males	Females	Total
1946	9,000	2,400	11,400
1947	5,600	1,800	7,400
1948	8,900	2,700	11,600

It will be seen from a comparison of these two sets of figures, namely, the number of persons registered as unplaced by the national employment service in Vancouver and the number of active claimants for benefits, that a larger proportion of the unemployment is now covered by unemployment insurance assistance than in former years. At present, eighty-eight per cent of the unplaced male applicants in Vancouver are active benefit claimants. This figure is much higher than those at the same date in former years, as is shown in the following table:

Active claimants for benefits as percentage of unplaced applicants

Year	Males	Females	Total
	per cent	per cent	per cent
1946	57	63	58
1947	48	56	50
1948	73	64	71

The main reason for the higher percentage in 1949 is the extension of the coverage of unemployment insurance over the past year and a half to include workers in the logging industry in British Columbia and persons on weekly or monthly salaries whose earnings are between $2,400 and $3,120 annually. My hon. friend will remember the amendments that were made last year to include the logging industry in the unemployment insurance scheme. The latter figure of $3,120 is now the maximum amount which salaried workers can earn and still be covered by unemployment insurance. In addition to a higher percentage of unplaced applicants being covered by unemployment insurance, there are actually fewer persons out of work today who are not covered by this form of assistance than at the same date in any earlier post-war year. At the beginning of March, 1948, for example, there were close to 5,000 persons registered for work in Vancouver who were not active claimants for unemployment insurance, whereas today there are only 3,000. The comparative figures for 1947 and 1946 were 7,500 and 8,200 respectively.

The largest weekly increase in the number of unplaced applicants occurred this year during January when they averaged around 1,400 a week. Since then the increases have fallen off steadily, and for the past two weeks substantial decreases in unplaced applicants have occurred. These weekly changes are as follows:

Weekly period	Weekly Changes in Unplaced Applicants
January 28 to February 3	plus 1,200
February 4 to February 10	plus 630
February 11 to February 18	plus 340
February 19 to February 24	plus 30
February 25 to March 3	minus 620
March 3 to March 10	minus 1,400

This is an indication that the situation is righting itself. The total amount paid out during February in the form of unemployment insurance benefits in Vancouver was $830,000. One-fifth of this amount was paid by the federal government. In addition to this assistance a number of agencies have formed a local community council in Vancouver which is providing aid to persons temporarily unemployed. During the month of January, some 8,000 meals and 2,000 beds were provided by these local groups. A number of borderline cases also received assistance from the city and province during January. This assistance from these various local sources totaled about $7,000.

Of the 25,000 unplaced applicants registered with the national employment service in Vancouver at the beginning of March about 3,000 were veterans. This number is 2,000 less than at the same date last year. It might be added that, based on interviews

Labour Conditions

made recently with nearly 500 unemployed veterans over forty-five years of age in Vancouver, it was found that one-third had a fairly adequate income for current purposes from pensions, from superannuation, or from other sources.

There are a number of special factors which might be mentioned bearing on the present situation in Vancouver. It is estimated that some 80,000 workers have been added to the labour force in British Columbia since 1946, bringing it up to a total of 425,000 at present. This represents an increase of 23 per cent, whereas in Canada as a whole the corresponding growth in the labour force has been only 10 per cent. The expansion of the labour force in Vancouver has been at least as great as that for the whole province.

The labour force in British Columbia and in Vancouver has a relatively high proportion of workers over forty-five years of age. Thirty-five per cent of all workers in British Columbia are in this category. In Canada as a whole the corresponding percentage is 31. In British Columbia, where much of the work is of a strenuous character, older workers ordinarily constitute a more difficult placement problem.

Each winter there is a considerable influx of workers into Vancouver, not only from sections of British Columbia, but also from outside the province. A large part of this movement is of a temporary nature. Most of these workers are regularly employed in other occupations for most of the year. They come to Vancouver only during the period when employment is slack, as is the case, for instance, with many farm workers from the prairie provinces and from the interior of British Columbia. Of the 25,000 unplaced applicants at the beginning of March, it is estimated that close to 6,000 moved to Vancouver within the past six months. About one-third of these persons are from other parts of British Columbia while the remaining two-thirds are from outside the province.

A large number of the logging camps in British Columbia close down temporarily at the end of December each year. Many of the released woods workers move into Vancouver at this time. This year these camps were not able to reopen as quickly as they ordinarily do because of heavy snow and unusually cold weather. Most of the mills are now open and a steady stream of men is going back to work.

The cold weather in January reduced building operations to a minimum. A large building program is again getting under way in Vancouver, and with the milder weather employment is opening up rapidly. Already during 1949 construction contracts awarded total more in value than during the same period last year. This follows the same upward trend in construction that was in evidence throughout 1948, as the following figures for Vancouver indicate:

Construction Contracts Awarded

Year	December	Whole year
1947	$1,564,075	$33,823,614
1948	2,318,434	53,650,299

The lack of rain, and the cold weather throughout the coastal area during January, resulted in hydroelectric power shortages which caused a 30 per cent cut in industrial power. As a result of rains during February the power situation is now back to normal, and those workers temporarily laid off have returned to their jobs.

It would appear from this report that the unemployment situation in Vancouver was a temporary one. The peak of unemployment was reached in February in Vancouver as it was throughout the country as a whole. Since then the number of workers applying at the national employment service in Vancouver who remain unplaced has been falling off with increasing rapidity. Local officers report that more jobs are opening up every day as construction, logging and other seasonal industries get into full swing.

With incomes and investment expected to remain at high levels during 1949, the employment outlook during the coming months is quite favourable in British Columbia, as it is in other parts of Canada.

No one in this House of Commons, I feel sure, needs to be told that the variations in employment each year in Canada are greatly dependent on the seasons. This is no new thing. It has been a condition which has always existed and, in my opinion, will always prevail. The situation in British Columbia has been, to a very large extent, a seasonal one and the shock of the effect on the individual lives of our workers has been, in very large measure, cushioned by unemployment insurance. The parliament of Canada has reason to congratulate itself upon this very fine legislation. As I indicated a moment ago, in February alone in Vancouver $830,000 was paid in unemployment insurance benefits.

In conclusion I should like to say that there has been some criticism of the delay in the payment of some of the claims. I do not wish to go into details, as most hon. members know the mechanics of the act, but I am assured by the commission that the situation is practically cleared up, and we hope to have things moving expeditiously from now on.

Mr. Angus MacInnis (Vancouver East): I should like to ask the minister a supplementary question. Now that the situation has

been remedied by an act of God in bringing about the fine weather, does the minister have anything in mind for the similar situation which is certain to develop next winter?

Mr. Mitchell: If I may say this to my hon. friend, without being accused of treating the matter in—

Mr. MacInnis: It just depends how you say it.

Mr. Mitchell: That is all right, but I know of no legislative body in the world that can pass legislation against the elements. That is a risk we have to take.

Mr. MacInnis: Cabinet ministers are protected against it.

Mr. Mitchell: My hon. friend says that cabinet ministers are protected against it, but so are the members of the House of Commons.

Mr. MacInnis: Quite.

Mr. Mitchell: And so are people in many other vocations. But living in a country where freedom exists—

Mr. MacInnis: Freedom to be unemployed.

Mr. Mitchell: —it is difficult to stop the movement of people from one province to another. As I pointed out the last time I answered the question, if my hon. friend, or any other member of the House of Commons, has any suggestions, I shall be glad to receive them and look into them.

Mr. MacInnis: Look up the green book of 1945. There are suggestions there.

Mr. Green: Are we to take it from the statement of the minister that the government accepts no responsibility for helping to relieve the situation in Vancouver?

Mr. Mitchell: If my hon. friend does not think that $830,000 is accepting some responsibility I should like him to say what he thinks it is.

Mr. Green: The minister has admitted—

Mr. MacInnis: The men and the employers are providing most of that.

Mr. Green: —that two-thirds of the number come from outside British Columbia. Does the minister say that under those conditions there is no obligation on the dominion government to help?

Mr. Mitchell: I did not say any such thing. I have said before that if I want to go to British Columbia or Nova Scotia, particularly at this difficult period of the year, I must accept some responsibility. I came to Canada from Great Britain. I took some responsibility when I came here, and, if I may say this to my hon. friend, I have never taken a cent from anyone since I have been in this country. It may be, of course, that I have been fortunate.

Mr. Green: Of course that is not the point. The point is that these people have to be maintained by the city.

Mr. Speaker: Order. Hon. members must understand that at this stage I cannot permit debates on these questions.

RECONSTRUCTION AND SUPPLY

STATEMENT AS TO TABLING OF ANNUAL REPORTS

On the orders of the day:

Hon. Robert H. Winters (Minister of Reconstruction and Supply): On March 3, as reported at page 1093 of *Hansard*, the hon. member for Vancouver South (Mr. Green) referred to a provision in section 9 of the act setting up the Department of Reconstruction and Supply, which provision he asserted would require the tabling of an annual report of the department.

Section 7, to which the hon. member referred, is in the Department of Reconstruction Act, 1944, not in the Department of Reconstruction and Supply Act, 1945. The Department of Reconstruction and Supply was formed by the merger of two departments, munitions and supply and reconstruction, and the former department was not required by statute to table a report. Therefore I state again that the tabling of an annual report on the general departmental activities of the Department of Reconstruction and Supply is not mandatory, since a report, if any, would be required only in respect of those functions originally within the purview of the Department of Reconstruction. Consequently no consolidated report for the department was prepared in the past, and the branches or agencies constituting the department either placed reports before parliament or were reported upon orally by the minister.

These branches and agencies, which I believe numbered ten in 1945, subsequently have been either abolished or transferred to other departments. There now remain only three branches or agencies identified with the Department of Reconstruction and Supply. They are Central Mortgage and Housing Corporation, whose annual report will be tabled shortly; the Canadian travel bureau, whose report also will be tabled shortly; and finally the public projects branch, for which a report could be prepared and submitted to parliament if it is felt that the oral reports already given by my predecessor concerning the public projects branch, and the relevant questions which have been answered in this house during this session of parliament, need

to be supplemented by such a document. Personally I do not believe it would add anything to what is already on record.

Mr. Green: If I may ask a question arising out of this statement, has the minister given consideration to section 6 of chapter 16 of the statutes of 1945, which set up the Department of Reconstruction and Supply? That section provides that all the duties given to the Minister of Reconstruction under the act of 1944 must be carried on by him as Minister of Reconstruction and Supply. Clearly one of the duties given him in 1944 was the tabling of an annual report. Therefore it would seem that as Minister of Reconstruction and Supply he should likewise table an annual report for that department.

Mr. Winters: That section was given full consideration. As I said before, if the hon. member desires any specific information we shall be pleased to supply it.

INDIAN AFFAIRS

INQUIRY AS TO SETTING UP OF COMMITTEE

On the orders of the day:

Mr. W. Garfield Case (Grey North): In view of the fact that the house committees have been set up, will the Minister of Mines and Resources say whether the committee on Indian affairs will be reconstituted in order to complete its work on the Indian Act?

Hon. J. A. MacKinnon (Minister of Mines and Resources): As recommended by the committee on Indian affairs which sat last year, a bill is now before the Department of Justice. When that bill is returned it is my intention to discuss with my colleagues the matter of reconstituting the committee and referring the bill to it.

INQUIRIES FOR RETURNS

PARK STEAMSHIP COMPANY—SALE OF SHIPS

On the orders of the day:

Mr. D. King Hazen (Saint John-Albert): Is the Minister of Transport in a position to inform me when I may expect the answers to certain questions about the Park Steamship Company, which were passed as an order for return on February 9 last?

Hon. Lionel Chevrier (Minister of Transport): I am familiar with the subject matter of the hon. gentleman's questions, which have to do partly with the maritime commission and partly with war assets, for which I am not responsible. As soon as I get back to the office I shall ascertain the position in reference to the two parts, and endeavour to assist my hon. friend in getting an answer as quickly as possible.

[Mr. Winters.]

ORDERS IN COUNCIL

On the orders of the day:

Mr. E. D. Fulton (Kamloops): May I ask, through you, Mr. Speaker, when the orders in council referred to in the address passed by the house on Monday, March 7, will be produced? Two of them have now been tabled. May I ask that the others be produced as soon as possible? I should like to have them for use in the debate to take place today and tomorrow.

EDUCATION—ESKIMOS—CHURCHILL, MAN.

On the orders of the day:

Mr. R. R. Knight (Saskatoon City): For some time I have been awaiting a return to a question which I asked and which appeared for the first time on page 114 of *Votes and Proceedings*. May I ask that the question be answered within a reasonable time? I do not know to whom to address a request of this kind.

Hon. Colin Gibson (Secretary of State): I shall be glad to have an inquiry made to see what return can be brought down.

FLAX

INQUIRY AS TO FLOOR PRICE

On the orders of the day:

Mr. H. O. White (Middlesex East): In view of the statements by the Minister of Trade and Commerce, appearing in *Hansard* for January 31 and February 24, will the minister now say whether there will be a floor price for the 1949 flax crop? If so, at what price will the floor be established?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I hope to make a statement tomorrow on the subject of floor prices generally.

DOMINION COAL BOARD

REQUEST FOR SITTINGS IN NOVA SCOTIA

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): Has the Minister of Trade and Commerce been informed that the dominion coal board has been requested to hold sittings in the coal areas of Nova Scotia? If so can he inform the house whether it is the intention of the board to comply with this request?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I have been advised that the board has been requested to sit in Nova Scotia this coming summer. I understand that the board expects to be able to do so, but as yet no definite arrangement has been

made. The members of the board will be meeting during April, at which time the proposed visit will be discussed.

INCOME TAX

REFUSAL OF OFFICIALS TO DISCLOSE INFORMATION —JUDGMENT IN MONTREAL BANKRUPTCY CASE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): May I direct a question either to the Minister of Finance or to the Minister of National Revenue? Has the attention of the government been drawn to a recent judgment in a bankruptcy court in Montreal citing certain officials of the income tax division for contempt of court, because of their refusal to disclose certain information requested? Is any action contemplated by the government? Is an amendment to the Income Tax Act to alter the secrecy provision in prospect?

Hon J. J. McCann (Minister of National Revenue): We are aware of the position as outlined by the gentleman who asked the question. As yet no action has been taken.

VETERANS AFFAIRS

QUESTION AS TO GRANTING OF CLEAR TITLES TO VETERANS OF WORLD WAR I

On the orders of the day:

Mr. Robert Fair (Battle River): May I ask a question of the Minister of Veterans Affairs? Is it the intention of the government to implement a recommendation of the committee on veterans affairs last session with respect to the granting of clear titles to veterans of world war I?

Hon. Milton F. Gregg (Minister of Veterans Affairs): That question cannot be answered by a yes or no. I shall be glad to discuss what has been done in that direction, either when my estimates are before the house or at some other suitable time.

PRICES

INQUIRY AS TO TABLING OF REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): May I ask the Prime Minister when the government expects to table the report of the royal commission on prices?

Right Hon. L. S. St. Laurent (Prime Minister): Last week I received a letter from the chairman of the commission informing me that there was a greater delay than he had expected in the printing of the report. Members will recall that on the information I had received I had hoped the report would be tabled by the end of February. Upon inquiry I learned there had been some unavoidable delay in the printing, but the report will be produced as soon as possible.

Mr. Fleming: I understand the government has not yet received the report from the commission.

Mr. St. Laurent: No; we have not received the report, and the chairman of the commission explains he has met with delay in the printing bureau. He is doing his best to get it out, and will have the report before us as soon as it can be completed.

TRANSITIONAL MEASURES ACT, 1947

CONTINUATION OF CERTAIN ORDERS AND REGULATIONS

The house resumed from Friday, February 18, consideration of the motion of Mr. Garson that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to provide for the continuation of certain orders and regulations of the governor in council for a limited period during the national emergency arising out of the war.

Mr. Victor Quelch (Acadia): The last time this measure was before the house, on February 18, the member for Peace River (Mr. Low) put on the record our attitude towards this motion. In view of the fact many days have passed since that time, I should like to refresh the memory of the members of the House of Commons by quoting very briefly some of the things he said. I refer to page 675 of *Hansard.*

I sincerely hope that the contents of this resolution for the continuation of certain orders and regulations of the governor in council does not constitute the whole of the program the government intends to bring in at this session in connection with the very serious matter of prices and distribution facing the country today.

Further on, he said:

The rank and file of the Canadian people are not asking for more control; but they are asking for relief from the burden of high living costs. People generally are waking up to the fact that the government itself is perhaps the chief culprit in this whole matter of extremely high prices.

The member for Peace River then went on to show how high taxation has raised the price of goods to the people.

In concluding, he had this to say:

In conclusion, Mr. Speaker, I say that the people of this country are going to be bitterly disappointed if the government fails to supplement these orders, which are now in the form of resolutions, by positive action aimed at reducing the cost of living. I declare there is no better place to start than in their own taxation structure, especially the iniquitous sales tax.

At a later stage, he said:

—and using the modest subsidies which we have proposed from time to time on selected items used

from day to day by families, which subsidies could be paid for not out of taxation but with interest-free money—

I intend to expand upon some of these points, but before doing so I want to refer briefly to some of the criticisms, made by members of the C.C.F. party, of the statement made by the member for Peace River concerning his trip to England. The member for Peace River referred to the fact that, while he was over in Great Britain, he found a great deal of discontent in regard to some of the controls. He referred to those controls, showing the results that they had had upon the economy of that country. Frankly, I must admit I was amazed at some of the extreme language used by members of the C.C.F. in criticizing that statement. One member even went so far as to describe it is a despicable attack upon Great Britain.

I should like to point out that at no time did the member for Peace River attack either the people of Britain or Great Britain herself. His criticism was leveled against certain controls and the results those controls had had upon the British economy. It seems to me that the main trouble with the C.C.F. is that they regard their type of government as the embodiment of the aims and objects of the people. Hence, they insist that an attack upon that government is an attack upon the people, which of course is another matter entirely. I would say that it is a very dangerous attitude of mind. It is the type of psychology found in men like Hitler, Mussolini and Stalin, and it breeds intolerance.

Let me ask the C.C.F. this question. When they attack the policies of the Liberal government, as I have heard them do time and again, sometimes viciously, would they agree that when they are attacking the policies of the Liberal party they are attacking the Canadian people or Canada? I am satisfied they would say, nonsense. Then, I would say that in accusing the leader of this group, when he spoke about certain controls in England, of having made an attack against the British people, that was also nonsense.

I should like to refer specifically to some of the statements made by the member for Saskatoon City (Mr. Knight) which are found on page 692 of *Hansard*. The member for Saskatoon City suggested that, perhaps, the member for Peace River was not familiar with conditions overseas because he had only made one trip to Great Britain. I hope he will appreciate the fact that I have known England fairly well in the past. I believe I was born in the same year as the member for Saskatoon City and I also happened to come to Canada in the same year as he did. I have been back on many occasions. I spent four years overseas in the first war. I have many relatives over there, and I carry on correspondence with them fairly frequently. I say that, judging by the correspondence I have had from my relatives over there, I find that their criticism of many of the policies carried on in Britain today is just as severe as the criticism which was made by the hon. member for Peace River (Mr. Low). May I say that my relatives cannot be considered to be wealthy people; they are just the ordinary middle class, and probably the controls which are exercised in Britain today fall more heavily upon the middle class than upon any other class.

But let me call another witness on this question. I should like to refer to the fact that one of the senior members of the Labour party in Britain has been most critical of some of the control policies carried out by that party. I should like to quote from a speech made by the hon. member for Nottingham South, H. Norman Smith, on Wednesday, December 12, 1945. I shall quote from the official record. He had this to say:

I have been in this Labour party nearly thirty-nine years.

Evidently he was one of the senior members of the party in so far as length of membership is concerned. He continued:

There are very few hon. or right hon. gentlemen on this side of the house who have the length of membership of this party that I have.

Therefore he was speaking with some authority. He continued:

I want, in my turn, to use arguments calculated to bring my hon. friends on this side of the house into the division lobby against these proposals—

An hon. member: Shame.

Mr. Smith: —because I am absolutely certain that, as the hon. member for East Aberdeen has already stated, these proposals open the way to the influences which broke the second Labour government in 1931. If the house gives effect to these proposals, only a miracle will save the third Labour government from the fate that overtook the second.

By the way, the title of this speech is "Parliament abdicates financial control". Then he went on to mention the fact that in many instances the policies of the Labour government are very similar to the policies of the Liberal party. I noticed that when the Minister of Agriculture (Mr. Gardiner) spoke he pointed out to members of the C.C.F. that many of the measures in operation today were measures which were first of all started by the Liberal party. Then Mr. Smith had this to say:

It is a matter no doubt for congratulation to the tiny remnant of Liberals, most of whose party have been swept out of this house, that, though their party is now shattered and almost nonexistent, their ideals are triumphing on the front bench of the Labour party.

Mr. Archibald: May I ask the hon. member a question? Would he say that the barter

agreements which Great Britain is entering into are economic Liberalism?

Mr. Quelch: I would say that the international financial policies of Britain since the war have been, to a very large extent, dominated by the Bretton Woods agreement, under which she agreed to make the pound convertible into dollars, and as a consequence she lost, or had to reduce, her exports by about $800 million. So far as the barter agreements are concerned, she is being forced into them by economic necessity, but she may not be able to carry them on unless changes are made in the Bretton Woods agreement.

I should like to quote another statement from Mr. Smith. He said:

> Never, in the whole of history, was it proposed to give such tremendous power to an authority as is contemplated in the Bretton Woods scheme. Neither Hitler nor Mussolini, at their respective zeniths, not even the Roman emperors in Rome's palmiest days, had such tremendous power as it is proposed to confer upon this fund.

And in order to emphasize the need for maintaining financial controls in the hands of the government of Britain, instead of the hands of international financiers, he had this to say:

> The Labour and socialist movement in this country completely failed then to understand that, if there is a class war, it is not between employers on one side and workers on the other, because neither employers nor workers have the real power when it comes to an economic showdown. The real class war is between, on the one hand, the few people who control finance and, on the other hand, the rest of the community, in which category I would include anybody who works for a living.

I quoted this statement to show that fortunately there are members in the Labour party who appreciate the dangers of the control policies of the Labour party today, or at least the extent to which they have relinquished certain financial controls and turned them over to the hands of an international authority.

Apparently the hon. member for Saskatoon City (Mr. Knight) did not like the remarks of the hon. member for Peace River. He suggested that the hon. member for Peace River might have got his information from the wrong sources. He implied that it might possibly have been from Oswald Mosley. I will read what he said, as reported at page 692 of *Hansard:*

> I am not going to suggest that one of the people he saw was Oswald Mosley—but from the opinions he expressed, I should think such opinions might easily have been garnered from that source.

I do not know whether that statement was supposed to be witty or whether it was supposed to have anything behind it; but let me point out—and before I make this statement let me say quite clearly that I am not suggesting for one minute that the C.C.F. as the national socialist party of Canada is the counterpart of the national socialist party of Germany; but in view of the fact that the hon. member thought it worth while to try to link us up with Oswald Mosley, I should like to say that there is a far greater affinity between the ideas of the C.C.F. as the national socialist party of Canada and the national socialist party of Germany than there is with the Social Credit party. I say that for this reason. Both of these parties believe in centralization. We believe in the greatest possible degree of decentralization. Both of these parties believe in the multiplicity of controls, and we believe that controls should be used only to the extent absolutely necessary to maintain the efficient operation of the economy. Both of these parties believe in a very large degree of public investment. We believe that public investment should be the residual action necessary to maintain the optimum development of the resources of the country. Therefore I say that the hon. member for Saskatoon City would have been far more logical if he had addressed his remarks relating to Oswald Mosley to members of his own party instead of to members of this party.

Then the hon. member wondered whether the hon. member for Peace River had seen the results of public investment in England. Mind you, the hon. member for Peace River had not criticized any of the public investments which had been made in that country; but the hon. member for Saskatoon City suggests that he might have seen the fine houses which have been built, the power development schemes and other investments. The point I want to make is this: just because fine public projects have been carried out in England under public investment, it does not mean that you have to agree with certain control policies that have been instituted in that country.

I was in England in 1938 at the time of Munich, and I spoke to a number of school teachers who had just come back from Germany. They recounted to me in glowing terms some of the public projects they had seen in Germany. They referred to the wonderful roads which had been built; they referred to the public buildings and the development of power. They referred to the reforms which had been carried out in agriculture; but on the other hand they were most bitter in their denunciations of the controls and the degree of regimentation which were being carried out in that country.

I am satisfied that if the hon. member for Saskatoon City (Mr. Knight) were permitted to go behind the iron curtain today he would see great development projects on the way,

projects developed by public investment—power developments, road-building programs, great cities being built in Siberia and across the Urals. But does that mean to say for one moment that, because he appreciates what is being done under public investment, he must also at the same time agree with the type of controls and regimentation carried out under the soviet regime today?

Then the hon. member proceeds to state that he deplores this attack upon Great Britain. I have already pointed out that at no time did the hon. member for Peace River (Mr. Low) attack Great Britain. He attacked merely a certain control policy; and I resent bitterly the implication that members of this group are anti-British. Indeed, I think members of the C.C.F. could earn that description to a far greater degree than we could.

The hon. member goes on to say:

> The state in which she found herself was that of bankruptcy—a bankruptcy which was caused by her war effort.

Unfortunately that is only half the story, because even if there had been no war she would have found herself in a difficult position today. As proof of that I would quote from the interim report of the European recovery program, sections 26, 27 and 28 of which state:

> The long-term problem of western Europe is thus one of maintaining a high standard of living for a dense population, in a world where it is no longer the predominant source of manufactured supplies. Even in 1938, nearly one-half of the world's output of manufactures was produced outside western Europe; now the proportion is much higher. For many years, the problem of paying for these supplies had been growing. Between 1913 and 1939 imports from overseas were increasing but exports were declining; exports of manufactures of the main industrial nations fell by over one-quarter. The market for some of Europe's manufactures was becoming more and more restricted.
>
> Even if there had been no world wars, this course of world economic development would sooner or later have forced a change in western Europe's economic structure. The loss of her predominance in manufacturing would have compelled an adaption in the nature of her exports, and specialization in those types of products where her competitive advantage was greatest. The gradual reduction, in more recently developed continents, of advantages of inexpensive land and labour would have forced Europe to reduce her dependence upon imports of primary products.

Then, referring to the years between the wars, it goes on to state:

> But although the position of western Europe in the world economy has been progressively weakened during this century and particularly after 1913, there have been props and stays which concealed the weakness of the structure. Until 1913 western Europe was a large exporter of capital; its exports and invisible earnings far exceeded its imports. When after 1918 exports failed to recover to the 1913 level, the margin available for investment abroad was reduced. Gradually during the inter-war years, the annual rate of foreign investment decreased further, until by 1938 there was no net investment at all. These trends could not have persisted indefinitely. Western Europe could only have continued to import more and export less by living on capital.

I say that demonstrates clearly that Great Britain's position today is not merely the result of either the second great war or the first one, but is the result of the expansion in industrialization in different parts of the world outside of Europe.

Then the hon. member saw fit to go on as follows:

> Everyone knows that. And, if I may say so, that war effort was not exerted wholly on her own behalf. Let us not forget that for many days and months she stood alone.

I would suggest members of the C.C.F. party should be the very last to refer to that matter; because they, and they alone, were the party who in 1939 took the stand that Britain should continue to stand alone, that the C.C.F. were opposed to any military participation overseas. Also they took the stand that assistance overseas should be limited to economic aid, and must not include the sending of any expeditionary force overseas.

Mr. Blackmore: From Canada.

Mr. Quelch: Yes, from Canada. So that we may well say, "Thank God the C.C.F. were not in power in 1939"—or the failure to send the small force we did send might have been sufficient to tip the scales in the battle of Britain, in which event we might very well have a national socialist government in Britain at the present time.

Farther down in his speech, the hon. member apparently thought he should try to become humorous. After referring to the difficulties in which Great Britain had found herself, he said:

> And let me say that she did not try to meet her debts with funny money, either.

I always regret to hear members of the C.C.F. echoing the speeches made by reactionaries in this country—because there are many reactionaries in Canada who are trying to make the people believe that the use of national money would be a resort to funny money. The C.C.F. are playing into their hands every time they use that expression either in or out of the house. I am not saying all members of the C.C.F. do that; there are some who understand the need for national money, as much as we do.

Mr. Blackmore: Do they know what funny money is?

Mr. Quelch: Let me say the statement of the hon. member for Saskatoon City is absolutely incorrect. Much of the trouble in Great Britain today is due to the fact that she

did try to meet her obligations with funny money. Had she insisted upon being allowed to pay her debts in goods and services she would not have run into the trouble she did.

What did she do? Under the Bretton Woods agreement she agreed to make sterling convertible into dollars, that is to meet her obligations in the currency of another country. That, for a nation that was suffering from serious unfavourable balance of trade, was a funny way to try to meet her debts—not "funny, ha! ha!" but "funny—peculiar".

Under the terms of the Bretton Woods agreement Great Britain agreed to meet her commitments in dollars. I believe it was in July of 1947 the agreement was made, and was carried out for a short time, following which she had to default on her commitments. Today she is restricting the convertibility of sterling to dollars.

Once again I would call as witness Mr. Norman Smith, in a speech he made on Monday, August 20, 1945. His speech is entitled The Appalling International Thraldom which is Bretton Woods, and referring to this particular question of debt he says:

> We are now a debtor country. If we ratify Bretton Woods our external war debt of about £3,500 million will no longer exist in blocked sterling, to be repaid in goods as and when that can be done; it will exist in the form of dollars or gold, which we shall never be able to get hold of except we pay the price of reducing catastrophically the standard of life of our own people.
>
> An international financial set-up like that of Bretton Woods is bad if it can exist only at the cost of rendering inevitable default on international indebtedness. The house will remember the unfortunate controversy about the American debt in the last war. Great Britain never did default on the American debt in the last war. What we borrowed from the American was neither gold nor dollars; it was goods. If we had had an intelligent international financial set-up, and had been permitted to repay in kind, that debt would have been on the way to liquidation long ago.

He said Britain did not default. Most people say however that she did, at least technically, because she was not able to meet her commitments in dollars. As a matter of fact at that time every country, with the exception of Finland, defaulted on its debt to the United States of America. There is no question that if England is committed to meet her obligations in this funny money the hon. member for Saskatoon City (Mr. Knight) is talking about, that is, in terms of dollars or gold, she will be bound to default again. There is no way, with an adverse balance of trade, such as Britain has, that she can possibly meet her obligations in the currency of another country.

I said some time ago that in agreeing to make sterling convertible into dollars England had lost several hundred million dollars' worth of exports, or had reduced her exports by several hundred million dollars. I should like to quote from the *Financial Post* of May 24, 1947, which refers to sterling convertibility and the difficulty that Britain had in meeting that convertibility. I quote:

> Thus it is now clear that the government permitted heavy drawings on coal reserves rather than face the unknown fact that output was declining. In part, this led up to the coal crisis of last February—a crisis estimated officially to have already cost the country $800 million in export trade in 1947.

Commenting on that matter, Viscount Hinchingbrooke, speaking on April 15, 1947, had this to say:

> We dispatch overseas agricultural machinery and wreck our farming programs. We send overseas machine tools and interfere with industrial recovery. We send overseas locomotives and delay the traveling public. We send overseas cars and vans, and harass the professional man and distributive trades.

Britain knew very well at that time that if she were going to make sterling convertible into dollars she would have to do everything possible in her power to expand exports, and in order to do that she drew on certain reserves of fuel that should have been left within the country, with the result that when the severe winter of 1946 came she had cut her reserves of coal to such a low figure that she had to close down her industries from one end of the country to the other, and as a consequence lost in export something in the neighbourhood of $800 million. I think that is all I will say on that subject.

Coming back to our stand as put on the record by the hon. member for Peace River (Mr. Low), we do not believe that the type of controls embodied in these emergency regulations can be deemed to deal with the situation that is now developing. Therefore, we urge that legislation should be brought down at this session, either to supplement or to replace the controls referred to in this measure. We are very definitely approaching the situation about which the governor of the Bank of Canada warned us in 1946 and to which we have referred on several occasions in this house.

In the past, control measures were necessary to prevent a run-away boom and inflation and, in the future, control measures will be needed in order to prevent a depression and a catastrophic fall in prices. I think it is quite evident that the peak has been passed and that we are starting to slide down the other side. The thing that concerns most people is—just how far are we going down on the other side? Is there any danger of our sinking down into the same type of depression that we had in the thirties?

We have been told by the Minister of Reconstruction and Supply (Mr. Winters) that a shelf of public projects has been built up, but I think it is quite evident that the amount of money that will be paid out in connection with those projects will be totally inadequate to maintain the purchasing power of the people at a level sufficiently high for them to purchase the production of the country. Already there are signs of surpluses accumulating. If they are disregarded, our production will slow down, unemployment will increase, purchasing power will be further reduced and we shall once more be in the spiral of a depression.

The hon. member for Rosetown-Biggar (Mr. Coldwell) and the hon. member for Winnipeg North Centre (Mr. Knowles) have expressed concern over the fact that the value of the dollar has shrunk. That is the same attitude that has been expressed during the past two years by the financial critic of the Conservative party. Of course he advocates that the logical way to deal with the situation is through a deflationary policy. Invariably when people start to criticize the purchasing power of the dollar as being too low they are in reality advocating a deflationary policy. What does it mean when the purchasing power of the dollar is low? It simply means that prices are high, and so when they advocate that the purchasing power of the dollar be increased they simply want prices reduced. I would say that a deflationary policy has no place in Canada today.

It seems to me that the important point is not the purchasing power of our dollar, but the purchasing power of the people. These two things are not the same and invariably you will find that they work conversely to each other. It is true that a reduced purchasing power of the dollar does penalize people in the low-income groups. We have urged in the past and we urge today that legislation be brought down immediately—as a matter of fact it should have been brought down long ago—to increase the purchasing power of the people in the lower-income groups. I have in mind especially those with fixed incomes, such as people in receipt of old age pensions, war veterans allowances and other people in similar classes.

When you advocate the expansion of the purchasing power of the dollar you advocate reducing prices. The first to suffer under a policy of that kind would be the primary producers of this country. Then as prices fell wages would fall and labour would soon be penalized as a result of a policy of that kind. Let me give an example of the expansion of the purchasing power of the dollar.

All we have to do is to go back to the years after 1929 when the purchasing power of the dollar hit a new high in this country. In the nineteen-thirties the purchasing power of the dollar was so high that you could buy five bushels of wheat for a dollar, you could buy six pounds of butter for a dollar; twenty pounds of pork and twenty pounds of dressed turkey. I know whereof I speak because those are the prices I got in 1932 for those products. I am satisfied that farmers are not looking forward to the day when the purchasing power of the dollar is increased so that anything like that can happen again. I suppose the hon. member for Rosetown-Biggar and the hon. member for Winnipeg North Centre would say that it is not necessary to put the value of the dollar that high; but how high are you going to put it?

Mr. Low: If you ever get started you will not be able to stop it.

Mr. Quelch: As the hon. member for Peace River says, it is not an easy thing to stop once you have started. Once you start forcing prices down it is hard to put the brakes on. I know that in the past the C.C.F. have advocated rolling back prices to January 1, 1946, but that would mean lower prices for our primary producers. Would the government have been justified in keeping the prices of agricultural products down to the January 1, 1946, level? I say most definitely no, and for this reason. For many years the farmers of Canada had to produce at world market prices which were far below the cost of production, and as a result of that they were driven heavily into debt. The only way any concern that is driven into debt can get out of debt is to receive prices considerably above the cost of production. During the 1930's the farmers took world market prices far below the cost of production, and since 1942 they have been compelled to take prices less than world market prices. In all fairness to agriculture, owing to the fact that we compelled them to carry on under conditions that forced them into debt, they have a right now to expect us to allow conditions to exist that will make it possible to pay for that debt. When you say that the farmers should not be allowed an increase in prices above the 1945 level I say you are not being fair to agriculture.

Mr. Wright: Would the hon. member not say that the farmers were better off in 1945 than they are at the present time?

Mr. Quelch: I would say that they are better off now, unquestionably, and I will tell you why. It is true that in 1945 the farmers could buy for less than they pay today, but do not forget this important point

—it should not be necessary for me to remind the hon. member for Melfort (Mr. Wright) about this because he is a farmer. Farmers only spend a percentage of their income on goods but they get the increased prices on their total production. If they spend 50 per cent of their income on goods, then they are penalized to the extent that the prices of those goods have risen but they receive the increased prices on their total production. For instance, let us take the man who rents a farm. He has to pay one-third for rent and he only has two-thirds left. If you put prices down it is going to make it that much harder for him to pay his rent if he is paying it on a cash basis.

Mr. Wright: The trouble was, they took the ceilings off the things the farmer had to buy but kept them on what he had to sell.

Mr. Quelch: That is only partly true, but I think the hon. member for Melfort will agree that on the whole agriculture has not done too badly since 1945. The concern of agriculture today is not about the prices they are getting at the present time. The fear is as to what they are going to get in the future.

Mr. Wright: I agree with you there.

Mr. Quelch: The farmers of this country would not demand for one minute that they be allowed the increased prices represented by world market prices today if in return they were guaranteed stabilized prices in the future, but up to date they have not received that guarantee. I notice that the hon. member for Melfort opposed the depreciation of the dollar. I presume the reason he did so was that the Conservative party happened to be advocating the depreciation of the dollar. I was the only member of the house who spoke against appreciating the dollar to parity with the United States dollar. After it had happened, some of the Conservatives objected, but I pointed out that as far as agriculture was concerned it was always opposed to having an appreciated dollar. The hon. member for Melfort criticized the idea of depreciating the dollar, and then went on to say, "look how the farmers suffered during the 1930's when we had a depreciated dollar." We did not have a depreciated dollar in the 1930's. He is so badly mixed up that he is criticizing the very thing he should not criticize. In the 1930's we had an appreciated dollar, and the reason that agriculture ran into the difficulties that it did was the fact that we had an appreciated dollar instead of a depreciated one. The hon. member for Melfort said that the pound would only fetch $3.86. What he should have said was that in those years you could buy a pound for only $3.86 instead of having to pay $4.85 for it. In other words, it had appreciated approximately 18 to 20 per cent with the result that, when we were paid in sterling in England for our wheat and the pound sterling was converted back to dollars, instead of the farmer receiving $4.85 he only got $3.86 for it. That is an appreciated dollar, which is the very thing that the hon. member was advocating.

The Acting Speaker (Mr. Golding): Order.

Mr. Quelch: May I conclude with one statement?

The Acting Speaker (Mr. Golding): I must remind the hon. member that his time has expired.

Mr. Quelch: May I conclude with one paragraph? One of the great difficulties that we ran into in the 1930's was the fact that our competitors, Australia, New Zealand and the Argentine, had their currencies depreciated below the pound sterling. We had our currency appreciated approximately 20 per cent above. Therefore those countries had an advantage of about 45 per cent in competing with us for the European market.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, in rising—

Mr. Knowles: On a point of order, is it not pretty well known that the leader of the opposition has already spoken in this debate? Since there seems to be some objection to that statement, may I say that I have no desire to prevent the leader of the opposition from exercising his legitimate rights.

Mr. Ross (Souris): Who else raised the objection?

Mr. Graydon: That is exactly what you are trying to do.

Mr. MacInnis: He is not.

Mr. Knowles: No.

Mr. Graydon: He is afraid of him; that is all.

Mr. MacInnis: So much afraid of him that we object to his speaking twice.

Mr. Knowles: Just a minute. The leader of the opposition has referred before to the rules of this house, and also of another place from whence he came. I suggest that we should abide by those rules. One of them is that a member cannot speak twice in the same debate. While I admit it was a very short speech, the leader of the opposition did speak in this house in this debate on Monday, February 7, and his short speech of about two paragraphs is reported at page 313 of *Hansard*.

Mr. Graydon: You are just the echo of the government.

Mr. Drew: I wish to make a submission, Mr. Speaker, in order that you may have it before you in giving consideration to the point that has been raised. At page 313 of *Hansard* I rose to point out that the Minister of Justice (Mr. Garson) had not given an explanation of the reason why this resolution was being brought forward. I suggested that was desirable. I think it is perfectly clear that I rose on a point of order as to the procedure to be followed. You do not need to tag "point of order" onto your remarks to make it a point of order. I think the wording of my remarks makes it perfectly clear that it was a point of order. I said in part:

> I believe the house should have a full explanation from the Minister of Justice (Mr. Garson) as to what emergency regulations it is intended to continue and what the effect will be, before the house is called upon to vote on this resolution.

Mr. Fournier (Hull): Mr. Speaker, on the point of order, I really believe that technically the leader of the opposition (Mr. Drew) has spoken in this debate. Anybody who stands up on a resolution which has been moved—I do not care how long his remarks are—has spoken on that resolution. The only thing that the leader of the opposition said was that he wanted an explanation, that he did not know the principle involved, and that we could not take a vote until he received the explanation. I want to be fair. If we allow the leader of the opposition to speak twice in this debate any other member can ask for the same privilege. I happen to be quite broad-minded in these matters. In the last two sessions I have had to lead the house when the Prime Minister has not been here. Since this matter is only at the resolution stage, I would suggest that on second reading of the bill, which will follow immediately afterwards, the leader of the opposition will have an opportunity to speak on the real principle. He will then have the bill before him and he will know exactly about what he is talking. In any speech he may make today he has no more information now than he had when he rose on this matter on February 7. He has the same resolution. Nothing has been added to it or taken away from it. I suggest that the rule should be applied unless the leader of the opposition is given permission with the unanimous consent of the house.

Mr. Drew: For a reason which will become apparent I do not propose to press my suggestion.

Mr. Casselman: I beg leave to move, seconded by the hon. member for Prince Edward-Lennox (Mr. Tustin), that this question be now put.

[Mr. Knowles.]

Mr. Knowles: We knew that was coming.

Mr. Drew: Well, it was fairly obvious. Now I am speaking without any question about the rules, and I will refer to the very few words I said previously. I indicated I believed it was a point of order to which I had spoken, though that does not need to be debated. I can now deal with what I said at that time. I pointed out that this resolution calls for consideration of the continuance of certain emergency measures, and that before we proceed to consider those emergency measures and the wisdom of dealing with them, this house is entitled to an explanation of what the emergency is and what the reasons are that in 1949 we should be called upon to regard as still continuing an emergency which related to the war that ended in 1945.

On Friday last, when the Prime Minister (Mr. St. Laurent) pointed out what would be dealt with today, he stated that we would be dealing with a measure which would determine whether there would be a continuance of the controls over housing, and certain other matters. That is not what we are considering on this motion. What we are considering, and the only thing we are considering on this motion, is whether or not there is an emergency which justifies the continuance of wartime emergency powers or whether, if that emergency has passed, other procedures should be followed to deal with those things which the government or any hon. member wishes to bring before this house.

As I have stated already in this chamber, there can be no question but that the government must deal in some way with the housing situation, and must deal with it in a more effective way than in the past. But there is absolutely no necessity to carry forward wartime emergency powers in order that this house may deal effectively with any measure relating to the subject of housing which this house, under any circumstances, can have power to deal with. The time has come for the government to place before parliament a statute dealing with the housing problem, and to provide in that statute clear and unmistakable terms which can be understood by both landlords and tenants so the confusion which exists today may be brought to an end. Moreover the government itself has clearly demonstrated that it no longer believes there is an emergency in relation to this matter which would justify a continuance of the war emergency powers. It seems to me that in putting forward this resolution the government has overlooked the effect of the proposal it made to the provincial governments. This government said to the provincial governments that if they were prepared to request the federal authority to vacate the field of housing the dominion was prepared to aban-

don its emergency powers in respect of housing in such areas. If that is so, by that very act the government has said emphatically that it no longer regards this as the type of emergency which calls for action of necessity by the dominion government; and unless there is such an emergency which compels the dominion government to act, and in which it has no choice but to act, then there is no emergency which entitles it to circumvent the constitution.

Oh, I can almost hear the suggestion being made by the Minister of Justice (Mr. Garson) that I am back on the subject of the constitution and dominion-provincial rights. Well, I hope that by now the minister has read a very important judgment delivered in Manitoba last Thursday, because that judgment will have considerable bearing on this whole question since it demonstrates very clearly the kind of emergency that justifies the continuance of these powers and the relation of parliament itself to the extension of this arbitrary centralization of what otherwise would be provincial affairs.

By this motion parliament is asked to declare that the emergency arising out of the war still continues. Every hon. member who votes in support of this resolution declares by his vote that in his opinion the emergency arising out of the war still continues. That is a very important question of fact, which calls for the careful consideration and judgment of every hon. member. There is often a tendency to speak of lawyers in rather contemptuous terms; sometimes it is done jokingly, sometimes otherwise. But it must be remembered that there are occasions when lawyers in parliament are very useful and helpful to those who are called upon to be lawmakers, who are called upon to accept the responsibility of passing laws which will affect the lives and daily activities of our people across the whole of this country. A declaration by parliament that an emergency of this kind still exists is a declaration of fact which affects a very wide field of laws which in turn at some time must be interpreted by the courts. In voting on this resolution I submit that it is of the utmost importance for every member to consider carefully what will be the effect of his vote. The law is important. The making of laws within the jurisdiction of this parliament is the responsibility of the members of this parliament. Therefore it is important that each of us ask what the issue is on this resolution now before us.

As I suggested a few moments ago, the issue has been clearly decided by a unanimous judgment of the appeal court of Manitoba, delivered last Thursday. The style of cause is Nolan vs Hallet and Carey Limited. The five judges of that court were unanimous in their decision, and they have greatly assisted anyone who wishes to consider the law involved in this case. The judgment will merit consideration. Let us see what the issue is as defined by these jurists.

I quote now from the judgment rendered in this case by Mr. Justice Adamson.

> It is going a long way to say or suggest that the federal parliament can invade the provincial field without any onus on it to justify such action. The justification must be some matter which has assumed paramount national importance, such as a national emergency of such proportions as to imperil the nation. To say that those who impugn such legislation must bring "clear evidence" of such emergency is to put a great national constitutional matter on the level of private dispute over a contract. A "national emergency," or a matter which has become of paramount importance to the dominion as a whole, which requires "clear evidence" of its existence, is inconceivable. An emergency of the kind required for the dominion to invade the provincial field must of its nature be self-evident, generally known and accepted, and be something of which the courts must take judicial notice. Anything less than this would be a mere pretext.

A little later the same judge said this:

> Both the National Emergency Transitional Powers Act, 1945, and order in council 1292 recite and rely for their justification and legality upon the "continued existence" of the national emergency arising out of the war against Germany and Japan. Order in council 1292 is directed to a supposed economic emergency. The first question, therefore, is to inquire whether there was or was not an economic emergency—

The judgment then proceeds to discuss the type of emergency that should be looked for in this case.

> Granting, for the sake of argument, that an economic emergency—except during an actual war—can ever justify an invasion of the provincial legislative field by the dominion: What are the facts and what is the evidence in this case?
>
> In the record there is no evidence whatever of an economic emergency. What the emergency was, was not suggested.

This House of Commons is in precisely that position. What the emergency is upon which we are asked to say that we should proceed with this National Emergency Transitional Powers Act is not even suggested. I submit that the course followed by the government in this respect is an affront to parliament. We are simply told: Here is a resolution this all-wise government has presented; it is your job to vote for that resolution without a word being said in support of it.

Just let me read further from this judgment. There is mention of whether or not there is an emergency such as to justify these powers, and I quote:

> In 1947 (1) the national income was at or near an all-time high; (2) trade was at or near an all-time high; (3) employment was at or near an all-time high; (4) Canadian industry was at its peak; (5) agricultural production was very great and the

income of agriculturists was at or near an all-time high; (6) Canadians per capita consumed more meat, milk, butter, sugar, beer, liquor and tobacco than ever before; (7) there were more new motor cars sold and more motor cars operated in Canada, and more was spent on gasoline, than in any previous year; (8) there was no distress, want or privation among any class or in any section of the country.

Never in our history had we been as prosperous as we were in 1947. Indeed, it is doubtful if any people at any time were as well off and enjoyed as high a standard of living as did Canadians in 1947. Moreover, we were less likely in Canada to be subject to economic distress than any country in the world.

Of course, there were anxieties about the future; but to say that there was an emergency at the date of the order in council such as that described by Lord Haldane, and such as to justify an invasion of the provincial legislative field, seems to me to be without foundation and entirely unjustified.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at seven-thirty o'clock.

Mr. Drew: Mr. Speaker, when we rose at six o'clock I had been quoting from the words of a judgment dealing with the emergency transitional powers act and an order in council under that act which have a bearing on the resolution which we are now considering. I propose again to quote from that judgment, and to seek to impress upon hon. members of the house the fact that the words that I now quote do indicate the measure of responsibility which must be assumed by those hon. members who are prepared by their vote to declare that there is an emergency of the kind that would continue these very broad and indefinite powers. I quote from the judgment:

> Parliament cannot make an emergency in one sphere an excuse or pretext to invade the provincial legislative field in another sphere. To hold otherwise would be to hold that all parliament required to legally trench upon the provincial field was a colourable excuse; and of course that is contrary not only to common sense, but to the principle underlying the "pith and substance" cases.

What I have read from this judgment indicates the extent to which the emergency which would justify the continuance of emergency powers must, in fact, be a real emergency. When hon. members of the House of Commons vote on a resolution which will have the effect of carrying a stage forward the consideration of a broad omnibus bill of this kind, their vote is not only a vote to deal with the particular subjects contained in the various orders that would be continued under this bill; it is an expression of opinion by hon. members of the House of Commons that this is in fact an emergency that justifies the abandonment for the time being of the division of authority between the dominion and provincial governments, which was laid down in our constitution.

The judgment which I have quoted does not go so far as to declare that the emergency transitional powers act is ultra vires. The fact that it did not so declare in no way alters the effect of each of the quotations which I have placed before hon. members. They were dealing with an order in council which had been passed under this act. That order in council had the effect of taking over the ownership of large quantities of barley in a limited part of Canada, and of providing the procedure by which that barley could be resold. The appeal court of the province of Manitoba held that the order in council was ultra vires of the government of Canada. They did so on the ground that there was no emergency of the kind that would make necessary steps of that kind. The judges of the appeal court made it clear that they were not dealing with the question whether the emergency transitional powers act is intra vires or ultra vires of the parliament of Canada. They did indicate that there is a very clearly established legal proposition that the courts will not decide against a decision of parliament except on very strong grounds; but in this case the judges made it clear that they were dealing only with the order in council, and they expressed no opinion about the question whether or not the act itself was intra vires.

I mention that now because I would hope that no hon. member would suggest that the fact that this judgment did not deal with the emergency transitional powers act itself, and the question whether or not it was intra vires of the powers of the Canadian parliament, have nothing to do with the responsibilities of all hon. members to assure themselves that there is in fact an emergency before they continue these wide and dictatorial powers.

The fact is that the judgment went so far as to point out that there was no crisis of the kind that would be required to declare an economic or other emergency of the kind; and since this bill is an omnibus bill dealing with many emergency powers, it would only be in the case of a general economic emergency, or a general emergency of some kind, that hon. members would have the right now to declare as a fact that there is a general emergency which would support the many provisions of these emergency powers.

I hope that no one will suggest that any hon. member who opposes the continuance of these wartime powers is opposing rent control or any other provision to meet the situation which has arisen very largely as a result of the activities of the government itself.

I have said before, and I repeat, that if this parliament has the power to deal with any of these measures under this omnibus bill, it has

equal powers to deal with them by separate statutes, which would properly define the rights of the individuals affected, and in each one of these cases would give to the people of Canada an opportunity to go before the courts of this country and have their rights tested in the proper and traditional way.

I would recall again that when the government of Canada asks us to give these loose powers to deal with rent control, with steel control, with timber control, with priorities, and with all these other controls, it has already said to the provincial governments, in effect: We do not believe that there is any emergency of the kind which necessitates our general authority; you go ahead and deal with these orders and we shall be very happy to leave the matter with you. Of course, the provinces will be called upon to deal with these by statute, and if they could deal with a rent control act, defining the rights of the tenants and landlords, then this house could have an act by which they could deal with other matters in the same way. And we should have them. There is no difficulty whatever in having proper acts of parliament to deal with each one of these subjects, which will restore to parliament its own authority, and which will restore to the members elected by the people of Canada their opportunity to say what the rights of the people will really be.

Now, the government has placed this before us with the suggestion that there is no need to discuss any of the details until we get into committee. The fact of the matter is, the dominion government has made it more necessary than ever that we do consider it, because they have said on one occasion at least that they do not regard the emergency as being such that they must deal with it. They certainly cannot say on the one hand that there is no national emergency which requires us to continue these powers, and then on the other hand say to the House of Commons and to the people of Canada that there is a national emergency which requires us to continue these powers. It must be one or the other.

And from the course they have followed, indicating that they are now asserting the latter proposition, it seems to me that all hon. members here should understand one feature of this quite clearly. If the Canadian parliament has any right to continue these powers, then it has the right and the authority to deal in the proper way with every one of the subjects covered in this omnibus bill; and that is the proper way to deal with it. But do not ask this House of Commons, do not ask parliament, to pass this omnibus bill which puts in one package all these loose and arbitrary powers in the way this one does.

The continuance of these powers involves an extremely wide and arbitrary measure which permits ministers of the crown, and appointed officials who delegate their authority to others, powers which are not defined and which are expressly made free from the ordinary restraints of the courts; and they become in effect a sort of arbitrary power which we have come to associate with dictatorships in other countries.

A week ago the Prime Minister (Mr. St. Laurent) put on quite a performance of indignation about a speech I had made in Montreal in which I had referred to the bureaucracy here and to certain tendencies which they possess. I cannot help feeling some measure of interest in the sensitive attitude of the government in regard to the suggestion that there is a bureaucracy here which has inclinations toward a belief in the complete omniscience of officials, and of the right of those in the government to exercise control over production, and the economic and financial affairs of the country. For these powers the House of Commons is now asked to perpetuate are powers which do place the control of the production of many industries under the control of the government; and to a very great extent it places control of our economy under the control of the government, without effective restraint.

I was asked to name some of these bureaucrats.

An hon. Member: You did not do it.

Mr. Drew: And some have referred to the fact that I had not done it. Hon. members will recall that this discussion arose at the opening of the sitting in the afternoon; and it was pointed out—and I am not questioning the correctness of the observation, or the statement made—that I was not in order in proceeding at that time. Now I have been asked to name the bureaucrats I will name the No. 1 bureaucrat, and that is the Prime Minister himself.

Some hon. Members: Oh, oh.

Mr. Drew: And I will name the No. 2 bureaucrat; he is sitting right beside the Prime Minister.

Mr. Howe: We can name the No. 1 comedian.

Mr. Drew: And just in case anyone does not know who the No. 2 bureaucrat is, it is the Minister of Trade and Commerce (Mr. Howe).

Mr. Abbott: Is he the well-known Marxist?

Mr. Drew: I will deal with that at the proper time in my remarks.

I wish to point this out, that before hon. members become so disturbed about the use

of the word "bureaucracy", they should look up the dictionary. There they will find, if they look in the Oxford dictionary, that one of the two main definitions given to the word "bureaucracy" is centralization. And if ever there were a group of centralists in this country, it is the present government of Canada.

Mr. McIlraith: What about the followers of Marx?

Mr. Drew: I am glad the hon. member has referred to the doctrines of Marx; because I referred to the basic principles of Karl Marx. And a basic principle of Marx was the assertion of the belief that the best interests of a country were served by the control of the production and of the economy of that country by the government—by the state. That is a basic principle of Karl Marx, adhered to by the socialists, the communists, and those who sit in the government ranks at the present time.

Mr. Howe: Heaven protects the Tories!

Mr. Drew: And I will go a little further in regard to that.

Mr. Abbott: You have been reading Groucho Marx, not Karl Marx.

Mr. Drew: And I will go further than that. The indignation of the Prime Minister in regard to what I said in Montreal was really very touching, particularly in view of the speech he made on the following Saturday in that same city.

An hon. Member: It hurt, did it?

Mr. Drew: It did not hurt anyone but him. The Prime Minister on that occasion made a political speech, after he had been duly received as Prime Minister of Canada, stating that the Progressive Conservative party was under the control of the financial interests.

Mr. Knowles: He has to be right once in a while.

Mr. Speaker: Order. I believe I should call the attention of the hon. member to the fact that—

Mr. St. Laurent: Let him go on.

Mr. Abbott: Too good to miss.

Mr. Speaker: Order. The motion before the house is one by the hon. member for Grenville-Dundas (Mr. Casselman) seconded by the hon. member for Prince Edward-Lennox (Mr. Tustin) that the question be now put. It is an amendment to the main motion before the house, which reads:

That Mr. Speaker do now leave the chair for the house to resolve itself into committee of the whole on the following proposed resolution:

[Mr. Drew.]

Resolved that it is expedient to introduce a measure to provide for the continuation of certain orders and regulations of the governor in council for a limited period during the national emergency arising out of the war.

So I would ask hon. members taking part in the debate on the motion to make some remarks which are relevant to the motion.

Mr. Drew: Mr. Speaker, I would refer you to Beauchesne, at page 771, where there is a very comprehensive discussion of this type of motion and where reference is made to a discussion which took place in which the main arguments were put forward by Sir Wilfrid Laurier on March 4, 1907. On that occasion it was made quite clear that the motion of the previous question is a motion to stop the introduction of amendments, but that it permits a general discussion of the whole subject. That argument was also put forward quite competently by the right hon. member for Glengarry (Mr. Mackenzie King) as reported on page 4347 of *Hansard* of 1943. At that time the right hon. member indicated that he clearly accepted the principle that the motion of the previous question is a motion that calls for a general discussion of the main motion but prevents the introduction of amendments. I would ask Your Honour to accept that proposition.

Mr. Speaker: I agree with the leader of the opposition that it is possible for him to discuss, not only the motion that the question be now put, but the other motion as well, but his remarks should be relevant to the motions now before the house.

Mr. Drew: Mr. Speaker, perhaps I should have indicated more clearly the reasons for the remarks I was making. Assume for the sake of argument that this might be a borderline case as to whether or not there is an emergency. There are reasons why this house should be particularly cautious, in the case of this government, in extending powers to them. After all, there must be some borderline cases where there might be difficulty in determining whether there was an emergency that would justify the continuance of the powers, but I submit that there is no such difficulty here. Even if hon. members felt that there was an emergency, I still think it is essential that they should consider what government will be exercising these powers, at least for a short time. That being so, I was addressing my remarks to the conduct of this government in the exercise of powers of this kind and I was indicating the belief in bureaucracy and in centralized control which I think every hon. member should be aware of when he casts his vote on this motion.

It was in that respect that I was indicating the attitude of the Prime Minister in regard

to matters of this kind and his concept of bureaucracy and his concept of his own responsibilities and of the general situation in regard to matters of this nature. When he made the statement to which I have referred, suggesting that if there was any danger of communism in this country it would come because under the Conservative party there would be subservience to the financial interests, I do think that it is important that the members of this house be fully aware of the background of the man who made such a statement and that they should not be in any doubt as to who that man is.

Mr. Speaker: Order. I do not like interrupting the leader of the opposition, but I would remind him that there will be other opportunities to discuss the question which he wants to discuss. I do not believe that what he is saying has anything to do with the two motions before the house. I hope that with his experience he will act accordingly. I would ask him to discuss the particular motions which are before the house, first, that the question be now put and, second, that the Speaker do now leave the chair for the house to go into committee to consider a certain resolution. It is the privilege of the leader of the opposition to discuss the motions now before the chair, but his remarks should be relevant.

Mr. Drew: I am not going to debate this, but I am going to submit this to Your Honour. I am seeking to demonstrate that the Prime Minister and this government have no right to a continuance of the powers contained in this motion. I have sought to proceed with the discussion in order to show how unfit the present Prime Minister is to exercise powers of this kind. I ask for your ruling as to whether I have the right to continue along that line.

Mr. Speaker: I am totally in accord with the hon. gentleman as to his right to discuss whether or not the government should be given the powers included in the motion before the house, but I am not in accord with him in the line of discussion he has followed. His remarks should be relevant to the motions before the house. It is my duty to call his attention to that rule, as it would be my duty to call the attention of any member of this House of Commons.

Mr. Drew: I am dealing with the question of the exercise of arbitrary powers, which I submit is the very essence of the discussion now before the house. When an hon. member seeks to convey the impression which the Prime Minister has conveyed he is using the tools of the communist, he is using the very weapons the communists use. I think it is very relevant to know that the man who is using the weapons of the communists is the man who was largely acclaimed when he came into the house in 1941 as a great corporation lawyer who had been serving the big interests very efficiently.

An hon. Member: Cheap politics.

Mr. Howe: My hon. friend is envious.

Mr. Drew: After all, those were the things that were supposed to be to his credit. He was a director of a bank; he was a director of a trust company; he was a director of a packing company.

Mr. Speaker: Order. I hope the leader of the opposition will realize that what he is saying now has nothing whatever to do with the motions before the house. I ask him to abide by the rules.

Mr. Drew: Mr. Speaker, I am not going to press the point because I have indicated already exactly what I was trying to convey. But I submit that it is a matter of the utmost importance to this house to know the way these powers have been exercised by the No. 1 bureaucrat in this house and in this country who today seeks this authority. I submit that what I now propose to put forward is very definitely related to the exercise of arbitrary powers of this kind. I raised these matters only briefly a few days ago, but I raise them in more detail now.

When the Prime Minister put on such a stage play of indignation at the suggestion made about bureaucrats in Ottawa, when he sought to leave the impression that I referred to civil servants, who after all are called upon to do what this government tells them to do, he placed himself in a position where it was natural to test what his use of powers had been.

Mr. Cote (Matapedia-Matane): That is not in this motion.

Mr. Drew: It certainly is in this motion. The hon. member obviously does not know what motion is under consideration.

An hon. Member: We wonder whether you do.

Mr. Drew: The motion that is before the house has to do with the exercise of arbitrary powers by order in council. In the very brief exchange that day I pointed out that there was no man in Canada who had abused his arbitrary powers as the present Prime Minister did when he was Minister of Justice of this country. I pointed out then, and I repeat now, that when he was using arbitrary powers as Minister of Justice he used those powers to lay charges for political purposes, which

charges he did not have the courage to proceed with or the decency to apologize for afterwards.

Mr. Baker: I rise on a point of order. I am a young member who is trying to follow the debate. I cannot understand the leader of the opposition talking as he is. He is uttering a lot of political nonsense which is quite irrelevant to the matter before the house. I plead that we go on and debate the resolution which is before us.

Mr. Drew: Mr. Speaker, today, throughout a considerable part of Europe, countries are under dictatorship because men and women were prepared to believe that the assertion of the right to freedom against arbitrary powers was a silly and unimportant thing. I am now discussing the very meat and substance of the use of arbitrary powers which this house is being asked to continue. It is the present Prime Minister—and after all as Prime Minister he must assume the major responsibility for the arbitrary powers which would be conferred by the continuance of these measures—who, when a particular communication to the then Prime Minister proved to be embarrassing to the government, used the power of censorship to restrain publication. That again is the kind of thing that this country wants to avoid, and avoid in every way it can. Those who believe in methods of that kind are not men who should be entrusted with loose and arbitrary powers.

When this matter came up again—earlier I said a week ago Monday, but I should have said two weeks ago today—and I referred to that abuse of arbitrary powers, the present Prime Minister gave an explanation as to why he was not prepared to agree to the tabling of a letter which I referred to in regard to the Hong Kong episode of some years ago. I am not concerned with whether or not that letter is tabled in this house because every word of it has been published in full. What is important is the fact that on that occasion once more—

Mr. Cote (Matapedia-Matane): I rise on a point of order. I draw the attention of the house to article 479 of Beauchesne—

Mr. Speaker: Order. I would ask the hon. member to resume his seat. I ask the leader of the opposition again to confine his remarks to that which is relevant to the resolution before the house.

Mr. Drew: What I am pointing out at the moment is that the Prime Minister gave an explanation on that occasion—

Mr. Cote (Matapedia-Matane): I wish to draw to the attention of the house article 479 of Beauchesne, which reads:

> The debate on the previous question is subject to closure.

[Mr. Drew.]

I point out to the leader of the opposition that two other debates have been finished already. I submit that those debates have been closed and should not be brought into this debate.

Mr. Drew: I can assure the hon. member that this debate has not been closed. I was pointing out the explanation which was given for not permitting the tabling of the document, which again indicates the way that authority is used. The explanation was given that the letter could not be tabled because there would be a breach of confidence. I hope that certain members have read that communication, because if they have they will know there was not an atom of support for the statement then made by the Prime Minister of Canada. I can assure hon. members that, while now departing from that point in this debate, there will be occasions when I will have a good deal to say about the treatment by the government of the Hong Kong veterans after their return.

From the very day the house opened the Prime Minister has seen fit to deal with issues in this house on a political basis.

Some hon. Members: Oh, oh.

Mr. McIlraith: Use your dictionary.

Mr. Baker: According to the dictionary, politics is the science of government.

Mr. Smith (Calgary West): Little boys should not go on men's errands.

Mr. Drew: The Prime Minister and others express great concern about the use of the terms "bureaucrat" and "bureaucracy". I should like to read a couple of statements on that subject. The first one is:

> Without the existence of an almost all-powerful bureaucracy, it is unlikely that we would have had budget by radio, restraint of trade by embargoes and prohibitions, bungling of freight rates, and a snarling of interprovincial relations.

If some hon. members had thought those were my words I doubtless would have had some suggestion that they were improper, but the fact is those words were uttered at the Liberal convention in Ottawa in a speech immediately before that of the present Prime Minister. Those were the words of the present member for Quebec South (Mr. Power). Let me read some more of his words which have a direct bearing on the fitness of this government to ask for a continuance of these arbitrary powers. I read:

> From the ideology of the C.C.F. we have lifted the worship of bureaucratic controls, leaving parliament—and the reference is to the present, not to wartime—little more than the role of a debating society, controlled from outside, not by the people who elect its members but by minor czars and petty dictators.

Those are also the words of the hon. member for Quebec South, uttered just before the

speech of the present Prime Minister when he did not feel anything like the same indignation in regard to the subject of bureaucrats that he has since that time, or if he felt it he did not indicate it at that moment. Those are the words of a man who still believes in Liberal principles. This government has abandoned Liberal principles. The only thing liberal about this government is the liberal dose of socialism that it is trying to give the people of Canada, and that is exactly what the continuation of these wartime powers now constitutes. If dictatorship comes to Canada it will not be through those who describe themselves as socialists; it will be through those who describe themselves as Liberals, and in spite of that name defy every principle for which the word "liberal" stands.

If this motion is carried, the orders covered by this bill will be presented to the house. But I wish some of the hon. members on the other side would vote on this motion in accordance with statements they have made of the kind I have just read, because there are others who have said what the hon. member for Quebec South (Mr. Power) said. There are other members on the opposite side of this house who have indicated their concern about bureaucracy, and the centralization of power, and the abandonment of the ordinary principles of our parliamentary system. If they vote on this resolution in accordance with what they have said outside, this resolution will be defeated; and I should hope that then the government would follow the proper course and introduce statutes in the proper way, giving parliament an opportunity to discuss the rights of the people whom we have been elected to serve.

There is another reason why the members of this house should examine what happens when arbitrary powers of this kind are given. Remember, some of these arbitrary powers permit this government to exercise extraordinary authority over many fields of production. Under these powers they have the right to say whether certain businesses can or cannot do certain things, whether certain methods of production can or cannot be carried out. Then you have to consider the mentality of the government upon which we are asked to confer this very wide continuing power at a time when they themselves have announced that we are approaching an election. We have the statement of the Minister of Reconstruction and Supply (Mr. Winters) about the beneficences they conferred upon a certain riding.

Mr. Winters: On a question of privilege, Mr. Speaker, I want to say that this is a good demonstration of opposition by misrepresentation and distortion.

Mr. Drew: Mr. Speaker, this is a good indication of the way they dodge the truth. The fact is that the minister of reconstruction handed to the press a typewritten statement which said they had conferred more beneficences upon the riding of Digby-Annapolis-Kings than any other riding in Canada; and you know what happened there.

Mr. Winters: A complete distortion.

Mr. Drew: The minister himself handed that statement to the press. Then you had the statement of the Minister of Finance (Mr. Abbott) in a letter to the apple growers of the Annapolis valley, expressing regret that his generosity to the apple growers, from the funds of the Canadian people, had not been duly appreciated at the election which had just taken place. Then we had another interesting example just a few days ago, when the Minister of National Health and Welfare (Mr. Martin)—

Mr. Speaker: Order. I suggest to the leader of the opposition that the remarks he is making now have nothing whatever to do with the subject under discussion.

Mr. Drew: Mr. Speaker, I am seeking to indicate what the government itself has shown it will do with arbitrary powers, and I ask your permission to proceed to demonstrate how this was indicated in the case of the Minister of National Health and Welfare.

Some hon. Members: Go ahead.

Mr. Speaker: The hon. member will realize that it is not for the Speaker to give special permission to anyone. The only thing the Speaker has to do is see that every hon. member abides by the rules, so I would ask the hon. gentleman to keep his remarks relevant to the motion now before the house.

Mr. Drew: I submit that what I have said was relevant, and I was about to say that when announcing a grant in Trenton the Minister of National Health and Welfare made the very significant suggestion that "we will show our tangible appreciation of this grant." It is in this atmosphere of "tangible appreciation", "beneficences" and "recognition of things done by the Minister of Finance" that we are asked to give these wide and arbitrary powers to this government to go further with their beneficence, their generosity and their tangible indications of support. I repeat that if hon. members here will vote as they have indicated they believe, in statements they have made, this motion will not carry. I hope it does not, because then we will return to the parliamentary system and will deal with the separate acts of parliament related to each of these particular subjects. If that were done of course we would not be

called upon to discuss these orders in detail. If we do have to discuss them there will be a great deal to discuss in detail, as to the contents of these arbitrary orders.

I come back to the question before the house, as indicated by the judgment from which I read earlier in my remarks.

Some hon. Members: Hear, hear.

Mr. Drew: This is something, of course, the Minister of Trade and Commerce (Mr. Howe) would not understand; but I hope he will listen just the same.

Mr. Howe: I wouldn't miss a word of it. It is the funniest thing I have heard for a long time.

Mr. Drew: You know, when you hear the Minister of Trade and Commerce you just remember how much his word is worth when you look up here and see the lights on in this building. He knows just as much about this subject as he does about hydro electricity. I was referring to that aspect of the discussion which was so clearly underlined by the quotations from the judgment of the appeal court of Manitoba last Thursday night. I repeat one sentence only:

> It should be remembered that what is involved is an invasion of provincial rights.

What is involved here is whether or not we still have a constitution; whether by simply putting a resolution before us the government is going to get rubber-stamp approval from this House of Commons and the parliament of Canada to carry forward its arbitrary war-time controls. Remember, the government did not put forward a single reason why this house should vote for this resolution. Remember, it has indicated no real reason why we should say there is an emergency of this kind. The fact is that it is not an emergency arising out of the war, if emergency there is. The emergency in regard to rental housing is entirely an emergency created by this government. If they want to deal with that, let them do so by a proper bill that will recognize the rights of those who occupy homes and of those who own them, and will permit proper housing plans under the various controls they already have and are seeking to perpetuate.

Mr. Speaker, if one were to go back and see the explanations that were given in 1945, 1946, 1947 and 1948 by this government, it becomes clear there was the thought that we were approaching the end of these arbitrary powers. I urge hon. members on both sides of the house, particularly those members on the other side of the house who have themselves criticized bureaucracy and the petty czars and dictators, that they vote against this resolution. By doing so they will insist upon proper acts being brought forward and they will also insist upon the return of true democratic parliamentary procedure in Canada.

Mr. Speaker: Is the house ready for the question?

Mr. Garson: If I speak, I close the debate.

An hon. Member: No, the motion before the house is the previous question.

Mr. Garson: During the last exchange in connection with this same device used by the members of the Conservative party, it was established that the moving of the previous question—

Mr. Ross (Souris): Is the minister closing the debate?

Mr. Garson: No, I am speaking to this point of order. It was established on that occasion that the motion that the previous question be put still entitled the member who moved the original motion to close the debate. Inasmuch as he can do that only by speaking before the end of the debate on the motion that the question be now put, he reserves that right. The matter was so disposed of by the Speaker during this session.

Mr. Speaker: May I inform the house that on the motion for the previous question there is no opportunity of speaking twice, as it is not a substantive motion. There is no reply. Is the house ready for the question?

Mr. J. A. Ross (Souris): Mr. Speaker, I wish to offer a few remarks on this measure. In discussing the measure to provide for the continuation of certain orders and regulations of the government by order in council for a limited period during a national emergency arising out of the war—I presume that is what this measure is—I should like to remind the members of this house that on September 28, 1943, by P.C. 7942 this government provided that the Canadian wheat board was to become a compulsory agency for monopoly where it had formerly been a voluntary agency. It was to become an agent of the crown instead of the voluntary agent of the producers that it had been in past years.

Mr. Howe: Mr. Speaker, on a point of order, that was not done under the emergency legislation; it was done by an act of parliament.

Mr. Ross (Souris): In 1943?

Mr. Howe: Yes.

Mr. Ross (Souris): Well, that is not the version of the Minister of Justice (Mr. Garson) when he was premier of Manitoba. I still think I am right and the Minister of Trade and Commerce is wrong. I have quoted the number of the order in council, and if the

minister wishes to dispute that, I stand corrected. In the meantime, he must make a different statement. I maintain my statement is correct and it was supported by the Minister of Justice when he was the premier of Manitoba.

Mr. Garson: My hon. friend is quite wrong in saying he was supported by anything I have ever said.

Mr. Ross (Souris): I can refer to the copy of the speech made by the present Minister of Justice in which he pointed out exactly the same thing I have said, quoting the same order in council number. At that time, he was the premier of Manitoba.

Mr. Garson: Mr. Speaker, speaking to this point of order, my hon. friend is aware, from his experience as a member of this house, that orders in council are passed pursuant to the authority given in certain statutes.

Mr. Diefenbaker: You have not been here very long or you would not make that statement.

Mr. Garson: The statement I was making had reference to orders of the type that are under discussion now. As the member for Lake Centre (Mr. Diefenbaker) knows, prerogative orders in council can be passed without supporting statutes, but others must have a statute for a foundation. I think my hon. friend will discover, if he refers to the matter, that the statute under which the order in council in question was passed, as the Minister of Trade and Commerce has stated, is one which was passed apart from this Transitional Measures Act.

Mr. Ross (Souris): This is what the Minister of Justice said on that occasion:

> The Canadian Wheat Board Act of 1935 set up the wheat board as the voluntary agency of the wheat producers, charged wtih the fiduciary responsibility to secure for farmers who shipped wheat to it the best price available consistent with the promotion of the sale and use of Canadian wheat in world markets; and until the change made by order in council in 1943 all the business of the board was conducted on this basis.

I am quoting the words of the present Minister of Justice.

> During the war, on September 28, 1943, by order in council P.C. 7942 your government provided that the wheat board was to become a compulsory agency or monopoly where it had formerly been a voluntary agency; and that it was to become the agent of the crown, instead of continuing as it had been the agent of the wheat producers.

Mr. Garson: Would the hon. member permit a question? From what is he reading?

Mr. Ross (Souris): I am reading from a quotation—

Mr. Garson: Is this a speech of mine?

Mr. Ross (Souris): Yes.

Mr. Garson: In *Hansard?*

Mr. Ross (Souris): It is one I put on *Hansard* from your letter of March, 1948.

Mr. Garson: I suggest that, if my hon. friend wishes to establish something against me, he do so by some other means than reading from one of his own speeches.

Mr. Ross (Souris): I am reading from a pamphlet, published by the present Minister of Justice, of a broadcast he made when premier of Manitoba, which contains certain letters he had written to the present Minister of Trade and Commerce. The quotation is from that letter used in that broadcast speech which he had printed, and a copy of which he was good enough to mail to me as a member from Manitoba. At that time the present Minister of Justice was in disagreement with the Minister of Trade and Commerce—apparently they are still in disagreement when the occasion suits them. Copies of this speech were well distributed over Manitoba at that time, and the quotation is taken from that speech. The minister continued by chastising the government, and made a speech similar to those I have been making for many years on behalf of the farmers of this country. A year ago he took issue with the Minister of Trade and Commerce, and it is strange there should be a complete reversal of his position; for we now find him in the role of Minister of Justice, piloting a measure such as this.

Mr. Fulton: He has changed both his mind and his job.

Mr. Ross (Souris): Yes. In 1946, under the War Measures Act, one year after the termination of the actual fighting, the United Kingdom-Canada wheat agreement was negotiated and signed, without consultation with parliament and during the time parliament was actually in session. After the agreement was signed it was announced in this house on the 25th July by the then Minister of Trade and Commerce. Parliament was never consulted about saddling the entire cost of that contribution on the wheat producers of this country rather than on all the taxpayers of Canada.

I want to mention this because on February 24, 1949, the present Minister of Trade and Commerce (Mr. Howe) announced a further payment of twenty cents per bushel on wheat delivered between August 1, 1945, and July 1, 1950. He said that that would bring the price of wheat to $1.75 a bushel for those western farmers, and that probably nothing more would be heard of it in this House of Commons because it would remind

the farmers that they were going to be receiving more for their wheat; at least in 1949 and 1950, than any other farmers in the world. I want to say that I do not know what insight the Minister of Trade and Commerce has into the future, but I do not think that he knows any more about it than I do, and that is very little. I should not say I hope that there is more truth in that statement than in some of his past statements, because some of them have not materialized.

In speaking on March 1, as reported at page 1013 of *Hansard*, the minister said that he thought we were going to hear less about wheat in the future. Well, on March 9 his parliamentary assistant put a set of figures on *Hansard* in reply to a question and said that the average price of No. 1 northern class II wheat for 1946-47 was $2.43.

Mr. Howe: On a point of order, my hon. friend is not speaking on any emergency legislation; he is speaking about the amendment to the wheat board act which he himself voted for in 1945, and he is attempting to discuss that under the guise of discussing emergency legislation.

Mr. Speaker: Order. May I again call the attention of hon. members to the fact that the motion which is before the house is:

> Resolved that it is expedient to introduce a measure to provide for the continuation of certain orders and regulations of the governor in council for a limited period during the national emergency arising out of the war.

May I suggest to hon. members that if they want to discuss details of the different controls they should wait until they know exactly what is in the bills. They should wait, for instance, until the bill is introduced. Actually it is the duty of the Speaker to insist upon the fact that the debate should be relevant to the motion which is before the house. The motion before the house does not mention wheat; it does not mention any cereal; it does not mention which orders or regulations will be continued. The house will know what is in the bill when it is introduced.

Mr. Ross (Souris): Mr. Speaker, let me take you back to a few moments before recess when we were subjected to the very absurd tactics of the hon. member for Winnipeg North Centre.

Mr. Knowles: I rise on a question of privilege, Mr. Speaker. I raised a point of order which was perfectly valid, so valid that the leader of the opposition (Mr. Drew) in due course agreed with it, and I refuse to have that referred to as absurd tactics.

Mr. Ross (Souris): Mr. Speaker, the leader of the official opposition asked for certain information. The Minister of Finance (Mr. Abbott) rose in his place and said he would answer for the Minister of Justice (Mr. Garson). He told us what would come under this measure. Among other things he mentioned flour and bread. What do you get flour from and what do you get bread from, if not from wheat?

Mr. Speaker: I hope that the Speaker will not be obliged to intervene too often, as I have been obliged to do since seven-thirty. Hon. members know very well that a debate should be relevant to the motion which is before the house. If the hon. member looks at the motion, I do not think that he will say that it is relevant to speak about wheat. When the house knows exactly what is in the bill it may be relevant to speak about it then, but I do not think the question should be discussed just now. I believe it will expedite the business of the house if all hon. members keep their discussion relevant to the motion.

Mr. Diefenbaker: I rise on a point of order. What you have just said, Mr. Speaker, exactly supports what the leader of the opposition said a while ago. Without a preliminary statement from the minister, hon. members do not know what the resolution purports to cover.

An hon. Member: Including yourself.

Mr. Diefenbaker: The Minister of Justice or the Prime Minister (Mr. St. Laurent) should have placed the matter before the house.

Mr. Speaker: Order. The hon. member may discuss a point of order, but I do not think it is in order to use a point of order to make a statement against anybody. Hon. members know perfectly well that this is the way a resolution is introduced in the house. I will ask them to keep the debate relevant to the motion which is before the house.

Mr. Smith (Calgary West): On the point of order raised by the hon. member for Winnipeg North Centre, that the word "absurd" was not parliamentary, I say now that most of the things I have ever heard him say are absurd. If I have to be disciplined for that, I shall be glad to see that action taken.

Mr. Speaker: Order.

Mr. Ross (Souris): Mr. Speaker, I was saying that in answer to the question of the leader of the official opposition the Minister of Finance said, as appears in *Hansard* of February 7 at page 316, that these extensions will be for rent control; apart from

that flour, bread, butter, citrus fruits, fruit juices, certain vegetables—

Mr. Abbott: Not wheat.

Mr. Ross (Souris): I did not understand that we did not get most of our bread and flour from wheat products. Is that not true now in Canada?

Mr. Fraser: That is where the dough comes from.

Mr. Ross (Souris): That may not be the case now. All my life I have understood that we got most of our flour in Canada from wheat produced on the western plains.

Mr. Abbott: And barley.

Mr. Ross (Souris): So I believe. You are sure about that over there, but we on this side of the house may not have the same knowledge.

Mr. Abbott: I am not so sure about that.

Mr. Ross (Souris): I should like to know whether the wheat agreement was passed by order in council or by this parliament, because that is what we were discussing. Am I not in order to discuss it?

Mr. Speaker: If the hon. member wants to get some information from a minister the right place to get it is in committee.

Mr. Ross (Souris): I am discussing a resolution on the basis of the information given to us by the Minister of Finance at that time and later by the Minister of Trade and Commerce on that same day. The question to which I was referring was the average price of No. 1 northern class II wheat for the 1946-47 crop, which averaged $2.43 per bushel; for the 1947-48 crop it averaged $2.88 a bushel; and for the first seven months of the 1948-49 crop year it averaged $2.36½ a bushel. These are the government figures. I am using them because hon. members over on that side have disputed other figures which I have used in the conclusion I have come to on this matter in the past year.

I want to say that the loss on the United Kingdom-Canada contract to date is $392 million, based on these figures. I had predicted back in 1946 that if we received the prevailing prices for wheat we would be able to give these 140 million bushels of wheat, about which the Minister of Trade and Commerce spoke the other day, to Britain for nothing in the fourth year of the contract, and be money in hand. As the situation stands today, we could do that and be $112 million better off in the fourth year of the contract. Added to all this, you have the contribution made by these wheat producers of $70 million for the 1946 crop, $100 million for the 1947 crop, and $20 million to date for this year for domestic consumption in Canada, making a total of $190 million.

Mr. Knowles: Again I rise to a point of order.

Mr. Reid: Wheat is not in this resolution.

Mr. Knowles: That is exactly the point I wish to make.

Mr. Ross (Souris): Tell me how the contract is made.

Mr. Knowles: Reference has been made to the statement of the Minister of Finance that the price of flour, coming as it does under the wartime prices and trade board is covered in this resolution; but that does not mean that everything respecting wheat and the wheat agreement with the United Kingdom is included as well.

Mr. Ross (Souris): Where is the point of order?

Mr. Knowles: The point of order is that the hon. member for Souris is discussing the wheat agreement which does not come under this legislation at all, and the hon. member knows it.

Mr. Ross (Souris): How do you know it?

Mr. Knowles: I submit that the hon. member should keep to the subject before the house.

Mr. Howe: Speaking to the point of order, I would refer you, sir, to Bill No. 23 passed by this parliament, the preamble of which reads as follows:

Whereas the government of Canada has entered into an arrangement with the government of the United Kingdom for the sale and delivery of substantial quantities of wheat to the government of the United Kingdom annually for a period of four years commencing on the first day of August one thousand nine hundred and forty-six and it is necessary to make provision for the carrying out of the arrangement;

And whereas it is expedient to amend The Canadian Wheat Board Act, 1935, for such purpose and to make provision for other matters affecting the operations of the Canadian wheat board thereunder; and whereas to ensure an orderly transition it is expedient to continue in force until the end of the present crop year, regulations made under The National Emergency Transitional Powers Act, 1945, providing for the foregoing: Therefore His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

Mr. Ross (Souris): What date was that?

Mr. Howe: That was 1947.

Mr. Ross (Souris): 1947? That is some time after the date I have been referring to. I admit all that.

Mr. Garson: I think we should clear this up.

Some hon. Members: Sit down.

Mr. Garson: On a point of order—

Mr. Speaker: Order. Hon. members will admit that the Minister of Justice has the right to speak to a point of order, just like anyone else.

Mr. Chevrier: Howl him down, boys!

Mr. Garson: A short time ago the hon. member for Souris, during the course of his remarks, undertook to say what I had said. To prove this he read from a speech of his own in which he purported to quote from a pamphlet issued by me. I have now this pamphlet in my hand.

Mr. Ross (Souris): Is that a point of order?

Mr. Garson: And I—

Mr. Ross (Souris): Let us have the point of order. I am making the speech.

Mr. Garson: He will not find it pleasant reading; but if he will contain himself for a moment, I shall read it.

Mr. Howe: Can't take it, eh?

Mr. Garson: I wish to read from—

Mr. Speaker: Order. What is being said is not relevant to the motion before the house.

An hon. Member: The minister is making a speech.

Mr. Garson: This is the pamphlet which the hon. member purported to quote, and a portion of which he judiciously skipped. It reads:

During the war, on September 28, 1943, by order in council P.C. 7942—

Mr. Ross (Souris): Is this a point of order, or what is it? The minister is making a speech, but I have the floor.

Mr. Howe: Just showing you up, that is all.

Mr. Garson: I am rising to a point of order, and also on a question of privilege, to correct a statement which was improperly attributed to me by the hon. member for Souris. Now, this is the statement which the hon. member purported to quote in his speech.

Mr. Ross (Souris): He can make his own speech.

Mr. Garson: It states:

During the war, on September 28, 1943, by order in council P.C. 7942 your government provided that the wheat board was to become a compulsory agency or monopoly where it had formerly been a voluntary agency; and that it was to become the agent of the crown, instead of continuing as it had been the agent of the wheat producers.

[Mr. Ross (Souris).]

Now, that is the part my hon. friend quoted. The next is the part that he judiciously skipped:

Later in 1947, the provisions of this order in council were incorporated into the provisions of the Wheat Board Act where they now appear as section 4 subsection (2) reading as follows:

"4. (2) The board is for all purposes an agent of His Majesty in the right of Canada and its powers under this act may be exercised by it only as an agency of His Majesty in the said right."

This provision is now part of the wheat board act, and is not relevant to this present discussion at all.

Mr. Ross (Souris): Mr. Speaker, I was dealing with orders in council; and may I add further that the Minister of Finance (Mr. Abbott) said the subsidy is being paid for flour that is being used for domestic purposes in this country. That is in the same debate.

Mr. Howe: He has only one subject he can speak on; go ahead.

Mr. Ross (Souris): I have another one. But the point I wish to make is this, that the Minister of Trade and Commerce (Mr. Howe)—

Mr. Speaker: Order.

Mr. Ross (Souris): —was pointing out to the farmers in Canada where they lost, in marketing, in 1943, 1944 and 1945 an additional $409 million, making $991 million altogether.

Mr. Speaker: I must call the attention of the hon. member—

Mr. Reid: Putting it over very nicely.

Mr. Speaker: I would call the attention of hon. members to the fact that they do not seem to be very interested in observing the authority of Mr. Speaker in the house. I could not fail to see that the hon. member who has just resumed his seat was anxious to say more, even after I had risen to keep order—and the good laugh he had with some of his friends.

I would call the attention of the hon. member to the following standing order. Standing order 40(2) states:

Mr. Speaker, or the chairman, after having called the attention of the house or of the committee to the conduct of a member who persists in irrelevance, may direct him to discontinue his speech.

So I would insist that, if the hon. member does not wish to co-operate with the chair, the Speaker will have to apply the rule and ask him to resume his seat. The Speaker can stand much; but, after all, he is human, and he cannot stand everything. And if I cannot have order in this house I will apply the rule. If I have to be severe, I will be severe; but I will try to keep order and decorum in the house.

Mr. Ross (Souris): Mr. Speaker, I bow to your ruling. I pointedly asked you whether I was in order or not in connection with the wheat contract with Great Britain.

Mr. Fournier (Hull): You were out of order all the time, and are still out of order.

Mr. Speaker: I have repeated about two thousand times tonight that hon. members were not in order. Apparently I was too generous. I do not wish to be harsh, but if I am obliged to be I shall be harsh. I would ask hon. members who wish to take part in the discussion of the motion before the house to speak to that motion. If they do not wish to speak relevantly I shall have to ask them to resume their seats.

Mr. Ross (Souris): Thank you, Mr. Speaker. The Minister of Justice (Mr. Garson), and his citation, have reminded me of young Lochinvar, and the lines I learned in school:

> Oh, young Lochinvar is come out of the west,
> Through all the wide border his steed was the best;
> And save his good broadsword he weapons had none . . . .
> He stayed not for brake, and he stopped not for stone,
> He swam the Esk river where ford there was none—

Perhaps I will be in order if I refer to another matter which the Minister of Agriculture discussed in this same debate last February 18. I was surprised that, with respect to the handling of rye in this country—and I am referring to the cereal—he admitted rather boastfully the fact that he was the culprit, for the manner in which rye was handled. I believe it was in the fall of 1947 that we had what was termed a legal racket in this country for some months during the autumn. I remember being taken to task at that time because I referred to the fact that funds were being issued for people to go to the United States to buy rye and bring it into Canada, then reship it to foreign countries, where we had made loans with the taxpayers' money. The Minister of Agriculture (Mr. Gardiner) himself said in front of the Minister of Finance, right in the house, that when they made those loans they knew they would not be repaid. Those people were making a profit of about a dollar a bushel on that rye which they brought in from the United States, thereby aggravating our dollar shortage. That was a legalized racket.

I put a question on the order paper in December of 1947, and I have all the answers here. One of the largest shipments was to Poland—about 700,000 bushels. The next was 440,000 bushels to Germany. There were fourteen countries to which rye was shipped; and the funds of the foreign exchange control board were used—the taxpayers' money. The taxpayers of this country will be assessed for that racket of this government by order in council legislation. Reference was made this afternoon to the decision of the appellate court of Manitoba delivered by Mr. Justice J. E. Adamson. I am sure that that case had to do with orders in council, and he points out how illegal these matters are in this country.

Mr. Watson Sellar, the auditor general, who is above this government, who reports only to parliament, has drawn attention to certain irregularities by order in council in connection with the expenditure of public money.

I do not think I should take further time, as Your Honour has not been very clear in telling me whether I am in order in discussing the United Kingdom-Canada wheat agreement. I certainly shall be able to do that on the estimates and prove to the Minister of Trade and Commerce how much that is going to cost the wheat producers of this country. In those three years of 1946, 1947 and 1948 crops it will cost them $721 million, the difference between the figures his parliamentary assistant put on the record and the price of $1.75 per bushel, basis Fort William.

Mr. John R. MacNicol (Davenport): Mr. Speaker, first I should like to know whether I am in order in saying something about the housing situation in Davenport riding. I do not want to go on if I am not, because there is no use being interrupted as the previous speaker has been.

Mr. Speaker: I would say to the hon. member what I have said to other hon. members. I believe it would be much better for him and for everyone if he would wait until the bill is before us so that he will know exactly what controls or orders in council the government wants to continue.

Mr. MacNicol: What I have to say has to do with housing controls. I am one of those hon. members who make exhaustive inquiry into matters I am going to speak about.

I want to digress for a moment and refer to what was said this afternoon by the Minister of Transport (Mr. Chevrier) about the proposed bridge across the strait of Canso. For fifteen years I fought against the proposal to construct either a causeway or a tunnel and I was pleased to hear the minister announce that the bridge for which I have been fighting for that length of time is now going to be built.

I followed the same plan in connection with housing in Davenport riding. I visited many people and found them up against an appalling housing situation. I am glad the minister of reconstruction is in his seat, although

at the same time I am sorry that the Minister of Trade and Commerce (Mr. Howe) is not in his seat at the moment. I expected a great deal of the Minister of Trade and Commerce in connection with housing when he was Minister of Reconstruction and Supply. The Minister of Trade and Commerce should have been able to solve the housing problem if any one could. He was a builder and contractor and as far as I can understand he knew all about building. However, he did not do it. I am not going to say whether the present minister of reconstruction can do the job or not. In any event the problem is not being solved.

First, I want to say a word or two as to what the job is. I fear the minister is not conversant with the vast difference between the housing problem faced by a great city like Toronto and the housing problem faced by any one of a thousand smaller places. The problem is different and different methods are required to obtain relief. He may be able to do it. I hope he is.

I called upon one home where a father, mother and seven of a family, a total of nine people, were living in one room, near where I live. Language cannot describe the conditions that exist in a household like that. Language cannot describe what a father and mother are up against under such conditions. I am not going to blame the minister, I am not going to say who is responsible, but that is the situation. That is only one case in many that I know of and perhaps there are thousands throughout Canada.

I called on another family and found eleven living in three small rooms of a humble workingman's home. The first room was entered off the verandah; the second room immediately behind was a living room, dining room and kitchen, and then there was one bedroom. Ordinary language cannot describe just what parents go through under those conditions. Nine boys and girls had to sleep on the floor or wherever they could find room. I am not going to blame anybody for that, but that is the situation. There are hundreds of cases just like that.

I went to visit many families, and I found one home in which there were nine people in two rooms. These are not spectacular cases; they are quite common. The city has become overwhelmingly congested with people coming in from everywhere and trying to get shelter of any kind. That is the problem. What is the minister going to do about it? I shall make a suggestion in a few minutes as to what might be done. These are just some cases in the multitude of those that exist.

Here is an example not far from where I live. A man and wife had lived in a house for 27 years. They have a crippled son who is not able to walk or stand up, and a daughter. There were four rooms in the house. The house was sold over their heads and they could not begin to make a down payment on another house because he was a humble moulder in a company with which I am well acquainted. He never made salary enough to permit him to save money to make a down payment.

The purchaser having purchased the house quite legally waited the legal length of time, which I have just forgotten, and then went before a judge who ordered this family, who had lived in the house all those years, to share the space with the buyer. What does that mean? I saw this myself and I know. It would break anyone's heart to see what those people have to go through. The father and mother, the daughter and the son now live in two rooms on the ground floor while the buyer lives upstairs in the two rooms there. The bathroom is upstairs and is used by both families but in order to go upstairs you must pass through the living-dining room of the family downstairs.

The lady of the house has been to see me many times. She is a humble little woman and her heart is broken because they cannot get accommodation anywhere. They simply cannot afford to pay $1,000 down on a house. These are just examples of the multitude of cases that exist. Many men have worked in plants for most of their lives but have never made enough money in order to save sufficient to pay $1,000 or $1,500 down on a house. That case is a sample of many more.

I know of another case of a young soldier who came back with a good record. He brought a bride back with him from the old country. When he came home his people were glad to see him. He brought a bride with him, however, and the bride had to sleep somewhere. When they arrived home the father and mother took in the bride and the son. There were four rooms in the house. There were the father and mother and four children besides the young soldier and his bride, making eight in all. Things went along for a short time, but human flesh and blood cannot endure those conditions and still have peace and happiness, and it was not long until a family row started with the result that the young man and his bride had to get out. They could not get in anywhere. With not less than 15,000 people in the city wanting to move into other places, there was no place for them. The result was that in the end the young woman, and likely a very fine young woman, became heartbroken, and she left Canada and went back to England. That has an effect on family life.

The Rev. Dr. Mutchmor, who I believe is head of the public relations division of the United church, has stated that such cases as that are multitudinous, and that in not less than twenty-five per cent of such homes family life is being broken down.

Mr. Church: May I ask the hon. gentleman a question? The 180,000 orders in council under the resolution concerning national emergency will have to be interpreted, as I see it, by a court of law.

The Acting Speaker (Mr. Golding): Order.

Mr. Church: Only four of them have been before the supreme court, and only one of them has been declared partially legal. Is that correct?

The Acting Speaker (Mr. Golding): The hon. member for Davenport.

Mr. MacNicol: I would think that whatever the hon. member for Broadview says is correct. I have a very high opinion of what he says, and if he says it is correct then it is correct. Coming back to where I left off, may I say that I would rather help the minister than say anything to hurt his feelings. It does not get us anywhere to do that; it does not help to solve a difficult situation. The examples I have given are illustrations of the situation in a multitude of other cases. What can we do? The hon. member for Broadview interrupted me. Let me refer to what he did when he was mayor of Toronto, and may I say that Toronto never had a better mayor. He was seven times mayor of Toronto, and he was successful because of what he did for the people. He was mayor from 1915 to 1921, and he had all these conditions to contend with. In Toronto they took over land in the city and around the city and installed water, light and gas facilities. They overcame a lot of trouble in that way. There are no more lots, however, in Toronto. I do not know of a lot you can buy at a reasonable price in Toronto today. In the days of Mayor T. L. Church you could buy a fine lot for from $6 to $8 a foot in the part of the city where I live now. That section was opened up by the putting in of sewers, water mains, gas mains, electric light wires and transportation. To a very large extent because of the cheap lots and the services that were provided, the housing problem then was not one-two-three with what it is today.

How can the minister overcome the difficulty? You cannot buy any lots in Toronto. The city bought a block of lots last year and put up a building where the rents are so high that no workingman could rent a place. A workingman should never be asked to pay over $30 or $35, and at the maximum $40 a month for rent. He cannot make enough to do so. What can the minister do? He could follow the plan that was followed in the days of Mayor T. L. Church. The land around the city of Toronto is built up, but I believe you could go out still further. I understand from the department that last year, through their boards and other assistance, and through the builders, 80,000 homes were built in Canada.

Mr. Winters: Eighty-one thousand.

Mr. MacNicol: The minimum required today is not less than 250,000, and nearer 500,000 homes. I made a survey in my own riding, which is a workingman's riding. They are wonderful people, carpenters, painters, machinists, moulders, artisans of every description, well-read people. Maybe that is why they always give me such a large majority, and I expect they will do so again. I made a survey of many homes, and what I found—and the minister will find the same thing—is that at the present time the number of people occupying a polling subdivision is approximately 25 per cent more than occupied the same polling subdivision before this crisis arose. That means that, if a subdivision had 500 people living in it, another 125 are crowded in there, or 25 per cent more. That is a staggering difficulty to overcome. These people will all want homes; they will all want to move out and have a home by themselves. All these people living three, four, five and six to a room will want to move out. They should have homes, because the home is the basis of the nation.

I want to suggest to the minister that in the vicinity of Montreal, Toronto, Hamilton —not so much Hamilton—Windsor, where they are fairly congested, Winnipeg and Vancouver, a survey be made to ascertain if it is possible for the department to secure control over large blocks of land in various areas outside the cities. What I have in mind are 200 and 300 acre lots not too far out from the city, but even if they are some distance away that probably can be overcome. I think the minister should then ascertain what it will cost to run water out to those areas, and put in sewers, electricity, gas, schools and so on. I am satisfied that, if that can be done, the average workingman would probably be able to buy a lot for $10 per foot. At the time when the member for Broadview (Mr. Church) was mayor of Toronto the workingman was able to buy a lot for $6 a foot in the vicinity of St. Clair avenue in Toronto. Then these people would have the same opportunity that the people living in my section of the city had when I first went up there. Land was cheap then, and it was the time when many immigrants were coming from the old country. Thousands

and thousands of them were brought in by the former Laurier administration, and they did great things for this country. They bought the lands cheaply and were able to get materials such as lumber, and so on. I have seen them times without number carrying scantling and other pieces of lumber and building material on their shoulders up Dufferin street hill near where I live. I have seen them with parts of plumbing fixtures and other things, and in due course they built homes to live in. It was called shack town, but it was a great credit to the men who came from the old country. They bought the land and built their homes, and today they are all living in nice homes and surroundings. Perhaps we can do the same thing. In any event the situation is nothing short of appalling, and from his close contact with it I am sure the minister must agree with me.

Mr. Macdonnell (Muskoka-Ontario): If the hon. member would permit a question, I should like to ask whether he has given any consideration to the possibility of anything useful being done in the way of prefabricated houses.

Mr. MacNicol: I have. Perhaps I had better continue with what I was saying and come back to that, because prefabrication has been a great study of mine. I would ask the minister to discuss with his officials the possibility of doing something along the line I have suggested. Then I am sure he is aware of what has been done at Three Rivers. I have forgotten the name of the parish priest or the reverend gentleman who organized the opening up of a large area near that city, with homes for workingmen. If they can do it near Three Rivers we should be able to do it near Toronto.

I would particularly suggest that the minister inquire into the matter of services. In Toronto we have no suburban railways. Montreal has, I am glad to say. I am happy that the people of Montreal have insisted on having suburban railways. We have none, so we have no way of running trains out a mile or two or three or four or five. There could be; the northern track would do very well for a suburban railway into York county, where various areas could be built up, each with thousands of houses. I suggest that to the minister in all earnestness. The problem must be solved. It is nothing short of murderous as it is today. My constituency has seventy thousand people in an area four and a half miles long and less than three-quarters of a mile wide, so hon. members will realize how congested it must be. I am thoroughly conversant with conditions there, and I repeat that too frequently they are nothing short of shocking.

My hon. friend asked about prefabricated houses. I do not know why the former Minister of Reconstruction and Supply did not do something in regard to prefabrication, because he was well posted on that subject; he has heard me talking on it before. I saw prefabricated houses on the docks at Quebec, and they were fine little houses too; but we shipped them to France. The minister will correct me if I am wrong, but I believe the price was about $1,500 per house.

Mr. Howe: Yes, about that.

Mr. MacNicol: Well, why can we not have them in Canada? The timber is all here, the stone is all here, the cement is all here. If we can supply houses for France at $1,500 each, why can we not supply prefabricated houses for the working people of Toronto at $1,500 each? I know all about workingmen. I have been with them all my lifetime, served with them all the way from the bottom to the top. I do not have to take off my hat to anyone when talking about labour, I care not where they come from or where they have been, because with hands and head I have worked with labour. They cannot pay the prices they are being asked today. I do not believe any workingman living can pay seven, eight or nine thousand dollars for a home. So why cannot the government, realizing the situation, come forward with some solution? I do not know how they would go about it, but perhaps it would be by means of a big bonus. I would go for that, or for anything to save the health and lives of our people. I know that for want of homes people of my community are breaking down into old men and women long before their time.

Coming back to the question of prefabrication, I have referred to one type of prefabricated house. The former minister will also remember the big plant just east of Montreal, the name of which I have forgotten.

Mr. Howe: Fairchild.

Mr. MacNicol: Yes. I went there and discussed the matter with the manager, who showed me several prefabricated aluminum houses, which I think were being sold for around $2,000 to $2,500.

Mr. Howe: No; about $3,300.

Mr. MacNicol: Even that is far short of seven, eight or nine thousand dollars. We have a young minister now, and I would like to see him make a success of it. He has a very good record, and I would rather help him than do anything else. I suggest that he inquire into the matter of prefabricated houses. You may be able to interest some builder of prefabricated houses. I believe a very good prefabricated house is made in London; but I would not go for the fancy

prices they are asking today. Offer an order for five thousand prefabricated houses; perhaps you will get them at the right price. You have to plan not for five thousand but for five hundred thousand homes. The problem is here. It is not going to run away; it is going to get worse every day. Does that answer my hon. friend's question?

Mr. Macdonnell (Muskoka-Ontario): Yes, thank you.

Mr. MacNicol: Now I want to say a word about our own mayor of Toronto, who has done a very good job and wants to help all he can. I am sure if the minister made contact with him he would find that Mayor Hiram McCallum would be happy to help in any way possible. He is in despair today because he is right up against it. I used to go home every week end, but now I can only stand to go home every three weeks. When I get home there is too much pressure of all sorts, especially in connection with housing. I am too soft-hearted; I cannot stand the tears of the women when they ask me to help them out. What does Mayor McCallum say? I quote from the Toronto *Telegram*?

> Unless the federal government primarily, and the provincial government secondarily, provide special and specific co-operation for the Toronto area, Mayor Hiram McCallum despairs of solving the housing problem.

He despairs because he does not know what to do about it. Then again:

> The fundamental weakness of the government's program, the mayor told the *Telegram* today, lies in their attempt to apply the same formula to huge urban areas such as Toronto, as in smaller communities.

Why could not the minister come out boldly with some great plan? The public would support him. That is what they want; someone with vision who will come out and say "This is what I am going to do." There would be no trouble getting the money. It might cost $100,000,000, but that much spent in saving the health and lives of the people of Canada would be well spent. I for one would do all I could to help the minister. All around Toronto they are clamouring for houses. We read the other day that the Lake Shore road is clamouring for 2,000 houses. East Toronto is clamouring for 1,500 houses. York township is clamouring for 2,000 houses.

A short time ago I attended a meeting of the Earlscourt legion, one of the largest in Toronto. About five hundred people were there on two floors, both packed. They had been called to discuss the question of housing, and they had invited Major Harvey Lynes, Colonel Finney and Frank Dearlove. Every now and then this government grants decorations. If I were in the minister's position I would give decorations to all these men. They deserve them for what they have done to alleviate the appalling suffering of many people in that city. I do not know where any government could get a man with the same sympathy and courtesy and who would make such a genuine effort to try to solve problems as Frank Dearlove has displayed during the last few years. How he lives I do not know, because what he goes through is appalling.

A short time ago there came to my notice the case of a young Scotsman who had been in Canada two years with his wife and two children. There were six people in the house and this young man occupied the upstairs. Some person bought the house. I do not know what the regulations are in this connection, and I am not going to find fault with controls, the lack of controls, or advocate more or less controls. The problem is too gigantic to be handled in that manner. Every case has to be considered on its own merits. We may have too much control, but I would fear what might happen if we wiped out all control on housing.

As I said, the house was sold over this young man's head. The tenant downstairs was put out. I used my best judgment and kept the man upstairs from being thrown out. I will say that Mr. Dearlove was able to hold off the sheriff until he could place the man at Long Branch, his wife in a room a few blocks from where she had been living, and the two children with some friends. Consider what that meant to that family. Think of the heartburning pain of the mother and father grieving for the children. The problem is big and it can only be solved by big and fearless methods. Let the minister come forward with something big and fearless and I am sure he will receive the support of the house.

When I commenced my speech I said that I depended on my right hon. friend solving that problem, but he did not do it. He could have done it and I wish he had done it. If he had, it would be a lot easier for the present minister. I have stated the situation and there is no necessity for repeating it. I have mentioned the breaking up of homes and the breaking down of health and family life. I have mentioned the heartburnings of the parents all over the city, not only in Davenport riding. I believe 15,000 people have to find homes in the city of Toronto by May first.

Coming back to what I said a few moments ago, I suggest to the minister that he face up to the problem in a big way, much the same as was done years ago. It has been done at

Three Rivers and elsewhere. In connection with housing projects, the government should try to obtain large blocks of land near a big city. Land is unobtainable in the city and no one could pay the price asked for land in Toronto today. A working man can pay $6, $8 or $10 per foot and he can pay up to $2,500 for a home. He might even be able to go as high as $3,000. If you wanted to make it a prefabricated scheme, prefabrication ought to be considered and the plan of the government should be not to build 80,000 homes in 1949, but to build at least 150,000, because we are going to need up to 500,000 before long. I think I have done the best I can, in a pleasant way and in a helpful manner, to present the problem and suggest a remedy.

Mr. John T. Hackett (Stanstead): Mr. Speaker, I wish to make a short contribution to this debate, possibly more out of habit than for any other reason. I have spoken on this subject since the beginning of this parliament. I have rebelled against the attitude of the government, without much success, and have sought, by such slender means as are within my power, to bring it to a better sentiment.

I was mildly interested a short time ago in turning to the debates of the early autumn of 1945 when this parliament was newly elected and when these post-war emergencies were first thought of as a counter-agent to political crises. I found that I had expressed myself with what seems to have been considered as undue vigour because the right hon. Minister of Agriculture said in reply that he thought a good deal of heat had been generated in considering a measure that was to last but a few months. He made some casual and passing remarks about the spirit of Liberalism which animated his party and which precluded it from pursuing at any length a course of action which would impose controls upon the country.

The right hon. minister said: This bill definitely says what we are doing. It is just what the preamble outlines, namely, asking the house to permit the government to continue in existence the orders in council which were passed during the war and which it is necessary to have continued for a few months after the war. The phrase "a few months" was reiterated a number of times during the minister's remarks, as he went on to recount the achievements of the government. It was pointed out how much more successful the war which had recently come to an end had been waged than the first war and how much more complete had been the discipline in national affairs as a result of the imposition of controls. Some figures were mentioned as to prices. Since then, of course, prices have soared to such heights that the prices which followed the first war seem almost valleys in the presence of the mountains of the second war.

Be that as it may, here we are four years after the war and we are asked once more to bow our necks to the yoke of controls. I for one cannot do it gladly. I think a reading of history shows us that the general record of mankind has been one of great poverty and that by far the most fruitful method ever developed to make the world richer has been that of leaving men free, within the limits of the civil and criminal law, to engage their energies on their own account and for their own reward. This discovery was made against the instinct of kings and other rulers who, like the rulers of today, found it very difficult, found it very much against the grain, to leave any part of trade or manufacturing free from their interference.

Something was said earlier in the day about the case which was recently decided by the appeal court in Manitoba. I think it should be of some interest to the house, and I think it may serve as a warning to future generations, if we examine briefly this great record, because it shows the development of a state of mind which throws into relief how contagious and how inflammatory is the inclination to dominate and control once it has become the practice of a government or of a party.

Your Honour will recall that legislation was passed which made it incumbent upon the growers of certain grains to sell them to the government. There was a man by the name of Nolan, a rather good name—who unfortunately lived in Chicago—I say unfortunately because I wish that he who had the spirit and the courage to stand up against the government for the first time, and hale it before the courts of the land, had been a Canadian. This is rather a sad sidelight. It shows how soon people become accustomed to this kind of thing, how soon their fibre, if not broken, is weakened, and how independent people soon become accustomed to being jerked around on a cord. In any event, this gentleman by the name of Nolan was a grain merchant; he held some 40,000 bushels of barley at Fort William, which he wished eventually to ship to the United States. On March 17, 1947—and that is another good day—the wheat board demanded that all commercial holders of barley should sell their coarse grains to it, at a fixed price, and barley at sixty-four and three-quarter cents a bushel, and at the same time established prices for the sale of that same com-

modity anywhere from ninety cents to ninety-three cents per bushel, the spread going into the coffers of this government agency.

Mr. Gardiner: No, it did not.

Mr. Hackett: Of all the holders of barley Nolan was the only one who refused to comply.

Mr. Gardiner: The spread went back to the farmers.

Mr. Hackett: The spread went back to the farmers after the government, and the agency which represented it, had chipped off its share of expenses and the incidentals which go with it, and at a time when the government determined it was good to send it back, and it generally is not good to send it back until the eve of an election.

Mr. Gardiner: And the barley went down to feed the livestock in your district.

Mr. Hackett: The livestock in my district has been so scantily fed that that portion of it which was not starved to death, because the farmers could not buy feed for the price the government allowed them for their butter, had to be sold across the international border. This has left the farmers of my district in a very sad plight, which I think they will remember for some time.

Mr. Gardiner: Nevertheless that is what fed them.

Mr. Hackett: But to continue with Mr. Nolan and what happened on March 17; to make it brief, he contended that there was no emergency and that in consequence the legislation which had been enacted was without binding effect, and that therefore his barley was his to deal with, to trade in and to deliver to whom he saw fit, as up until a few years ago every Canadian thought was his inherent right. He went before the courts; and after making the investigation which was placed on the record this afternoon, the courts came to the conclusion that Nolan was right, that there was not any emergency, that Nolan owned his barley to do with it as he pleased.

At the moment I am not speaking of the finding of the court. The point that I wish to bring before the house is the argument which was advanced by the government; it shows a frame of mind, it shows a domineering attitude that is, in my submission, totally unbecoming to the administrators of a free country.

To defend the Nolan case the government retained the counsel for the wheat board. He represented the federal government, in the case and, as the record shows, he put forward this argument. At the outset he said that the court, in considering the validity of the transitional act, might hear evidence on the question whether there was or was not a national emergency which would justify the passing of the act; and second, that the court might also hear evidence on the question whether, if there had been such an emergency, it had ceased to exist, or whether it was still in existence; and thirdly, he agreed also that the court, notwithstanding the declaration in the preamble to the act, might hold that there was an emergency, or decide that there was no emergency, or that it had ceased to exist if the evidence warranted such a finding. This seemed fair enough, but it was what followed that was most astounding. When he came to the order in council, 1292, he advanced this startling argument. He said:

> If the act is within the powers of parliament because there is a national emergency, no matter what that emergency may be, the court might not inquire if the order in council were valid.

That, if one really seizes the significance of it, is, it seems to me, the acme of arrogance. The argument, if valid, would deny the courts the exercise of that judicial power and discretion which are the very point and purpose of the existence of the courts. It would mean that once there was an emergency, for any reason whatever—an epidemic of measles, a flood or a fire—the government would be entirely free to pass orders in council, no matter what their bearing upon or relation to the particular emergency. He urged that it is "not pertinent to the judiciary to consider the wisdom or the propriety of the particular policy which is embodied in the emergency legislation."

I cite this because it appears in the brief; and it seemed to me to set forth so perfectly the frame of mind which the government has developed. It is impossible for anyone longer to reason with it or to deal with it on a man-to-man basis.

We are confronted again with the fundamental question of freedom. Again we are asked to yield up that freedom which has been ours for an indeterminate period. We are asked to permit others to manage our affairs for us, without any opportunity of restraint or control from us—the people of Canada, and their elected representatives. What we need today in Canada is not more controls, but a government with nerve enough to banish and to abolish controls. We have staggered along for several years under controls; but I for one do not yet know where those controls have succeeded anywhere.

They have broken down in foreign trade. My delightful friend the Minister of Agriculture (Mr. Gardiner) has to make speeches in the house several times a week to pacify

the people whom he thought he was benefiting by his controls and who are now out of money and highly disgruntled and dissatisfied with him. We have rental controls; we have building controls; and there is a shortage of housing. There is a dearth of building. We have financial controls and we are short of dollars. I would be most interested to know wherein this whole practice of controls has yielded that meed of relief and good government which I am willing to think those who indulged in these expedients hoped would be derived from them.

The malady is contagious and self-propagating. Having been put into a supreme position the government have taxed and taxed, and found some reason for seeking to manage other people's affairs, on an assumption, which seems to me an illusion, that they have qualities which enable them more successfully to administer other people's affairs than the people whose affairs they are administering.

I am going to suggest that the government reverse its policy. It has tried about everything so far—everything but letting the people manage their own affairs. I suggest that we go back for a short time to those good days when honest and competent people were permitted to look after their own business, and that this paternal government seek other pastimes, and other fields of amusement than attempting to manage the private affairs of the discontented people of Canada.

Mr. W. Garfield Case (Grey North): Mr. Speaker, I should like to compliment the leader of the opposition (Mr. Drew) upon the masterful way he presented to the house views which I am sure will claim the attention and be the concern of every hon. member.

Emergency control measures in themselves lend a sense of anxiety to those who are delegating to the administration this overall authority to control the welfare of the nation.

I believe most hon. members would agree that some measure of control may be necessary as a result of the present administration's policies, inasmuch as they have sought to control the economic life of the nation, which procedure has resulted in placing Canada in an economic strait-jacket today. As a matter of fact because of the nature of the controls, and the over-all authority delegated to the administration, it is practically impossible for business to plan, with any degree of confidence, for a long period of time. Yet those who have been responsible for the development and progress of this nation have been men who had vision and who were able to plan with some sense of confidence that their plans would not arbitrarily be interfered with.

[Mr. Hackett.]

Yet we find in this measure—the daddy of them all—which the Minister of Justice (Mr. Garson) now seeks to introduce by way of resolution, machinery whereby the government can do almost anything a dictatorial government could do. I suggest the nature of the control measures, which have played such a dominant part in the life of this nation has affected the over-all picture, has been responsible for the labour unrest, for the high cost of living and for all the other ills which are properly charged to the present administration.

This type of control robs people of their incentive, their ambition, and their desire to do those things which would make Canada robust and strong. I can think back to those tragic days of the war when measures of control for national security and safety were necessary. At that time we were concerned with one common objective, and we were able to obtain the help and the advice of the most outstanding men in Canada. It was that measure of co-operation and that desire to make a full-out contribution to a common cause which first placed us in the position in which we find ourselves today.

We have moved a considerable distance from those days, and yet we can picture the psychological effect, not only upon the people whose lives are restricted by these controls but upon the administration itself. They have arrived at the place where they are fearful of entrusting to the citizens of Canada the right to plan and think for themselves with some degree of certainty, the right to govern themselves within the law.

These control measures have added to the cost of government and they have contributed in no way to its efficiency. They have caused the machinery of government to become cluttered up with bureaucrats, and as someone has said, I think quite properly, with those people who go around snooping into other people's business. The time has arrived when an honest man feels that he must adopt some method to avoid being called to task by these government bureaucrats.

As I have already intimated, the effect of taxation has been to increase the cost of living because it has restricted production. It has created a degree of scarcity in a land of plenty. How imbued the government have become with their present authority and their indispensability is evidenced by the statements which have been made by ministers of the crown, particularly the Minister of Finance (Mr. Abbott), who has intimated on more than one occasion that they felt it necessary to drain off, from the individual, purchasing power which was rightly his in order that they might seek to legislate still further and

increase the cost of living, which incidentally has had its effect on the volume of production.

We find that one control leads to another. Until this government finds some means of restoring to the people of Canada that sense of freedom which in days gone by we have admired as being one of the great features of democracy, until this government finds some means of restoring the sense of justice which the people expect under a democracy, there will simply be a nullification of their ambitions and desires.

Our concern is to legislate for the people of Canada so that they may not be unnecessarily restricted but rather encouraged to go forward. Foreign capital should be encouraged to invest in Canada, risk capital as it were, so that we may develop our great natural resources. It has been proved conclusively that while capital is willing to risk itself in ventures that may not bear rich fruits, no capital is prepared to risk itself with a government that interferes with individual rights and personal freedom.

Having regard to the statement made by the leader of the opposition (Mr. Drew), and recognizing as I do that there may be necessity to continue some controls, I submit that it is unfair to members of this House of Commons to bring in a blanket bill. Each control should be presented separately so that it could be debated on its merits and dealt with individually. I sometimes wonder if we are fully conscious of the measure of authority we are placing in the hands of the government of Canada.

I would recall to hon. members that in England today bills are before the House of Commons to nationalize certain industries. It would seem that the government of Canada was seeking to circumvent parliament and delegate to itself authority so broad that, once possessed, they would enjoy the right to nationalize any industry which might suit their purpose. We have plenty of evidence that in the past these powers have been used too arbitrarily, and I fear that they might again be used in that way.

It places in the hands of the administration the type of monopolistic control which I noticed, in reviewing the contribution made by the leader of the C.C.F. socialist party, he hopes will be continued and extended. I say that if there is any one monopoly we have reason to fear, it is government monopoly. Where this type of nationalization has taken place, those who were loud in support are beginning to fear its lack of efficiency and bureaucratic control.

Workers in the old country who clamoured for the nationalization of the coal mines now realize that they are unable to find fault with the owners because the government owns the coal mines. They are unable to approach anyone nearby to seek better working conditions, because any member of the union who has accepted an official position is no longer a member. The only way they can get satisfaction is to carry their complaint to London, which means sending a deputation under considerable difficulty.

I realize that there are some types of public ownership, especially those having to do with water power and other items of what might be considered a public utility character, which might recommend themselves to hon. members, but even in that regard I think we should go slow and give the matter careful consideration. I submit that the resolution which contemplates the introduction of a bill should be viewed in the light of the representations made by hon. members of the Progressive Conservative party, particularly the leader of the opposition. I would urge the government to accept his advice and break down the resolution into a number of bills so that each matter may be dealt with on its merits. That in turn will provide citizens by law with the right of appeal so that they may enjoy the protection and consideration of the courts of the land. It seems to me that we have arrived at a point where the government is still suffering from a war complex. Controls of a nature acceptable during the war are being continued. Yet we can understand the part controls have played in the very difficult situation we find ourselves in at the present time. Therefore we find the government reluctant to release, from their over-all authority, the measure of control they have been able to exercise over the economic life of the nation, and indeed over the very lives of individual citizens.

Measures of this character, while considered to be for the common good in the first instance, establish a precedent and place the affairs of the nation in grave jeopardy. Indeed, Mr. Speaker, while we may have a great deal of confidence in one another as private citizens, delegated authority of the character which is sought through this resolution, to be followed by a bill, simply makes the administration more conscious of that exercise of authority and restraint which they have practised with abandon, and without regard to the best interests of the nation. It has in the main served selfish interests to a greater extent than it has served the great masses of the Canadian people.

I agree with the hon. member for Stanstead (Mr. Hackett) that sooner or later the administration will have to demonstrate a

degree of courage, and will have to be prepared to relieve the country of all restrictions and give competitive enterprise an opportunity to work on its own behalf, so that it may be capable of competing in highly competitive markets, not only in Canada but in other parts of the world. One of the things we have suffered from most, in my opinion, and in the opinion of many substantial economists in Canada, is the fact that, through authority of this character, the government is able to interfere with the normal level of our currency and exchange. That has indeed robbed our producers, industrialists and businessmen of the opportunity to seek new markets in distant parts of the world, inasmuch as, while the United States dollar was accepted as the standard of value, we had enjoyed a distinct advantage on a competitive basis in all markets of the world, and the productive capacity of the nation had become very great indeed.

We are rich in natural resources, so much so that it is a challenge to the young men and women of this great nation, and a challenge to those who are now seeking to make their homes and earn their livelihood in Canada. This great country offers them an opportunity, but if we rob them of their incentive, if we rob them of their vision, if we rob them of their ambition to toil, in other words, if through centralized authority we encourage them to become leaners rather than leaders, the nation will suffer and we will be the losers in the long run. In the main, man is prepared to accept the challenge of existence as he seeks to improve his own position in the ordinary course of his everyday activities. But if you set up laws delegating to some central authority the right to control your very existence, then it is difficult to plan or to provide the funds and capital that it costs to establish yourself in any particular line of business.

I do not intend to detain the house longer than to urge again that the government break these bills down instead of bringing in what has been referred to as an omnibus bill, a broad over-all authority, all-inclusive of certain control measures which in our own good judgment may have some merit, but also including others which have little or no appeal, and others which should not be there at all. It is unfair to the members of the House of Commons to suggest that, because we are opposed to this bill, we are opposed to rent control. I think we all realize that a very chaotic condition would result if rent control were removed immediately. Yet it is the control of rents and the over-all authority over dwellings generally which has played a great part in creating the absolute confusion which exists in housing today. I think a survey would reveal that there are probably more people living as single occupants of dwellings today than for many long years, if not in the history of Canada. The reason for that is that, while a person may have a flat or room and be willing to share accommodation and take people in, such people may prove to be unsuitable, and under the type of controls which we have now it is impossible to get them out. Therefore people are fearful of offering to share their dwellings with others.

I mention that merely to try to indicate that controls in themselves are bad. A regulated control by means of a statute which sets in motion a process of law to deal with these various measures would probably have some appeal. At any rate, if these bills were separated, we would not have to deal with them collectively, but would have an opportunity to deal with each individual item on its own merits. Through this measure our socialist friends feel that we have to a large extent eliminated competition. Competition after all is a regulative force. It fixes the value of things, and without that regulative force you have no standard by which to fix the value of anything. From my own experience I have learned that the more you interfere with natural laws the more difficult it becomes to govern. There is a knack in doing things, the knack of knowing how; but the present administration, with the experience born of years of regulation and control, are reluctant to restore to the Canadian people that measure of freedom our gallant sons and daughters fought to preserve in this country.

Surely the time has come when we must trust our fellow Canadians. Surely we should be able to say that business can be entrusted with the management of its own affairs. The sooner that measure of responsibility is restored to business the sooner we will break what I consider to be the deadlock we are in at the present time, with a regulating state, socialistic in its outlook and indeed restrictive in its results. I simply ask that this House of Commons have restored to it that measure of responsibility which every member came here prepared to assume, and for which he is prepared to answer to his constituents.

How can the government present a measure in omnibus form when, as I have intimated already, it may contain some measures which should be continued and at the same time other objectionable measures which we feel are bad for the general welfare of the nation? It is impossible for us to separate them. We must deal with them collectively and accept them all. It is a take it or leave it proposition which does not appeal to me nor, I am sure, to any other

responsible member who wishes to have some knowledge of the extent to which the government proposes to proceed. If they would deal with these matters in statutory form, presenting each measure separately so it may be dealt with on its merits, I feel we could make greater progress. The government would feel more secure because they had restored to Canada some semblance of responsible government, and to the members of this house the opportunity to share in that responsibility.

Mr. C. C. I. Merritt (Vancouver-Burrard): Mr. Speaker, upon this resolution the government hopes to found a bill which will give it authority to continue, during the fifth year of peace, a residuum of five unnatural wartime controls. As the house knows from the statement of the Minister of Finance (Mr. Abbott) the other day, these are controls over steel, over the prices of certain commodities, over timber, over priorities and over residential rents.

I think it is obvious to all hon. members now, though until this year it was only obvious to those in this party, that the Canadian people do not want controls. Rather they want ample supplies of those things now apparently in short supply, so that in the opinion of the government there is a necessity for a continuation of these unnatural controls. Therefore there are two sides to this control measure. The first is: Are the conditions such that a continuation of controls is necessary, and arising out of that, what conditions cause these shortages and create this necessity? Secondly, and to my mind of much more importance, is the question: What is this government doing to stimulate the production of those commodities apparently in short supply so we may be certain of getting rid of the controls the Canadian people do not want? It is to that side of the medal, namely the production side, that I want to address my remarks this evening.

I was surprised that in introducing this measure the Minister of Finance and the Minister of Trade and Commerce (Mr. Howe) failed to give any indication of what they were going to do in order to be able to abandon these unnatural controls. They simply came into the house, made short statements indicating what controls they wanted to continue, suggested that they wanted to continue them for one year, and then sat down. In my view it would be very wrong for hon. members to be satisfied with statements like those. You see, Mr. Speaker, if we give this government the powers they are asking for; if we simply pass these control measures on the basis that they are apparently necessary; if we do not demand from the ministers at this time an explanation as to what they are going to do to get rid of their control measures; then we will not have another chance to get at them for another year. At this moment the government is in the hands of parliament. The government is coming into this house asking parliament for a favour. When a government needs authority from the house it is much more likely to listen sympathetically to the views of the members of parliament. When they have the power and can exercise it independently of parliament they can remain in their seats smiling and pay no attention to what members of this house bring to their attention.

Therefore if we as private members of this house—and of course I am referring to private members on the government side as well as on this side—neglect this opportunity of impressing upon the government the views of the people, if we let them get away too easily with their continuation of control measures, we will not have the opportunity again for a very long time. We will not be able to force the government to take a positive view of this control problem. We will not be able to force them to adopt the necessary productive policies so that the dead hand of control may be removed from our free economy.

I want to suggest, Mr. Speaker, through you to the members of the house that, before the vote is taken on this resolution, we should hear from the ministers of the government, who are responsible for the production of these articles in respect of which controls are to be continued, how they are going to bring about adequate supplies of these articles so that these unnatural controls can be dropped during the present year. If they do not satisfy us we should not give them the power to continue the control measures, but we should take this opportunity of defeating the government and placing in office a government which will have a positive approach to such problems as steel production and housing. Such a government would see to it that before the year is out there would be no need for controls in Canada.

You see, Mr. Speaker, although this measure is only to be continued for one year, we have been given no indication by the government that it intends to make sure it does not have to come back next year for another helping. As the member for Stanstead (Mr. Hackett) has pointed out, ever since 1945 we have been told these controls were only necessary for a few months. These measures have been renewed from year to year and we were told that at the end of each year these things

which all of us except the socialists dislike would be banished from our economy.

Mr. MacInnis: You are voting for them. There is no reply to that.

Mr. Merritt: If the member for Vancouver East (Mr. MacInnis) wishes to ask me a question, he can rise and ask it.

Mr. MacInnis: If you want to refer to this group, speak the truth.

Mr. Merritt: What is your question?

Mr. MacInnis: I say you voted for them.

Mr. Merritt: Perfectly true, Mr. Speaker, and what of it? What I am pointing out is that every year—

Mr. Claxton: Don't your votes count?

Mr. Merritt: Every year the government comes before us and asks for this power for one more year. On this side of the house we have voted for the control measures in certain years, relying upon that promise that they were only required for a period of a year. Each time we do that, the government finds it too easy to sit down and do nothing about production. Each time we give the government the authority it must seek from us, we lose our power over it. This year, for my part at least, I will not be satisfied to give them the authority unless they show me that they propose to do something to make sure there will be no necessity for requesting this authority next year.

Mr. Sinclair: I take it the hon. member is conceding that this government will be the government next year.

Mr. Fleming: Not if there is an election.

Mr. Merritt: I should like to say to the member for Vancouver North (Mr. Sinclair) that I am conceding nothing of the sort. I am asking him, as a private member of parliament and not as a member of the government, and as one who I feel sure does not believe in controls any more than I do, to defeat the government on this resolution so we will be sure they do not come back next year, or even after Easter.

Mr. Sinclair: Pardon the interruption, but will the member permit a question? As a Vancouver member, I know that any member who opposes rental controls during this session will not be here at the next session.

Mr. Merritt: I can assure the member for Vancouver North that I am not against the rent control measure.

Some hon. Members: Hear, hear.

Mr. Merritt: No responsible person in this country, in view of the chaotic state of housing in the country, could oppose rent control at this moment. It is for that reason I am taking part in this debate on the resolution. I do not believe in perpetual rent control. I want to see rent control discontinued at the proper moment. I want to see an adequate supply of housing for the Canadian people so there will be no need for rent control. From what I have seen during the last four years there is no realization on the part of the government that they have a responsibility for the production of houses.

Mr. Sinclair: Eighty thousand a year.

Mr. Claxton: Higher than any country in the world.

Mr. Sinclair: What country has done more?

Mr. Claxton: What country in the world has done more about housing?

Mr. Merritt: I hear the Minister of National Defence (Mr. Claxton) say that no country has done more in the way of housing. I will say to the minister that, as usual, he is giving credit to the government for the things done by the Canadian people.

Mr. Claxton: Do you object to those things being done by the Canadian people?

Mr. Merritt: All the housing produced by this government in the past four years amounts to but a small proportion of the total number of houses that were built.

Mr. Claxton: I am sure the hon. member would admit that is the highest number of houses in proportion to total population of any country in the world.

Mr. Speaker: Order. Is it the intention of the hon. member to adjourn the debate?

Mr. Merritt: Yes.

On motion of Mr. Merritt the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will continue the debate on this resolution which has been under discussion today; then, No. 5 on the order paper of today, the Agricultural Products Act; then the resolution in the name of the Minister of Trade and Commerce, No. 8 on the order paper; then, No. 4, the resolution in the name of the Minister of Finance; and No. 15, the resolution in the name of the Postmaster General.

At ten-thirty the house adjourned, without question put, pursuant to the order of the house passed this day.

HOUSE OF COMMONS

Tuesday, March 15, 1949

The house met at three o'clock.

PRIVILEGE

UNEMPLOYMENT INSURANCE COMMISSION—RETURN AS TO OFFICE SPACE AT SIOUX LOOKOUT

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a question of privilege. I hold in my hand sessional paper No. 55D, tabled in the house on Friday, March 11. This was brought down in response to an order of the house passed on February 16 of this year pursuant to a motion of mine asking for the tabling of certain documents. I shall try to state my question of privilege as briefly as possible, but there are one or two facts of importance which I must indicate.

Following the passing of the motion I was invited by an officer of the department concerned to go into the office of the minister to examine the file. This was not on a confidential basis. I was told that the reason I was asked to look over the file was that I might indicate any papers which were inconsequential and need not be produced. I did so. I initialed, in accordance with the suggestion made to me, all the papers which were important and which I felt should be produced; and I was assured they would be brought down.

Now that the sessional paper has come down, to my amazement some of the very important documents which I initialed are not included. I could cite a number of them; but to be specific I shall refer to one group, namely, the communications from the regional superintendent of unemployment insurance at Winnipeg to the unemployment insurance commission here at Ottawa—and I may say that there are letters in this sessional paper between officers of various departments and their superiors at corresponding levels. The only difference between the documents produced and those withheld is that most of the documents produced approve the action taken, while those withheld disapprove.

I am sure Your Honour will agree with me, as will the Prime Minister and leader of the house, that an order of the house should be complied with, and that this sessional paper should be supplemented to such an extent as to give the full information required by the order of the house.

Mr. Mitchell: I think the hon. member said that he had come to my office.

Mr. Knowles: I said an officer of the department concerned took me into the minister's office to see the file.

Mr. Mitchell: In my office?

Mr. Knowles: Yes.

Mr. Mitchell: I do not recall my hon. friend's getting anything in my office in my presence.

Mr. Knowles: I thought I made it clear that it was in the minister's office, but that he was not there. It was an official of the department who let me look at the file.

Mr. Mitchell: That is important to me—that I was not there. I have no objection to my hon. friend's holding an inquest on me if I am there. The impression I got from his remarks was that I was there.

Mr. Knowles: The point at issue is that important documents have been withheld.

COARSE GRAINS

OATS, BARLEY AND OILSEEDS—SUPPORT PRICES FOR 1949-50 CROP YEAR

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I should like to advise the house of certain decisions which the government has reached in regard to floor prices for oats, barley and oilseeds. Before dealing with the policies which the government will implement for the crop year 1949-50, I would like to make some general observations.

There has been a general easing of the world grain and oilseed position as production of grains in Europe returned close to pre-war levels, and as substantial increases were made in the production of oils and fats in that area and elsewhere. Supplies of wheat and feed grains in exporting countries during the present crop year are sufficient to meet demand, and, in spite of the prevailing financial position, most importing countries are going to secure supplies of grain which they require. As I shall indicate later, supplies of vegetable oils generally are more than adequate to meet existing demand, and in the case of certain vegetable oils, international surpluses exist today due largely to wartime expansion in production. These are basic factors which the government has had

to consider in connection with the crops under review.

I would now like to refer specifically to oats and barley. It is important that producers in the prairie provinces should continue to maintain a sound diversity in the crops which they produce, in order that there should be a corresponding diversity in the grain which this country will have for export during this period of adjustment in the world demand for, and in the world supply of, grains.

As members of the house know, western wheat producers are assured of a minimum price of $1.75 per bushel basis No. 1 northern in store Fort William-Port Arthur or Vancouver until July 31, 1950. In view of this established level of wheat prices, the government feels that producers should have reasonable assurance in respect to support prices for oats and barley during 1949-50.

The government has decided to support the price of western oats and western barley during the crop year 1949-50 at the same support prices that are in effect for the present crop. These prices are 61½ cents per bushel basis No. 1 feed oats in store Fort William-Port Arthur and 90 cents per bushel basis No. 1 feed barley in store Fort William-Port Arthur. As in previous years, the Canadian wheat board will administer the support prices for these two grains. I want to emphasize that these are support prices only, and producers will have the advantage of whatever higher prices prevail during 1949-50.

In regard to oilseeds, the government must take a realistic view of the position as it exists today. Our major contact with the international oilseed position on the export side is through flaxseed. In 1948 flaxseed production in Canada amounted to 17·4 million bushels as compared with an average of 1·5 million bushels during the 1935-1939 period. Nineteen hundred and forty-eight production of flaxseed in the United States, traditionally an importer of flaxseed, is estimated at 50 million bushels as compared with an average production of 11 million bushels during the five years prior to the war. This expansion in acreage and production of flaxseed in Canada and United States has more than offset decreased production in the Argentine. It is now evident that all three countries will have surplus stocks of flaxseed or linseed oil available for export at the end of the present crop year, and of course additional supplies will be available through 1949 production.

I should say a word in regard to rapeseed and sunflower seed. There is practically no demand for rapeseed or rapeseed oil in Canada, and, as a result, this crop is almost entirely an export commodity and is therefore affected by the broader oilseed position which I have described. Sunflower seed is in a different position, being an edible vegetable oil which can be utilized in Canada. In my opinion sunflower seed oil will continue to have a good market in this country, and for that reason will not require continuing government support.

Under the circumstances the government is not prepared to encourage the production of oilseeds by establishing support prices for 1949-50. The position will be examined again at the beginning of the next crop year.

The government does not propose to provide specific floor prices for oats and barley produced outside of western Canada. In the opinion of the government, the interests of eastern producers marketing these grains as grain will be protected through support prices established for western oats and barley, which constitute the main stream of commercial supplies in this country.

It must be emphasized that the great bulk of oats and barley produced in eastern Canada and British Columbia is consumed on farms where grown, and does not enter into commercial channels except through livestock and livestock products. Not more than 100,000 bushels of oats and barley in eastern Canada are inspected and graded under the provisions of the Canada Grain Act, which indicates that the purely commercial movement of these grains is relatively unimportant as compared with farm consumption, and of course as compared with the commercial movement of western grains.

To the extent that eastern oats and barley are sold commercially, the producers concerned have a geographical advantage in that their prices are based broadly on the laid-down price of western grains at various points in eastern Canada. This statement is true even after allowing for the free freight policy which has been in effect for some years. There is nothing to indicate that producers in other parts of Canada who have oats and barley to sell commercially will not continue to have a price advantage, owing to the cost of shipping western oats and barley into local markets in eastern Canada.

With eastern production of oats and barley tied in closely with farm feeding, a very serious problem would arise if for some unexpected reason prices fell below a support level made effective in eastern Canada. The only practical way in which the Canadian wheat board or any other agency could implement floor policies in eastern Canada or in British Columbia would be to take delivery of these grains in carload lots in terminal positions. In this case feed grains would have to be shipped to areas where

required for purchase under a price support program. The results would be to draw off feed grain supplies from areas in which they were required to maintain the existing livestock population. The subsequent redistribution of these supplies of oats and barley purchased by the organization responsible for maintaining support prices would be a difficult and costly undertaking. Should it be found that the floor price policy that I have outlined does not in fact protect the price of oats and barley grown in eastern Canada, means will be sought to remedy the situation.

Mr. Bracken: May I ask the minister if any change is proposed in the free freight policy with respect to coarse grains?

Mr. Howe: Government policy in that regard will be announced in due course.

THE BUDGET

ANNOUNCEMENT OF PRESENTATION ON TUESDAY, MARCH 22

Hon. Douglas Abbott (Minister of Finance): I wish to inform the house that, barring unforeseen contingencies, I expect to bring down the budget a week from tonight at half past seven.

Mr. Knowles: A half hour earlier in the day than last year.

CANADA PRIZE ACT

PROVISION FOR PAYMENT AND DISTRIBUTION OF PRIZE MONEY

Hon. Brooke Claxton (Minister of National Defence) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a bill to provide for the payment and distribution of prize money out of prize money presently and prospectively in the consolidated revenue fund.

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

Motion agreed to.

NORTH ATLANTIC SECURITY PACT

QUESTION AS TO SIGNING AND TABLING IN THE HOUSE

On the orders of the day:

Mr. Gordon Graydon (Peel): May I ask the Secretary of State for External Affairs when he expects the north Atlantic security pact to be signed and ready for tabling in the House of Commons?

Hon. L. B. Pearson (Secretary of State for External Affairs): It had been hoped that a draft of the north Atlantic security pact could be tabled this afternoon, and arrangements to that end were being made by the governments concerned. One government, however, has asked for a short delay. It is hoped now that the draft—of course it will not be signed—will be tabled and made public on Friday.

Mr. Graydon: The Secretary of State for External Affairs speaks of a draft pact. It will be the pact that has been agreed upon by the signatory nations?

Mr. Pearson: It will be a pact that has been agreed upon in principle by the governments concerned, subject to any changes they may wish to put forward at the conference which will be called for the signing of the pact. It is hoped that that conference will take place some time in April.

VETERANS AFFAIRS

WAR VETERANS ALLOWANCES—PROVISION FOR INCREASE TO CERTAIN BENEFICIARIES

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): I should like to direct a question to the Minister of Veterans Affairs, notice of which I have sent him. Is the minister in a position to inform the house what steps are planned to meet the increased needs of recipients of war veterans allowance?

Hon. Milton F. Gregg (Minister of Veterans Affairs): I thank the hon. member for giving me notice of his question. I should like to make the following answer.

It has become desirable to augment the benefits payable in certain cases to beneficiaries under the War Veterans Allowance Act, and steps are being taken to do so. In most cases the beneficiaries will be the now ageing veterans of world war I.

War veterans allowance recognizes in legislation the presumption that battle service does or may result in pre-ageing, even when no pensionable disability is incurred. In May, 1930, the act provided $20 per month single and $40 per month married. In 1940 these sums were raised to $30 and $60 respectively. In 1948 they were raised to $40 and $70 respectively.

Evidence before the veterans committee of the House of Commons in 1948 was to the effect that these rates were probably too low to meet the needs of some of the beneficiaries who had no other source of income. It was pointed out that this was a condition which was particularly likely to apply in the cities. During the interval between sessions my department made a survey of the situation. This survey established the fact that a per-

centage of urban dwelling war veterans allowance recipients with no other income were suffering real hardship. To meet this problem a substantial sum is included in the main estimates now tabled to be used to alleviate these conditions of hardship. Only those who are in receipt of the maximum war veterans allowance, and without other means of support, and who are unable to manage, will share in this fund.

Regional offices of the Department of Veterans Affairs are familiar with, or will discover, these cases of special need. Reasonable flexibility will be provided by regulation to make the fund operate quickly and effectively. Each case will be dealt with on its merits. Advantage will be taken of the close co-operation already existing between the Department of Veterans Affairs welfare officers and local welfare agencies. Every case investigated will be sympathetically considered in terms of the local situation. Help given may be temporary to meet an emergent condition, or it may be on a monthly basis while the special need continues.

In no instance will the supplementary grant exceed $120 per annum single and $180 per annum married. This meets in these cases the most generous increase suggested by any national veterans organization, that is, $10 per month single and $15 per month married. Regulations governing the administration of the fund are now being prepared. When completed they will be submitted to the governor in council and tabled when approved. It is planned to begin payment at an early date after the item in the estimates provided for this program shall have been approved by parliament.

Mr. Brooks: I should like to ask the minister a question arising out of the statement he has just made. Will imperials be included who have lived twenty years in Canada? Will those who served in England during the first war also be included in this increase? They are not getting a pension now.

Mr. Gregg: Under this plan only those who are now in receipt of, or who may become in receipt of, war veterans allowance, will be eligible.

Mr. Brooks: I should like to ask the minister if the act will be amended.

Mr. Speaker: Order.

Mr. Bentley: May I ask the minister whether these payments, when they are passed by the house, will be retroactive?

Mr. Gregg: No.

[Mr. Gregg.]

Mr. Knowles: Will the increase be available to widows who qualify under the War Veterans Allowance Act?

Mr. Gregg: Yes.

Mr. Wright: Will all cases of veterans who are now receiving the maximum pension be automatically reviewed by the department? Or will those receiving the maximum pension have to make special application to have their cases reviewed?

Mr. Gregg: If the hon. member will read the statement, I think he will see that I made that clear. If not, I shall be glad to answer his question at another time.

Mr. MacNicol: Does this provision for increases include the so-called nonpensioned widows, and the South African veterans?

Mr. Gregg: I think I partly covered that in my answer to a previous question. The proposed assistance will apply only, when approved, to those who are now in receipt of war veterans allowance and without any other means of support.

Mr. Brooks: If I might ask the minister a further question, will he introduce a bill to amend the act, or will this be done by order in council?

Mr. Abbott: An item in the estimates.

Mr. Gregg: In reality neither course mentioned by the hon. member will be followed. The assistance will be provided for by an item in the main estimates.

Mr. Cruickshank: Is this not a recommendation that was put forward by the veterans affairs committee last year, when so many members were absent for other reasons?

Mr. McKay: In view of the statement just made by the minister with respect to increased allowances, may I ask whether he is now prepared to make a statement with regard to the claim of the student veterans for increases?

Mr. Gregg: I shall be glad to answer that question at an early day.

PACIFIC DEFENCE PACT

PARTICIPATION BY CANADA IN DISCUSSIONS AMONG COMMONWEALTH COUNTRIES

On the orders of the day:

Mr. Howard C. Green (Vancouver South): I should like to direct a question to the Secretary of State for External Affairs. Press dispatches yesterday afternoon and today have indicated that John Dedman, Australian defence minister, made a statement in Canberra to the effect that discussions are under

way there among representatives of Great Britain, New Zealand and Australia for a Pacific defence pact similar to the north Atlantic security pact, and embracing the British commonwealth and other countries. Can the minister tell us whether or not Canada will be taking part in this Pacific pact?

Hon. L. B. Pearson (Secretary of State for External Affairs): I have seen the press dispatch referred to. We have received no information concerning any discussions in Australia with regard to the formation of a Pacific defence pact. Certainly this government has not been invited to participate in any such discussions, if they are taking place.

Mr. Green: Would Canada be willing to join a Pacific pact?

Mr. Pearson: I think that is a hypothetical question.

TRANS-CANADA HIGHWAY

INQUIRY AS TO ROUTE THROUGH BRITISH COLUMBIA

On the orders of the day:

Mr. E. D. Fulton (Kamloops): I should like to direct a question to the Minister of Reconstruction and Supply, notice of which I sent to his office yesterday. Can the minister say what is the present position with respect to the route of the trans-Canada highway in British Columbia? Can he say whether he will establish a highway commission—

Mr. Speaker: Order. I do not see any urgency in the question of the hon. member. I suggest to him that he put it on the order paper.

Mr. Fulton: It is an urgent question. May I say why it is urgent? I point out respectfully that the route of the trans-Canada highway—

Mr. Speaker: Order.

OLD AGE PENSIONS

QUESTION AS TO INCREASE IN BASIC RATE

On the orders of the day:

Mr. Angus MacInnis (Vancouver East): I should like to direct a question to the Minister of National Health and Welfare. In view of the fact that the basic rate for old age pensions is lower than that for war veterans allowances is the minister in a position to say whether or not the Old Age Pensions Act will be amended to provide for an increase such as was suggested?

Hon. Paul Martin (Minister of National Health and Welfare): As my hon. friend will appreciate, all I can say at this moment is that government policy will be announced in due course.

Mr. Knowles: Will it be announced before the election?

IMMIGRATION

QUESTION AS TO MEDICAL EXAMINATION—PERMITS FOR ENTRY INTO CANADA

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): On March 11 I asked the Prime Minister a question in regard to the medical examination of immigrants. Further in regard to that matter I should like to ask whether those who have entered Canada illegally and who have been permitted to remain under order in council were given a medical examination or X-rayed before the order in council was passed, or were they X-rayed or medically examined at all?

Some hon. Members: Order paper.

Mr. Fraser: It is not a question for the order paper.

Right Hon. L. S. St. Laurent (Prime Minister): I differ with the hon. member; I think it is a question that could very well be put on the order paper. It is one about which two or three departments would have to confer to prepare an answer, and this is an additional reason for its being placed on the order paper.

Mr. Fraser: Only one department would have to give the answer.

Mr. St. Laurent: It is not the business of the Prime Minister to examine immigrants, and in order to give the hon. member an answer I should have to get the information from others.

Mr. Fraser: Well, Mr. Speaker—

Some hon. Members: Sit down.

Mr. Fraser: The Prime Minister brought this up last Friday.

Some hon. Members: Sit down.

Mr. Speaker: Order. The hon. member directed a question to the Prime Minister and he has had his answer. I would ask him to resume his seat.

Mr. Fraser: I am not at all satisfied with the answer.

SUPERANNUATED CIVIL SERVANTS

COST OF LIVING BONUS OR OTHER SUPPLEMENT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): I wish to direct a question to the Prime Minister.

Mr. Fraser: He may not have time to answer you.

Mr. Knowles: Did the Prime Minister meet a representative or representatives of the superannuated civil servants in Quebec city and give an assurance that the request of these people for a cost of living bonus or other supplement would be considered? If so, can he say whether such consideration has been given, and what decision has been reached?

Right Hon. L. S. St. Laurent (Prime Minister): So far as I can remember, I did not meet any representatives of the superannuated civil servants in Quebec city prior to the session or since the session began. I received a letter in October asking me to meet such a delegation, and my secretary replied stating that I should be glad to consider whatever representations they wished to put in writing. They did make representations to me in writing, and I answered along the lines of the statement made by the Minister of Finance (Mr. Abbott), as a government statement, in January, 1948, which was repeated in this house on January 28, 1949. For the further information of my hon. friend I may say that if he wishes to see a copy of the letter, I have it available here, and should be glad to send it over to him.

Mr. Knowles: I was hoping the Prime Minister would be more helpful than the Minister of Finance.

Mr. Fraser: He answers a bedfellow but he won't answer me.

TRANSITIONAL MEASURES ACT, 1947

CONTINUATION OF CERTAIN ORDERS AND REGULATIONS

The house resumed from Monday, March 14, consideration of the motion of Mr. Garson that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to provide for the continuation of certain orders and regulations of the governor in council for a limited period during the national emergency arising out of the war.

And the motion of Mr. Casselman: "That the question be now put."

Mr. C. C. I. Merritt (Vancouver-Burrard): Mr. Speaker, when the house adjourned last evening I had pointed out that the government had given hon. members no assurance that they were following policies which would enable them within a year, by bringing about adequate production of the articles under control, to be able to abandon these wartime controls they are maintaining on our free peacetime economy. Further I had suggested that this debate gave us an opportunity to require from the government statements as to their production policies in connection with steel, housing and the certain articles of food still under control. As a third point I had asserted that the Canadian people do not want controls over various articles they need, but that rather they want adequate supplies of those commodities now in short supply, and that particularly they want and urgently need adequate housing. These five wartime controls which the government seeks power to continue are not a coherent policy. Rather, Mr. Speaker, these five controls stick out just like five sore thumbs, showing the Canadian people where the government has fallen down in stimulating the production of those things we require. For instance, steel control indicates that the government, which has had absolute control over the steel industry for many years, has failed to ensure sufficient manufacturing capacity to meet our demands and, in the alternative, has failed to obtain from foreign sources the amount of steel required to make up the shortage in the domestic supply.

The remaining price controls are very interesting. They number thirteen; and if you examine the commodities still under control you find that none of them is necessarily in short physical supply. You find that each of these remaining price controls can be traced directly to another government policy and, in particular, to another government control. There is a perfect illustration of how certain controls breed other controls. Of these thirteen price controls, eight are on fruits and vegetables and are the direct result of the government's import restriction program. If there were no import restriction program, there would be no need for any of these controls. As a matter of fact, each of these commodities had been decontrolled and controls were restored when the austerity program became effective.

Of the remaining five, two of the controls are on sugar and molasses. The reason for the maintenance of these two controls is that this government still persists in state trading. We had a debate upon this subject in the house last year in connection with sugar control. We were promised by the present Minister of Fisheries (Mr. Mayhew), who was then parliamentary assistant to the Minister of Finance, that it was likely that state trading in sugar would stop with the end of 1948. We find that control still being continued, however, and presumably state trading is still being continued. The people who provided us with sugar for so many years before the war are not permitted to carry out their usual function.

The remaining three controls, namely on bread, butter and flour, are designed to offset shortages which I suggest are not caused by the war, but are shortages directly resulting from the personal control exercised by the Minister of Agriculture over the agricultural policies of Canada.

The two controls on rent and priorities are simply an admission of the failure of the government in the housing field. To a great extent, they are designed to insulate the Canadian people from the administrative failures of this government. I want to confine the remainder of my remarks to the question of rent control and housing production because, as I was stressing last night, the manner in which the government is failing to stimulate the production of houses is going to lengthen the time during which rent control will be necessary.

First of all, let me assert my belief that proper legislation in respect of rent control is still necessary. So long as we have the acute shortage of housing that exists in the country today, and so long as the government's policies are such that people are not encouraged to build rental housing, it would seem to me that the need for control may continue for a considerable time. This does not mean that rent control is good. It does not mean that it is the sort of thing we want to see perpetuated in our economy. It is a necessary evil. Any government which has to request an extension of that kind of control five years after the war has not conducted its housing policies in the way the Canadian people expect. Because such a control may be necessary, Mr. Speaker, that does not preclude criticism of the measure, nor does it make it a holy thing which one must not touch.

Last night the member for Vancouver North (Mr. Sinclair) attempted to frighten me, I think, with the bogey that if I was against rent control I would not be re-elected. A threat of that kind, Mr. Speaker, is nonsense. It is not that I am against rent control now. I do not fear rent control at this moment under these circumstances. What I do fear is a government which will sit down on its most important responsibility. This government has put us in real danger of perpetual rent control, and that is the thing I do not want to see. I do not think the member for Vancouver North wants to see it. I am sure there is no one in Canada, either landlord or tenant, and certainly not one of the homeless veterans, who wants to see rent control go on for ever.

I am not raising bogeys when I suggest perpetual rent control. I imagine all the members of this house have received within the last few days a pamphlet which discloses that France has had rent control since some date during the first war, and has been unable to get rid of it during the many years since the first war. I say the time has arrived in this country when this rent control, which is still necessary to protect tenants, is working great hardships and great inequities upon many landlords in Canada. I think this control is deterring the construction of rental housing, so that the minister of reconstruction will be called upon for redoubled efforts in the rental housing field. I suggest it is distorting the natural distribution of housing in this country, and is putting a price premium on recently vacated or new housing accommodation. The new accommodation is not under control and the result is that the supply is limited and its cost is out of reach of most of the Canadian people who want homes.

Furthermore, this control is creating difficulties between controlled landlords and post-control landlords. I suggest to the members of the house, and particularly to the members of the government, that rent control cannot go on for ever in its present state. Each year the housing shortage continues and the need to protect people in the lower income group remains; each year the injustices against landlords grow. The time is coming, and it will not be too long delayed, when these injustices will be so great there will have to be a revision of this control. Landlords as a class, Mr. Speaker, are not the sinister type of top-hatted individual that many members of the party to my left and some members of the government would like us to believe. A large number of the landlords in this country are entirely dependent upon the earnings of their houses and apartments for their livelihood. A large number of them have sunk their savings in housing accommodation so that they might have an income for themselves in their old age. Many of the people in this class known as landlords, whom one might envisage as rich men, as a matter of fact occupy a suite in their own apartment building and do the janitor work themselves.

From that class of people we have a continued stream of correspondence complaining not simply against low rents but against the fact that the whole burden of this control is being placed on their shoulders, and that they are finding it difficult to make ends meet under it. All these people have been squeezed between fixed rents and doubled costs of fuel, repairs and living expenses and they have found it necessary to defer repairs and to do a minimum of decoration and renovation of their places. Now they are beginning to see new, modern apartments springing up probably in the same districts in which their own

are located, and they are naturally fretting against a control which they see is designed against themselves alone.

It is under those circumstances, Mr. Speaker, that the government come in, without a word of explanation of their resolution and without any attempt to recognize and remedy these injustices of which I speak, and ask simply for continuation of this control. I think hon. members of the house should examine the case a little bit more closely than that. The government have offered us no housing production policy, nor, by way of amendment to the rent control measure, any scheme which will preserve rent control to do the necessary work that it must do and yet will ameliorate these injustices of which I speak. The government's policy apparently is simply one of frank admission of failure and a request for the continuation of controls.

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

Mr. Merritt: Yes.

Mr. Cruickshank: Is the hon. member not in favour of a floor price, for instance, on butter?

Some hon. Members: Oh, oh.

Mr. Cruickshank: The Tory members do not want that off farm butter, or are afraid to say so.

Mr. Merritt: If the hon. member for Fraser Valley (Mr. Cruickshank) will allow me to continue with my remarks, I should like to do so. That question is on a different subject.

Mr. Cruickshank: The Conservative party do not want to answer, apparently; they are afraid to answer.

Mr. Speaker: Order.

Mr. Cruickshank: There is a big farm vote.

Mr. Merritt: Here is the situation, Mr. Speaker. The government asks for the continuation of this control for one year. Yet the Minister of Reconstruction and Supply (Mr. Winters), speaking on January 29, is reported to have said that, if he achieves his target of houses for this coming year, it will not begin to solve the housing problem. Without further explanation that seems to me to be just a warning that this measure is really not for one year, that the government are not on top of the housing problem, and that if we do not require something more from the minister than we have already had we shall be faced next year with the same debate, the same problem and the same injustices.

I want to say to the Minister of Reconstruction and Supply that there is only one answer to this vexing problem of rent control, namely, the production of many more units of rental housing than he at present contemplates. I suggest to him that the government must not be content just to count as a discharge of their responsibilities an annual increase in an inadequate program of housing. Rather they must set their sights much higher than that. If the minister thinks that on present supplies of material and labour he can see one hundred thousand houses completed in the year 1949, and if that number of houses—even though it is more than last year's supply—will still do little to bring about an adequate supply of housing for the Canadian people, he must set his sights much higher. He must double his target; he must say, if you like, two hundred thousand houses. Then if he fails in reaching an adequate target, he will have measured his failure and he will not have that anchor to windward upon which to fall back, namely, that he has achieved the target that he set for himself.

I do not think that two hundred thousand houses is a target that the minister would be foolish to shoot at. I think that a target like that is one which the Canadian economy might come close to reaching if it were given the proper incentives by this government. I suggest to the minister that he reconsider the target of one hundred thousand houses, that he calls upon industry not to be satisfied with a small increase over last year in their production of building materials, and not to be satisfied with their present plant, but to create new capital plant so that a much larger supply of building materials can be produced.

I suggest to the minister that a larger program would require a much greater supply of skilled labour in the building trades. If he has not in Canada a supply of skilled labour able to meet a much larger program, there is a good way in which he can find those new people. He can find them with their skills already developed and can bring them here; and he can train more under vocational training schemes. If he really wants to do so, he can vastly expand the production of building materials and of houses much over any target he has at present. But if he is to do that, if he is to step up his target to something which would really satisfy the Canadian people, there is one further thing that will be required of him; it is that he give to the construction industry, and to those private firms whom he will be asking to increase their investment in their capital equipment, a feeling of long-term assurance of a sustained demand for housing. If he can do that, and if he can get the Canadian business firms which are engaged in this type of production to believe that this

demand for housing will not be over this year or next but rather that it will go on through the years, I think he will get an adequate response from Canadian business and that he will surprise himself as to the target which he can really achieve.

In order that he may give Canadian business that assurance, all that his government need to do is to stop this policy of a controlled and restricted economy, reverse it completely, and give to private business in this country the assurance that, through all the lifetimes of those who now manage those affairs, there is to be an ever-expanding economy in Canada, with more people, more business and a greater production all through the years. If the government will give to the building trades that assurance of a long-term sustained demand, they will get all the housing they need, and they will get it quickly.

Before taking my seat I should like to make two further suggestions to the government. The first is that rental control and housing should be placed at once under one minister, and I suggest it should be the Minister of Reconstruction and Supply (Mr. Winters). In my view we should bring the two sides of this housing problem together—the production side and the control side. If the minister who is responsible for the production of housing will accept responsibility for rent control as well, then I suggest we will have one member of the government who really feels his responsibility in respect of housing, with all its difficulties.

At the present time the Minister of Finance (Mr. Abbott) administers the dead hand of rent control, and the Minister of Reconstruction and Supply is responsible for housing. There is very little opportunity of bringing home to the Minister of Finance the difficulties in connection with housing, or of bringing home to the Minister of Reconstruction and Supply the problems being created under rent control through the failure of the government to attack the housing problem promptly and successfully.

I believe it would be a good thing if the Minister of Reconstruction and Supply had to answer landlords and tenants as well as homeless people, particularly veterans. I believe his headaches over rent control would spur him on to a much greater effort in the field of housing.

The second suggestion I would make is that, even though controls should remain, landlords must be given some immediate relief. If rent control is to be of prolonged duration, if it is to be continued throughout this year and probably next year, then let us bring it out in the open, regularize it and face up to its problems. The chief of those problems now is that landlords are being required to foot the bill.

I suggest the house has a responsibility toward that class of Canadians as well as toward any other, and must see that landlords are no longer singled out to carry the full burden of subsidizing rentals for the government—because that is what they are doing. Even though I do not like subsidies any more than anyone else, if we are to have them they should be government subsidies, and no single class in the country should be saddled with the whole financial burden of a general public policy. That is the condition now.

Then I suggest that actual subsidy may not be necessary. It might be possible in this year's budget to exempt all landlords who come under controls from income tax on their earnings, and in this way restore them to a position of parity with other landlords. That suggestion I throw out in all seriousness.

Now that we are discussing the continuation of rent controls, a subject which members of the house cannot pass over without giving it careful consideration—

Mr. Speaker: I am sorry to interrupt the hon. member, but he has exhausted his time.

Mr. Cruickshank: Tell us about butter; tell us about your party's policy on butter.

Mr. Merritt: I should like to say one last sentence.

Some hon. Members: Time.

An hon. Member: Go on.

Mr. Cruickshank: We are not like Rosedale; go ahead.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, the resolution which the house is now debating provides that it is expedient to introduce a measure to provide for the continuation of certain orders and regulations of the governor in council for a limited period during the national emergency arising out of the war. I draw attention to the words, "certain orders and regulations of the governor in council."

The only explanation the house has received as to the nature of the measure the government seeks leave to introduce is in the brief statement drawn out of two ministers, the Minister of Finance (Mr. Abbott) and the Minister of Trade and Commerce (Mr. Howe) on February 7. In support of a measure as important as this one, we have had very brief statements which were literally wrung out of these two ministers. One of them said in effect, "this is to continue five types of controls", and the other minister

spoke briefly about his plans with respect to the controls coming within the jurisdiction of his department.

It is clear from their remarks, particularly those of the Minister of Finance, that the bill is to be one to which certain orders in council will be annexed, and that the house will be asked in blanket fashion to give statutory effect to orders in council. In other words, the method pursued in previous years by the government with respect to this type of legislation—an altogether wrong method—is to be continued again, if the house will submit to it. And I urge that the house ought not to submit to a wrong method of legislating.

There are three obvious features to this resolution. The first is that it contemplates the present existence of a national emergency, and that the orders and regulations should be continued as long as the national emergency continues, within the time limit proposed in the bill to follow.

I do not wish to labour this point, because it was dealt with in such a masterly and comprehensive fashion by my esteemed leader yesterday, and I think it is crystal clear and needs no further elaboration. I simply mention that where one finds controls as varied as those referred to by the two ministers in their brief statements, it is not enough from the constitutional and legal point of view simply to make a general recital to the effect that a national emergency exists. Particularly in view of the latest judicial pronouncement on the subject by the Manitoba court of appeal with respect to establishing the existence of a national emergency in connection with a particular problem with which the legislation seeks to deal, the course the government is taking is not adequate. This judgment holds that with respect to each of the problems referred to it is necessary that the existence of a state of national emergency be established in order that validity may be acquired for the legislation the house is asked to adopt.

The second obvious feature is that the house is simply being asked to continue existing orders in council. It is not being given the opportunity of proceeding in the proper and normal legislative fashion, and of following parliamentary methods through the submission of a bill containing detailed provisions which the House of Commons, in obedience to its duty, would review before giving the bill three readings. The house is not to be given that opportunity.

This inherently wrong method is again being pursued. We will simply have orders in council handed to us and we will be told to approve them, lock, stock and barrel. That simply is not good enough. If it cannot make up its own mind as to what to do in connection with detailed provisions of orders in council, the minimum the government ought to have done was to follow the procedure the house insisted upon when in the 1946 session the Minister of Labour (Mr. Mitchell) introduced a bill to give legislative approval in general terms to an order in council having to do with reinstatement in civil employment.

What the house insisted on at that time was that the bill should not be given second reading but that the subject matter be referred to the special committee on veterans affairs. That committee, instead of reporting the order in council to the house, wrote a proper bill. Surely if this government is capable of learning a lesson it should have learned that lesson, and learned it long ago. I shall have something to say about the orders at a later point.

The government is now asking us to continue the vice of delegating power. First, this house is being asked to delegate in a sense legislative approval to orders in council, and then the orders in council themselves will delegate great and sweeping powers to certain boards and officials, particularly one board. That is an inherently wrong method. In 1949, nearly four years after V-E day, I submit that there can no longer be any justification for asking this house to legislate in that holus-bolus fashion.

If the house does permit the bill to be introduced in the form contemplated, and I hope it will not, I trust the government is not going to attempt to do what it did in 1947 with the Continuation of Transitional Measures Act. When that measure was first introduced the government did not even set out the text of the orders as an appendix to the bill. Reference was made to them only by number and this house had no opportunity of confirming the text of the orders to which it was being asked to give legislative effect.

The third obvious feature of this resolution is the multiplicity of subjects which is embraced within its scope. We were told by the Minister of Finance (Mr. Abbott), as reported at page 316 of *Hansard*, that it is to continue five types of control. First, price control over certain commodities; second, rent control; third, steel control and price control over steel; fourth, timber control; and, fifth, priorities control.

May I recall to the house what happened two years ago when the government introduced a similar omnibus bill which was characterized by the same looseness which characterizes the method being followed by the government in connection with the pres-

ent resolution. At that time the government sought permission to introduce a measure to give omnibus approval to no fewer than fifty-seven orders in council. Thank goodness we are not being asked by this inherently wrong method to give legislative approval to so many orders in council, but nevertheless the same principle applies here. The house must assert its adherence to principle unless it is content to lie down and let this government steamroller things through as it has in the past.

Hon. members will remember the significant words that were spoken in 1947 in the debate on that measure. I hope the house has not forgotten the memorable speech delivered on that occasion by the hon. member for Quebec South (Mr. Power). He drew attention to the inherently dangerous method of legislating in that omnibus fashion. He drew attention to the duty of the house to scrutinize a resolution of this kind before giving approval to the introduction of a measure to be based thereon. Significantly he recalled the storm of protest which the Liberal party, under the former Prime Minister who was then leader of the opposition (Mr. Mackenzie King), raised in 1932 to a relatively simple resolution introduced by the then Prime Minister, Mr. Bennett, in which two subjects had been linked together. Those subjects, unemployment and farm relief, were clearly related, but the rafters rang with the indignant protests of the right hon. member for Glengarry (Mr. Mackenzie King) at what was said to be an invasion of the rights of parliament.

That same party now seeks to repeat the monstrous imposition upon parliament which was perpetrated by it in 1947. May I recall to you the closing words of the memorable speech delivered on March 20, 1947, by the hon. member for Quebec South, who had this to say, as reported on page 1595 of *Hansard* of that date:

> My last objection is that, by passing this resolution and bringing in the bill, in the shape in which it will be brought in, we are creating an extremely dangerous precedent. We are preparing the way for the time when any government or a government which will not have the same respect for ancient constitutional usages and practices will be in power in this country, and when they come in they will have ready-made at their hand such legislation as will enable them at once to put into effect their theories and the practice in which they believe.
>
> I have said before and said many a time that I have no objection to a great many of their theories. I would like to see many of them put into practice if they could do away with the regimentation that goes with them. But I certainly do not want to be a member of a party which will prepare the way and make it easier for them when they do come into power to carry out what I believe to be false principles in a democracy. In other words, I do not want to be a St. John the Baptist for a socialist messiah.

Some hon. Members: Oh, oh.

Mr. Fleming: Hon. members of the C.C.F. can laugh, but I say to this house that there is exposed in that memorable speech of the hon. member for Quebec South one of the inherent vices of the method now being pursued by this government, a practice and policy which seems so acceptable to their allies, the socialist C.C.F. It is small wonder that on occasions like this the socialist C.C.F. group are ready to rally to the support of the government and applaud the efforts of the government to continue in force, by methods that are worthy only of condemnation by this house, legislation and orders in council which ought not to be dealt with in the way in which this house is being asked to deal with them.

Mr. Probe: Perhaps the hon. member will explain why the Liberals are supported by the Tories in Manitoba, Saskatchewan and British Columbia.

Mr. Fleming: There seems to be a loud outburst from the hon. gentleman to my left. If he wishes to indicate his sincere devotion to a principle which is inherently wrong he will have an opportunity in due course.

I drew attention at the outset of my remarks to the fact that the government has not attempted to offer any alternative policies. The government has not attempted to put into force any policies which would eliminate the necessity of dealing with questions of this kind, policies that would get to the root of the matter and deal with the problems. Instead we see an impotent and useless government slithering around the problems in the slipshod fashion that has characterized its continuing adherence to power. The government has always been ready to use existing problems as an excuse for requesting the continuation of sweeping arbitrary powers rather than trying to cure the problems.

That is the fundamental accusation I make. That is the fundamental difference between the Progressive Conservative party and this government in connection with measures of this kind. The government have not attempted to grapple with the problems; they have ignored the problems. They come now to the house and ask to be clothed with arbitrary powers, using these problems as a pretext. The problems themselves should be grappled with and solved by proper legislative practices and administrative policy on the part of the government.

We are told that certain orders and regulations are to be continued. What are these orders and regulations? We have some idea because of the imposing residue, I may say, that remains of the orders to which

statutory effect was given in 1947 by the passing of the Transitional Measures Act, chapter 16 of that year. I wish to draw attention to certain provisions in some of these orders and regulations because I submit to you, Mr. Speaker, that, while problems exist related to these questions, the fact of the matter is that the house cannot, if it really seriously addresses itself to its task of reviewing the proposals to which it is asked to give legislative effect, continue powers as sweeping as those that are asked for. Just briefly I draw your attention to order in council P.C. 8528, which is the general order establishing the wartime prices and trade board, and conferring powers upon it. Section 4 of that order confers the most sweeping powers upon the wartime prices and trade board, powers that the government sought to justify when we were in the midst of a war crisis, but conditions today do not bear sufficient resemblance to the conditions that existed then to justify this house in continuing powers as sweeping as those.

Let me remind the house that this order in council to which I have referred does not simply give the wartime prices and trade board power to impose price control; it also gives the board power to impose wage and salary controls. Every member who supports this measure is supporting a continuation of power in the hands of the wartime prices and trade board to reimpose salary and wage controls. For my part I am not prepared to support any measure that would permit the reimposition of salary controls or wage controls.

Mr. Gibson (Hamilton West): Isn't that sad?

Mr. Fleming: Mr. Speaker, we have heard the Secretary of State (Mr. Gibson) make his annual one-sentence contribution to the debates of the house. He says, "isn't that sad?" I will tell him that, if he goes into his riding, gives his electors a frank statement, and says that he advocates asking the house to pass legislation that will give power to the wartime prices and trade board to reimpose wage controls and salary controls, he will not come back to this house.

Mr. Gibson (Hamilton West): Don't you worry about him; he will be back all right.

Mr. Fleming: He will not be back. I will be saying goodbye to him on the dissolution of the house.

Mr. Garson: Goodbye to you.

Mr. Fleming: He is not the only one to whom we will be sending flowers.

The socialist members to the left, Mr. Speaker, will also have to justify their support of a measure that will give the wartime prices and trade board power to reimpose wage controls and salary controls.

Let me pass on to section 8, which puts upon the person charged with a breach of the order the onus of proving that he has not committed a breach of the order in respect of the price at which he sells his goods. That is entirely undemocratic. It is just as antithetical as anything can be to the things we are supposed to stand for in this Canadian parliament. I submit to the house that if it has retained its sense of duty and sense of self-respect it cannot possibly approve measures of that kind. One may go through the other orders that will be continued by the bill to follow, if the house permits it.

Order No. P.C 9029 again gives sweeping powers to the wartime prices and trade board to enter any premises, and examine any books of people whom they suspect of having committed any breach of the leasehold regulations. No warrant is needed; they can just walk into premises and take over the books. That is the kind of legislation that the government is asking us to continue under the guise of giving them power to deal with a particular problem. The problem is there, of course it is; but it ought not to be made the excuse for arbitrary and high-handed methods of that kind.

There is a similar criticism of the order on steel control, P.C. 245. With respect to steel that order contains some of the most sweeping provisions that the mind of man could devise. Under section 3 of that order the steel controller can take possession of steel wherever he finds it. He can enter on any land, and into any mine, plant, factory, mill and other buildings for the purpose of inspecting operations. He can enter on, take possession of and utilize any mine, land, plant, factory, mill, refinery, smelter, foundry, warehouse, building, or place that is used or capable of being used for the purpose of producing or dealing in or with steel, and other things in relation to steel. In the year 1949 is this house going to justify the continuation of powers as sweeping as those? The situation that exists cannot, by any stretch of a reasonable mind, be treated as an excuse for the continuation of powers like these.

There is a similar situation with the order establishing timber control, P.C. 1997. The timber controller has power, among many other things, to enter on, take possession of and utilize any land or premises or any plant, building, place, equipment or facilities used or capable of being used for producing and/or dealing in timber. He can produce or deal in timber; he can do many other things. There is nothing in the situation today that justifies a continuation of vast powers such as these.

A similar provision exists in the order dealing with priorities, P.C. 1609. Do the members of the house realize that section 2 of this order gives the priorities officer power to prohibit the making of, or dealing in, construction materials? It does not stop with giving the priorities officer power to control and regulate the making of or dealing in construction material; he has the power to prohibit. Any good citizen who is interested and engaged in the production of these materials should know that it will lie within the power of the priorities officer to step in and to prohibit him from continuing his operation if these orders are continued in force in their present form.

Running through all these orders there is that vice, to which I drew attention earlier in my remarks, of the power to delegate power, to delegate to officials power to do many things under these orders. They are powers that no self-respecting House of Commons can contemplate being conferred by it upon officials.

I say to you, Mr. Speaker, that these orders mark again the determination of the government to retain power that is centralized at Ottawa, the kind of power that the C.C.F. want to see centralized here. Again, in a measure of this kind, the C.C.F. see eye to eye with the Liberal party. The C.C.F., in the program it laid down at its convention last summer, advocated again the appointment of a national planning board. They want to see the constitution changed in order that power can be concentrated in a national planning board and thus control the economy of the country. They want to see the constitution changed in order that there may be vested in the government power to regulate all trade and commerce. It is all of a piece with the proposals of the league for social reconstruction in the book they put out in 1935, "Social Planning in Canada", when they advocated the establishment of a national planning board of three or not more than five persons to plan the economy, a vision of a super-centralized Canada. To the extent that the C.C.F. can see in this measure the fulfilment of their hopes—and they can see a good deal in it—they will of course applaud it and support it to the limit.

Again, Mr. Speaker, measures of this kind, seeking to continue powers that cannot be justified in the face of present conditions, powers that go far beyond the needs of the government to deal with existing problems, are definitely socialistic. Those are the controls the C.C.F. want to see made permanent, and of course the government is very obliging.

I have spoken about the continuation of wage control made possible by this measure. This is also akin to the measures which are being foisted on the British people today by the socialist government over there, in the form of direction of labour and direction of agriculture. Mr. Speaker, if any workingman in this country wants to be ordered around, wants to have direction of labour in peacetime, then certainly he ought to vote for the C.C.F. at the coming general election, or for the semi-socialist Liberal party, to your right. If any farmer in this country believes in directed agriculture, believes the government should be given power to tell him what to grow and power to take his land from him if he does not do what the government representative tells him, then certainly he should vote for the socialist C.C.F. or the semi-socialist Liberal party.

Then we must not forget the contribution the C.C.F. would make to the solution of our problems. I well recall, as I hope you do, Mr. Speaker, the contribution made to the debates of this house on October 5, 1945, by the hon. member for Cape Breton South (Mr. Gillis), probably the most frankly spoken member of the C.C.F. party in this house. I always give the hon. member credit for speaking frankly, and I wish some of his colleagues would follow his example. Here is what he said, speaking on a very significant subject, at page 821 of *Hansard* for 1945:

> . . . when the war is over, the debt should be cancelled. There is no reason why when they come back and go into overalls, into plants and factories, they should start to pay tribute by way of interest to people who sat back comfortably and secure and invested their money. The national debt, apart from the interest, we owe to ourselves. It is not a liability but an asset.

Some hon. Members: Hear, hear.

Mr. Fleming: There you have in very plain terms a demand for repudiation of our national debt. The hon. member for Regina City (Mr. Probe) was one of those who just now said "Hear, hear" to that proposal; so there is at least one other member of that group on record on this subject.

And they talk to high heaven about the virtues of planning. It is a very euphonious term to disguise the raw realities of socialism, and the regimentation which is inherent in socialistic planning. They can dress it up all they like, but it is still the same ugly regimentation.

To be quite clear on this, Mr. Speaker, the system of free competitive enterprise in which this Progressive Conservative party believes is not a system that can be compromised or confused with the kind of socialistic planning these hon. members seek to support. I quote to you a statement from a responsible Canadian businessman, the chairman of the executive of the Canadian Chamber of Commerce,

who recently made this intelligent observation in stressing the differences between this system of so-called socialistic planning on the one hand and the system of free competitive enterprise on the other:

> One of the most important factors that distinguishes our system—

That is, the free competitive system.

> —from planned economy is not the absence of planning, but that the planning of industry comes from the consumer rather than from the planning board of an all-powerful state.

That is a significant observation.

We want to see an end to the kind of procedure that prevails when more and more powers are vested in the government and they proceed to exercise those powers in secret. There was a significant occurrence in this house last week when a request was made for the tabling in the house of certain papers and documents pertaining to a crown company. A minister of the crown, supported by the C.C.F., rose in his place and said, "No, we do not want to set up a precedent by bringing into this house papers in relation to a crown corporation". That is an example of what would happen under a socialist economy; they do not want to bring into the House of Commons things that this house ought to know about. That is why they like to have things done behind the closed doors of the privy council chamber.

Mr. Knowles: May I ask a question?

Mr. Fleming: We of the Progressive Conservative party believe that the place to pass legislation is out in the open, not in secret sessions or in the privy council.

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

Mr. Fleming: Oh, I suppose so.

Mr. Knowles: Thank you. Does the hon. member know what has been the attitude of the government of Ontario, of which the hon. member's leader was formerly head, with regard to the tabling of documents in the Ontario legislature concerning the Ontario hydro? That is a case absolutely on all fours with the matter that came up last week.

Mr. Fleming: I do not know the particular reference my hon. friend has in mind, and until I do know it I am not prepared to make any statement from memory. What does the hon. member expect? I suppose in the legislature of Ontario at this session there have been fifty speeches on the subject of hydro.

Mr. Knowles: The fact is that your leader refused to table documents which were on all fours with the documents that were the subject of the vote the other day.

[Mr. Fleming.]

Mr. Fleming: It is so interesting to see the hon. member coming to the rescue of the government. How he does love to find himself in bed side by side with the government opposite. All I have to say to him is that he is welcome to it; we want none of it.

Now, Mr. Speaker, in the time that remains to me I wish to comment briefly on one or two other matters. The subject of housing has been dealt with already by the hon. member for Vancouver-Burrard (Mr. Merritt) in his constructive contribution to the debate. It was made quite clear by my leader in his remarks yesterday that an adverse vote on this omnibus resolution by any member of this party is not to be considered as opposition to rent control, a proper statutory measure of rent control. That has been made abundantly clear by the observations of the leader of the opposition (Mr. Drew) at pages 1446 and 1448 of *Hansard* yesterday, so let there be no misunderstanding of the attitude of the members of this official opposition, of which I think we had a veiled suggestion last evening in the question asked by a member to your right, Mr. Speaker, on the subject of rent control. It has to be a proper measure; it has to be a measure in proper statutory form, not something hidden in an omnibus resolution of this kind.

The government has made a sorry botch and failure of housing, which was the subject of some of those juicy promises on which they got themselves elected in 1945. May I here express publicly to my esteemed and hon. friend the Minister of Reconstruction and Supply (Mr. Winters) my profound sympathy, in that his admission to the charmed government circle should have been on the basis of his acceptance of such a lemon as was fobbed off on him by the present Minister of Trade and Commerce (Mr. Howe). That minister, having made one of the most lamentable failures in Canadian government history in dealing with this housing problem, now passes it off on the unsuspecting Minister of Reconstruction and Supply. I wish to say to the minister in all sincerity that in anything I have to say on the subject of housing, either in this house or elsewhere, I shall have due sympathy for the unhappy position in which he now vicariously finds himself.

Not a word has fallen from the lips of a member of the government this session as to how they are going to cope with the housing crisis. When I spoke in this house on February 3 during the debate on the speech from the throne, I quoted figures indicating that according to statements made by leading government officials the housing crisis in Canada is just as serious today as it was three years ago. Our net progress in three

years under this administration has been absolutely nil. Put that fact, Mr. Speaker, against those juicy promises which the government held out to the people in 1945.

What are they doing to encourage the people who have accommodation in the form of one room or two rooms that they would be prepared to rent if it were not for the freezing controls which apply to shared accommodation? What are they doing about that? We argued this question at great length two years ago. We asked the government to eliminate the freezing controls from shared accommodation as applied to tenancies thereafter created. The government, of course, turned a deaf ear to anything in the form of a constructive suggestion. Apparently, they are content that the problem should continue.

We will never see a solution of this housing problem, of such critical proportions in this country, so long as there is manifested on the part of this government such a smug and self-complacent attitude as was exhibited in this chamber last night when the Minister of National Defence (Mr. Claxton) crowed about eighty-one thousand houses. I should like to say to him, and to any other member of the government who shares his smugness in the face of the critical housing situation, that the people of Canada know the government has made absolutely no progress in three years, with all its boasting and blustering, and has failed lamentably in the discharge of its duty to the people of Canada.

In the short space of time that remains I cannot say all I had intended to say. I shall close with this observation. There are many things the government could do to meet the problem of inflation, because we have inflation in Canada. One of the things that is so obvious, and to which the government closes its eyes, is the matter of money supply. Taking the last issue of the statistical summary of the Bank of Canada, Mr. Speaker, one can see that within the last four months the money supply in Canada, which is controlled by the Bank of Canada, is higher than it has ever been in the country's history, $4,500 million. All through 1948 the money supply has increased out of all proportion to the rate of increase in industrial and commercial activity. Is it any wonder that all through 1948 the dollar has gone down in value and the price level has risen? There is something to which the government could address itself, if it had the courage and energy to do so.

There is one place where the government could make a most effective and constructive contribution towards meeting the problem of the Canadian consumer, the high cost of living and the higher scale of taxation; but will the government do anything? They have turned a deaf ear to the pleas that have been made for tax relief, pleas that have been made on behalf of the suffering Canadian people. The government has chosen for itself the role of oppressor of the Canadian people by continuing its extortionate taxes which cannot be justified in times like these.

We know it is part and parcel of the communist strategy to foment a depression in the free western countries wherever it is possible. It is part of their scheme to bring about chaos by the advent of the depression. They have been working for that, Mr. Speaker. Did it not shock you then to see a statement recently made by the member for Rosetown-Biggar (Mr. Coldwell), which is quoted in the Montreal *Gazette* dated December 31, 1948? This dispatch reads as follows:

> Ottawa, December 30: C.C.F. leader M. J. Coldwell admitted here tonight that there was little possibility that Canada would have a "democratic socialist" government in the immediate future unless the dominion entered a period of economic distress.

You know now, Mr. Speaker, who wants to see economic distress in this country because of the political advantages it would give them. It is the duty of the members of this house to assert that they will be true to their responsibility to the Canadian people and work in this house for such proper and constitutional measures as will contribute to the lasting prosperity, happiness and freedom of the Canadian people.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I know that this is not the place to have a discussion on the measure now before the house. It is really a resolution asking for the right to introduce a bill. I have sat here now for the better part of two days and listened to seven Conservatives stand in their places and sing the same swan song. I think it is time the tune was changed. In my opinion, the tactics being employed are designed to stop the introduction of the bill. Every argument they advanced, from the leader to the last gentleman who spoke, this little merchant of the spoken word, it was the same story. It has been a straight argument on behalf of big business and the protection of capital. The basis of their argument is that capital has a prior right over the rights of the human being. The government has no right to enter the picture to protect the rights of the little people.

The hon. member who just spoke went out of his way to antagonize people. I think it is unbecoming, you know, because I like him. At one time, I told him that if I were ever being tried for murder, he would be my lawyer. He asked me why, and I said, "For the simple reason that I would die of old age before the case reached the jury." I do not

like to see him disillusioned. The way he carried on this afternoon, I would not be sure when he went in the courtroom on whose side he would be. I was rather surprised at his arguments because none of them were valid.

First, he says we are giving the government these wide powers. I wish we were, but we are not. The fact of the matter is that all the government is requesting in the bill that will be introduced, because it is similar to the bill we passed last year, is this: They want to give statutory protection to the little fellow who is renting a home today but who will be on the street a week from Monday if this measure is not passed. There are hundreds of people in this city who are renting apartments and who are in fear and trembling lest rent control is abolished. I talked to some people last night and if this measure is not passed they will be on the street with nowhere to go. When this bill becomes effective, in so far as rent control is concerned, all it means is that those who are renting accommodation, who have not a home of their own, will not be evicted for one year. There are thousands of people across this country in the larger cities who will be on the street on the 1st of May if rent control is not continued.

My hon. friends have argued that should be done.

Mr. Fraser: No, they have not.

Mr. Gillis: Yes, you have.

Mr. Fraser: Not on rent controls.

Mr. Gillis: Yes, you have; you cannot backtrack on that.

What are the other measures that are going to be retained in this legislation? A few price controls, not half enough, are being retained. There is the control on flour, citrus fruits, and odds and ends of that sort. The thing to which I object strenuously is that there is not enough control. Too many controls have been removed. The arguments we hear from this side of the house are ridiculous. My hon. friend quoted something I said in 1945, and I am glad he did. I am glad he took the position he did on that matter. I said in 1945, and I reiterate it now, that we had no right to send the young men into the air, on the sea and on the land with a rifle in their hands to fight a war and then, when they came back, put them in plants and factories to assist in production and tax them in order to pay interest on the bonds that were sold during the war—to fight the war—to people who stayed at home and made money. I say that should not be done. Those young men had already made their maximum contribution. My hon. friend takes the position now —and I hope that is the position of his party—that they are quite satisfied that the boys who fought the war, who won the war and made it possible to maintain the institutions we have on this continent, should now be taxed in order to pay tribute to the bondholders, the bankers and the coupon clippers. I say that should not be the situation. Those boys made their maximum contribution.

Another error made by the hon. member was this. He spoke about the wartime prices and trade board. He waved his arms; he would have made a good evangelist.

Mr. Fleming: It is not too late yet.

Mr. Gillis: He said that the wartime prices and trade board, with their sweeping powers, had the right to fix wages and salaries. But they did not. The hon. member is in error there. That was done under order in council P.C. 9384, and was administered by the labour department.

Mr. Fleming: It is in black and white.

Mr. Gillis: The hon. member did not have his glasses on. Going that far with what my hon. friend had to say, I really do not like to quarrel with him. I realize where he stands. His party believes in the right of capital.

Mr. Fraser: That is the Liberal party.

Mr. Gillis: He believes in the right to protect big business.

Mr. Fraser: That is the Liberal party.

Mr. Gillis: He believes that ninety per cent of the people of this country should be exploited by the other ten per cent.

Mr. Fraser: That is the Liberal party again.

Mr. Fleming: Mr. Speaker—

Mr. Gillis: I did not interrupt my hon. friend while he was speaking. If he wants to ask a question, let him wait until I have finished.

Mr. Fleming: I am not asking a question. I am asking that the hon. member's last remark be withdrawn. I refer to the remark to the effect that I believe that ninety per cent of the people should be exploited by the other ten per cent. That remark is clearly a breach of the privileges of this house.

An hon. Member: Ninety-five per cent.

Mr. Fleming: The hon. member said that either I myself or those with whom I sit believe that ninety per cent of the Canadian people should be exploited by the other ten per cent. That remark is a breach of the privileges of the house and it is utterly untrue.

Mr. Gillis: I have the floor, Mr. Speaker.

Mr. Fleming: I ask that the remark be withdrawn.

Mr. Gillis: I never say anything without carefully considering it, Mr. Speaker.

Mr. Fraser: The hon. member meant the Liberal party.

Mr. Gillis: I listened to several Conservative speeches in a row.

Mr. Fleming: Mr. Speaker, I ask that the remark be withdrawn.

Mr. Deputy Speaker: Order. I understand that the hon. member for Cape Breton South (Mr. Gillis) is saying what he believes to be the stand of a certain party. I do not see that there is any reason why his remarks should be withdrawn.

Mr. Knowles: And Your Honour agrees with them.

Mr. Gillis: As I said a moment ago, Mr. Speaker, I never say anything without carefully considering it; and I listened for a long time before I came to that conclusion. I think it was a conservative estimate. I think perhaps I could have gone higher than that. But that is my interpretation of the speeches I heard here on this particular measure. I came to the conclusion that my hon. friends are concerned for the protection of capital, and that they are not particularly interested in anything else. I am not taking anything back on that score.

What is the position in this matter of controls? Practically all the controls are off. All of the controls that mean anything are gone. I am quite prepared to continue what we have for the sake of the small amount of protection there is in them, particularly in the matter of rent control. The wartime prices and trade board is gone. I could name a whole list of controls that are gone, but I shall not waste the time of the house in doing so. For a few moments I wish to direct the thoughts of hon. members to this matter of controls. Have we now controls outside of this house?

An hon. Member: Surely.

Mr. Gillis: The answer is, definitely yes. Who are these controllers, what are they controlling for, and whom are they controlling for?

An hon. Member: Whom are they responsible to?

Mr. Gillis: That is a question we must answer for ourselves. What effect have these controllers on the legislation that goes through this House of Commons?

The economic set-up in this country is this. If hon. members will examine the records they will find it to be true that about eighty-eight directors of the chartered banks—

Mr. Skey: Here we go.

Mr. Gillis: I hear the hon. member for Trinity (Mr. Skey), I think it is. He says "oh". Every time someone tramps on their feet and it hurts them, they groan.

Mr. Skey: It is the same old story. We hear it over and over again.

Mr. Probe: It is still the same old story.

Mr. Gillis: If you follow through the directors of the chartered banks, in their ramifications, you will find they are connected with practically every industry in this country.

Mr. Jackman: That is why they are chosen.

Mr. Gillis: He who controls finance, fairly well controls the country. When that control goes back into your industrial set-up, the tie-up is complete.

Mr. Gibson (Comox-Alberni): Save it for the folks back home.

Mr. Gillis: This is good for my hon. friend too.

Mr. Deputy Speaker: Order.

Mr. Gillis: The control within is such that all of the economic processes of the country, by means of which the people live, are in the hands of one small group. The hon. member for Souris (Mr. Ross), who is a farmer—and I have seen him stand up and wave his arms—knows that the price of practically everything produced on a farm today, from milk right down, is fixed by the packing companies of this country from coast to coast. That is price fixing. They make the money. They milk the farmers. That is price control; that is irresponsible control from the outside, responsible to no one. Who fixes the price of fuel?

An hon. Member: Who set the price of wheat?

Mr. Gillis: Is it fixed by the government?

An hon. Member: John L. Lewis.

Mr. Gillis: Certainly it is not fixed by the government. It is fixed by Dominion Steel and Coal in the east and by Canadian Collieries in the west. They will charge you, and you pay through the nose. You have no say in what you pay. That is price fixing. That is control from the outside. That situation ramifies through the whole economic set-up. Pressure from these groups can force your government into doing the things they want done. In both the provincial and federal fields, I am reasonably sure that from time to time cabinets are in the position of wrangling with these pressure groups against certain proposals that are not in the best interests of the Canadian people. That is control; that

is the kind of control that my friend the hon. member for Eglinton (Mr. Fleming) wants. I am not surprised, because he does not come from the stratum of society where he has been up against that kind of stuff. But if he ever becomes a cabinet minister he will know what it means. Or if he ever works for one of these corporations, comes to a conference table, and attempts to negotiate wages, he will know what is meant when it is said that there is no humanity in industry. I have been told that. I have been told that figures on the right side of the ledger are what count, that this is a business proposition. The corporation will use you as long as they can wring profits out of you. That is the kind of industry that I have been hearing about in the last seven speeches. I have been hearing a plea for these poor fellows who today actually have in their hands all of the power in this country.

When I hear hon. members in this house talk about democracy, and saving our democratic set-up I am afraid that, if they do not smarten up and try to re-establish democracy in this country, they may do what has been done in Europe—that is, pull the house of cards down over their ears. That is the kind of thing that has happened in Europe. What we have in this country today is not the democracy that was established by confederation. What we have is a managerial form of society. The government is managed from the outside, and that would be much more the case than it is today if my hon. friends to my right were over on the opposite side. I believe however, that those on the opposite side today are really trying to struggle against that sort of thing. At least they are going this far; they are saying: "We are going to maintain rent control so thousands of people in this country will not be evicted". My hon. friends sitting to my right say "Take them off, and let them be evicted".

Some hon. Members: No, no.

Mr. Ross (Souris): That is not so.

Mr. Fraser: You are dead wrong.

Mr. Gillis: An attempt is being made to maintain some price control on flour, citrus fruits and other things of that kind. But my hon. friends to my right say, "Take them off; let flour go up. We stand for the milling companies, so that they will make more money."

Then, in the matter of housing, the hon. member for Peterborough West (Mr. Fraser) gets up about every second day and wants to know where he is going to get nails.

Mr. Fraser: And I am still wondering where I am going to get them. If that is a priority of the government, under controls—

[Mr. Gillis.]

Mr. Gillis: But when we had controls the Minister of Reconstruction and Supply could get up every once in a while and tell him where to get them.

Mr. Fraser: No, no. I have the priorities as to where they went.

Mr. Deputy Speaker: Order.

Mr. Gillis: But today, under private enterprise—no nails.

Mr. Fraser: That is government misdirection.

Mr. Gillis: Then, has not housing been in the hands of free enterprise since the end of the war?

Mr. Jackman: No; it is under national housing.

Mr. Gillis: The government set up some machinery. They took more responsibility than they should have taken when they were not handling it themselves. The fact is that the government guaranteed the money to the lending companies, established the National Housing Act, and placed it in the hands of the insurance companies in the matter of administration—and we get no housing. Then hon. members to my right scream at the government because they are not getting houses. Why? Because free enterprise cannot produce. They are not building the houses. Let me repeat what we have said on a good many occasions, that we will never have houses in this country for the low-income groups until subsidized housing is established; and they will never be built until they are built through the municipalities and towns, where they can do the planning for themselves in their own communities, and where they have the administrative machinery to do it. And unless it is taken out of the hands of the insurance companies which want to make money out of it, we will not have any houses.

Then what is the position of free enterprise in connection with steel production? Someone will say there is steel control. That is true, to some extent. If there were not, I do not imagine we would have much steel in this country. The government provided for the extension of plants, and pleaded with free enterprise to do something about it. But free enterprise did not do much. Then the government came along with a fifty-fifty proposition, whereby it would provide half the capital. Still not much was done about it.

There is an example of the failure of free enterprise, where it had failed to supply the necessary quantities of steel in this country—something basic to our whole economy. I say that, when controls were taken off the whole structure they should have been

retained for at least some years, until we got back to a peacetime economy. That was a wrong procedure, and is responsible for the condition we face today.

I do not think the people for whom hon. members to my right have been pleading are suffering much. I happened to pick up the Ottawa *Journal* this morning and I find that International Nickel reports a net profit of $5,604,938 higher than last year. The article states:

> International Nickel Company of Canada, Limited, had net profit in 1948 of $39,108,404, up $5,604,938 from 1947.
>
> This is after setting aside $3,000,000 for contingencies and is equal to $2.55 a common share, compared with $2.16 in 1947.
>
> Of the profits, $29,156,338, or $2 a share, was paid in common dividends and $1,933,899 in preferred. Balance of $8,018,167 was retained for future requirements of the company.

One could look at the records of any corporation in this country and get the same kind of figures. But if one stands in the House of Commons and says, as in the case of International Nickel, that the man who went down into the mine at Sudbury, threw his body against nature and sweat that wealth out of the ground, is entitled to an equal share of what he produced, and that capital has no prior right over him, one is branded as a socialist or a communist—or dangerous, as one of my colleagues has suggested.

Mr. Knowles: Or it is regimentation.

Mr. Gillis: I was listening to the hon. member for Eglinton (Mr. Fleming) who, I notice, has now left the chamber—and I do not blame him.

Mr. Knowles: He can't take it.

Mr. Gillis: After reading about these International Nickel profits, having some idea of what the men who go down in the mine are up against, and after listening to this accusation of socialism and communism, and what have you, I happened to pick from my files this document which, it seems to me, is an answer to this nonsense one hears spoken about socialism. This is humanitarianism.

Mr. Martin: It is Liberalism.

Mr. Gillis: With a small l. I just happened to pick this up while the hon. member was speaking. It states:

> Labour is prior to, and independent of, capital. Capital is only the fruits of labour, and could never have existed if labour had not existed first. Labour is the superior of capital, and deserves much the higher consideration.

Where do you think that came from? If I were to ask that of the hon. member for Trinity (Mr. Skey) he would likely say it came from "Who Owns Canada", or some other C.C.F. publication. Abraham Lincoln said that in December, 1861. We see just how far back my hon. friends are. The language we talk today Abraham Lincoln was talking away back in 1861. That is the right of the human being to share in the wealth he has produced; the right to a home and all it stands for.

An hon. Member: Jesse James.

Mr. Gillis: He was a gentleman; at least he took a chance.

I had not intended taking part in the debate, until the hon. member for Eglinton provoked me. I should like now to conclude, in the hope that we may get around to the bill and make a study of it. I hope it contains much more than it did last year, and that the government is reimposing many of the controls which were taken off. I suggest they ought not to take too seriously much of what they hear from the official opposition, my Progressive Conservative friends, because the official opposition is not talking the language of the people of this country. There is one thing the people understand today, and it is that the government took them through the war by a process of planning the economy of the country. They protected the income of the people by means of price controls and subsidies. Through excess profits taxes a fair share of profits was taken from industry. If the government were to reimpose these controls tomorrow it would be backed by 75 per cent of the people of this country. I suggest that serious consideration be given to that before the next election takes place.

Mr. Howard C. Green (Vancouver South): Mr. Speaker, now that my good friend the hon. member for Cape Breton South (Mr. Gillis) has disposed, at least to his own satisfaction—

Mr. Knowles: Of the Tory party.

Mr. Green: —of the hon. member for Eglinton (Mr. Fleming) and other members of the Progressive Conservative party, I would ask the patience of the house for a few moments while I deal with what seems to me to be the fundamental question raised by this debate. I suggest the question is this: Is Canada in 1949 to have parliamentary government or emergency controls? The resolution under discussion reads:

> That it is expedient to introduce a measure to provide for the continuation of certain orders and regulations of the governor in council for a limited period during the national emergency arising out of the war.

This measure is the great-grandchild of the War Measures Act. As hon. members know, that act permitted the government to take almost any step by order in council during the war. There was no serious quarrel

with such a measure under war conditions. Then in 1945, when the fighting had ended, the government brought in what was called the National Emergency Transitional Powers Act. That act gave to the government much the same powers that had been exercisable under the War Measures Act. I think the act of 1945 was continued in 1946 and then in 1947 we had introduced what was called the Continuation of Transitional Measures Act. I would ask the Minister of Justice (Mr. Garson) to correct me if I am wrong in this outline.

The preamble of the act of 1947 referred to the fact that it was to be temporary. It was mentioned in the headnote also that the powers were to be for a limited period only. Instead of giving the government over-all powers in certain fields, the act had fifty-seven orders in council as a schedule. Your Honour will recall that it was called the Heinz bill, because there were fifty-seven varieties of order in council. In 1948 this act was extended for a period of one year so that it has remained in effect until the present time. Today we are considering its successor, the Transitional Measures Act of 1949.

This great-grandchild was ushered into the world the other evening rather apologetically. The Minister of Justice, who is sponsoring it, had nothing to say at all; he just threw the resolution on the table and sat down. Later in the debate the Minister of Finance (Mr. Abbott) got up and explained that he was to be responsible for some of the orders in council which were to be continued under this new measure, and his statement will be found at page 316 of *Hansard*.

He referred, first of all, to rental control. He explained that he had been trying to palm off rental control on the provinces but had been unsuccessful. He said he was now sponsoring it in this bill. He mentioned also the wartime prices and trade board and said that the price control powers granted to that board would apply only to twelve commodities. Those commodities were flour, bread, butter, citrus fruits, imported canned citrus fruit juices, certain fresh vegetables, imported onions, certain fresh fruits including imported apples and imported grapes, domestic canned vegetables, imported canned fruits, molasses and sugar. It will be noticed that over half of those commodities are imported.

Then the Minister of Trade and Commerce (Mr. Howe) took over and explained that he was responsible for the other three orders in council which were to be retained by this bill. First was steel control, for which he put up quite an argument. The second was timber control, about which he was very halfhearted. He said that that control might be needed for a few months, but he was very lukewarm about it. I understand from British Columbia that the timber control is now of little effect and it would make practically no difference if it were dropped. The third was the priorities control and, like the timber control, the minister said that it would probably be required only for a matter of a few months.

I think members of the government realize that they are not on very firm ground in asking for a continuation of these emergency powers. That may be one reason why so few members of the government are speaking in this debate. Another explanation may be a statement which was made by the Solicitor General (Mr. Jean) last November. I have here a press dispatch reporting an interview given by the minister in Quebec on November 24. It was carried by the Canadian Press and reads:

> Order in council rule era ending.
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> Solicitor General "hopes" no need now for cabinet's wartime power.
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> Quebec, November 24—(CP)—Solicitor General Jean said here Tuesday at a press conference that possibly the last use of procedure by order in council under Canada's emergency transitional powers act has been made by the federal cabinet.
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> Mr. Jean said he is due to present in Ottawa today his final report as head of a committee on application of the emergency powers.
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> He said he hoped there will be no further necessity for cabinet orders under the legislation designed to ease the country from a war to a peacetime administration footing.
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> Mr. Jean made the statement during a meeting with newspapermen.
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> His discussion of administration by order in council was in reply to a question whether the Liberal party was concerned about criticism that the authority of parliament had been supplanted by the cabinet.
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> Mr. Jean said he happened to be in charge of a committee appointed to take charge of the question of returning to parliament administrative power which during the war had been assumed by the cabinet.

It is quite obvious that even last fall the Solicitor General realized the weakness of trying to maintain these emergency powers, but apparently he has been overruled. This resolution is clear evidence of the failure of the cabinet to shake off their wartime mentality; it shows quite clearly that they still have an order-in-council hangover.

The problems to be dealt with by this measure are important and they are difficult. I admit that they are very serious. I think those problems might be summed up as the rental problem, the prices problem and the steel problem. They are much too important to be trifled with, to be left to order in council and regulation under a minister and controllers, deputy controllers, assistants and so

on. They are much too important to be dealt with on an emergency basis. They are really much too deep-seated to be solved by temporary measures. After all, this bill must be considered as a temporary measure whereas permanent remedies are required. The fundamental error in the government's planning has been that it is basing the legislation on war emergency.

Let us take the rental problem first. That problem arises out of a great shortage of housing. There are many reasons for a shortage of housing. In the first place there was a failure to build homes during the 1930's. Then, of course, there was a failure during the war, and we have had a great increase in population since the war. Many thousands of people have come to Canada from abroad. Another reason is that there has been a movement from the farms and rural areas to the towns and cities. I am quite sure that the Minister of Agriculture (Mr. Gardiner) will not contradict me when I make that statement. I believe that the shortage of housing is growing worse each year; in other words, that buildings are not being put up as fast as the demand arises for new homes. Obviously, therefore, the problem will be with us for many years, and it is one of the most serious facing Canada today.

I must say that I think it is also obvious that rental controls cannot be lifted at this time. Such action would result in great suffering, particularly in the cities. Certainly in the very large cities of Canada that would be the case. There should be a clear-cut, definite policy on rental control set out in statute form. If that were done responsibility for the measure would be placed directly on the members of the house rather than on controllers and wartime prices and trade board employees across the country. If rental control were set out in statute form it would give certainty where there is none today for either the tenant or the landlord.

As hon. members know, control today is by order in council and regulation, subject to chopping and changing. Every so often a change comes out. One change benefits the tenant, the next change benefits the landlord, and neither the tenant nor the landlord is sure of his rights. I think the present situation is unfair to both of them. They both have to run to the rental control officers. Lawyers very often do not know what the regulations are, and there is great uncertainty.

I think the greatest uncertainty of all is caused by the fact that no one knows, either in this house or across the country, whether the government intends to stay in the rental field or to get out of it. Apparently the government tried to get out last fall. Now is the time for the government to decide. If it intends to vacate the rental control field a year from now, in 1950, the decision should be announced in order to give the provincial governments an opportunity to pass legislation establishing provincial rental control should they feel that is wise, and also to set up the administration to look after those provincial controls.

Mr. Sinclair: They have had that chance already and did not care to take it.

Mr. Green: No, Mr. Speaker, the member for Vancouver North (Mr. Sinclair) is not quite right in that statement. The government said in effect, "if you want to take over rental controls we will get out of the field", but what provincial premier would walk into that trouble if he did not have to? I am sure if the member for Vancouver North were premier of British Columbia he would not be in a hurry.

Mr. Sinclair: I would think that the premier of Quebec and the former premier of Ontario, who are so exercised over provincial rights, would have gladly moved into that field.

Mr. Green: That is really not a question; it is a speech.

Mr. Deputy Speaker: Order.

Mr. Sinclair: They want all the privileges and none of the responsibilities.

Mr. Green: The point I am making is this. If the government intends to get out of the rental control field in April, 1950, for goodness' sake make that announcement now, or very shortly, so that proper steps can be taken by the provincial authorities. There is another reason why the position should be made clear. Old age pensioners, in British Columbia at least, have been very hard hit by rentals. One of their main problems is to get a house for which they can afford to pay the rent. There are now different service clubs helping to build homes for the senior citizens, which homes rent for a very small fee. They should know well in advance if the control is to be taken off so that plans to help in the construction of these homes can be speeded up.

On the other hand, if the government is not going to vacate the rental control field, then permanent legislation should be passed bringing rental control in line with the dominion housing legislation, tying it in with the present legislation designed to increase the number of homes.

Mr. Cruickshank: What about butter control?

Mr. Green: In any event, no matter what stand the government takes on rental control,

certainly leadership should be given by the dominion in setting up a low-rental housing scheme for Canada. The initiative for such schemes must come from the dominion.

Mr. Cruickshank: What about butter control?

Mr. Green: Just about a month ago the premier of British Columbia was reported in the Vancouver *Sun* as follows:

> The provincial government will take part in a joint dominion-provincial-municipal conference to be held this year on a plan for low rental housing projects, Premier Johnson announced in the legislature.

I was very pleased to read that announcement, but a few days later a question was asked in the house by the member for Vancouver East (Mr. MacInnis), and the reply he got from the Minister of Reconstruction and Supply (Mr. Winters) was to the effect that there would be no such dominion-provincial-municipal conference, but that the dominion would be willing to talk the question over with individual provinces, and I think he also said with municipalities. That is not good enough; that is not going to bring about any low rental housing schemes.

I am afraid that the difficulty is the attitude of the Prime Minister (Mr. St. Laurent) towards the question. He was quoted on October 28, 1947, as having said in Montreal:

> "Subsidized housing threat to democracy"—St. Laurent.

The dispatch reads:

> External Affairs Minister St. Laurent said Monday night "no government of which I am a part would ever pass legislation for subsidized housing." He was replying to a question during a speech to the McGill university Liberal club. Affable, pleasant and apparently happy as he discussed the rise and flowering of Liberalism in Canada, Mr. St. Laurent leaped to his feet during the question period with his answer to the problem of how soon subsidized housing would make its appearance in Canada.
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> "Not while I am there," snapped the minister as he cut off the hardly-heard questioner. He declared he believed it unconstitutional and a threat to democracy.

Much the same attitude was taken by the Prime Minister a few days ago in his speech in "The Nation's Business" series on the radio. He is reported on March 4 this year as having said with regard to subsidized housing:

> I am very definite, however, in my belief that the initiative in providing low-rental housing for civilians should be taken either by the provinces or by municipalities empowered to do so by the provinces.

That does not show much of a tendency to take the initiative in bringing about a low-rental housing scheme. Actually since 1935, when the late Right Hon. R. B. Bennett placed the Dominion Housing Act on the statute books of Canada, the housing legislation has been taken to include low-rental housing schemes, and I repeat that the initiative should come from the dominion.

So much for the rental problem. Now I should like to say a word about the second matter to which I referred; that is, the prices problem. The wartime prices and trade board is now practically gone. It is to be given power only over twelve commodities. So whether we believe or do not believe in that board, the fact is that to all intents and purposes its effectiveness has ended, and certainly it will be quite unable to keep down the cost of living during the year that lies ahead. I think the wartime prices and trade board is to be used largely as a bluff in an attempt to keep prices down; in fact I think that has been the main function of the board in the mind of the government during the last year. Many of these commodities which are to remain under the jurisdiction of the board are imported, as I said a few moments ago, and control over those articles can be maintained by virtue of the export and import permit legislation, which is permanent.

Here, too, on the question of price control, there is need for a long-term policy; and I think the Minister of Justice (Mr. Garson) should study the possibility of setting up adequate control over such things as illegal combines. The government seems very slow in carrying on prosecutions under that act. The machinery provided by that legislation does not seem very effective. Another direction in which thought should be given to permanent legislation is that of keeping the flow of goods at all times free in Canada. We have such things as the withholding of new patents. Improvements are being made; yet under our patent laws it is possible to keep those improvements off the market. That is a field in which the Department of Justice could do a great deal of good, and I think it could do much to keep down prices. In Canada various other unfair practices are indulged in by a minority, not by a majority of the people. The vast majority of Canadians are honest and trying to play the game with their fellow citizens, but I think we do need a tightening up in such legislation.

Mr. Herridge: Such as monopolies.

Mr. Green: Yes; where there are unfair monopolies they have to be dealt with, too. There is a field for permanent legislation, and I suggest the Minister of Justice should be giving attention to matters of that kind.

The third matter I mentioned was the steel problem. That is not a war emergency. The Prime Minister (Mr. St. Laurent) explained on January 28 of this year how the steel prob-

lem arises. At page 67 of *Hansard* he used these words:

> The defence of Canada is a matter of federal jurisdiction at all times; the defence of Canada requires watchfulness and preparation at all times. Steel is an indispensable material for the proper organization and maintenance of those forces which it is the responsibility of the central government to keep in existence.

He based the proposed actions of the government in connection with steel on national defence. Really it was worry over a third world war rather than an emergency arising out of the second world war. And there is to be legislation on steel. I point out to the Minister of Justice that the speech from the throne promises:

> —legislative provision for governmental assistance by loan to the producers of basic steel for the purpose of increasing production.

Why cannot the minister include in that steel legislation the provisions required for steel control, instead of leaving them in order in council form? If that were done parliament would be given direct control over steel. The order in council which this measure will keep in force gives to the steel controller and all his henchmen absolutely dictatorial power over the steel industry, including such things as the mining of iron ore. I would refer hon. members to the interpretation clause of that order in council, which defines "steel" to include all steel products, iron ore, iron metal, alloys of iron and carbon, with or without other metals, any raw materials and minerals excepting coal and coke which go into the making of steel and also any scrap metal. It provides further that the minister may declare in writing that any article, commodity, substance or thing may be included or excluded from "steel" for the purpose of these regulations. The order in council also gives the controller this power:

> To enter on, take possession of, and utilize any mine, land, plant, factory, mill, refinery, smelter, foundry, warehouse, building, or place or any equipment used or capable of being used for the purpose of producing or dealing in or with steel and to deal in or with or take possession of any vehicles, cars, ships, locomotives, or other equipment deemed by the steel controller to be required or useful for the operation of any such mine, plant, factory, mill, refinery, smelter, foundry, warehouse, building or place and/or for producing or dealing in steel or equipment—

And "equipment" is very widely defined.

> —provided that any order of the steel controller made under the powers vested in him by this paragraph shall be subject to any conflicting valid order of the transport controller appointed by the government on the recommendation of the Minister of Transport.

The widest possible power that can be expressed in the English language is given in that steel control order; and I suggest to the Minister of Justice it is now time that we had these provisions in statute form, and further that it is time for a permanent steel policy.

Finally, our main objection to this measure is the fact that emergency powers are continuing. Emergency powers are dangerous. Surely the ministers must realize that. Such powers give the persons who exercise them delusions of grandeur. They forget they are the servants of the Canadian people, not their masters. I need only quote from the article by the hon. member for Quebec South (Mr. Power) in *Maclean's* magazine of February 1, 1947, entitled "What's Wrong with the Liberals?" No one knows better than the hon. member for Quebec South what is wrong with the Liberals. Here is what he said:

> During the war years we all drifted away from democratic ideas and principles. The condition was not peculiar to the one party. It cut across every element in the nation. I believe most Canadians were in accord with the process invoked to fight the war—the extraordinary steps taken, the controls, the censorship, the security powers, the bypassing of parliament, what was tantamount to government-by-decree.

And he went on:

> Undoubtedly speed, efficiency, expediency and secrecy were essential in wartime. But there is no need for any continuing sacrifice of cherished liberties or democratic principles today.

Then he went on to say:

> Extraordinary power does something to the people who wield it.

That sets forth our views on these emergency powers. There is a further reference contained in the book "From Smoke to Smother", by Douglas Reed. He is the author of "Insanity Fair", the book which was written before the war and which showed us so clearly what was going to happen. At page 174, he is dealing with the United Kingdom government's emergency powers, and he says this:

> Under "emergency powers" power becomes irresponsible, like a high-tension cable cut loose. When individual ministers may do this or that by signing a paper, without submitting it to parliament, the doctrine of collective governmental responsibility collapses and the limits of departmental authority become blurred.

Finally, Mr. Speaker, since the opening of this session a very clear example of the dangers of emergency powers has come to my attention. Some members will recall that I raised a question in this chamber concerning what is known as the Fraserview project in greater Vancouver. That is a veterans' housing scheme under the Central Mortgage and Housing Corporation. The objective of the scheme is worth while. It is to establish homes for eleven or twelve hundred veterans. The corporation expropriated a certain area in the southeastern corner

of the city of Vancouver for this scheme. In that area there were between two and three hundred home owners. Instead of dealing with those home owners individually and attempting to see that they were not upset, the corporation simply expropriated the whole property, including the homes.

The expropriation plan contained a complete change of streets and lot boundaries. The corporation told these people they could have no more than about a forty-foot lot. If one had more than that, even though it was in garden or being used for chickens, it was taken away. If a person had a vacant lot in that area, that was taken too. There was in my office yesterday a man who bought two lots back in 1910. He is a Saskatchewan railroader who went out to Vancouver and selected these lots. He paid taxes on them from that time until today, and yet he was told the lots were being taken from him but he would receive compensation.

I have a letter from one man, the first letter I received about the project. I am going to read it to the house because it sets out the picture very clearly. It is dated the 4th February, 1949, and reads as follows:

> Enclosed you will find a copy of a letter which I received on Friday of this week.

The letter to which he refers is from an officer of the Central Mortgage and Housing Corporation.

This letter from my correspondent continues as follows:

> It was quite a shock to me when about two weeks ago I returned home from work and my wife said that somebody had been into my place with a tractor, doing damage to the rear of my garden. I found out that the men were working for the Central Mortgage and Housing Corporation.
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> I went in to see Mr. Walker, and asked him why they were working on my property, and he said, "They had taken it over as of December 20, and it was not mine any longer, as they had expropriated it," and that they would compensate me for damage done, if any.
>
> As I have a clear title to my property, which consists of a house, and lot 80 feet by 275 feet, which is in garden and orchard, all improved, I objected strongly to their attitude in trespassing on private property. Mr. Walker said I would get a notice later on, to say what they were doing about my place, and the enclosed letter is apparently a vague notice from them that they are taking part, and they don't say how much, of my garden.
>
> Is this country that I have given nearly nine years of my life in two wars to fight for, and is now submitting to such things, a free country any more? Is my home safe, or will I get notice tomorrow that they want my house as well? Who gave the Central Mortgage and Housing Corporation power to expropriate homes, land, etc., just to build more homes as a money-making scheme?

My correspondent is not correct, of course, about the money-making scheme.

> I am only one of hundreds who have to submit to this unheard of robbery. The war was over three years ago, and these emergency measures should have been scrapped as soon as the war stopped, so that one's home should be safe.
>
> We don't mind the company building new homes on vacant land, but we do object to them cutting up improved lots and gardens.
>
> Mr. Walker says my lot 80 feet by 275 feet is too big for one person, even though it is all in garden and fruit and helps to make a living for the home. Who is he to judge the size of a person's lot and garden?
>
> I came out to this country in 1911, to the Okanagan, where I lived until, being discharged from this war, and, being physically unable to work a farm any more, I bought a place here. Now I am told I have to give up half of it. I object very strongly to being confined to just a house with no garden, and I intend to fight this thing through as long as I am able to.
>
> I hope you will be able to do something to bring this injustice to light in parliament, and stop the company from turning people out of their homes, just to build new homes for other people, so that they can make money out of it.

The latter statement, of course, is hardly correct.

> Make them leave the improved property alone. There is no such emergency to steal a person's garden, when there are millions of vacant acres all over the province.

The following is the relevant paragraph from the attached letter from an employee of the Central Mortgage and Housing Corporation:

> On December 20, 1948, an expropriation plan was filed which covered a considerable area in South Vancouver including the property above referred to. In accordance with the new plan which is proposed for the area, your buildings will remain as they are presently located, but the size and shape of the lot will be somewhat altered and that part of the lot which will not be appurtenant to the buildings on the new plan will be retained by the crown and used by it for its Fraserview project.

This clearly indicates he was going to decide how much land anyone could have. Since the question was raised here Central Mortgage and Housing Corporation has been trying to clear up this situation. It shows the dangers of these emergency powers, Mr. Speaker. There is no place in the Canadian system of government for powers of this type.

Mr. Howe: May I ask the hon. member a question? What have the emergency powers to do with the expropriation of land for housing in Vancouver?

Mr. Green: I cite that as an example of the dangers inherent in these emergency powers, and the attitude the emergency powers must, of necessity, breed in the minds of the people who have to administer them.

Mr. Howe: The power of expropriation for federal purposes is as old as Canada.

Mr. Green: The minister missed the point about which I am complaining. I am complaining about Central Mortgage and Housing Corporation simply walking in and taking

away the homes and gardens of these people. Some of these men were earning part of their living by using the land.

Mr. Howe: That has no place in the discussion of emergency legislation. Emergency legislation is not involved in that.

Mr. Green: It is that sort of power about which we are complaining.

Mr. Howe: We would have to repeal the Expropriation Act.

Mr. Green: I say the emergency powers are of that type. I would repeat that the main question to be decided on this measure is whether we are to have in Canada parliamentary government or emergency controls. This party and I, personally, stand for parliamentary government.

Mr. Cruickshank: May I ask the member a question? Are you in favour of floor and ceiling prices for butter?

Mr. Green: I do not know what that has to do with this subject.

Mr. Cruickshank: He is afraid to answer because of the farm vote.

Mr. Green: I am not afraid of any question the member for Fraser Valley (Mr. Cruickshank) can ask or the heckling remarks he makes. Most of his remarks in the house are heckling, unfortunately. I believe that measure has been passed by legislation in this house.

Mr. Cruickshank: Are you in favour of the floor price?

Mr. Green: Yes.

Mr. Daniel McIvor (Fort William): I do not intend to say very much, but I should like to inform the hon. member for Vancouver South (Mr. Green) that the reason we are not saying much in this debate is due to the fact that we know we are right. We can afford to keep quiet. I remember when rent controls came into effect some people were not wise enough to raise their rents when the rent was too low. Some of these hardships were rectified, perhaps most of them. I do not want to see rent controls lifted until there are enough houses to satisfy the needs of all our workers. But the effect of the lack of housing has not been all bad. We know that the building business has connected with it more allied industries than perhaps any other. As long as there is a need for housing and building there will be a need for cement, for lumber and for nails, as I am sure somebody will agree. As long as we have need for building and construction, we shall have good times. I am strongly in favour of keeping the controls until there is enough of the commodity to satisfy the need or until there is more of the commodity than there is money to pay for it.

Mr. G. S. White (Hastings-Peterborough): I wish to speak briefly, Mr. Speaker, on the resolution before the house, which is to continue certain so-called emergency controls under the guise of the national emergency.

When the order in council was passed in November, 1941, P.C. 8528 which set up the wartime prices and trade board, its preamble contained the following words:

> . . . the wartime prices and trade board regulations were made and established to provide safeguards under war conditions . . .

Under that order in council we in Canada for the first time had an octopus which controlled the economy of this country. This original order in council conferred most sweeping powers on the officials of the wartime prices and trade board. I imagine that few people in Canada, apart from lawyers, have during the war years and to date fully read the many orders in council, regulations and orders passed by the board and by the administrators and officials under the board who had delegated authority. A mere glance at many of these orders and regulations would show that the most sweeping powers are conferred upon the board.

During the time that this board has been in existence it has been a law unto itself because, under these original regulations which are still in effect, the powers granted to the board could be delegated. Certain officers of the board were given authority to issue orders and regulations, which orders and regulations would have the force of law. These officers to whom these powers were delegated have, through the years, issued hundreds and hundreds of various orders and regulations which all have the force of statute law. In many cases these same officials have interpreted their own orders and regulations.

In the resolution before the house there is a slight change in the wording from that contained in the original order in council which set up the wartime prices and trade board. The original order was "to provide safeguards under war conditions." The resolution before the house refers to "the national emergency arising out of the war." Yesterday the leader of the opposition (Mr. Drew), when speaking on this resolution, pointed out clearly that the government to date has not offered the house any explanation or any evidence as to why any of these controls should be extended, with the exception of rent control, which must be continued because of the sorry mess and muddle into which this government has got all housing. I think the government and the responsible minister should explain clearly to the members of this house why it is necessary to

extend these controls in an omnibus bill which is about to be presented to the house.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at seven-thirty o'clock.

Mr. White (Hastings-Peterborough): Mr. Speaker, just before the dinner recess I was dealing with the remarks made yesterday by the leader of the opposition (Mr. Drew) when he read certain extracts from a judgment of the Manitoba court of appeal. Some of the extracts he read showed that the court had analysed the matter and had set forth its opinion as to what constitutes a national emergency. They came to the conclusion that there was no national emergency in the case at bar.

Through you, Mr. Speaker, I would ask the responsible minister to indicate to the house full information as to why these so-called emergency controls—with the exception of rent controls—are still necessary. A mere glance at the original orders in council clearly indicates the very wide powers given to the wartime prices and trade board. I should like to indicate briefly some of the extraordinary and in my opinion somewhat arbitrary provisions of some of these orders in council, as set out in the office consolidation of these rental regulations for February, 1949.

At page 6 I find the following extract:

> The board shall have power from time to time to enter any premises, to inspect and examine the same and any or all books, records and documents in the possession or control of any landlord or of his agent, and to require any such person to produce such books, records and documents at any place before it or before any person appointed by it to investigate, and to take possession of any or all of such books, records and documents.

And at pages 7 and 8:

> The board may exercise its powers by order and may from time to time delegate to any person and authorize him to exercise from time to time such of the powers of the board on such terms as the board deems proper; and the signature or countersignature by the chairman of any order purporting to have been made by such person under authority of the board shall be conclusive evidence of such authority but nothing in these regulations shall be construed as requiring such signature or countersignature.

Then, in the same book, a severe penalty is set out whereby, upon conviction, an accused is liable to a fine of $5,000 and subject to imprisonment for a period not exceeding two years. At page 10, under the general provisions, there is this very interesting regulation:

> Every provision of the Interpretation Act shall extend and apply to every order published or printed in the *Canada Gazette* or Canadian war orders and regulations or statutory orders and regulations or in any extra thereof or extract therefrom purporting to have been printed by the King's Printer for Canada, but nothing herein contained shall be construed as requiring such publication or printing.

I would point out the significance of the last few words, "but nothing herein contained shall be construed as requiring such publication or printing." It seems to me that under that provision an order of the board could be passed and some regulation made by the administrator which would be binding; and it would not be necessary to have it published in the *Canada Gazette* or under these other provisions.

While those regulations are severe enough, I should like to refer to some of the regulations under P.C. 8528, in the office consolidation of that order in council, which deals with the immunity of all persons employed by the board. Section 15 states:

> No member of the board and no administrator or other person employed or appointed by the board or acting on behalf of or under authority of the board shall be or become liable to any person for or in respect of any act or omission of himself or any other person in the exercise or purported exercise of any power, discretion or authority or in the performance or purported performance of any duty conferred or imposed by or under these regulations or any regulations for which these regulations are substituted or otherwise conferred or imposed by the governor in council.

And section 15 (2) states:

> No proceedings by way of injunction, mandatory order, mandamus prohibition certiorari or otherwise shall be instituted against any member of the board, administrator or other person for or in respect of any act or omission of himself or any other person in the exercise or purported exercise of any power, discretion or authority or in the performance or purported performance of any duty conferred or imposed by or under these regulations or any regulations for which these regulations are substituted or otherwise conferred or imposed by the governor in council.

It seems to me that nowhere under any dominion statute or under any provincial statute in Canada will one find such wide and sweeping powers given to any board—a board which has authority to make orders and regulations which have the force of law, a board which has authority to delegate powers to make orders and regulations—and then, as the crowning indignity of it all, in section 15 (2) to provide that no person shall have any right of any action against any official of the board, no matter what he or she may do.

It seems to me it will be most difficult for any members in the house to vote for the continuance of such autocratic powers. I would point out that at least in Ontario there has been a wide difference of opinion as to the meaning and legality of many of the orders and regulations passed by the

board. Not only is there the judgment of the Manitoba court of appeal referred to yesterday by the leader of the opposition, where it was decided that there was no emergency, but also in Ontario we have the recent decision of the Ontario court of appeal in the McGinn case, in which it found certain provisions of the wartime prices and trade board regulations were invalid. And any Ontario lawyer who follows the law reports must have been impressed by the wide difference of opinion between judges of the county courts and justices of the supreme court as to the meaning of these various orders and regulations.

I would refer to the Ontario Weekly Notes of February 18, 1949, page 95, where a justice of the Ontario court of appeal, giving the judgment of the court in a rental appeal case, made this very significant statement:

> I confess to having had much difficulty in trying to understand that section, particularly subsection 2 thereof.

In the judgment of the court of appeal the judgment of the court below was upset. In my opinion that shows, as I said, that there is a great difference of opinion among members of the judiciary as to the exact meaning of these orders and regulations.

In another Ontario case reported in the Ontario Weekly Notes of January 14, 1949, a justice of the supreme court of Ontario, giving judgment in a rental appeal case, made this significant statement, as it appears at page 4:

> Looking at the matter apart from authority, one must realize even now, and despite the changes which have come about as to the extent of government intervention in private affairs, that order No. 294 is a somewhat extraordinary and arbitrary invasion of what was formerly regarded as the private business of the ordinary citizen.

I ask you to note the words of the justice where he states that the order is an extraordinary and arbitrary invasion of what was formerly regarded as the private business of the ordinary citizen. I agree entirely with what the leader of the opposition (Mr. Drew) said yesterday when he asked the minister to bring in separate bills for each of the controls he is now asking to have continued. I think it is only reasonable that we members of this parliament should put into statute form those controls which it is found necessary to continue so that the Canadian citizen will know exactly what are his rights.

When consideration is given to the far-reaching and arbitrary orders and regulations that have been issued by this board; when consideration is given to the wide and sweeping powers conferred on the board with the additional authority to delegate those powers to other persons; when consideration is given to the complete immunity of the board no matter what its actions may be, I wonder how any hon. member can vote for this resolution and persuade his own conscience that such powers are in accordance with well known, well defined and well established Canadian legal procedure.

On many other occasions I have referred in this house to the manner in which the wartime prices and trade board have carried out their duties. This board has sent snoopers around the country to harass and embarrass merchants. Where one merchant will be prosecuted, the next goes free although he is guilty of the same offence. In the face of such tactics I wonder how the board can expect the Canadian citizen to respect the methods under which these regulations and orders are administered.

We have heard a lot about tenants. As a country lawyer I have had much to do with both tenants and landlords. I should like to point out that landlords as well as tenants have certain legal rights. From my own personal knowledge of many cases in my own county I have come to the conclusion that the landlord might just as well have stayed at home rather than attend the hearing for all the benefit he received.

One is perhaps inclined to forget that in the average small municipality the total revenue is derived from taxation on real estate. Taxes, replacements, repairs and everything else in connection with rental property have increased greatly. So far as labour and materials are concerned, the increase is anywhere from 50 to 100 per cent. Taxes have also increased greatly, but the landlord has been allowed an increase of only 10 per cent.

I can readily understand why the socialist C.C.F. will be ready to vote for the resolution. The socialists are all for controls and if they saw their way clear they would regiment the entire economic life of this nation. In my opinion no government can make a nation great by planned economy through controls. The sooner these socialist controls are removed, the sooner we get away from a paternal state which feels that it has to spoon-feed the Canadian people, the better it will be for the general public.

In his short but effective speech yesterday the hon. member for Stanstead (Mr. Hackett) summed up the whole matter in the concluding paragraph, which is to be found on page 1466 of *Hansard* and which reads:

> I am going to suggest that the government reverse its policy. It has tried about everything so far—everything but letting the people manage their own affairs. I suggest that we go back for a short time to those good days when honest and competent people were permitted to look after their own

business and that this paternal government seek other pastimes, and other fields of amusement than attempting to manage the private affairs of the discontented people of Canada.

Mr. L. W. Skey (Trinity): Mr. Speaker, I did not think I should let this debate go any further without putting on the record some extracts from a document which to me appears to be one of the most significant that has come into the hands of members of parliament. It reports on the experience of France where property was placed under rent control in 1914; and from that time up to the present French property has been subject to rent control. Recently there has come into my hands a document written by a Frenchman by the name of Bertrand de Jouvenel, entitled "No vacancies."

Before I put this on the record I should like to refer briefly to what the leader of the opposition (Mr. Drew) said yesterday when referring to this matter, as reported on page 1454 of *Hansard*. I quote:

The emergency in regard to rental housing is entirely an emergency created by this government. If they want to deal with that, let them do so by a proper bill that will recognize the rights of those who occupy homes and of those who own them, and will permit proper housing plans under the various controls they already have and are seeking to perpetuate.

There cannot be an urban member in this house who is unaware of the problems that face his constituents arising from the government's rental control policy. Property owners are being disfranchised to some extent and tenants are being made uncomfortable. In most cases tenants are unable to look forward to finding alternative accommodation. There cannot be an hon. member of this house who does not want to see the right solution found that will permit the landlord to have reasonable control over his own property and permit the tenant an opportunity to seek alternative accommodation at reasonable rental.

Mr. Bertrand de Jouvenel, as I said before, has written this significant pamphlet. I think I should begin by quoting his final conclusions which are to be found in a short paragraph entitled "Road to ruin," which reads:

Possibly the French example may prove of some interest and use to our friends across the sea. It goes to show that rent control is self-perpetuating and culminates in both the physical ruin of housing and the legal dispossession of the owners. It is enough to visit the houses in Paris to reach conclusions. The havoc wrought here is not the work of the enemy but of our own measures.

That is his concluding paragraph. In the foregoing pages he sets out the whole bleak history of what has happened in his country under rental control. It would be very unfair for me, Mr. Speaker, to take a stand for my party that would not be in line with what my leader has said. I would be the last one to want to do that, knowing of the position that tenants in my city find themselves in today, but I do feel that it is my duty to call the attention of the house to this history which is written so clearly, because I know there is not a member here who wants to find the same thing happening in our country that has happened in France.

Here is a quotation entitled "Bootleg housing", which reads:

In short, rents are very low but there are no lodgings available. Nor are any being built. And practically none have been built for the last twelve years.

Here is another quotation entitled "Parisian plight", which reads:

To go into sordid details, eighty-two per cent of the Parisian population have no bath or shower, more than half of the population must go out of their lodgings to find a lavatory, and a fifth do not even have running water in their lodgings.

Here is another example:

To take an example of a very common situation, here is a lady who owns three buildings containing thirty-four apartments, all inhabited by middle class families. Her net loss from the thirty-four apartments, taxes and repairs taken care of, is $80 per year. Not only must her son put her up and take care of her, but he must also pay out the $80. She cannot sell; there are no buyers.

This is a man who has no axe to grind in our country, and in this document we can read the record of what has happened in France. That is why I should like to place myself on record as being in full agreement with the member for Vancouver-Burrard (Mr. Merritt) when he said this afternoon that the Minister of Reconstruction and Supply (Mr. Winters) should have under his jurisdiction both sides of the problem, not only the housing problem, positive action to obtain homes for Canadians, but also the negative side which is the controlling of rents. Only by having them both under his administration can the whole problem be seen in its proper perspective by one minister of the government.

I should like to change the course of my remarks for a moment and refer to the speech made this afternoon by the hon. member for Cape Breton South (Mr. Gillis). It was an amusing and interesting speech, but I do not believe that the theories which he advocated would be of any use in this country. He was talking straight socialism. As far as socialism is concerned a documentary record is being written for us today in another land across the Atlantic, Great Britain. I should like to refer the house to a few of the things that have been said in Great Britain so that those who read *Hansard* will have on record the other side of the question.

Mr. Archibald: Especially the by-elections.

Mr. Skey: Perhaps we had better wait for the general election to know more about that. Back in 1947 Mr. Churchill described the socialist administration—

Mr. Speaker: Order. I called the attention of members of the house very often last night to the fact that their remarks should be relevant to the subject under discussion. I again ask members to see that their remarks are relevant to the motion which is before the house. I point out to the hon. member that there is nothing whatever in the motion that has any reference to socialism.

Mr. Skey: I shall bow to your ruling, Mr. Speaker, but I would—

An hon. Member: Louder.

Mr. Skey: I would say—

Mr. Knowles: A little louder.

Mr. Skey: Speaking of controls, we are discussing the socialist doctrine. Perhaps I should say the doctrine of "controlism" rather than socialism, but really they are one and the same thing. They deal with restrictions. Mr. Churchill is speaking of the type of controls which we are debating under this motion. Mr. Churchill refers to them thus:

> By their restrictions they make scarcity; and when scarcity comes they call for more restrictions to cure it.

I contend that is what controls are doing in Canada, and that is what they will continue to do. In August, 1947, he describes these controls in England as crazy theories.

Mr. Archibald: What about 1933 in Canada?

Mr. Speaker: It may be very clever for the hon. member for Trinity to phrase his remarks in the way he has put them just now, but he should not discuss controls which are imposed in Great Britain. I would ask him to keep his remarks relevant to the motion.

Mr. Smith (Calgary West): On a point of order, in view of what you have said, Mr. Speaker, may I say that in any sort of forensic effort in any arena anywhere comparisons are always relevant to the subject. All the member for Trinity is doing at the moment in his discussion of controls is making a comparison with the exercise of controls in another country. With the greatest respect and deference to you, Mr. Speaker, I submit that the comparison is entirely relevant. No one can discuss a motion in this house and be confined merely to the wording of something that is given us by the government. We must go outside by way of comparison to bring truth, whether it be in favour of or against, to bear on the measure before the house at this or any other time. With the greatest respect and deference, sir, I submit that these remarks are entirely relevant to this subject.

Mr. Skey: I need not go through a long story, but perhaps I can make indirect reference to the effect of these controls in Great Britain. No one was happier than I to learn by today's newspapers that Britain has balanced her exports and imports. I do hope that is the result of a little sanity creeping into their control and socialist theories. However, they have been described as leading the country into bankruptcy and disaster. The man who has control of food in Great Britain, Mr. Strachey, was met by a mass of women pickets outside the House of Commons and subjected to their very evident wrath.

Mr. Thatcher: They keep voting for them.

Mr. Skey: Well, wait until the end of this year, or 1950; perhaps there will be another story to tell then.

Mr. Probe: You still believe in democracy, don't you?

Mr. Skey: I certainly do.

Mr. Smith (Calgary West): He does, but you do not know what it is.

Mr. Skey: I can tell you something in which I do not believe. A little earlier I was referring to the remarks made by the hon. member for Cape Breton South (Mr. Gillis). On June 24 of last year, at page 5822 of *Hansard*, 1948, he was dealing with wage controls, and was interrupted by the Minister of Labour (Mr. Mitchell) who asked this question:

> Do I understand the hon. member correctly, that he believes there will have to be a restoration of direction of labour?
> Mr. Gillis: Absolutely.

That is something I do not believe in, and I do not think the trade unionists of this country believe in it either.

Mr. Archibald: What did R. B. Bennett do?

Mr. Skey: As I was saying, Mr. Speaker, I do not think the trade unionists of this country believe in that doctrine. Certainly I do not believe in it, and never will. I should like to tell the house what the *Northern Miner* of September 16 had to say about it:

> Trades unionism is essentially an outgrowth of the system of free enterprise. It is part of the machinery of checks and balances which hold our economy level. It has no place in the socialist state where the interests of any particular group must be subordinated to what the governing body considers to be the interest of the state itself.

Mr. Speaker: Order. Now the hon. member is discussing trade unionism. Again I would ask him to confine his remarks to the resolution under discussion.

Mr. Smith (Calgary West): Again, Mr. Speaker, on a point of order, when you permit interruptions and questions of the kind we have heard tonight, are you going to rule that the hon. member who has the floor has not the right to answer them?

Mr. Speaker: Order. At different times I have suggested to the hon. member that I thought his remarks were not relevant. I am sure his last words were not, so I am asking him again to abide by the rules. That is all I am doing.

Mr. Smith (Calgary West): With the greatest respect and deference I would point out that the last remarks of the hon. member were in reply to interjections and questions coming from the socialist party immediately to my left. If you are going to rule that he cannot answer them, then you must rule that they should stop this nonsense.

Mr. Speaker: Order. I am not ruling against anyone; I am simply asking the hon. member to abide by the rules.

Mr. Skey: I am sorry I appear to be infringing upon certain rules of this house. I do not mean to. I am endeavouring to discuss objectively the doctrine of controls. This is a control bill; controls are an essential part of socialism; and I have referred to the treatment of labour and the control of labour and its effect on trade unionism because I believe this is very important. As you know, the *Northern Miner* is one of our finest newspapers. It provides a great service for northern Quebec and Ontario and is intimately connected with the mining communities and their trade unions.

Mr. Speaker: Order. I call the attention of the hon. member to standing order 40, which will be applied if I have to rise again because of his remarks:

> Mr. Speaker, . . . after having called the attention of the house, or of the committee, to the conduct of a member who persists in irrelevance, or repetition, may direct him to discontinue his speech . . .

If the hon. member does not wish to abide by the rules of the house I shall have to ask him to resume his seat.

Mr. Skey: I have done my best to abide by the rules of the house, Mr. Speaker, and I find it difficult to see where I have infringed upon them. Therefore I must conclude my remarks.

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker—

Mr. Smith (Calgary West): Will this conclude the debate?

Mr. Garson: I understand not.

[Mr. Speaker.]

Mr. Smith (Calgary West): I hope it will not be said that I made a speech. I merely asked a question.

Mr. Garson: Am I correct in my understanding, Mr. Speaker, that this will not close the debate?

Mr. Speaker: I stated yesterday that the motion that the previous question be now put is not a substantive motion, and that being so there is no reply.

Mr. Garson: That answers the question of the hon. member for Calgary West.

Mr. Jackman: How does it answer it? Do you close the debate?

Mr. Garson: No.

I rise to take part in this debate, Mr. Speaker, because several of the allusions that have been made by members of the Conservative party to the subject matter have seemed to me so erroneous as to reflect a misconception of some of the facts and legal principles involved in this matter. However, I should like to congratulate all of those, with the possible exception of the hon. gentleman who has just taken his seat, who have taken part in this debate today, on the excellent relevancy which has been preserved and in some cases even upon the force of their arguments. They were all arguments made by adults for adults, and in this respect quite different from those offered by the members of the same party in the debate yesterday. I can think of nothing which would have been more useful to the leader of the opposition (Mr. Drew) than to be in the house this afternoon and hear the speech delivered by the hon. member for Eglinton (Mr. Fleming). He would have learned much about how a case should be presented to this house in a matter of this kind.

From this I would not wish it to be inferred by any means that I agree that the arguments presented by the hon. member for Eglinton were sound. Before resuming my seat I hope to deal with most of the main arguments made by him and his colleagues. In the meantime I think the time would not be wasted if we gave some attention to the legal aspects of the question now before us.

The resolution we are considering is intended to lead to the introduction of a bill to amend the Continuation of Transitional Measures Act of 1947. The first two recitals of the preamble of that act are quite relevant to this discussion, and I should like to read them:

> Whereas parliament, in view of the continuation of the national emergency arising out of the war, by the National Emergency Transitional Powers Act, 1945, conferred upon the governor in council certain transitional powers, pursuant to which the governor in council has continued in force certain

orders and regulations made under the War Measures Act and has made other orders and regulations; And whereas the national emergency arising out of the war, in certain aspects, has continued since the unconditional surrender of Germany and Japan and is still continuing . . .

When we amend an act introduced by a preamble of that sort, by substituting another section 7 providing for its termination approximately a year hence, we in effect import that preamble into what we are doing in this piece of legislation. In other words, as the leader of the opposition quite correctly stated yesterday, this house takes it upon itself to declare that in certain aspects the war-induced emergency which gave rise to the Continuation of Transitional Measures Act, 1947, then continued and is still continuing today.

That act of 1947 was quite short, containing only seven sections. The first set out the short title. The second provided that the orders and regulations set out in its schedule would continue in force. The third section provided for the employment of the necessary persons to administer it; the fourth, that the governor in council may revoke in whole or in part any of the regulations named in the schedule to the act; the fifth, provided for the publication of these orders; the sixth, the coming into force of the act; and the seventh, which we are now amending by the bill before us, the duration of the act. From the beginning, it has been on a temporary basis, renewal from year to year. It does not, therefore, present any of the dire consequences such as those envisaged by the last speaker in the case of France or Britain because the nature of this legislation from its commencement has been of an emergent or temporary character. The language is designed to carry out that idea.

Mr. Smith (Calgary West): Are you quoting from the new bill or the old one?

Mr. Garson: The bill we are now seeking to introduce is a bill which substitutes a new section for the old section 7 in the Transitional Measures Act of 1947. When we put in that new section 7—

Mr. Fraser: We have not got that bill.

Mr. Garson: Which bill?

Mr. Fraser: The bill about which you are talking.

Mr. Garson: The resolution we are discussing is preliminary to the introduction of the bill—

Mr. Fraser: The minister is not in order.

Mr. Garson: In any event, I have no more to offer on that aspect of the matter. I think hon. members who were very much concerned today, one of whom was the member for Eglinton (Mr. Fleming), as to what orders in council are still in effect under this bill we have before us—

Mr. Pearkes: On a point of order, Mr. Speaker, I have no bill before me. It has not been issued.

Mr. Garson: Mr. Speaker, to this resolution which is before my hon. friend, the orders in council under the Transitional Measures Act of 1947, are exceedingly relevant. The member for Eglinton, if I am not mistaken, had the consolidated office copy before him and read from it from time to time. He based his argument on it and no person on this side of the house thought it proper to question the relevancy or propriety of any of the remarks he made.

Mr. Fraser: That was all right.

Mr. Garson: The member for Calgary West (Mr. Smith) is now taking a position that is the very antithesis of the position he took about five minutes ago when he was raising points of order, that it is not possible to refer to any of these orders in council. It would then be quite impossible to answer any of the arguments of the member for Eglinton (Mr. Fleming) because it would be impossible to refer to the orders in council to which he was referring.

Mr. Smith (Calgary West): On a point of order, my question was, are you reading from the new bill or the old one. That is the only question I asked.

Mr. Garson: I have passed that part of my argument in which I was referring to them.

Mr. Smith (Calgary West): Then do not say that my present position is the antithesis of something else because I have not said anything since I asked that question.

Mr. Garson: Very well, Mr. Speaker, if it will make my friend any happier I am quite prepared to withdraw my remark that his present position is the antithesis of his former one.

Mr. Smith (Calgary West): I am very happy and I thank the hon. member.

Mr. Garson: There has been some attempt, or if there was no attempt it was an accident, to convey the impression to the members of this house that the orders in council and controls were increasing rather than diminishing and that, as in France, they threatened to destroy real estate values as well as the liberty of the subject. Actually, a great deal of progress has been made towards diminishing the number of orders in council.

The member for Vancouver South (Mr. Green) referred to the fact that there were fifty-seven orders in council. He said it was the Heinz bill because there were fifty-seven orders covered in the schedule. He is quite correct in saying that there were fifty-seven orders in the bill as it was presented to the House of Commons, but before the bill reached the final stages the number had been reduced to fifty. Out of those fifty, we are now concerned with carrying on in force only twelve. I should like very briefly to go over the orders in council contained in the schedule to the act of 1947 and indicate, by subject matter, those which have already been revoked, as indicating the very great extent of decontrol which has already been effected by this government. I should also like the privilege, Mr. Speaker, if hon. members will accord it to me, of putting on *Hansard,* for their convenience, the whole text of this list of the orders in council contained in the schedule to the Transitional Measures Act including both those which have been revoked, and those which are still in force.

The first of these was P.C. 5424, the agricultural food board regulations, respecting the recovery of subsidies. The next is P.C. 6759, respecting the repayment of subsidies and regulations on agricultural products. Then there were five regulations dealing with the civil service commission and relating, for example, to the appointment of ex-service men to the civil service, to veterans preference, and like matters. Then, under the Department of Finance, there was P.C. 394 dealing with the importation of anthracite coal and exempting it from customs duty. P.C. 8042 dealt with coke made from coal and exempting it from war exchange tax when used as fuel for cooking or baking foods or for heating buildings. Then there was P.C. 9058 dealing with bagging material, the importation of which is exempt from customs duty. Next there was P.C. 9781 which dealt with well-drilling machinery and the tariff treatment accorded to it.

Then, under the wartime prices and trade board, P.C. 9870, authorizing the incorporation of the Commodity Prices Stabilization Corporation, has been revoked, as well as P.C. 5518, the repayment of subsidy order. The next one was P.C. 6497 which created ration coupon banking.

Under the Department of Fisheries, there was P.C. 6289, regulations for control of salt fish and appointments thereunder.

Mr. Smith (Calgary West): Was that the regulation of salt fish and appointments thereunder?

Mr. Garson: Regulations for the control of salt fish and appointments thereunder.

[Mr. Garson.]

Mr. Smith (Calgary West): Under the fish or what?

Mr. Garson: Then, under the Department of Labour, the wartime labour regulations which, as we know, control wages and salaries—

Mr. Knowles: No, labour relations, not wages and salaries; that was P.C. 9384.

Mr. Garson: I am giving the number of the main order in council in each case. Amendments made by other orders in council I am not going to refer to because there is such a large number of them.

During the debate this afternoon the member for Eglinton (Mr. Fleming) argued that this bill which we are now seeking to introduce into the house would permit wage control. He did not explain how he arrived at this extraordinary conclusion and, personally, I am at a loss to understand how he could arrive at it because my information, obtained from reliable sources, is that all the orders in council dealing with wage and salary control have been revoked, the board disbanded and the machinery dismantled. Moreover, section 2 of the bill which it is now sought to bring before the house, limits the authority—

Mr. Fraser: The minister is not allowed to say it.

Mr. Garson: All right. I will not say it. I will leave it to my hon. friends to make their erroneous allusions to these matters out of the wisdom of ignorance upon which they draw so heavily from time to time.

Then under the Department of Labour—and I am still dealing with decontrol; these are controls that have been taken off, as some people in Canada would argue perhaps too rapidly—P.C. 7355 dealt with financial assistance to voluntary repatriates to Japan and for liquidation and transfer of their assets to Japan. Then under the Department of Mines and Resources, P.C. 7167 reserved to the crown radioactive substances in the Yukon territory and P.C. 7167 reserved to the crown radioactive substances in the Northwest Territories. In the Department of National Defence, P.C. 6638 provided post-discharge benefits to members of the armed forces serving in an interim force; P.C. 3617, naval, military and air force estates regulations; P.C. 349, regulations respecting claims by or against the crown involving members of naval, military or air forces (overseas); P.C. 363, consolidated regulations respecting salvage services of His Majesty's Canadian ships. Then under the Department of National Health and Welfare, there were four separate orders in council dealing with old age

pensions. Under the Department of Reconstruction and Supply, P.C. 9439 dealt with emergency shelter regulations; by P.C. 7502, emergency shelter regulations were transferred to Central Mortgage and Housing Corporation. Under the Department of the Secretary of State, P.C. 1665 dealt with administration by custodian of property of persons of the Japanese race; and P.C. 469 transferred to the custodian the property of Japanese evacuees. Then under the Department of Transport, P.C. 133/510, compensation to seamen (war damage to effects) regulations, 1939; P.C. 2245, to authorize the chairman of the board of steamship inspection to relieve any ship from the obligation to comply with any of the provisions of part VII of the Canada Shipping Act, excepting those provisions of the said part relating to radiotelegraph installations on ships and two other provisions as well.

All of these orders in council have been revoked and will not be continued in this legislation which is now sought. In addition to this, there are two other orders revoked by an order in council passed in 1948 which will take effect as from April 1 next. One is in the Department of Fisheries dealing with the prohibition of fishing licences to persons of Japanese racial origin and one in the Department of Labour with regard to the evacuation and relocation of persons of the Japanese race in Canada.

Out of fifty orders in council that were covered by and appear in the schedule to the bill of which we are now seeking an amendment, that leaves only twelve.

An hon. Member: What bill?

Mr. Garson: I am not talking about the provisions of the bill. I am talking about the act of 1947 which we are now seeking to amend. I think it is perfectly proper to refer to it in those terms because that is the basis of the resolution which we are asking the house to pass. That means that we have now retained, as being continued effective by the legislation which we now seek, only twelve out of the fifty-seven Heinz orders in council that were referred to by the hon. member for Vancouver South (Mr. Green).

An hon. Member: That is why the cost of living has gone up.

Mr. Garson: Those are P.C. 8528, the wartime prices and trade regulations; P.C. 9029, wartime leasehold regulations; P.C. 7475, regulations of Commodity Prices Stabilization Corporation, which now exercises only a residual function; it is gradually completing its work. P.C. 34/4433, Government Employees Compensation Act extended to employees of the Commodity Prices Stabilization Corporation; P.C. 3122, consolidation of supplementary regulations; P.C. 328 dealing with the Canadian Sugar Stabilization Corporation Limited.

Then there are two orders in council in the Department of Justice that have no substantive significance—one, P.C. 4600, authorizing, in cases involving breaches of wartime regulations, appeals through the provincial courts of appeal to the Supreme Court of Canada rather than to a county court judge where constitutional issues are involved; and another P.C. 6223, calling for notice to attorneys general of Canada and of the provinces in certain cases under these regulations which involve constitutional questions.

Then under the heading of the Department of Reconstruction and Supply, there is P.C. 1609, establishing construction materials regulations. There is P.C. 3, covering wartime industries control regulations; P.C. 245 the steel regulations, and P.C. 1997, the timber regulations.

Mr. Pearkes: Will the minister permit a question?

Mr. Garson: Yes.

Mr. Pearkes: Did I understand the minister to say that there was an order in council by which there was to be revoked the prohibition against Japanese getting fishing licences on the Pacific coast, which would become effective by April 1? Does that mean that by order in council, after April 1, the Japanese will be able to get fishing licences on the Pacific coast?

Mr. Garson: In the forty minutes at my disposal, Mr. Speaker, I am dealing with an extremely complicated question—

Mr. MacInnis: These are the people who are opposed to controls.

Mr. Graydon: You are the people who want it.

Mr. Garson: —and I would refer the hon. member for Nanaimo (Mr. Pearkes) to the order in council for the reply to his question.

The hon. member for Eglinton (Mr. Fleming) and, I believe, the hon. member for Vancouver South (Mr. Green) this afternoon, and the leader of the opposition (Mr. Drew) yesterday, put forth this argument which, on its face, seems to have some merit. They say this. If it is desirable that these controls should be continued, why not bring before this house a statute setting forth, in terms that the members of the house can check, the provisions for that control? My reply is this. We are proposing to the house that it should continue the existing orders in council because it is hoped that the control

thereby provided is temporary and therefore it is not desirable to put the law into the form of a permanent statute. More than that, we are here dealing, and through the years have been dealing, with a situation which is not only temporary in its duration but which changes in its character quite substantially from time to time in a quite unpredictable way; and it is impossible, under a statute, to get the degree of flexibility and adaptability of administrative regulations and the like which are appropriate to deal with a problem of that kind.

During this period of economic stress or emergency resulting from war and from the shortages occasioned by war, the regulations passed under the authority of the statute of which we are now seeking the amendment required constant and frequent revision and adjustment. To have this subject to statute, which would require amendments to be brought in and passed by this house from time to time, would involve a rigidity which would be wholly inappropriate in dealing with matters of that sort. For example, since March, 1948, on this very subject of rental regulation, commercial accommodation, as we know, has been decontrolled; landlords who need their homes for their personal residence have been permitted to give to their tenants six months' notice to vacate. Any landlord, no matter when he purchases a house, may apply for exemption, based upon grievous hardship to him because of his inability to occupy the residence himself. A public institution may apply for exemption if it needs the accommodation for the extension of its public endeavours. And maximum rentals were increased from 10 to 15 per cent. This is an example in just one field alone which can be matched by similar changes in the regulations in others. To say to the people who are to be affected by regulations of this sort that no change could be made until the House of Commons was called together and passed an amendment to the statute would, I suggest, be very unacceptable to public opinion in this country.

The hon. member for Vancouver South (Mr. Green) said this afternoon he had read in the speech from the throne that the government was introducing at this session a bill dealing with steel, and he suggested that the proper way to deal with at least steel regulations would be to incorporate them in this bill.

Now, sir, as I read the allusion in the speech from the throne—and I confine myself to that, for fear I might infringe upon the sensibilities of hon. members across the way, on a point of order, that I do not reveal any of my inside knowledge about bills which may be coming down later—

[Mr. Garson.]

Mr. Smith (Calgary West): Don't worry about us. It is Mr. Speaker you have to worry about.

Mr. Garson: At the instigation of my hon. friend. Now, this allusion in the speech from the throne was to legislation to provide for a loan to a steel concern in Canada. I suggest that the making of a loan to a corporation in the steel business, and the matter of the general control of steel, are subject matters so incongruous to each other that it would be highly improper to combine them in a single statute. And if it were desirable to bring down for steel regulation a statute to this House of Commons it would be much better to have the lending statute on the one hand and another statute governing steel regulation on the other hand, separate from each other. But for reasons which I have already given in the case of rental control, regulations of the sort I have indicated, which deal with a situation which is changing and fluid from time to time, are not in an appropriate form in a statute.

In view of the discussion which has taken place thus far, I do not think it is necessary to review the statements which have already been made by my colleagues the Minister of Finance (Mr. Abbott) and the Minister of Trade and Commerce (Mr. Howe), that these twelve orders in council still in force cover, first of all, commodities subject to price ceilings, second, rental controls, third, steel control, and fourth, timber control.

One of the arguments made by our friends of the Progressive Conservative opposition is that they oppose the continuance of these controls upon the ground, among others they put forward, that it is unconscionable for members of the House of Commons to declare that the state of emergency which formed the basis for the act as it was originally passed still continues.

As hon. members will recall, the leader of the opposition (Mr. Drew) said that we must understand the terrible burden we take upon our conscience of declaring that there was an emergency in the country, as we must declare if we are going to pass this bill. Well, I agree entirely with my hon. friend. We do declare that the emergency still continues, because we are putting a new section 7 in a statute which has that declaration in its preamble. And when we put the new section 7 in, we do in effect make that declaration.

But surely, sir, such a declaration as that should not offend the conscience of any intelligent, reasonable and well-informed member of any legislature. I should have thought it was apparent to everyone that one of the results of every great war in history has always been inflation; and after the

greatest war in history, one in which there has been by far the greatest destruction of property, and by far the greatest outpouring of money in the war effort, inevitably in every country after a war of this magnitude under even the best of fiscal management there is a great increase in the amount of money in circulation, on the one hand, and a tremendous destruction of goods and services upon which that money could be a claim, on the other. And that in any language spells inflation, basic inflation. To say as did the hon. member for Eglinton (Mr. Fleming) this afternoon, that he had noticed from one of the government publications that there was more money in circulation now after a great war than there had been before, and that therefore he immediately jumped to the conclusion that the Bank of Canada was in some way at fault, is to give an indication that my hon. friend simply does not understand the fiscal consequences of waging a great war.

If we have that condition of inflation then, sir, we have the type of economic emergency with which we are concerned in the resolution now before the house, and in the bill to be introduced. And, sir, that war-induced emergency has persisted after every war in history, and it certainly persists at the present time, and can be seen in various forms in every country of the world, civilized and uncivilized.

In the face of that emergency with all its maladjustments and dislocations, a necessity arises to introduce matters such as steel control and rent control, not as a matter of improvidence, stupidity and injustice but as a matter of prudence and good sense and in fairness to all the people of the country and particularly those who are not so well able to look after themselves.

From that I suggest that, far from its being a difficult thing for any man of conscience to affirm that we have in Canada today a war-induced emergency still continuing, I believe that the majority of members in the House of Commons will agree with me that the continuance of this exceptional condition of emergency, certainly at least so far as the matters which we seek to control in the measure now before us are concerned, is so self-evident that it is not subject to dispute at all.

In that respect I am most happy to have a very substantial measure of agreement even from members of the Progressive Conservative party. The hon. member for Davenport (Mr. MacNicol) rose in his place in this debate and gave a most excellent description of an emergency—a most excellent description indeed. It was well described, well worded and graphically portrayed, and his whole argument supports the position of the government. The hon. member for Danforth (Mr. Harris) has taken part in the debate and he dealt with three matters in particular, one being steel. This is what he said about steel, as reported on page 320 of *Hansard*:

> In so far as steel is concerned, steel is in great demand. Steel undoubtedly requires some measure of regulation.

The hon. member admits that it requires some measure of regulation.

> For what reason? The reason is that projects of great magnitude—

Listen to this for a fine description of the type of emergency for which controls should be devised:

> The reason is that projects of great magnitude, so far as this little country of Canada is concerned, have been held up for a great variety of reasons. To my mind, some of these reasons are patriotic. We had a war. We were told not to use steel while the war was on. We were told to forget, until the war was over, about our building projects requiring steel. The war consumed a tremendous amount of steel. Those charged with the responsibility for new construction requiring steel, realizing that a war requires a great quantity of this product, delayed their projects five years—yes, six, seven and eight years. The blueprints, however, were on the table. Those blueprints were worrying those who were directing the affairs of different organizations such as, for example, banks and office buildings.

Could you have a better description of the kind of situation arising out of a war in which it is advisable to declare an emergency and bring into effect the same steel control?

Mr. Smith (Calgary West): Does the minister say that we need more big banks? Is that his argument?

Mr. Garson: No, not necessarily to have more big banks, but perhaps to see that the limited amount of steel that was in supply would go to the building of hospitals rather than big banks.

Mr. Jackman: Why did you not do it? You have not done it for five years.

Mr. Fournier (Hull): Rosedale.

Mr. Garson: If my hon. friend is going to do what he did before and get up and call my time, may I say that I wish he would let me have my time for myself while I am speaking.

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

An hon. Member: Which point?

Mr. Gibson (Hamilton West): What point of order?

Mr. Jackman: I have not had a chance to state my point of order. I want the house to know that when I called the Minister of Transport (Mr. Chevrier) to order the other day—

Mr. Gibson (Hamilton West): That is not a point of order.

Mr. Fournier (Hull): The time the hon. member is taking now should not be counted.

Mr. Deputy Speaker: There is no point of order.

Mr. Jackman: The point of order is the allusion to which the Minister of Justice—

Some hon. Members: Order.

An hon. Member: Sit down.

Mr. Deputy Speaker: That is not a point of order.

Mr. Garson: I hope this time will not be taken out of my time.

Mr. Howe: Rosedale will call it on you.

Mr. Smith (Calgary West): The minister's time is taken up by the yapping of ministers to his right.

Mr. Garson: In addition to the very excellent description of that emergency by the hon. member for Danforth, I should like to refer to the statement made by the minister with regard to accomplishments under the steel control. Perhaps in so doing I may satisfy the curiosity of the hon. member for Rosedale (Mr. Jackman) who is asking me to show what has been done. The minister stated, as reported on page 317 of *Hansard*:

> At the present time we are moving surplus primary steel, or semi-finished steel, from the Algoma Steel Company to the finishing plants at Hamilton, to the amount of about 18,000 tons per month. We are also moving semi-finished steel from the Dominion Steel and Coal Company at Sydney to Hamilton, to the extent of about 10,000 tons per month. That 28,000 tons of steel, which cannot be finished at Algoma or at Sydney, would ordinarily go for export and be finished in other countries.

I presume, to be used in other countries.

> That was the pre-war history of the surpluses of those two plants. By moving that steel to Hamilton 28,000 tons per month of additional basic steel are turned into finished products.

In reply to the hon. member for Rosedale, who asks what we are doing, I say that that is what we are doing. The minister continued:

> To end steel control abruptly at this time would, I am sure, reduce the production of finished steel from Canadian plants and Canadian foundries by as much as 20 per cent.

In the face of these facts, what sort of mentality is it that will result in an hon. member of this house getting up and saying that it disturbs his conscience and his intellectual honesty to be asked to declare that there is an emergency which warrants these controls?

During the course of the discussion the leader of the opposition (Mr. Drew) introduced among other and irrelevant matters a recent decision of the court of appeal in my own province of Manitoba in the case of Nolan and Hallet and Carey versus the Attorney General of Canada. In replying to a question yesterday, the Minister of Trade and Commerce stated that the Department of Justice had instructed counsel to appeal this judgment. That is entirely correct. Therefore I do not think that it is proper for me, any more than it was proper yesterday for the leader of the opposition and for the hon. member for Stanstead (Mr. Hackett), to comment upon a case which to all practical intents and purposes is *sub judice*. Certainly for me as Minister of Justice to attempt to analyse a judgment from which we are taking an appeal would be, in my opinion, improper in the highest degree and I have no intention of doing any such thing.

Mr. Smith (Calgary West): Why would it?

Mr. Garson: However, I do not think it would be improper for me to point out that I agree entirely with the leader of the opposition when he says that the decision of the Manitoba court of appeal did not hold that the Continuation of Transitional Measures Act was ultra vires of the dominion parliament. Unless it so held it is difficult to see what relevancy this citation has to the discussion that is now being carried on. If it did not affect this matter we are dealing with, if it did affect something else—I hate to use the vernacular but . . . so what?

Moreover, it should be pointed out that the order in council involved in the Nolan case does not appear anywhere in the schedule of the act in its original form in 1947. It was not one of the fifty-seven varieties. That being so, it is difficult to see what bearing this judgment has upon the matter before us.

Mr. Harkness: The order was relevant to the matter.

Some hon. Members: Order.

An hon. Member: Stand up.

Mr. Garson: I am afraid that certain assertions and contributions by various members of the Conservative opposition, and I include the interjection just made by the hon. member for Calgary East (Mr. Harkness), may be quite misleading to hon. members of this house when they either hear or read them subsequently in the absence of a statement of one or two cardinal legal principles that have a bearing on this matter.

The first of these principles is that there can be no doubt that the National Emergency Transitional Powers Act, 1945, the first of the series, was intra vires or within the power of this parliament to enact at the time

it was enacted. The privy council has so held in the Japanese case, 1947 Appeal Cases, 87, which followed and applied the Fort Frances case, 1923 Appeal Cases, 695. In the Fort Frances case the privy council considered the constitutional validity of the War Measures Act, 1914, and certain orders in council made under the War Measures Act during the war for the control throughout Canada of the supply of newsprint paper by manufacturers and the price of newsprint. They also considered the constitutional validity of further dominion statutes, 1919, chapter 63, which were passed after the cessation of hostilities for continuing war control into the post-war period after the first world war.

Upon the point as to the continuance of the authority of parliament to pass laws dealing with matters arising under the war emergency after the cessation of hostilities, Lord Haldane in the Fort Frances case said, at page 706:

> It may be that it has become clear that the crisis which arose is wholly at an end, and that there is no justification for the continued exercise of an exceptional interference which becomes *ultra vires* when it is no longer called for. In such a case the law as laid down for distribution of powers in the ruling instrument would have to be invoked, but a very clear evidence that the crisis had wholly passed away would be required to justify the judiciary, even when the question was one of *ultra vires* which it had to decide, in overruling the decision of the government that exceptional measures were still requisite.

Very clear evidence would have to be given to overrule the decision of the government that exceptional measures were still requisite. In the Japanese case—that is the one after the last war—the privy council considered the validity of three orders in council made under the War Measures Act relating to the deportation of persons of the Japanese race and the revocation of their Canadian nationality. The orders in council in question had been continued in force by P.C. 7414 made under section 4 of the National Emergency Transitional Powers Act. The privy council held that the orders in council were intra vires and that the National Emergency Transitional Powers Act was intra vires and also, by implication, that P.C. 7414 was intra vires.

With respect to the power of parliament to legislate as to an emergency arising out of the war, Lord Wright said at page 101:

> On certain general matters of principle there is not, since the decision in Fort Frances Pulp and Power Company versus the Manitoba *Free Press*, any room for dispute. Under the British North America Act property and civil rights in the several provinces are committed to the provincial legislatures, but the parliament of the dominion in a sufficiently great emergency, such as that arising out of war, has power to deal adequately with that emergency for the safety of the dominion as a whole. The interests of the dominion are to be protected, and it rests with the parliament of the dominion to protect them. What those interests are the parliament of the dominion must be left with considerable freedom to judge.

Mr. Hodgson: What are you reading from?

Mr. Garson: If my hon. friend had been listening he would have heard me state that this is the judgment of Lord Wright.

> Again if it be clear that an emergency has not arisen or no longer exists there can be no justification for the exercise or continued exercise of the exceptional powers. The rule of law as to the distribution of powers between the parliament of the dominion and the parliaments of the provinces comes into play, but very clear evidence that an emergency has not arisen, or that the emergency no longer exists, is required to justify the judiciary, even though the question is one of *ultra vires*, in overruling the decision of the parliament of the dominion that exceptional measures were required or were still required.

These clear statements of judicial opinion, as applied to the facts of the case now before us, require that we, in the exercise of our judgment with regard to the passage of the resolution now before us, need to satisfy ourselves merely that, with regard to the need for rental regulations, steel control, timber control, and the control of commodities which are under price ceilings, the state of war-induced emergency still continues. That is all we have to find.

Mr. Deputy Speaker: The hon. member's time has expired.

Mr. Garson: I have only one more sentence to finish. In the face of a large number of facts—

Mr. Jackman: By permission.

Mr. Garson: —that are so clear and plain—well, I will sit down.

Table of orders in council referred to by the Minister of Justice:

Orders in Council Contained in Schedule to the Continuation of Transitional Measures Act

1. Orders in Council Revoked: Revoking Order in Council.

Department of Agriculture

P.C. 5424 14/7/44—Agricultural Food Board Regulations respecting recovery of subsidies—P.C. 5040 8/12/47.

P.C. 6759 6/11/45—The Repayment of Subsidy (Agricultural Products) Regulations—P.C. 5040 8/12/47.

Civil Service Commission

P.C. 8541½ 1/11/41—Preference re appointments to Civil Service ex-service men of present war—P.C. 4632 12/11/47; as amended by P.C. 4320, 20/6/45.

P.C. 15/1647 9/3/45—"Veterans Preference"—re appointments to Civil Service—service on the high seas in a sea-going ship of war—P.C. 4632 12/11/47.

P.C. 16/1647 9/3/45—"Veterans Preference"—re appointments to Civil Service not applicable certain classes in Naval Forces—P.C. 4632 12/11/47.

P.C. 20/6173 21/9/45—Civil Service—War Service preference—certain persons excluded—P.C. 4632 12/11/47; as amended by P.C. 29/1046, 22/3/46.

Transitional Measures Act

P.C. 30/7500 29/12/45—"Veterans Preference"—re appointments to the Public Service—P.C. 4632 12/11/47; as amended by P.C. 19/3727, 5/9/46.

Department of Finance

P.C. 394 20/1/42—Anthracite coal—importation exempted from customs duty—P.C. 5085 11/12/47; as extended by P.C. 3472, 28/4/42.

P.C. 8042 9/9/42—Coke made from coal exempt from War Exchange tax when used as a fuel for cooking or baking foods or for heating buildings, etc.—P.C. 5079 5/11/48.

P.C. 9058 6/10/42—Bagging material etc., importation exempt from customs duty—P.C. 5085 11/12/47.

P.C. 9781 24/12/43—Well-drilling machinery etc., tariff treatment—P.C. 5079 5/11/48.

Wartime Prices and Trade Board

P.C. 9870 17/12/41—Authorizing incorporation Commodity Prices Stabilization Corporation—P.C. 457 3/2/49; as amended by P.C. 5863, 7/7/42.

P.C. 5518 16/7/43—Repayment of Subsidy Order—P.C. 457 3/2/49; as amended by P.C. 3039, 27/4/44, P.C. 7460, 28/12/45.

P.C. 6497 17/8/43—Ration Coupon Banking—P.C. 498 10/2/48; as amended by P.C. 626, 3/2/44.

Department of Fisheries

P.C. 6289 6/8/43—Regulations for control of salt fish and appointments thereunder—P.C. 4976 3/12/47.

P.C. 4112 30/5/44—Enacting the Pelagic Sealing Regulations—P.C. 4910 27/10/48.

Department of Labour

P.C. 1003 17/2/44—Wartime Labour Relations Regulations—Sec. 72 (1) of Chapter 54 S.C. 1948 Proclamation 1/9/48; as amended by P.C. 6893 1/9/44, 690 1/2/45, 3220 30/7/46, 125 14/1/47, 302 30/1/47.

P.C. 7355 13/12/45—Financial assistance to voluntary repatriates to Japan and for liquidation and transfer of their assets to Japan—P.C. 5638 27/1/49; as amended by P.C. 268 23/1/47.

Department of Mines and Resources

P.C. 7167 15/9/43—Reserves to the Crown radioactive substances in the Yukon Territory—P.C. 5282 30/12/47.

P.C. 7168 15/9/43—Reserves to the Crown radioactive substances in the Northwest Territories—P.C. 5282 30/12/47.

Department of National Defence

P.C. 6638 23/10/45—Post-discharge benefits to the members of the armed forces serving in an interim force—P.C. 5085 11/12/47.

P.C. 3617 27/8/46—Naval, Military and Air Force Estates Regulations—P.C. 5005 8/12/47.

P.C. 349 31/1/47—Regulations respecting claims by or against the Crown involving members of Naval, Military or Air Forces (Overseas)—P.C. 5005 8/12/47.

P.C. 363 31/1/47—Consolidated Regulations respecting Salvage services of H.M.C. Ships—P.C. 5005 8/12/47.

Department of National Health and Welfare

P.C. 6367 10/8/43—Old Age Pensions—P.C. 3644 9/9/47.

P.C. 8341 28/10/43—Old Age Pensions—P.C. 5085 11/12/47.

P.C. 3377 29/5/44—Old Age Pensions—P.C. 3644 9/9/47.

P.C. 6500 18/8/44—Old Age Pensions—P.C. 5085 11/12/47.

Department of Reconstruction and Supply

P.C. 9439 19/12/44—Emergency Shelter Regulations—P.C. 5889 23/12/48; as amended by P.C. 1173 22/2/45, P.C. 4408 20/6/45, P.C. 1811 7/5/46, P.C. 389 31/1/47.

P.C. 7502 23/12/45—Emergency Shelter Regulations transferred to Central Mortgage and Housing Corpn.—P.C. 5889 23/12/48.

[Mr. Garson.]

Department of the Secretary of State

P.C. 1665 4/3/42—Administration by Custodian of property of persons of the Japanese race—P.C. 5638 27/1/49 as amended by P.C. 2483 27/3/42, P.C. 2541 30/3/42, P.C. 3213 21/4/42, P.C. 946 5/2/43.

P.C. 469 19/1/43—Transfer to Custodian of property of Japanese evacuees—P.C. 5638 27/1/49; as amended by P.C. 271 23/1/47.

Department of Transport

P.C. 133/510 26/1/44—Compensation to seamen (war damage to effects) Regulations 1939—P.C. 498 10/2/48; as amended by P.C. 127/1111 21/2/45, P.C. 109/2100 28/3/45, P.C. 148/5045 18/7/45.

P.C. 2245 23/3/42—To authorize the Chairman of the Board of Steamship Inspection to relieve any ship from the obligation to comply with any of the provisions of Part VII of the Canada Shipping Act, excepting those provisions of the said Part relating to radio telegraph installations on ships—P.C. 5271 17/11/48.

P.C. 4306 17/6/41—To provide for permission to Canadian registered ships to clear on a voyage with Masters, Mates or engineers not holding appropriate certificates—P.C. 5271 17/11/48; as amended by P.C. 8995 18/11/41.

P.C. 3396 9/8/46—Merchant Seamen Out-of-Work Allowances Regulations—P.C. 4939 3/12/47.

2. Orders in Council Revoked as of April 1, 1949 by Order in Council P.C. 804—2/3/48

Department of Fisheries

P.C. 251 13/1/42—Fishing licence—prohibited to persons of Japanese racial origin.

Department of Labour

P.C. 946 5/2/43—Evacuation and relocation of persons of the Japanese race in Canada—as amended by P.C. 9743 24/12/43, P.C. 5637 16/8/45, P.C. 5793 18/12/45, P.C. 5973 14/9/45, P.C. 270 23/1/47.

3. Orders in Council retained in Schedule:

Department of Finance

P.C. 8528 1/11/41—Wartime Prices and Trade Regulations—as amended by P.C. 8762 10/11/41, P.C. 8837 13/11/41, P.C. 9030 19/11/41, P.C. 5092 15/6/42, P.C. 5109 16/6/42, P.C. 10277 10/11/42, P.C. 11595 22/12/42, P.C. 3206 22/4/43, P.C. 6808 30/8/43, P.C. 6242 18/8/44, P.C. 8910 24/11/44, P.C. 385 18/1/45, P.C. 4410 22/6/45, P.C. 60 7/1/47, P.C. 392 31/1/47.

P.C. 9029 21/11/41—Wartime Leasehold Regulations—as amended by P.C. 3366 24/4/42, P.C. 8973 1/10/42, P.C. 3207 22/4/43, P.C. 7570 1/10/43, P.C. 6234 8/8/44, P.C. 386 18/1/45, P.C. 4409 22/6/45, P.C. 5234 23/12/46, P.C. 391 31/1/47.

P.C. 7475 26/8/42—Regulations of Commodity Prices Stabilization Corporation—as amended by P.C. 39 6/1/44, P.C. 5273 26/7/45, P.C. 390 31/1/47, P.C. 1711 29/4/47.

P.C. 34/4433 10/6/44—Government Employees Compensation Act extended to C.P.S.C. etc., employees.

P.C. 3122 27/7/46—Consolidation of Supplementary Regulations.

P.C. 328 28/1/47—Canadian Sugar Stabilization Corporation Ltd.

Department of Justice

P.C. 4600 7/6/43—Authorizing appeals in cases involving breaches of wartime regulations as amended by P.C. 6713 25/8/44.

P.C. 6223 6/8/43—Notice to Attorneys General of Canada and of provinces in certain cases.

Department of Reconstruction and Supply

P.C. 1609 23/4/46—Construction Materials Regulations established—as amended by P.C. 337 31/1/47.

P.C. 3 4/1/44—Wartime Industries Control Regulations—as amended by P.C. 6355 11/8/44, P.C. 346 16/1/45, P.C. 897 13/2/45, P.C. 7156 29/11/45, P.C. 477 7/2/47.

P.C. 245 23/1/46—Steel Regulations—as amended by P.C. 520 15/2/46.
P.C. 1997 21/3/44—Timber Regulations.

Mr. A. L. Smith (Calgary West): Mr. Speaker, in the event that the Minister of Justice (Mr. Garson) did not finish his speech, may I ask that he be permitted to do so?

Some hon. Members: No.

An hon. Member: His own party says no.

Mr. Smith (Calgary West): He spoke for over an hour, but I promise you I will not occupy that much of the time of the house.

Mr. Deputy Speaker: Order.

Mr. Smith (Calgary West): I do not know what an hour is since we changed our dinner hour. He spoke for over fifty minutes. That is what I had intended to say.

Mr. Garson: If my hon. friend is going to say that I talked for over an hour then I think I may as well get up and get my money's worth. If I am going to be accused of speaking overtime I may as well do so.

Mr. Deputy Speaker: The hon. member for Calgary West.

Mr. Reid: He started at 8.07.

Mr. Smith (Calgary West): With great respect, one's money's worth is a peculiar thing. To the man who is selling something it is very often an entirely different thing than it is to the man who is buying.

Mr. Grant: You have nothing to sell.

Mr. Smith (Calgary West): May I say with respect to the gentleman who just interrupted me that his remark neither adds to nor lowers the gauge of his natural stupidity. It remains just the same. This has been going on for four years, Mr. Speaker, so you will pardon the roughness of my remarks. As to this whole question, it seems to me of interest that the resolution was introduced by the Minister of Justice and explained by the Minister of Finance (Mr. Abbott) and by the Minister of Trade and Commerce (Mr. Howe). So it has gone on its way. I listened very carefully to the very good speech made by my friend, the Minister of Justice, and from the beginning I endeavoured to find out just where he was heading. Some lines occurred to me. I think they were probably written by a great man, but when the Minister of Justice was dealing with these controls, which they want to hang on to and cling to so tightly, these lines came to my mind with respect to government controls.

There is no death. What seems so is transition.

That is the National Emergency Transitional Powers Act which they have before us at the present time. In saying that, I then follow the argument last made by the minister which was with respect to the *Free Press* case—I am glad he is familiar with it—which went to the privy council almost before he was born. To put it simply, the law is as he said it was. The Nolan case he is talking about at least went so far as to hold that the question whether or not there was an emergency was a matter of proof before a court.

On this matter of decontrol, I am very happy to say that I think the members on the government side, the members of our party, and the members of the Social Credit party all are anxious to get rid of these controls as soon as they can be got rid of and as soon as the economy of the nation will permit. I believe that is a fair statement. It does seem to me that our socialist friends over here do not want to get rid of these controls, because that is contrary to their doctrine. Their whole scheme of things is that everything and everybody should be under their control. That is the basis of their philosophy. I give them credit. They have said so in this house and, as I have said previously, the position is arguable and I do not want to change what I had to say on another occasion with respect to that. Discussing controls, however, I was very interested in the C.C.F. convention held in the city of Winnipeg, which was broadcast over the radio. One of the debates to which I listened, away out where I live, when my friend the whip of the party, the hon. member for Winnipeg North Centre (Mr. Knowles), was chairman, concerned the private chartered banks of Canada. The subject of that very interesting debate was whether the country should own the banks or merely control them. The people who urged control, which was the idea advanced by the central council at that convention, finally succeeded; and I listened with great attention as my hon. friend said, "I want everybody to know that we are now practically unanimous; there are only two votes against it", though I heard a good many more than two speeches against it.

Mr. Knowles: I am enjoying the hon. member's reference, but just to keep the record straight the occasion when it was unanimous but for two votes had to do with another matter, namely ERP.

Mr. Smith (Calgary West): Then I apologize; I thought it had to do with the matter of the banks. You will find me ready to quite frankly admit it when I am wrong. However, I did hear many of the speeches made at that time. I do not want anyone to be offended when I say that debate dealt with two excellent examples of this sort of thing. The Russian system is one of ownership; the

German system under Hitler was that of control. That is the difference between the two philosophies which operated at that time in Germany and Russia.

Mr. Coldwell: Do you really believe that?

Mr. Smith (Calgary West): I certainly do believe it and can prove it. That was the difference between what was advocated in that debate. May I add that I am not for a moment suggesting that anyone who took part in that debate is a Hitler or a Stalin or a follower of either. I do not indulge in that sort of thing; but that was the subject matter.

Now turning again to the Minister of Justice and his references to this question of emergency, he read from the judgments of Lord Haldane, I think it was, or Lord Wright of the privy council. I was interested in hearing again some of those judgments on which I cut my teeth twenty or twenty-five years ago; I think the *Free Press* case was about 1923, or something like that. But I want to ask the minister this very simple question. Can one, by any statute or order in council, find the same emergency calling for a price ceiling on butter that calls for control on steel? To mention the thing, sir, is to show the complete absurdity of the whole business. Nor can one equally justify a dealing in coarse grains, we will say, and a dealing in lumber, saying that the same reason exists which one would use to prove an emergency.

I must make this exception. In time of war we had the War Measures Act, when it was just and right that the people of the nation should give up their individual freedom in order that as a whole they might maintain freedom. But those arguments have no application whatever at the present time.

Now I put this question. We had the War Measures Act, which gave complete power to the central authority. Then we struggled along with what we called the transitional powers acts, I think from 1945 on. I have often wondered why the government did not simply continue the War Measures Act. Let it be admitted that I am one of those who would have argued against that; but the same arguments are open to me today in saying that the orders we are continuing go altogether too far, some of them even further than the War Measures Act itself went. I do say that in time of peace there can be no justification for carrying things that length. With the greatest respect and some considerable admiration for the Minister of Trade and Commerce (Mr. Howe), I should think he would be better pleased without such wide powers as he, or some other members of this government, or members of the staffs of this government, have under those orders.

I make this suggestion in that regard. The government have said so often that they do not like continuing under order in council government. We learned from the Minister of Justice (Mr. Garson) that only twelve of these orders are left, and if I heard him correctly he said some of them are quite unimportant. It does seem to me that we as a parliament should pass a statute declaring an emergency, if there is an emergency, and then state what is to be controlled. The Minister of Justice complained that a statute did not have the elasticity of an order in council. It has. All you have to do is say so in your statute. All you have to do is put in the statute the subject matter, leaving the regulatory matters to such authorities as those presenting the statute see fit. It has been done time and time again. To repeat the illustration I used a moment ago, it does not seem to me you can find the same emergency to justify ceiling prices on butter that you may to justify control over the output of steel mills.

Now then, what does all this mean? It means this, that it may be there are some things that require control. I am a little bothered about the legal aspect of the matter. With respect to rental control, and this will please my friends on the opposite side, I am not quite sure that, if we do pass this proposed statute and continue the order in council, it will be worth a nickel in a court of law. These matters belong to the provinces and it will be open to anyone, if he cares to take the trouble, to find out whether or not there is in fact an emergency in that connection. I do not think it would be very difficult of proof. It seems to me it would necessarily be proven.

With respect to some of these other matters, I am going to say that the question of the emergency is one upon which I have very great doubt. Some day, as in the Nolan case, it will be submitted to our courts for a final decision.

I promised, sir, I would not be long, so I am going to close with a suggestion that these matters be embodied in a statute, so that he who sows may reap. Surely with the experience the officials have had from 1945 to 1949, it should not be difficult to write into a statute these regulations which are needed now. It is not a large undertaking for any draftsman who is worth his salt, considering the experience the various departments have had in the operations of these orders under this nebulous transitional powers act. I think it could be done with respect to some commodities—let us take butter, if you will, as one product, or the cabbages we are now getting from Florida and which we could not get until a few days ago. The point I am

making is this. If we do put our imprint of approval upon these various orders, then at some time someone should do more than quote the speech of the member for Danforth (Mr. Harris) with respect to steel. All he said was that there is a lag because our steel was used for war purposes; that is all he said, and that is the only authority quoted by the minister to prove his emergency in connection with steel.

I do not think it is too late yet, Mr. Speaker, to put these things in the form of a statute. Then, everyone who has been sent here by the people may vote one way or the other on that statute. He could go home, then, and be responsible for a definite act for or against the government. It would not permit anyone to say we approved or disapproved of this nebulous thing which may be interpreted in a hundred ways by five thousand people or two thousand people, because at least that many people will be interpreting these orders to the people who sent us here.

Mr. F. S. Zaplitny (Dauphin): I have no desire, Mr. Speaker, to hold back the passage of this measure before us. I refrained from speaking until some members of the official opposition this evening made statements about the C.C.F., Great Britain and socialism generally which, if not answered, might go out to the public as bearing some modicum of truth.

The last speaker, in his humorous way, referred to the C.C.F. convention held last summer at Winnipeg and told us about a certain debate he heard at that time. I was present at the convention from the beginning to the end—

Some hon. Members: Louder.

Mr. Deputy Speaker: Order. Some hon. members have been requesting the member who has the floor to speak louder. If there were not so much talk in the house, the hon. member who has the floor could be heard.

Mr. Zaplitny: In discussing the philosophy of the C.C.F., the last speaker attempted to draw a parallel by saying that Hitler, and by that I assume he meant nazism, believed in control. I think we agree on one thing, that Hitler did stand for stringent control. Furthermore, I think we agree on the point that Hitler and his party did not believe in public ownership.

Taking that as our text, the hon. member may be surprised to find that a leading member of his own party, who narrowly missed being leader of the party, expressed himself on that question as far back as 1942 in these words when he was speaking to the Conservative businessmen's club in Toronto:

> The Conservative party must meet this challenge that comes to it and show the people that our economic system shall continue to be one of free enterprise under stringent control—

I am not going to accuse the member for Lake Centre (Mr. Diefenbaker) of being a follower of nazism or an admirer of Hitler, because I know he is not.

Mr. Hodgson: That was during the war in 1942.

Mr. Zaplitny: Yes, but the hon. member did say that the Conservative party must persuade the people to believe that they are the party that believes in stringent control, which is the very thing the member for Calgary West (Mr. Smith) said Hitler stood for.

Mr. Smith (Calgary West): If you will read further, you will find he was dealing with monopolies.

Mr. Zaplitny: Yes.

Mr. Smith (Calgary West): Certainly. Why don't you give it to us straight?

Mr. Zaplitny: I will be very glad to do so, and if my hon. friend had listened further to the radio broadcast to which he referred, he would not have made the mistakes he made in trying to interpret what happened at that convention. He was a long way from the point. If the hon. member means to imply that because the C.C.F. has favoured controls in the house during the past four years, and we have no apology to make for that, that because we were trying to serve the best interests of the people of Canada, we were in some way undemocratic or did not believe in the democratic system of government, I want to tell him right now that the C.C.F. is far more democratic than the Conservative party ever was.

Mr. Graydon: Of course, that is an unprejudiced judgment.

Mr. Zaplitny: Entirely, and I want to be perfectly fair with the hon. member. I suppose he wants an unprejudiced authority for that, and I have it in my hand. I expected he would make that remark so I have it here. I am going to quote from the constitution of the Progressive Conservative party dated March 29, 1946, in which one finds this amazing phrase while discussing who can be a member and what power a member of that party has:

> Aside from the executive membership provided for in this section, there shall be a general membership of the association which shall consist of all those who pay the annual membership fee which shall be fixed by the executive officers of the association. They may attend meetings, take part in deliberations and receive information, but may not vote.

The basic thing in any democratic organization is that those who pay membership fees should have a vote in that organization

to decide the policy of that organization. Surely a party that has a constitution of that nature—

Mr. Smith (Calgary West): From what were you reading?

Mr. Zaplitny: I was reading from the constitution.

Mr. Smith (Calgary West): You are lifting parts of it from the context.

Mr. Zaplitny: I did not interrupt the member for Calgary West (Mr. Smith) or any other member when he was putting his views on the record.

Mr. Graydon: Do not try to misrepresent the situation.

Mr. Deputy Speaker: Order.

Mr. Graydon: That is a misrepresentation, and I do not mind telling you that right here on the floor of the house.

Mr. Knowles: The rest of it would make it worse.

Mr. Graydon: I know what is in it.

Mr. MacInnis: That is why you do not want to hear it.

Mr. Deputy Speaker: Order. I must insist that hon. members address their remarks to the Chair.

Mr. Graydon: He is misrepresenting the situation.

Mr. Zaplitny: I want to be as kind as possible to my hon. friends, Mr. Speaker, because I have nothing in a personal way about which to criticize them. As members of this house they are delightful people, but they say some queer things in this house; and they direct their criticism to the C.C.F. when they are discussing a government measure. That in itself is a strange procedure. One would have thought that we had introduced this measure into the house. They directed their criticism against the socialists, against the C.C.F. and against the British government. Now when I have the opportunity—

Mr. Harris (Danforth): On a point of order, Mr. Speaker, what has this to do with the question that is before the house?

Mr. Coldwell: As much as what was said by the leader of the opposition (Mr. Drew) last night.

Mr. Deputy Speaker: Order. The hon. member for Danforth (Mr. Harris) has pointed out to me that he does not see what relation the remarks of the hon. member have to the resolution before the house. I would ask the hon. member to direct his remarks to the resolution.

[Mr. Zaplitny.]

Mr. Stewart (Winnipeg North): Why did not the hon. member for Danforth interrupt his own members?

Mr. Zaplitny: Thank you, Mr. Speaker. I shall be glad to do as you ask. At the moment, I was directing my remarks to the remarks made by the hon. member for Calgary West (Mr. Smith). If his remarks were unrelated to the subject under discussion, I stumbled into disorder by following his example. I wish merely to finish the sentence by saying that I have been accused by the hon. member for Peel (Mr. Graydon) of trying to misrepresent the position of his party.

Mr. Graydon: As you have.

Mr. Zaplitny: I have in my hand the constitution of the party. I read a whole paragraph from beginning to end, not taken out of its context. It comes under the heading "general membership." The next paragraph has to do with something entirely different.

Mr. Harris (Danforth): Which I submit, Mr. Speaker, has nothing to do with the question before the house.

Mr. Zaplitny: The hon. members may be ashamed of their constitution, but that is not my fault.

Mr. Graydon: It is a democratic constitution, and the hon. member knows it.

Mr. Knowles: Have you ever read it?

Mr. Graydon: I had something to do with drafting it.

Mr. Zaplitny: According to the hon. member's standards of democracy, it may be a democratic constitution.

Mr. Harris (Danforth): Mr. Speaker—

Mr. Deputy Speaker: Order. The hon. member for Danforth has risen to a point of order. There are so many interruptions, with hon. members speaking to one another and to the hon. member who has the floor, that it is absolutely impossible for me to follow the debate. I will make a ruling that speeches at this time must be relevant to the resolution which is before the house.

Mr. Coldwell: That ruling is rather late in the debate, Mr. Speaker.

Mr. Zaplitny: The subject under discussion, Mr. Speaker, has been controls, and I presume it still is.

Mr. Smith (Calgary West): You found out something.

Mr. Zaplitny: Although the resolution in itself refers to the bill, which is to come before the house, to give permission to the government to continue certain regulations

that they have exercised for a number of years, to me the basic thing appears to be price control and controls generally. In discussing this matter I believe we should try to separate, for our own benefit, the two matters that have been more or less confused in this debate. First of all, there is the question of controls as such, and then there is the question of the abuse of powers. The critics of this resolution and of the government have been confusing those two issues by pointing out all the abuses—and there have been some; there have been enough for the government to have earned plenty of criticism—and using that issue as a measuring stick for deciding whether controls as such are desirable in this country at this time.

I do not think there is any member in this house who would condone any abuse of the power given to any government; and if the government or those to whom they have delegated powers under the wartime prices and trade board have in any way abused their powers or gone beyond the authority given to them by this parliament, I have no objection to anyone's exposing them and criticizing them in the strongest possible terms. We in this party believe that the powers delegated by parliament to the government, or by the government to any board, should be used for the purpose of serving the best interests of the people of this country. As long as that power is used in that way, we have no criticism of it. If it is used in any other way, or if it is abused in its application, we are just as critical as any member of this house.

The question has arisen whether price control or any other control is now necessary, in view of the question whether there is now an emergency or not. I do not intend to take up the time of this house to discuss at great length what an emergency is or whether we are now in a state of emergency. We could discuss that subject for a long time without coming to any conclusion, for this simple reason. When we speak of an emergency, we do not always speak of the same people. Let us remember that in this country today there are people, and there have been for many years, for whom the state of emergency has never passed. They have always been in a state of emergency. During the 1930's when we had mass unemployment in this country—

An hon. Member: What do you know about it?

Mr. Zaplitny: I wish you knew half as much about it as I do. During the 1930's when we had mass unemployment there were thousands—yes, hundreds of thousands of people—who for ten years were living in a state of emergency and the government did not do anything about it. There were many people then who would have thanked a government that took the trouble to pass some legislation to help them to find jobs and to give them a decent standard of living. They were not worrying about the government having too much power or doing too much. They were critical because the government was not doing enough. I think most hon. members in the house realize that now.

On the other hand there are today in Canada, and there have been for many years, people who have never felt the state of emergency so far as their economic lives are concerned. Now that the war is over those who find themselves in comfortable economic circumstances feel that there is no emergency. Naturally it depends on whom you are speaking for. If you are speaking for the class of people who thrive at a time when prices are skyrocketing or who are in a position to profiteer from the state of affairs in this country, as they have been for the past few years, then of course for them there is no emergency. For them there is a harvest to reap. But if you are speaking for the people who are obliged to pay the profits and who are the victims of exploitation, then for them there certainly is an emergency.

I wish now to refer to the charge that has been made and repeated so blithely this afternoon and evening by hon. members to our right to the effect that the C.C.F. is the party of control; that we should like to see the people controlled at all times, and that we should like to control everything. Nothing could be farther from the truth. Those who believe in the philosophy of public ownership or co-operative ownership are the very ones who can save this country from permanent price control. Under the present economic system this country will never get away from controls because the very way in which the present system operates invites controls. As long as you have an economic system which is based on profit, on the philosophy that the strongest should win and that the weakest should be trampled underfoot, then if there is to be even rough justice of any kind you must have a system of price control and other controls to keep the economic affairs of this country under some semblance of order. But if we change the economic base of this country to one of co-operation from one of competition, we shall slowly start to emerge from the position where controls are necessary. We shall emerge into a time when production shall be for use and when service shall be at cost. Then it will not be necessary to control prices because the customer and the producer will be the same person, as will be the distributor.

When, in any economy, you get to the stage where the people produce for their own use, distribute among themselves the goods of their own production, and enjoy the fruits of their labour without having to hand tribute to any profiteer, you will not need control. That is the reason the C.C.F. has advocated and advocates today, not a permanent system of price controls as a solution of our problem, but the extension of public ownership into legitimate fields, and the encouragement of co-operative ownership in all the fields in which it can be properly worked, thus letting the people of Canada work out their own economic solution.

Let us take our co-operatives as an example. There is no finer example of institutions which lay out their own destiny, so to speak, than the co-operative organizations. They are the producers, the distributors and the consumers, all at the same time. There is no reason for them to raise prices against each other, because it would be senseless to try to profiteer from yourself.

Therefore for hon. members to say that the C.C.F. is the party which wants permanent controls is simply to show that they do not understand the philosophy of this party. If we reach the point in this country where we are willing to admit that human rights have priority over property rights, and that human welfare in this country should have first priority at all times, then it will be possible for us to build our economic system to suit human welfare, and not try to twist the human element in our society to fit our economic system, as we are trying to do it today. That is the reason we must have price controls now.

The suggestion has been made by several members that, instead of administering these controls by order in council, they should be put into statute form. We have also heard from the same people that these controls appear to be self-perpetuating. Well, if I judge aright the temper of the government of Canada, and its actions in the past few years, it would be useless at this time to attempt to put into statute form what is left of their price-control program, as they themselves have announced it.

The Minister of Justice (Mr. Garson) took great pains this evening to try to prove to the official opposition that this is a decontrol measure he is placing before the house, rather than a measure of control. In other words, he suggests that the government have no intention of bringing about any comprehensive system of price controls, and have said so on several occasions, and that they are following out their philosophy in the present instance.

There is no basic difference on this question between the approach made by the government and that made by the official opposition. Let us not be fooled by the shadow-boxing which has been going on in the house for the last few days. Both those parties believe in private enterprise and in letting people go ahead and make all the profits they can. That is what happens in practice, regardless of what they say. And I have no more faith in what the government pretends to do today, than I would have in the official opposition if it were sitting on the government benches.

What we are told is that they have left twelve orders in council controlling a number of things. We are given the list of the things still under control, so far as prices are concerned. An examination of the list would show that it all consists practically of either agricultural products or primary products, with the exception of steel and timber.

That is not a policy of price control. It is only a pitiful attempt at trying to appear as if they are controlling something. The government has gone down the road of decontrol. The Progressive Conservative opposition should be applauding what the government is doing, because it is the same thing they believe in. The government has destroyed the price stabilization system of this country by the process of decontrolling prices at a time when prices were still going up. Today they find themselves in the position where they are the ones to blame for the high cost of living. And they will soon be the ones to blame for the primary producers in this country being unable to obtain even the cost of production of their primary products.

In the face of that, however, the government is decontrolling instead of attempting to build a system of prices which would have some sort of relationship with each other, and which would have some sort of relationship between the prices received by the producers of primary products and those received by the ones who manufacture goods for sale to the primary producers.

Until some effort is made in this direction, it will be useless for the government to talk about controlling prices. It is not doing that; and it would be equally useless for the official opposition to attack the government or the C.C.F. in the matter of controls. Thus far the Progressive Conservative opposition has been attempting to show that the Liberal government is following certain socialist proposals. They might as well forget that approach, because it is becoming more evident than their speeches can make it from day to day that the affinity between

the Liberal and the Progressive Conservative philosophies for the private enterprise system is far stronger, and in practice shows itself in the coalition which we have out west.

The C.C.F. party in the House of Commons, in attempting to bring about a modicum of justice for the primary producers and consumers, has stood out, over the years, pleading for the government to maintain the price stabilization program they started during the war. If we have not been able to persuade them to do it, at least we will be able to stand on our record showing that we have fought for the benefit of the people, and that the combined parties have beaten us down.

Mr. Garson: Would the hon. member permit a question? Is he aware that the C.C.F. was also a member of the Manitoba coalition?

Mr. Zaplitny: I have heard that old chestnut once before.

Mr. Garson: Is it not true?

Mr. Zaplitny: No, it is not true.

Mr. Graydon: It is true.

Mr. Zaplitny: I have heard that old chestnut shot out in the house several times, and I might as well deal with it now.

At the time the C.C.F. participated in the government of Manitoba it was specifically stated at that time by the premier of that province, who now sits in this House of Commons, that it was a non-partisan government, and that he objected to the word coalition being used.

He stated also, publicly, through the press and radio, that it was a temporary set-up in order to help the war effort. It was on that elevated basis that the C.C.F. entered temporarily the non-partisan government of Manitoba. But it was not long before the C.C.F. found its good faith was being violated and found that it was not a non-partisan government, and that the motive behind it was to bring about coalition in order to maintain itself in power. There was only one thing to do; the C.C.F. did the honourable thing and withdrew from the coalition. But the other two parties found the necessity for clinging together in the interest of self-preservation even greater than the necessity of preserving the public interest.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, it was not my intention to take part in the debate. However the official opposition has been carrying on for the last two days, and their arguments are getting so thin —they were not very good to begin with— that I felt something that really mattered should be said. During the past day and a half they have spent most of their time in criticizing the attitude of this party toward controls.

I am not much concerned as to whether the present control bill passes or not, because there is so very little of useful control left, that is, control for the benefit of the common people of Canada, that perhaps a little heavier load would not be much harder to bear. As a matter of fact, if controls are removed altogether it will likely bring home to them all the sooner who are their friends and who are their enemies.

There are and there have been two schools of thought with regard to controls. There is one school, those who live by exploitation and who do not favour controls. Then there is the other school, the little fellow who is exploited and who favours controls because they are his protection. The little fellow was never protected to the extent he was when controls were in effect during the war period. Never in his life was his standard of living so high, and never was he so secure. For that reason he believes in controls. And who can blame him?

But neither the official opposition nor the government believe in controls. The government found that they operated well during the war and I think they were prepared to carry on with controls until supply was sufficient to meet demand, but they were continually being pushed by the official opposition to remove controls.

Mr. Graydon: And the farmers.

Mr. MacInnis: The farmers today want controls. If the hon. member will read the report of the Canadian Federation of Agriculture he will find there the strongest demand for controls ever made in Canada. The C.C.F. is not in favour of controls just for the sake of controls. We are in favour of government controls because we are convinced that if we do not have government controls we will have some other form of control. Let me demonstrate to the house what happens when government controls are removed.

As soon as a government control is removed another control takes its place. The hon. member for Winnipeg North Centre (Mr. Knowles), who is not at the moment in his seat, last August wrote to the Minister of Finance (Mr. Abbott) in regard to the allocation of newsprint. In the letter that the hon. member received from the minister appeared these words:

> As you may know, the authority for the control of allocation of newsprint, formerly vested in the wartime prices and trade board, was rescinded as of December 15, 1945 . . . The Newsprint Association of Canada, Sun Life Building, Montreal, now has complete control of the allocation of newsprint.

Are my friends opposed to that kind of control?

An hon. Member: No.

Mr. MacInnis: That is the kind of control they want. They want big business to control the lives of the people of Canada. I am being generous and am willing to assume that the government do not want that situation, but they have willingly or unwillingly allowed themselves to be pushed into the position of having to do that.

Only a few months ago there was an investigation by the combines investigation commissioner into the price and distribution of bread. It was found that the very staff of life of the people was controlled and is being controlled today. It was found that prices were set and that the bakeries had their own police to see that those prices set were adhered to. Are hon. members going to tell me that there is no control? Of course there is control. We believe that it is much better to have control by a government or an agency responsible to the people than by an agency not responsible to anyone but itself.

What has happened during the past few years through the removal of controls? The removal of each control has resulted on each occasion in an increase in the cost of living. Every increase in the cost of living has made it that much more difficult for the low-income people of this country to live. I have pointed out already that the standard of living of the low-income people of Canada, the old age pensioners, persons in receipt of war veterans allowances, those on superannuation and the like, is much lower today, despite the fact that in 1948 we had the highest level of production we have ever had in Canada, than it was during the war years.

What is the reason? The reason is that when the government removed controls those who were controlling prices allowed those prices to soar, or they put up prices and took away some more of what the little people had left. At one of the sittings of the royal commission on prices last autumn Mr. H. R. MacMillan of the MacMillan lumber interests was on the witness stand. When he was asked the reason for rising prices he said:

> "We found that selling to the retailer at lower prices than other mills was having the effect of increasing the retailer's profit without doing anyone any good.
>
> "My experience is that in the open market when the price is going up you can't stop it."

Just because you cannot stop it without controls, the little fellow is being squeezed to death while the big fellow is prospering as he never prospered before. There can be only one end to a society where squalor, misery, want, poverty and privation increase at the bottom while wealth and luxury increase at the top. That is what is happening in Canada today.

My hon. friends of the official opposition say that four years after the war there is no need for controls. If there is no emergency now, why all this talk about military pacts? If there is no emergency now, if we are living in such a safe world, why have the defence estimates for this year been increased considerably over what they were last year, or the year before that, and the year before that? Let us talk sense. The world is on the edge of a precipice today. With that situation confronting us, hon. members to my right day after day have obstructed the work of this parliament.

Today the hon. member for Vancouver South (Mr. Green) referred to certain things that had been done by Central Mortgage and Housing Corporation in the development of a housing project. I agree that they did not use that discretion in regard to property rights that they should have. There were, however, only some twenty or thirty properties involved. My information, obtained from letters received from some of the people concerned, is that the situation has been settled fairly well since the matter was taken up with the minister of reconstruction and the chairman of Central Mortgage and Housing Corporation. But I remember that when 23,000 people in British Columbia were despoiled of their property, the efforts of a lifetime, the hon. member for Vancouver South never raised his voice in protest.

Mr. Green: When was that?

Mr. MacInnis: When the Japanese Canadians were uprooted from their homes and scattered right across this country from one end of its 4,000 miles to the other.

Mr. Green: Your own C.C.F. leader advocated moving them.

Mr. MacInnis: My own C.C.F. provincial leader did not do anything of the kind, and even if he did not have any democracy in his make-up my friend the member for Vancouver South cannot take that as an excuse for not having any himself.

Mr. Green: Do you think they should not have been moved?

Mr. MacInnis: They should not have been moved, but if they had to be moved then their properties should have been protected. The government of the country should have acted as their guardian and not as their despoiler. That is what should have been done. There is no democracy in a country unless there is democracy for everybody, democracy for those you do not like as well as for those you do like. That is the only democracy that is

worth while. That is the only democracy that I stand for or will have anything to do with.

Mr. Graydon: My goodness, you are worked up.

Mr. MacInnis: Why shouldn't I be worked up when I see people around me who just talk for the mere sake of talking, who talk for the mere sake of making an impression on the country?

Mr. Fulton: On a point of order, I realize the hon. member has worked himself up into a fine state.

Mr. MacInnis: On a point of order—

Mr. Fulton: I would suggest—

Mr. MacInnis: Will my friend please sit down? I have the floor.

Mr. Fulton: I would suggest that this has nothing to do with the resolution. I ask for your ruling on the point, Mr. Speaker.

Mr. Deputy Speaker: The hon. member for Kamloops (Mr. Fulton) has raised a point of order that the remarks of the hon. member for Vancouver East do not refer to the resolution. I ask him to direct his remarks to the resolution.

Mr. MacInnis: Mr. Speaker, the matter I was just referring to involves one of the orders in council referred to this evening by the Minister of Justice (Mr. Garson), and it is in the resolutions that are going to be dealt with. My friends on the right, the official opposition, are very fond of criticism, but they cannot take it when it is directed at them. As I said, Mr. Speaker, I do not think that the matter before us is of very great moment to the people of Canada outside of rent control, and I am bound to say that rent control is not an unmixed blessing. It works to the disadvantage of some poor people although it benefits others. The question that is before us now is whether my friends in the official opposition want to see this legislation pass in order to protect the very few that it can protect now, or whether they want to see this legislation expire and these people have no protection whatever. They should say exactly what they want to see happen, and then the house can govern itself accordingly.

Mr. Rodney Adamson (York West): This resolution has caused a great deal of heat and a great deal of discussion on matters that were hardly germane to the question of the continuation of the controls that are left from the old wartime control order. Housing is such a problem in the riding of York West that if I thought the proposed measure of the government would assist in the alleviation of the situation, believe me, Mr. Speaker, I would support it. On the subject of rent control there are a number of questions which we must ask ourselves, and on the answers to those questions judge its effectiveness. The questions are:

1. Is rent control producing an equitable distribution of available housing?

2. Does rent control result in the construction of an adequate number of houses for rent?

3. Does rent control ameliorate substandard living conditions?

4. Does rent control assist veterans to obtain houses, or other suitable living places?

5. Does rent control channel building materials and building labour into residential housing rather than into commerce, entertainment or business premises?

On an entirely impartial survey of the housing situation in Canada today, Mr. Speaker, I think that the answer to all five questions must be no. It is for that reason that I believe that a statute with regard to housing should be enacted by parliament after consultation with the two other levels of government which are so intimately concerned with the whole matter. The control provided is not satisfactory, and that is why a statute is needed as to housing, and for these basic reasons.

In most Canadian towns the proper planning of a residential area is made impossible by the fact that approximately eighty per cent of all new houses do not pay sufficient taxes to cover the cost of municipal services supplied to them. This causes an urgency to compete for the location of industry at whatever social or locational cost; the gross overzoning for industrial land use, resulting in the enforced location of housing in industrial areas; the need for suburban municipalities of township size in order to spread taxation; the consequent inhibiting of the socially desirable small, compact communities; the imposition of excessive restrictions in "well planned" communities in order to exclude houses of low assessment; the refusal of municipalities to accept current federal offers of subsidized rental housing owing to the tax burdens which their acceptance would cause; the inequality of school standards as between school sections; and generally to make physical planning appear futile. No such complete study exists, although it is basic to planning and housing practice.

Those are the problems we face today in the housing or re-housing of our population. They are problems which cannot be solved or cured by a mere control act such as that

envisaged in this measure. These are problems which have to be worked out with the provinces and municipalities; and if there were no other reason why a dominion-provincial conference should be called, it is to solve this vital and pressing problem.

I want to give an example of what I mean. In the riding I represent there is a desperate shortage of houses, houses for veterans or low-rental houses of any description, and there is gross overcrowding and substandard conditions of living. The problem is acute. Central Mortgage and Housing Corporation offered to build some two thousand houses in the metropolitan area of Toronto, of which a large number would be in the riding of West York. They wanted to build houses in groups of two or three hundred, the most economical way to construct a planned housing project, because in that way the contractor can move onto the land, set up his machinery, his sawmills and other manufacturing processes, and by this means a house can be built for much less than an individual house here and there, which is not mass-produced. The estimated cost of these houses was in the neighbourhood of $6,800. They would rent for $37.50 a month, a reasonable and justifiable price and a rental within the capacity of the average industrial worker in West York.

But let us look at what happened. Let us look at the problems involved in establishing one of these 300-house communities, and let us look at the impact of such a community upon the municipality. In an ideal community each of these three hundred houses would have an average of one and a half children of school age. For such a community this would mean 450 additional children in the school section. Assume there would be an average of fifty children per room, though I say this number is far too great. The present cost of constructing a school in the Toronto metropolitan area is around $33,000 to $35,000 per room. This would mean that if these three hundred desperately needed houses for veterans were constructed, the community would immediately have to face a capital outlay of over $300,000 just for schools, exclusive of such things as sewers, water, street lighting and all the other essential services. No municipality in Canada can withstand the impact of a shock as great as this. No municipality can exist without going bankrupt, if this sort of thing is to be allowed. A recent conference of mayors, reeves and municipal officers of the municipalities surrounding Toronto pointed this out to the officers of Central Mortgage and Housing Corporation, and said they could not permit the erection of these houses unless some solution could be found to the school problem. That is a basic economic problem, and until it is solved you will get no low-rental housing where it is most needed.

I say this control measure does nothing to solve that problem. This control measure merely continues a pious hope that was effective before the shift of population caused by war industry, and the subsequent movement of industry into large metropolitan areas. The control measure has completely failed to give us an equitable distribution of the housing and the living space now available, and it has failed also to assist in the building of low-rental houses.

Now I want briefly to deal with this question of planning, but before that I want to say something about the corruption of the English language. "Planning" is one of the words that have been so basely corrupted. Because of the socialist insistence on over-all planning for the state, such things as town planning or planning for communities have a tinge of socialism they do not deserve. A modern community must be zoned and it must be planned. Other words have been corrupted as well. The word "home" has been corrupted. Instead of meaning, as it did in the early days, one's hearth, the place where one lived, the word "home" has been corrupted to mean a sort of jerry-built house, constructed for speculative sale. I think it is a pity that such excellent old English words should be corrupted by advertising in this way.

I want to mention the problem of the low-rental house. It may amaze this house, and I think it will interest the country, to know that, despite the protestations of the Prime Minister, this government is actually subsidizing housing to the extent of approximately $2 million a week. About one hundred million dollars a year is going into subsidized houses. If that were producing a solution for the veteran who cannot get a house, if that were producing a solution for the industrial worker who is moved from pillar to post and is living in cramped and very frequently in unsanitary conditions, if that money were really being effectively put to work, I for one would not complain. This is not the case and the situation has not improved. The men on the waiting list, the veterans with two and three children who are living in deplorable conditions and who are on the books of the Central Mortgage and Housing Corporation, are just as numerous today as they were a year ago. Unless a tri-government agreement can be made, there is very little hope that the situation can be improved.

With rental control we have developed a hatred between the landlord and tenant. I thought a letter which appeared in the press the other day was rather interesting in that it expressed this feeling which has grown up because of rent control. This is the letter:

> The majority of landlords are not wealthy people —but today a landlord is apparently a despised citizen, classed with gangsters and criminals, all because he happens to have a house for which he has worked and saved and which somebody else now wants to occupy, all at his expense—namely, the tenant. The law gives it to him because there are more tenants than landlords and that means more votes.

I have had literally dozens of letters from the owners of small houses in my constituency. The owners of these houses have been unable, until quite recently, to live in their own houses and frequently the tenant is leasing a room or two for the amount of rent paid for the whole house. That is a grave injustice, Mr. Speaker, and it is one of the faults of an over-simplified control measure. It is for reasons such as these that I believe the whole problem of housing should come before a dominion-provincial conference, and the municipalities should have representation at that conference.

Whatever the constitution may be, conditions have made it necessary for the question of municipal taxation to be brought into the arena of dominion affairs. Following the first great war an intolerable condition developed, similar to the one which exists today. The sudden development of small houses mushroomed into the suburban municipalities surrounding the major cities. Eventually this resulted in demands for the necessary municipal services which, in turn, resulted in the bankruptcy of a large number of Ontario municipalities. This is an intolerable situation, Mr. Speaker, and a situation which we cannot permit to develop again. It is a situation, however, which we are doing everything possible to bring about by this very control order that is on our statute books. That is the problem, Mr. Speaker. I believe it is a problem that requires, not a blanket order but the attention of the best brains in all three levels of government.

We are not producing houses. Certainly we are not producing houses for rental purposes, and therefore we are not improving the conditions under which our people have to live. If this government, if any government, produced a workable plan, I would certainly support it. Having seen the operation of this present measure, having seen the conditions forced upon the people in my constituency, I do not and cannot support the measure as it is. It does not do the things it is supposed to do. It does not control rent. It does not provide low-rental housing and it does not allow the veteran to obtain the shelter which he deserves.

Mr. T. L. Church (Broadview): I do not wish to prevent a vote being taken tonight, Mr. Speaker, and for that reason I will confine my remarks to four or five minutes. I wish to call the attention of the Minister of Justice (Mr. Garson) to one clause in the resolution as amended. As I said on February 7, there are 180,000 of these orders in council. As you know, Mr. Speaker, there are some people who are taking advantage of that because the Supreme Court of Canada has been the court of last resort. Only four of these orders in council have gone before the supreme court, with the result that only one of them has been held intra vires, by a vote of 4 to 3. There are some people who are taking advantage of that fact. The courts do not know what the law is.

I agree with what has been said. There is in the city of Toronto no land available for housing. If we only had a steam suburban service around the city, the housing problem could be solved satisfactorily. In the olden days we had the advantage of having in the city land at $6 and $8 a foot. Today out in the township of York, in the counties of York, Ontario and Peel, the city is giving a service by buses and electric cars, but we have no steam suburban service in that area. If we had the advantage of that service I think we should be able to solve the housing problem. Other large cities like Montreal have a steam suburban service.

In conclusion I want to say this about these orders in council. Nobody can know the law until it is finally determined. There are some people who have been put in jail illegally. I know of one case in which the man owns his own house. He is a soldier. I have seen some of the tenants who put electric stoves in cupboards away up in attics, and who do a great many things that a desirable tenant would not do. I believe there should be some control over them. I have seen some of the houses of soldiers and others and they cannot get into them. I believe there should be some change in the system. Some magistrates and county court judges in our city, and all over Ontario, are sentencing people illegally. I have been calling the attention of the house to this matter on several occasions. I do not wish to obstruct the passage of the resolution, because I should like to see it adopted. As I say, if we had the steam service that I have described furnishing transportation out to the townships, we would then have a method which would solve the housing problem in the way it was solved in the first great war.

Mr. Harry R. Jackman (Rosedale): It may be said generally that we who belong to the

Progressive Conservative party are against controls unless those controls seek the betterment of our people. Unless the case can be proven that the control will, of necessity, make for better living conditions, then the control should not be put into operation. I should like to bring to the attention of the house again the point which was made by my colleague the hon. member for Calgary West (Mr. Smith), who said: How can the government show any reason for emergency powers, on which this legislation is supposed to be based, when the government combines under the resolution such diverse things as butter and steel? How can there be any relation whatsoever between the control of butter and the war? It is now nearly four years since the armistice, although we have not yet had a declaration of peace with regard to some of the enemy countries. But for all practical purposes the war has been over for nearly four years.

In place of there being a butter shortage and in place of there being some danger of butter going to untoward heights where a ceiling of seventy-two cents a pound or some other level is necessary, I am sure that the government must be far more concerned with the floor under butter rather than with a ceiling. Surely a floor is not an aftermath of the war. On the other hand, a ceiling might have been. So where does the government stand on that matter?

Then, again, I should like to refer to the question of oils and fats. At the moment there is in the world a great surplus of vegetable oils. If that is an aftermath of the war, then surely it is an aftermath which we gladly welcome; and certainly it does not call for any controls of the nature of those proposed by the government at the present time. On the other hand, steel may indeed be something which requires control, because in the long years of the war steel was in such demand for war purposes that little or none was available except for the most urgent civilian uses. There may be a case to be made for the allocation of steel under government supervision. But how can any administration say that butter on the one hand, and steel on the other, provide an argument for the reasonableness of the legislation proposed under this resolution? It would seem to me that if the government wish to carry the people of this country with them they should set out the reasons for the proposed legislation and not put it in an omnibus resolution as they are now trying to do.

On motion of Mr. Jackman the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Drew: May I ask whether it is intended to proceed in committee when the motion is disposed of?

Mr. Fournier (Hull): Yes. The moment the motion is carried we shall go into committee on the resolution, have first reading of the bill and second reading the next day. Then we shall take up resolutions Nos. 5, 8, 4 and 15 on today's order paper.

At ten-thirty the house adjourned, without question put, pursuant to the order of the house passed on March 14, 1949.

HOUSE OF COMMONS

Wednesday, March 16, 1949

The house met at three o'clock.

ST. PATRICK'S DAY

SUGGESTED ADJOURNMENT AT SIX O'CLOCK ON MARCH 17

Mr. Robert Fair (Battle River): Mr. Speaker, I rise on a question of privilege. There appears in this morning's Ottawa *Citizen* a Canadian Press dispatch from Quebec city which states that the Irish employees of that city will have a holiday with pay tomorrow, St. Patrick's day. I am sure that all members who are imported Irish, as well as those who are of Irish descent, and their friends, would enjoy a holiday tomorrow evening. I should like to ask the Prime Minister if he will move the adjournment of the house at six o'clock on Thursday the 17th so that we can enjoy the holiday.

Right Hon. L. S. St. Laurent (Prime Minister): I am sure it would give much pleasure to all members of the house if something were done to enable them to celebrate St. Patrick's day. But the fact is that I shall have to move tomorrow, as appears from the notice in *Votes and Proceedings,* that the house begin its sittings at eleven o'clock in the morning and continue under that arrangement until such time as we shall have disposed of the four resolutions mentioned in that notice. I am afraid it would look a little out of the ordinary to ask the house to begin its sittings at eleven o'clock on Friday morning and at the same time arrange to have the house rise at six o'clock on Thursday evening. However, we will see what progress has been made in the meantime, and if it is such as to convince everybody that we have earned an evening off, perhaps it can be agreed that we take it.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

*EXCESS PROFITS TAX—COLLECTIONS IN PORT HOPE AND OSHAWA, ONT.

Mr. Williams:

What sum of money was collected as excess profits tax for each year such tax was in operation from each of the individual firms in the Ontario cities of Port Hope and Oshawa?

Mr. McCann: I should like to answer this question orally. In accordance with the secrecy provisions of both the Income War Tax Act and the Income Tax Act, the taxation division is not permitted to divulge incomes or income tax assessed or collected from individual taxpayers.

NATIONAL DEFENCE—DIVERSION OF CLOTHING MANUFACTURE TO MILITARY PURPOSES

Mr. Isnor:

Has a directive, or any instructions, been issued to clothing manufacturers in Canada, to divert their efforts to the manufacture of materials or clothing for use of navy, army or air force, in preference to civilian clothing?

Mr. Belzile: No such directive is in effect at the present time.

PRICES AND TRADE BOARD—BELLEVILLE, ONT., OFFICE

Mr. White (Hastings-Peterborough):

1. How many (a) investigators; (b) other officials, officers and staff, are now employed in the office of the wartime prices and trade board at Belleville?

2. What amount has been paid out for (a) salaries; (b) fees; (c) expenses, in respect of such employees in each of the years 1947 and 1948?

Mr. Belzile:

1. (a) Three investigators are now employed in the office of the wartime prices and trade board at Belleville.

(b) Two stenographers are now employed in the office of the wartime prices and trade board at Belleville.

2.	1947	1948
(a) Salaries	$ 7,097.01	$ 6,992.66
(b) Fees	Nil	Nil
(c) Expenses	3,379.79	1,645.48

BROADCASTING—STATIONS CKY AND CBW

Mr. Benidickson:

1. What was the amount paid to the Manitoba government in connection with the sale to the C.B.C. of radio station CKY, and withdrawal of the Manitoba government from the operation of commercial radio?

2. What additional capital costs have been incurred to date in connection with the establishment of radio station CBW?

Mr. McCann:

1. $200,000.00.

2. $407,272.43.

Questions

DAIRY INDUSTRY—PRODUCTION, PRICES AND SUBSIDIES

Mr. Bertrand (Prescott):

1. What price per pound will be paid by Great Britain for cheese in 1949?

2. How many pounds of cheese has Canada exported to Great Britain, each year, from 1936 to 1948 inclusive?

3. What average price was paid, per pound, for milk fat produced each year from 1936 to 1948 inclusive, without subsidy, used in the manufacture of (a) butter; (b) cheese; (c) powdered milk; (d) condensed milk?

4. What has been the amount of the federal subsidies per hundred pounds of milk or per pound of milk fat produced for each year, from 1936 to 1948 inclusive, used in the manufacture of (a) butter; (b) cheese; (c) powdered milk; (d) condensed milk? This question not to include the quality premium paid on cheese.

5. From 1936 to 1948 inclusive, what was, in pounds and by province, the yearly production of the following: (a) butter; (b) cheese; (c) powdered milk; (d) condensed milk?

Mr. McCubbin:

1. A contract with the United Kingdom ministry of food has been negotiated whereby Canada is to supply 50 million pounds of cheddar cheese during 1949 at a price of 30 cents per pound, f.o.b. factory for first grade.

2. Exports of cheese to United Kingdom as taken from Canada trade returns, 1936-1948 inclusive:

(000 lbs.)

1936	67,801	1943	126,604
1937	81,181	1944	128,872
1938	76,048	1945	132,855
1939	81,153	1946	104,243
1940	103,192	1947	53,861
1941	89,081	1948	37,381
1942	131,374		

3. Prices paid f.o.b. factory, subsidies excluded, for milk fat used in the manufacture of butter, cheese, and concentrated milk, by provinces, 1936-1948:

Province and year	Creamery butter	Cheese	Concentrated milk (includes powdered and condensed)
Prince Edward Island	(cents)		
1936	Not available		
1937	"	"	
1938	"	"	
1939	"	"	
1940	"	"	
1941	"	"	
1942	"	"	
1943	"	"	
1944	38·9	48·3 None produced	
1945	38·3	46·9 "	"
1946	43·9	46·0 "	"
1947	56·4	60·9 "	"
1948	77·7	80·6 "	"
Nova Scotia	(cents)		
1936	Not available		
1937	"	"	
1938	"	"	
1939	"	"	
1940	"	"	
1941	"	"	
1942	"	"	
1943	"	"	
1944	41·9	None produced	59·7
1945	42·0	" "	59·4
1946	44·0	" "	64·6
1947	56·1	" "	69·4
1948	76·8	" "	88·9
New Brunswick			
1936	Not available		
1937	"	"	
1938	"	"	
1939	"	"	
1940	"	"	
1941	"	"	
1942	"	"	
1943	"	"	
1944	40·7	49·4 None produced	
1945	40·2	49·4 "	"
1946	44·0	50·9 "	"
1947	56·0	65·4 "	"
1948	76·2	82·9 "	"
Quebec			
1936	Not available		
1937	"	"	
1938	"	"	
1939	"	"	
1940	"	"	
1941	"	"	
1942	"	"	
1943	"	"	
1944	37·5	47·4	56·0
1945	37·8	46·9	56·0
1946	42·7	50·3	63·1
1947	55·5	59·1	78·0
1948	76·5	82·6	97·1
Ontario			
1936	Not available		
1937	"	"	
1938	"	"	
1939	"	"	
1940	"	"	
1941	"	"	
1942	"	"	
1943	"	"	
1944	36·7	47·1	58·3
1945	36·7	46·9	58·0
1946	42·3	50·0	60·6
1947	54·8	61·7	72·9
1948	74·2	79·4	91·1

Province and year	Creamery butter	Cheese	Concentrated milk (includes powdered and condensed)
	(cents)		
Manitoba			
1936 ...	Not available		
1937 ...	"	"	
1938 ...	"	"	
1939 ...	"	"	
1940 ...	"	"	
1941 ...	"	"	
1942 ...	"	"	
1943 ...	"	"	
1944 ...	34·2	49·7	None produced
1945 ...	35·0	50·0	" "
1946 ...	39·3	51·1	" "
1947 ...	53·7	64·9	" "
1948 ...	71·9	81·4	" "
Saskatchewan			
1936 ...	Not available		
1937 ...	"	"	
1938 ...	"	"	
1939 ...	"	"	
1940 ...	"	"	
1941 ...	"	"	
1942 ...	"	"	
1943 ...	"	"	
1944 ...	33·9	50·0	None produced
1945 ...	34·1	47·4	" "
1946 ...	38·1	49·1	" "
1947 ...	52·2	58·3	" "
1948 ...	70·8	80·0	" "

Province and year	Creamery butter	Cheese	Concentrated milk (includes powdered and condensed)
	(cents)		
Alberta			
1936 ...	Not available		
1937 ...	"	"	
1938 ...	"	"	
1939 ...	"	"	
1940 ...	"	"	
1941 ...	"	"	
1942 ...	"	"	
1943 ...	"	"	
1944 ...	33·0	49·4	52·3
1945 ...	33·4	49·1	49·4
1946 ...	36·1	48·3	52·6
1947 ...	50·6	58·9	67·1
1948 ...	68·7	75·1	90·6
British Columbia			
1936 ...	Not available		
1937 ...	"	"	
1938 ...	"	"	
1939 ...	"	"	
1940 ...	"	"	
1941 ...	"	"	
1942 ...	"	"	
1943 ...	"	"	
1944 ...	35·2	46·6	56·0
1945 ...	34·8	46·6	55·4
1946 ...	39·6	48·0	55·4
1947 ...	52·7	69·1	94·0
1948 ...	67·5	78·9	1·129

4. Subsidies Payable on Dairy Products

Subsidy period	Rate of Subsidy	Paid under direction of
Creamery Butter—		
July 6/42-Dec. 20/42.....	6c per lb. bf.	WPTB
Dec. 21/42-April 30/43.....	10c per lb. bf.	WPTB
May 1/43-Dec. 31/43.....	8c per lb. bf.	AFB, P.C. 2709, April 2/43
Jan. 1/44-April 30/44.....	10c per lb. bf.	AFB, P.C. 2709, April 2/43
May 1/44-April 30/45.....	10c per lb. bf.	AFB, P.C. 1082, Feb. 24/44
May 1/45-April 30/46.....	10c per lb. bf.	AFB, P.C. 6/1731, Mar. 14/45
May 1/46-April 30/47.....	10c per lb. bf.	AFB, P.C. 2150, May 30/46
Cheddar Cheese—		
Oct. 1/43-April 30/44.....	30c per 100 lb. of milk	AFB, P.C. 7142, Sept. 9/43
May 1/44-April 30/45.....	20c per 100 lb. of milk	AFB, P.C. 1082, Feb. 24/44
May 1/45-April 30/46.....	20c per 100 lb. of milk	AFB, P.C. 6/1731, Mar. 14/45
May 1/46-April 30/47.....	30c per 100 lb. of milk	AFB, P.C. 2150, May 30/46
Concentrated Milk Products—		
Dec. 22/41-April 30/42.....	40c per 100 lb. of milk	WPTB
Mar. 1/43-April 30/43.....	25c per 100 lb. of milk	AFB, P.C. 1/2590, Mar. 31/43
Oct. 1/43-April 30/44.....	30c per 100 lb. of milk	AFB, P.C. 7142, Sept. 9/43
May 1/44-Sept. 30/44 (2)....	15c per 100 lb. of milk	AFB, P.C. 1082, Feb. 24/44
Oct. 1/44-April 30/45 (2)....	30c per 100 lb. of milk	AFB, P.C. 1082, Feb. 24/44
May 1/45-Sept. 30/45 (2)....	15c per 100 lb. of milk	AFB, P.C. 6/1731, Mar. 14/45
Oct. 1/45-April 30/46.....	30c per 100 lb. of milk	AFB, P.C. 6/1731, Mar. 14/45
May 1/46-Sept. 30/46.....	23c per 100 lb. of milk	AFB, P.C. 2150, May 30/46

[Mr. McCubbin.]

5. Production of Cheddar Cheese in Canada by Provinces, Year 1936 to 1948 inclusive
(000 lbs.)

	Prince Edward Island	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia	Total
1936	296	419	25,375	88,457	2,140	511	1,451	470	119,123
1937	461	597	30,362	93,867	2,923	343	1,838	231	130,625
1938	449	552	28,569	87,593	3,344	419	2,451	590	123,971
1939	459	557	27,526	89,968	3,492	345	2,196	928	125,475
1940	671	627	35,641	100,004	4,546	390	2,705	750	145,338
1941	702	773	39,021	103,446	3,670	390	3,140	719	151,865
1942	1,082	1,852	65,275	128,348	5,147	440	3,908	879	206,935
1943	781	971	50,555	106,132	3,360	445	2,563	718	165,527
1944	1,111	1,149	62,995	106,815	3,910	587	3,712	832	181,117
1945	1,052	1,194	61,519	115,200	3,858	368	3,985	748	187,928
1946	737	970	43,195	95,269	3,178	376	3,230	689	147,647
1947	658	737	23,430	87,482	3,456	328	3,079	533	119,703
1948	728	667	12,940	66,506	2,365	266	2,566	438	86,476

Production of Creamery Butter in Canada by Provinces, Year 1936 to 1948 inclusive
(000 lbs.)

	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia	Total
1936	2,068	5,754	3,502	74,487	86,705	23,011	24,097	25,491	5,813	250,931
1937	2,131	5,874	3,623	74,557	81,396	24,343	23,571	26,323	5,234	247,056
1938	2,557	6,716	4,521	79,758	87,754	25,703	23,524	31,242	5,568	267,347
1939	1,937	5,681	3,987	80,235	88,010	26,524	25,400	29,749	6,086	267,612
1940	1,984	5,870	3,923	74,084	87,278	27,289	28,306	29,796	6,189	264,723
1941	2,644	6,540	4,542	76,266	86,242	31,106	37,126	35,316	6,062	285,848
1942	3,523	6,660	4,981	73,109	81,025	31,641	41,306	36,985	5,357	284,591
1943	4,301	7,660	7,016	85,532	82,023	33,922	47,721	38,656	4,874	311,709
1944	4,014	7,142	7,089	82,194	75,074	31,553	48,264	37,806	5,639	298,777
1945	4,317	7,392	7,425	88,061	77,610	27,004	41,074	34,692	6,205	293,782
1946	3,895	6,987	6,920	85,355	69,145	26,058	37,025	30,743	5,331	271,464
1947	3,660	6,617	6,908	97,527	77,030	26,265	36,330	32,068	4,436	290,841
1948	4,465	6,248	7,109	95,960	74,166	25,101	33,982	32,404	4,339	283,774

Production of Dry Milk and Condensed Milk
(000 lbs.)

	*Dry milk	†Condensed milk
1936	21,264	79,060
1937	23,947	102,725
1938	32,132	114,950
1939	31,921	124,456
1940	32,840	150,305
1941	34,837	190,569
1942	37,392	213,503
1943	39,884	205,016
1944	46,063	218,762
1945	50,275	230,690
1946	58,180	223,445
1947	69,911	241,123
1948	82,238	270,196

*Includes dry skim milk and dry whole milk.

†Includes evaporated and sweetened condensed milk.

It is not possible to give production by provinces, as such information is not available.

INDIANS—ADDITIONS TO MILLER BAY HOSPITAL PRINCE RUPERT—BUILDING INSPECTOR

Mr. Archibald:

1. Who is the building inspector of the additions to the Miller Bay hospital of the Indian department, at Prince Rupert?
2. What is his salary?
3. What are his qualifications?

Mr. Fournier (Hull):

1. Theodore Norton Youngs, clerk of works, grade 3.

2. $2,880 per annum.

3. The manager of the unemployment insurance commission at Prince Rupert stated Mr. Youngs had the necessary qualifications and he was employed through the local office of the civil service commission. He is a graduate of the university of British Columbia (mining engineer). Mr. Youngs designed and built the assay building and offices, and supervised the construction of mills. The district resident architect of this department finds him a capable clerk of works for the class of work he is supervising for the department at Prince Rupert, and states that he is very attentive and careful in his work.

COMMISSION TO REVISE THE STATUTES

Mr Viau:

1. What are the names of the persons employed, under section 2 of chapter 67, 11-12 George VI (1947-48), to revise the statutes of Canada?
2. What are their qualifications?
3. What salary or remuneration are they receiving?
4. What are the names of those employees who are bilingual?

Mr. Garson:

1. (a) J. C. Martin; (b) Leonard J. Ryan; (c) Stanislas Dery; (d) Samuel Quigg, K.C.; (e) Chas. G. Riley; (f) Marcil Plante; (g) Joseph G. deLorimier; (h) Emily Bradfield; (i) Mary Lefebvre; (j) Monique Lafontaine; (k) Carmen Renaud; (l) Pearl Edey.

2. (a) Barrister; (b) Barrister and secretary; (c), (d), (e), (f), (g), Barrister; (h), (i), (j), (k), (l) Experienced secretary.

3. (a) $5,000 per annum; (b) $4,000 per annum; (c) $5,000 per annum; (d) $5,000 per annum; (e) $4,500 per annum; (f) $4,500 per annum; (g) $4,000 per annum; (h) $225 per month; (i) $225 per month; (j) $225 per month; (k) $225 per month; (l) $225 per month.

4. Stanislas Dery, Marcil Plante, Joseph G. deLorimier, Mary Lefebvre, Monique Lafontaine, Carmen Renaud.

ALCOHOLIC LIQUORS, WINE AND BEER—CONSUMPTION, 1945-48

Mr. Gauthier (Portneuf):

How many gallons of alcohol, wine, and beer have been consumed in Canada during the years 1945, 1946, 1947 and 1948 (a) in Canada as a whole; (b) in each province?

Mr. McIlraith:

(a)

Table 1. Apparent consumption of spirits, beer, and wine in Canada, fiscal years 1945-48[1].

	Spirits Pf. Gal.	Beer Gal.	Wine Gal.
1945	3,719,918	110,223,815	3,712,456
1946	5,863,512	130,086,099	4,575,577
1947	6,543,173	146,980,904	5,584,398
1948	7,320,388	165,742,842	5,213,608

[1]Estimated from production, warehouse releases, and trade statistics.

(b)

Table 2. Sales of spirits, beer and wine, by provinces, provincial fiscal years 1945-48. (Source: Provincial liquor control boards).

	Spirits Gal.	Beer Gal.	Wine Gal.
Nova Scotia—			
1944-45	348,740	4,422,997	113,264
1945-46	422,088	5,080,029	164,151
1946-47	404,502	4,449,253	175,862
1947-48	Not yet available.		
New Brunswick—			
1944-45	Not available.		
1945-46	Not available.		
1946-47	322,510	2,928,217	214,385
1947-48	Not yet available.		

Questions

	Spirits Gal.	Beer Gal.	Wine Gal.
Quebec—			
1944-45 ..	1,927,469	32,246,478	1,255,058
1945-46 ..	2,014,039	35,386,960	1,251,939
1946-47 ..	2,369,140	38,208,908	1,655,722
1947-48 ..	2,171,527	45,510,853	1,283,133
Ontario—			
1944-45 ..	1,518,067	47,182,168	1,624,172
1945-46 ..	2,661,034	51,050,030	2,138,646
1946-47 ..	2,990,248	58,907,572	2,222,884
1947-48 ..	Not yet available.		
Manitoba—			
1944-45 ..	214,608	6,771,811	176,293
1945-46 ..	326,870	8,346,718	194,130
1946-47 ..	361,136	7,843,365	245,353
1947-48 ..	Not yet available.		
Saskatchewan—			
1944-45 ..	164,790	3,853,394	251,894
1945-46 ..	252,929	5,853,054	263,575
1946-47 ..	309,636	5,360,619	407,044
1947-48 ..	287,946	7,316,840	335,360
Alberta—			
1944-45 ..	244,529	7,253,700	137,900
1945-46 ..	346,320	8,352,000	130,000
1946-47 ..	411,593	10,900,000	275,000
1947-48 ..	407,089	11,103,000	310,000
British Columbia—			
1944-45 ..	Not available.		
1945-46 ..	Not available.		
1946-47 ..	Not available.		
1947-48 ..	Not available.		

Note: In Prince Edward Island the sale of alcoholic beverages was prohibited except for medicinal purposes. Such sales are not available in gallons. Government control of liquor sales was adopted following the plebiscite of June 28, 1948.

BROADCASTING—RELAY TRANSMITTERS

Mr. Benidickson:

1. At what locations are relay transmitters in operation?

2. When did each relay transmitter commence to operate?

3. To what station is each a satellite?

Mr. McCann:

1. CBRA, Revelstoke, B.C., Oct. 22, 1940, satellite of CBR; CBRN, North Bend, B.C., Sept. 11, 1942, satellite of CBR; CBRF, Fernie B.C., Dec. 14, 1942, satellite of CBR; CBRR, Cranbrook, B.C., Dec. 17, 1942, satellite of CBR; CBRK, Kimberley, B.C., Dec. 18, 1942, satellite of CBR; CBRM, Creston, B.C., Dec. 29, 1942, satellite of CBR; CBRQ, Quesnel, B.C., Aug. 9, 1943, satellite of CBR; CBRG, Prince George, B.C., Aug. 10, 1943, satellite of CBR; CBRL, Williams Lake, B.C., Aug. 11, 1943, satellite of CBR; CBRT, Ashcroft, B.C., May 16, 1948, satellite of CBR; CBRP, Princeton, B.C., May 18, 1948, satellite of CBR; CBRD, Field, B.C., Dec. 2, 1948, satellite of CBR; CBLS, Sioux Lookout, Ont., June 13, 1943, satellite of CBL; CBLN, Nakina, Ont., April 27, 1944, satellite of CBL; CBLH, Hornepayne, Ont., Nov. 23, 1944, satellite of CBL; CBLD, Dryden, Ont., April 24, 1948, satellite of CBL; CBAM, Edmundston, N.B., Oct. 18, 1942, satellite of CBA.

2. See answer to No. 1.

3. See answer to No. 1.

BROADCASTING—RELAY TRANSMITTERS, ONTARIO

Mr. Benidickson:

1. What was the capital cost (giving reasonable particulars) of establishment of relay transmitters at (a) Dryden, Ontario, and (b) Sioux Lookout, Ontario?

2. What was the operating cost to the C.B.C. in 1948 (giving reasonable particulars) for maintenance, repairs, line company fees, or other expenses with respect to the relay transmitters at (a) Dryden, Ontario, and (b) Sioux Lookout, Ontario?

Mr. McCann:

1.

(a) Antenna	$ 483.00
Technical equipment	950.00
Total	$1,433.00
(b) Antenna	$ 618.00
Technical equipment	1,475.00
Miscellaneous	343.00
Total	$2,436.00

2.

(a) Line connection charges, space heated and lighted, attendance and use of antenna site	$ 969.08
Power	72.00
Miscellaneous	158.92
Total (approx.)	$1,200.00
(b) Line connection charges, space heated and lighted, attendance and use of antenna site	$ 969.08
Power	108.00
Miscellaneous	122.92
Total (approx.)	$1,200.00

INDIAN AFFAIRS—DAY SCHOOLS, SASKATCHEWAN

Mr. Campbell:

What steps have been taken by the Department of Mines and Resources (Indian affairs branch), to build day schools, this year, on the reserves in Saskatchewan at Sweet Grass, Poundmaker, Red Pheasant, Stony and Thunderchild?

Mr. MacKinnon:

Sweet Grass reserve: Plans have been prepared and an item included in the estimates

for 1949-50 for the construction of a one-room Indian day school with attached teacher's residence. It was hoped that a start on the construction of this school would have been made in the current fiscal year, but difficulty was encountered in securing a satisfactory site with adequate water supply.

Poundmaker reserve: Plans have been prepared and an item included in the estimates for 1949-50 for the construction of a one-room Indian day school with attached teacher's residence.

Red Pheasant reserve: There is at the present time a one-room school in operation on this reserve. A considerable sum was spent recently to repair the foundation and to insulate the building. Consideration is being given to providing an additional classroom.

Stony reserve (Mosquito reserve): A survey is being carried out to determine the educational needs for this reserve. At present some fifteen of the children are transported daily to the school on the Red Pheasant reserve.

Thunderchild reserve: The contract has already been let for the erection of a modern two-room school on this reserve. It had been planned to erect the building last fall, but the contractor was unable to proceed on account of the cold weather.

AGRICULTURAL PRODUCTS CO-OPERATIVE MARKETING ACT

Mr. Wright:

1. What co-operatives have operated under the provisions of the Agricultural Products Co-operative Marketing Act, 1939, and chapter 19 of the amended act in 1940?
2. What products have they handled?
3. What have been the total advances to each by years?
4. What have been the repayments by each?
5. What were the terms and stipulations under which these advances were made to each?

Mr. McCubbin:

1 and 2:

The following listed co-operative organizations or agencies have operated under a co-operative plan under the provisions of the Agricultural Products Co-operative Marketing Act, 1939, since its inception May 19, 1939:

Saskatchewan Honey Producers Co-operative Association, Honey 1939/40/41.

Manitoba Co-operative Honey Producers Limited, Honey 1939/41/42.

Alberta Honey Producers' Association, Honey 1940/41/47/48.

Saskatchewan Alfalfa Growers' Co-operative Marketing Assoc., Forage Crop Seeds 1939.

Saskatchewan Registered Seed Growers Ltd., Forage Crop Seeds 1939.

Saskatchewan Forage Crop Growers Co-operative Marketing Assoc., Forage Crop Seeds, 1940/41/42/43/44/45/46/47/48.

The Ontario Onion Growers' Co-operative Limited, Onions 1939.

Pelee Island Co-operative Association, Corn 1941.

Le Syndicat des Producteurs de Patates de Shipshaw, Potatoes 1945/46.

The Canadian National Silver Fox Breeders' Association, Fox Pelts 1939/40/47/48/49.

The Dominion Silver Fox Furs Ltd., Fox Pelts 1939.

Charlottetown Fur Sales Ltd., Fox Pelts 1939.

L'Association des Eleveurs de la Province de Quebec, Fox and Mink Pelts 1939.

Dominion Fur Auction Sales Ltd., Fox and Mink Pelts 1939.

Sanduck Fur Auction Sales Ltd., Fox and Mink Pelts 1939.

Edmonton Fur Auction Sales Ltd., Fox and Mink Pelts 1939.

Little Bros. Fur Auction Sales Agency Ltd., Fox and Mink Pelts 1939.

Victor Fox Foods (Western) Ltd., Fox and Mink Pelts 1940.

Syndicat Cooperatif des Producteurs de Fourrures, Fox and Mink Pelts 1940.

Ontario Fur Farmers Co-operative, Fox and Mink Pelts 1942.

The British Columbia Mink Breeders Association, Fox and Mink Pelts 1942.

The Quebec Fur Breeders Co-operative, Fox and Mink Pelts 1942.

Prince Edward Island Fur Pool Ltd., Fox and Mink Pelts 1939.

Maritime Fur Pool Limited, Fox and Mink Pelts 1939.

Western Canada Fur Pool Ltd., Fox and Mink Pelts 1940/41/42.

Prince Edward Island Fur Pool Ltd., Fox Pelts, 1947/48/49.

Maritime Fur Pool Ltd., Fox Pelts 1947/48/49.

Western Canada Fur Pool Ltd., Fox Pelts 1947/48/49.

Hudson's Bay Co. Fur Sales Dept., Fox Pelts 1947/48/49.

Quebec Fur Breeders Co-operative Assoc., Fox Pelts 1947/48/49.

Nova Scotia Silver Fox Breeders' Assoc., Fox Pelts 1947/48/49.

L'Association des Producteurs de Fourrures de Nicolet, Fox Pelts 1948/49.

Northern Pelt Market Co-operative, Fox Pelts 1949.

3, 4 and 5:

Under the act, which is designed to promote orderly marketing, no advances are made and thus no repayments are necessary. Orderly marketing is promoted by the government guaranteeing initial payments which are paid

by the organizations to their primary producers, thus permitting primary producers to receive part payment for their products whilst awaiting market returns from the sale of their products under a co-operative plan. In addition to the guarantee of the initial payment, operating expenses of the organizations, such as actual processing, carrying and selling costs are also guaranteed. Accordingly the government only becomes liable to the organizations when the average wholesale market price of the products falls below the value of the initial payment plus the operating expenses. Under the act the government has successfully guaranteed initial payments and operating expenses to the organizations since its inception in 1939. No payment has been made, under the act, to date with the exception of agreements pertaining to the marketing of fox pelts of the 1946-47 season. Due to the softening of the fox pelt market, some liability on the part of the government has been realized. Claims covering the marketing of these 1946-47 fox pelts are now in the process of being settled but until such time as all claims are received and audited the total government liability cannot be accurately determined.

QUESTIONS PASSED AS ORDERS FOR RETURNS

GREAT LAKES SHORE EROSION

Mr. Lennard:

1. Did the government receive a resolution from the lake shore erosion conference held in Toronto in March, 1948?

2. If so, has the government made a survey of the erosion on the great lakes and has a report been prepared with any recommendations for a remedy?

CANADIAN NAVY—OFFICERS RECALLED FOR SERVICE

Mr. Cockeram:

1. How many officers were recalled for service from January 1, 1947, to date, in the Royal Canadian Navy?

2. On what dates were they recalled?

3. What were their (a) names; (b) rank; (c) and age?

Mr. Baker: With reference to this question and the two which follow, I should say that no officers have been recalled for service since January 1, 1947 to date in the Royal Canadian Navy, the Canadian Army or the Royal Canadian Air Force; consequently these three questions in their present form would have to be answered "None." In conversation with the hon. member for York South (Mr. Cockeram), who asks the question, I find that he would like to have the names, rank, ages and date of appointment of former officers, of the rank of major or equivalent and above, who were appointed to the active forces for full-time employment after January 1, 1947. With this explanation the questions will be answered and I would ask that they be made orders for returns.

CANADIAN ARMY—OFFICERS RECALLED FOR SERVICE

Mr. Cockeram:

1. How many officers were recalled for service from January 1, 1947, to date, in the Canadian Army?

2. On what dates were they recalled?

3. What were their (a) names; (b) rank; (c) and age?

R.C.A.F.—OFFICERS RECALLED FOR SERVICE

Mr. Cockeram:

1. How many officers were recalled for service from January 1, 1947, to date, in the Royal Canadian Air Force?

2. On what dates were they recalled?

3. What were their (a) names; (b) rank; (c) and age?

VETERANS PENSIONS—APPLICATIONS REFUSED

Mr. Diefenbaker:

1. How many applicants for service pension, by provinces, have been denied pension in each of the years 1946, 1947, 1948 and 1949 to date on the ground that disabilities complained of are or were of pre-enlistment origin?

2. Of such applicants, by provinces, how many were enlisted in the armed forces as being in "A" category?

Mr. Gregg: The records of the department are not maintained to show statistically the category in which applicants for pension were enlisted in the armed forces. The answer to part 2 cannot be secured until after the cases referred to in part 1 have been identified, when each file would require to be drawn and examined individually, thus involving a great amount of time, labour and cost. The hon. member who asks the question has agreed that, if the cost should be found to be substantial, part 2 of the question may be answered by stating that statistical records do not reflect the information. Subject to this reservation, the question may pass as an order for return.

C.B.C. NETWORKS—AFFILIATED STATIONS

Mr. Benidickson:

1. During each of the last ten years what privately owned radio stations were added to C.B.C. networks?

2. Where is each station located?

3. With which network did each station become affiliated and was the affiliation (a) as a "basic station"; (b) on a "sustained basis"; (c) on another basis?

4. Which privately owned radio stations are charged by C.B.C. an annual "line charge" for network affiliation and what is the annual charge in each case?

Mr. McCann: Return tabled.

GOVERNMENT-OWNED VESSELS—MERCHANT SEAMEN

Mr. Young:

1. How many ships were owned by the Canadian government on August 31, 1945?

2. How many such ships have since been sold by the Canadian government to non-commonwealth owners?

3. How many such ships have since been sold to commonwealth owners?

4. How many such ships have since been sold to Canadian owners?

5. How many vessels purchased from the Canadian government by Canadian companies since August 31, 1945, have since been resold to non-Canadian owners?

6. How many Canadian-owned vessels formerly owned by the Canadian government are now registered under foreign flags?

7. How many Canadian merchant seamen were employed during 1945?

8. How many Canadian merchant seamen were employed during 1948?

9. Are there any statistics available on the number of Canadian crews which have been paid off from Canadian vessels sold to foreign flags in the year 1949?

W. E. MACKIE, LIMITED

Mr. Nowlan:

1. During the calendar year 1948, what services, if any, were rendered to the dominion government, or any department or agency thereof, by W. E. Mackie, Limited?

2. Were tenders called for in connection therewith?

3. How much has been paid to W. E. Mackie, Limited for each of such services?

4. How much is still owing to W. E. Mackie, Limited, for each of such services?

VETERANS AFFAIRS—PSYCHOLOGISTS

Mr. Blair:

1. How many clinical psychologists are employed on a full-time basis by the Department of Veterans Affairs; where are they located; what are their academic qualifications and from what universities did they receive degrees in psychology?

2. What arrangements are made by D.V.A. to ensure that the best available techniques are employed, and what steps have been taken to ensure adequate training of these psychologists while in the government service? Does such training go beyond sending some of these psychologists on short courses to the United States?

3. Is an adequately trained clinical psychologist employed on a full-time basis by D.V.A. to co-ordinate techniques, and to ensure co-operation with psychiatrists and other specialists of the medical profession?

4. How much time do part-time consultants in psychology to D.V.A. spend on such work?

5. Who are these consultants; with what institutions are they connected; how much money have they been paid in fees and expenses in the past two years; on what basis have these fees and expenses been paid, and what is the basis for their selection?

6. Have any of these same consultants been employed during the past two years by federal departments other than D.V.A.?

EXPROPRIATION OF PROPERTY IN HURDMAN'S BRIDGE AREA, OTTAWA

Mr. Fulton:

1. Under what authority is property, presently occupied for residential purposes, being expropriated in the Hurdman's bridge area?

2. Have specific recommendations for such expropriation been made by the federal district commission?

3. If so, what are the details of such recommendation?

4. Have the projects so recommended been approved by the governor in council?

5. If so, has any appropriation been authorized by parliament?

MOTION FOR PAPERS

DOMINION-PROVINCIAL CONFERENCE, 1936—VERBATIM REPORT

Mr. Pouliot: Mr. Speaker, I rise on a question of privilege. The question is, how long does it take to give the touch of history to any public paper? I shall make myself clear. This motion refers to a paper that dates back nearly thirteen years. Is this a sufficient lapse of time to enable it to be called an historical document? What period of time must elapse before a public paper may be given to the public?

Mr. Speaker: Order. I am sorry to interrupt the hon. member, but there is no motion before the house. If the hon. member wishes to speak on a question of privilege, of course that is a different matter.

Mr. Pouliot: Would Your Honour be kind enough to put the motion to the house?

Mr. Speaker: Mr. Pouliot moves that an order of the house do issue—

For a copy of the transcript of the shorthand notes of the report of the dominion-provincial conference, 1936.

Mr. Abbott: I find that a similar motion was made five or six years ago; it asked for the production of the transcript of the shorthand notes of the proceedings of the dominion-provincial conference of 1936. My predecessor pointed out at that time that the shorthand notes of the proceedings were to be taken for the purposes of a confidential record of what took place. A press statement was issued each day following the meetings of the conference. In view of the arrangement between the dominion and provincial representatives at the conference, I feel it would not be appropriate to produce the transcript of the proceedings.

Mr. Pouliot: I rise again on a question of privilege. Apparently no one can understand why this report should be secret when the reports of all other dominion-provincial conferences have been published. Many years have elapsed since the predecessor of my

genial friend the Minister of Finance refused to table this document. The other day I voted reluctantly against the request of the hon. member for Lake Centre (Mr. Diefenbaker) for the production and tabling of certain orders in council. They were not historical documents then, but a few days afterwards they became historical documents and were tabled in the house. If it only took a matter of days to table the papers asked for by the hon. member for Lake Centre, I do not see why many years are not enough to make other papers of historical value.

Mr. Speaker: Order. I am sorry to interrupt the hon. member, but motions for the production of papers are not debatable. If the hon. member wishes to rise on a question of privilege, I would ask him to state his question of privilege. Otherwise I shall have to put the motion to the house, because such motions are not debatable.

Mr. Pouliot: I agree, and I do not intend to discuss the motion at all. I rise on a question of privilege, and it is one which would affect all requests of a similar nature. I am lured by mystery, and mystery surrounds us here. We are told a thing is mysterious, and we cannot know about it. We cannot even learn about the tenders for post office contracts at Riviere du Loup. They are secret; there is a mystery attached to them, and there is mystery attached to this matter too. I will now tell you why I will not insist that the motion be proceeded with. I will tell the house why it has been made mysterious. It was precisely at the time of that conference that Mr. Dunning went to see Mr. Duplessis of Quebec and said to him, referring to certain words in the transcript: "Would you like to delete this?" He said, "No; I will leave it as it is." What Mr. Dunning referred to was an offer of co-operation from the premier of Quebec to the dominion government as to the settlement of all difficulties, and it is because the premier of Quebec refused to delete those words that the whole thing has been kept secret. Now everybody knows it.

Motion dropped.

NATIONAL DEFENCE

GRANTS TO POLICE AND FIRE DEPARTMENTS—PROVINCIAL CO-OPERATION

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I should like to direct a question to the Minister of National Defence or, in his absence, to one of his assistants. Is the new system of grants to police and fire departments, announced by the attorney general of Ontario, which he said was part of an overall plan of improving national defence, being undertaken in co-operation with the federal Department of National Defence? If so, will the minister make a statement in the matter and say whether the same co-operation is expected of or being arranged with the other provinces?

Mr. L. E. Baker (Parliamentary Assistant to the Minister of National Defence): I shall take note of the question. I noticed the newspaper article to which the leader of the C.C.F. party has referred.

JAPANESE GOODS

QUESTION AS TO MOST-FAVOURED-NATION TARIFF TREATMENT

On the orders of the day:

Mr. Howard C. Green (Vancouver South): I should like to ask the Minister of Finance whether proposals have been made to the government by the United States or any other source that Canada should extend most-favoured-nation tariff treatment to Japanese textiles or other Japanese manufactured goods. Further, is the Canadian government contemplating any such action?

Hon. Douglas Abbott (Minister of Finance): We have had intimations that such a request may be made, but none has been received officially. As to what would be the attitude of the government, of course I am not in a position to say until some such proposal is put forward.

Mr. Green: May I direct a supplementary question to the Minister of Finance? Will the subject of extending most-favoured-nation treatment to Japanese goods be under discussion at the international trade organization conference to be held in France next month?

Mr. Abbott: I am not sure, but I should think not.

EDUCATION

NORTHWEST TERRITORIES—ESKIMOS—SERVICE PERSONNEL AT CHURCHILL

On the orders of the day:

Mr. R. R. Knight (Saskatoon City): I should like to direct a question to the Secretary of State, arising from the fact that sessional paper 176, which I received yesterday, is not complete. In the original question there were eight parts; in the return I received yesterday, only four were answered. The others are marked to be answered by another department, but they have not been answered at all. I would ask the Secretary of State to be kind enough to look into the matter.

Hon. Colin Gibson (Secretary of State): I shall be glad to bring the matter to the attention of those who were concerned with the preparation of the return.

BUSINESS OF THE HOUSE

EASTER RECESS

On the orders of the day:

Mr. Solon E. Low (Peace River): Will the Prime Minister oblige hon. members by saying when it is expected that the house will rise for the Easter recess, and how long the recess is to be?

Right Hon. L. S. St. Laurent (Prime Minister): I still hope it may be possible for the house to rise on the evening of April 8 for the week preceding and the week following Easter. There are some matters of urgent importance that might make it inadvisable to take so long a recess, but I hope that will not be so.

Mr. Knowles: Shall we be coming back?

Mr. St. Laurent: Yes, we shall be coming back.

LABOUR CONDITIONS

UNEMPLOYMENT IN VANCOUVER—ARRANGEMENTS FOR SHIP CONSTRUCTION

On the orders of the day:

Mr. James Sinclair (Vancouver North): Is the Minister of Transport yet in a position to announce what departmental work can be allotted to the shipyards of North Vancouver?

Hon. Lionel Chevrier (Minister of Transport): In order to assist in relieving the unemployment situation in Vancouver I have arranged for the construction of a lighthouse tender and buoy vessel for the Department of Transport at Burrard dry dock at North Vancouver. The contract for this vessel was originally let to Yarrows Limited of Victoria. This change will not involve any loss of employment in the Victoria area, as I believe another order suitable to the Yarrow yard will be announced shortly. There will be no delay in putting the work in hand in both yards, and the change has been made with the consent of both companies in the interests of economy and efficiency and for the purpose of maintaining a maximum amount of employment in the shipyards on both coasts. These arrangements have been made on the recommendation of the Canadian maritime commission.

VETERANS AFFAIRS

WAR VETERANS ALLOWANCES—PROVISION FOR INCREASE TO CERTAIN BENEFICIARIES

On the orders of the day:

Mr. P. E. Wright (Melfort): I should like to direct a question to the Minister of Veterans Affairs, based on the statement he made yesterday with respect to the increase in war veterans allowances. I asked whether the board would automatically review the cases of veterans now receiving the maximum allowance, or whether they would have to make special application to have their cases reviewed. The minister replied that if I read his statement the answer would be evident, but this is the only sentence I can find which refers to this matter:

> Regional offices of the Department of Veterans Affairs are familiar with, or will discover, these cases of special need.

The only way they can discover them is by investigation. Does the department intend to make the investigation itself, or are the veterans to make application?

Hon. Milton F. Gregg (Minister of Veterans Affairs): After reading *Hansard* I realized that I did not complete the answer to my hon. friend's question of yesterday. The answer is that many of the cases referred to, coming under the plan proposed yesterday, are already known. The review with respect to others will continue to be carried out; but any veteran who feels that he should come under the plan when it comes into operation may make application.

Mr. Pearkes: In view of the statement made yesterday, may I ask whether a veteran who is in receipt of war veterans allowance and who also draws a disability pension will be eligible for the increase?

Mr. Gregg: The circumstances under which a veteran may become eligible under the plan announced yesterday are exactly the same as those which now prevail with respect to a veteran who may be getting a small pension supplemented by the war veterans allowance.

Mr. Pearkes: But the words are, "without other means of support". That would not include a disability pension, then? The words "without other means of support" leaves some doubt in the minds of many veterans.

Mr. Gregg: May I answer in this way? If a man were receiving full war veterans allowance and, say a $5 pension, but was not in receipt of other income, he would be eligible to apply.

SEED POTATOES

PRINCE EDWARD ISLAND—EXPORT PERMIT REGULATIONS

On the orders of the day:

Mr. W. Chester S. McLure (Queens): Just prior to coming into the house I received a telephone call about the new permit regulations covering the shipping of Prince Edward Island seed potatoes to the United States. I

did not have time to acquaint the Minister of Trade and Commerce with the subject matter of my question, but it is this: Will the minister make a statement with respect to the new permit regulations, for the benefit of shippers and producers? If he is unable to answer today, will he please take this as notice and answer on Thursday?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I shall be glad to look into the matter.

PUBLIC WORKS

INQUIRY AS TO EXPENDITURES IN SASKATCHEWAN

On the orders of the day:

Mr. W. Ross Thatcher (Moose Jaw): Will the Minister of Public Works indicate where in his estimates he has hidden the proposed public expenditures for Saskatchewan this year? I cannot find them. I wonder if he knows that Saskatchewan is still in the Canadian confederation.

Hon. Alphonse Fournier (Minister of Public Works): If the hon. member will look in the book he will find everything we intend to do in Saskatchewan this year.

Mr. Thatcher: Less than one per cent of the total.

CHILD WELFARE

ALLEGED TRAFFIC IN BABIES FOR ADOPTION

On the orders of the day:

Hon. L. B. Pearson (Secretary of State for External Affairs): May I be permitted to answer now a question asked by the hon. member for Qu'Appelle (Mrs. Strum) on March 10 last, concerning the alleged traffic in babies for adoption?

The first consideration in regard to this problem is that jurisdiction in child welfare matters within the provinces, and particularly in adoption matters, rests with the provinces themselves. Consequently the Department of External Affairs is concerned with this question only in connection with the issuance of passports for young children who are leaving the country under guardianship arrangements. In such cases it is the responsibility of the department to try to ensure that all the requirements of the provincial laws have been met before passports are issued. I can assure the house that officials of the department have continued to co-operate with provincial authorities in the issuance of passports in this category. Whenever there appears reason to question the propriety of issuing a passport on behalf of a child who is leaving the country under guardianship arrangements, the passport is not issued until the matter has been clarified in consultation with the provincial authorities concerned.

[Mr. McLure.]

PRAIRIE FARM ASSISTANCE

PAYMENTS TO PERSONS WITH OTHER OCCUPATIONS, ETC.—REFERENCE TO RETURN TABLED

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I rise on a question of privilege, Mr. Speaker, arising out of a return made yesterday, being sessional paper No. 6B. It has reference to the administration of the prairie farm assistance allowance. The questions which I asked were as follows:

Was payment made of the prairie farm assistance allowance to any persons in 1948 who (a) for a major portion of the year did not live on the land farmed by them; (b) had an occupation or carried on business additional to farm operations?

If so, how many cases are there in each of said categories?

The answers given to those questions are not answers at all, in my submission. The answers read as follows:

1. In dealing with prairie farm assistance claims, no record is kept of the number of farmers who do not live upon the land farmed by them nor of the number of farmers having an occupation or business in addition to farming. The act and regulations do not require that a farmer, to be eligible, must live on his land, nor does having another occupation disqualify him, provided that farming is his primary occupation.

2. See answer to No. 1.

These are not answers to the questions I asked. It is suggested there is no record kept of the number of farmers who do not live upon the land. Whether or not there is a record kept, that fact is stated on every application that is made. In view of the fact that in the administration of this act in Saskatchewan one farmer is receiving payment and another under similar circumstances is being denied it, I think parliament has a right to an answer so that it may be determined whether certain farmers are being discriminated against.

Right Hon. J. G. Gardiner (Minister of Agriculture): The only thing wrong with that answer is that it gives more information than was requested. It is not debatable, either.

Mr. Diefenbaker: Mr. Speaker, the Minister of Agriculture says the matter is not debatable. After all, the administration is required to answer questions, not evade them.

Mr. Gardiner: I am required to answer questions on my estimates, and I am prepared to do so. This question, however, has been answered.

Mr. Diefenbaker: Now, sir—

Mr. Speaker: Order. The hon. member must realize that I cannot permit a debate on the subject. On a question of privilege the hon. member should state his question. I gave him all the time he could possibly

need to enable him to do so, and he received a reply. I believe he should be satisfied.

Mr. Diefenbaker: I rise on a question of privilege.

Some hon. Members: Order.

Mr. Speaker: Order. I would draw the attention of all hon. members to the fact that it is for the Speaker to decide whether or not a member is in order.

Mr. Diefenbaker: Sir, you are the custodian—

Some hon. Members: Louder.

Mr. Diefenbaker: I doubt whether you will be able to get order from the group opposite, Mr. Speaker. I am rising on a question of privilege. You, sir, are the custodian of the rights of members. I ask you to examine that answer and report to the house whether in your opinion the right of members to information has been satisfied by it.

TRANSITIONAL MEASURES ACT, 1947

CONTINUATION OF CERTAIN ORDERS AND REGULATIONS

The house resumed from Tuesday, March 15, consideration of the motion of Mr. Garson that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to provide for the continuation of certain orders and regulations of the governor in council for a limited period during the national emergency arising out of the war.

And the motion of Mr. Casselman: "That this question be now put".

Mr. Harry R. Jackman (Rosedale): Mr. Speaker, last night when the debate was adjourned, this side was endeavouring to find out from the government just what the reasons were which, in their mind, dictated the fact that a national emergency arising out of the war was now obtaining in this country. We did not receive a satisfactory answer, nor have we received a satisfactory answer from the few ministers of the crown who so far have taken part in the debate on the resolution. The Minister of Justice (Mr. Garson) did say that we did not need to fear that permanent shackling might take place if the executive were given discretionary powers because, first of all, we had the War Measures Act. When that act expired, the government changed the name to make it more palatable to the people and it was called the Transitional Powers Act. Today we have before us another softening of the language, and the title of the resolution upon which the bill will be based is, the continuation of the Transitional Measures Act.

No longer do we call it "powers"; we call it "measures". In other words, the people of Canada are supposed to be getting used to this control of their powers in the hands of the executive in Ottawa and the "powers" now simply become "measures". In any event, the Minister of Justice, who is piloting this resolution, gave no clear indication, beyond a bare, declaratory statement, that an emergency did exist. We on this side, and certainly the people we represent, wish to know just how it is that all the various measures which are embraced in the resolution find their origin in the fact that a national emergency arising out of the war still exists.

On this side, Mr. Speaker, we are not necessarily against controls where those controls are in the interests of the people of Canada. Unless those controls can be clearly shown to advance the interests, welfare and happiness of our people, then we are not of that experimental nature that we should wish to fasten controls on the people and perhaps end up in a situation such as we saw in many European countries before the war. Today we see a similar situation in countries such as Russia and her satellites. Where it can be shown that controls will work towards the welfare of the people, the Progressive Conservative party is favourable towards controls. One objective we have, and I will not say that it is not the objective of other parties, is the welfare of our people.

If we have economic controls throughout our whole system—and I am not suggesting that the present batch of controls under the resolution before us gives us economic slavery, nevertheless the tendency is there—we must be assured that there is ample justification for them. For where economic controls get into the hands of an executive or a small clique, then you can be sure that freedom of conscience and freedom of the individual will be taken from us. I do not think that any members of this house believe in control of salaries and wages. We had that control to some extent during wartime, and we were glad to get out of it. We do not want controls of that nature in peacetime. Nor do we want such controls as are in existence in the United Kingdom today under the title of the control of engagement order where a young man entering a business or a field of livelihood is told where he shall go or where he shall work. Indeed, Mr. Speaker, freedom and liberty of the individual was once the keystone around which the whole doctrine of Liberalism was built; that fact, however, has long been forgotten by the party which forms the government of this country today but which still calls itself Liberal.

It is not my intention today to go into the merits of the various controls. Ample opportunity will be afforded when the bill itself comes down. We shall then have an opportunity of examining the particular measures affecting each of the fields of activity. But we still seek from the government benches some justification for the resolution which is before us, by means of which we are to legislate on all these controls, or perhaps to legislate on some and not on others. I shall endeavour to point out the lack of justification.

The only source of jurisdiction which the government claims is the fact that a national emergency arising out of the war still exists. It would be much simpler for us if, in place of having an omnibus resolution, upon which I assume an omnibus bill is to be based, the government would break down the various controls into their separate entities so that we could examine each one and not be called upon to vote holus-bolus for a resolution which may contain some good, such as rental controls, and some bad, such as some of the other controls which I shall mention later. We and the people of this country should like to see the various controls in statute form, so that we shall know exactly what the people must conform to and not be under some general omnibus law where the terms exist chiefly in the mind of some minister or of some controller.

What is happening in this case is what we in this house have seen happen so frequently; and this applies particularly to the Department of National Revenue and to the Department of Finance. We find that the laws are made to suit the administrators, not to suit the people. As long as ease of administration is obtained, then the rights of the people and the consequences to them are given little consideration. So it is in this resolution before us now. We shall find that the bills will give the controllers all kinds of power to cover not only any possible emergency but any peacetime contingency, which would not in itself give the government jurisdiction; and the rights of the people will be forgotten. For example, in the steel control measure, as it exists today, there is the right not only to go into the premises of any steel manufacturer but, if necessary, to take over the plant and to direct its activities as the controller sees fit. That measure goes quite as far in the way of control as does the steel nationalization bill in the United Kingdom which is rocking the industry of that country from stem to gudgeon. That is why, Mr. Speaker, we should like to see these matters in clear statute form so that we shall know exactly where we stand on them, and shall know that powers without limit will not be given to the various administrators and controllers.

Under this resolution a great variety of matters is dealt with. The wartime prices and trade board comes under it. Butter, fruit, vegetables and other matters will be dealt with. Then we have rentals, sugar, steel and timber. In considering these various matters, what I have been looking for is some common thread which runs through them all. I have been trying to find the least common denominator which these matters have, but I cannot find much relationship between them. Yet the government seems to find jurisdiction to legislate on all of them in the national emergency arising out of the war.

Last night I endeavoured to compare the problems with regard to butter and the problems with regard to steel control. With regard to butter, there is today no necessity for a ceiling of seventy-two cents which exists; but if butter slides much further we shall be under the necessity of putting some kind of floor under the butter producers. That is the problem there. The nature of these problems changes quickly. But for the life of me I fail to see how the butter problem has anything to do with the national emergency arising out of the war. Surely the government must concede me that point. Butter today can have no relation to any problem arising out of the war. Yet we are asked here to admit that the government should have jurisdiction on this particular product when they cannot prove their case at all in the matter of jurisdiction. It is not a matter whatsoever for the dominion government.

For the benefit of my friends in the C.C.F. party I might point out here that not so long ago we heard about rather large and fancy inventory profits being made on butter. I for one would not deny that those profits must have been made by somebody; because between the season when butter is easily made—that is, the summer season—and the next season when the cows are freshened, there is no butter production in Canada, and someone must store butter. If we must have butter in storage, and the price fluctuates, someone must get the profit; or, as in the present case, someone must get the loss. So I should be pleased to hear from some of my friends in the C.C.F. what they intend to do now with those who are suffering the loss on the butter which is being carried over from one season to another, just as we heard from them when there was a profit. As to that profit, may I say here that it was not all gain to the co-operative creameries or to the dealers in butter; because if there was any profit on it there was a thirty-five per cent corporation tax which went to the dominion government. Now when there are staggering losses there is no dominion government to

come to the rescue of those who must suffer the inventory loss. In other words, Mr. Speaker, what I want to point out is that these controls sometimes work hardships on the people. The fact that we had on butter a control of seventy-two cents may have been all right for the producer of butter at that time, but when he is faced with the losses, either in the production or in the handling of it, whether it be by a co-operative or by a privately-owned company, he is not left with much fat on his bones with which to carry him over the lean period. In other words, every time we interfere with the natural working of our economic laws we find that there are repercussions which we hardly expected.

Mr. Stewart (Winnipeg North): Will the hon. member permit a question? Will he tell us what the natural working of economic laws is?

Mr. Jackman: In the limited period of forty minutes at my disposal I am afraid I would not be able to do that.

Last night the Minister of Justice (Mr. Garson) referred to the fact that my colleague, the hon. member for Danforth (Mr. Harris), spoke about steel, and he endeavoured to extract from my colleague's remarks the fact that steel should be controlled. I am not going to say yes or no, whether steel should be controlled. I think perhaps the allocation of steel is necessary in many cases, but I do think that the argument made by the Minister of Justice was anything but sound. We are now discussing problems which arise out of a national emergency because of the war. As I recall it, the Minister of Justice said something about lessening the production of steel, and that we are still in an emergency arising out of the war. Well, we use our own steel in Canada. We have always been an importer and never a heavy exporter of steel. Let me point out that in 1939 the steel production of Canada was 129,000 tons. That, apparently, sufficed for our ordinary peacetime economy at that time. In 1948 it amounted to not 129,000 tons but 280,000 tons, an increase of 117 per cent. We had a relatively small gain in our population, but notwithstanding all this our increase in production because of the war leads us to the fact that today we must have controls. I fail to see it.

The Minister of Justice pointed out that it would be highly improper to embody in the same statute, if we had used the statutory form, a loan to a corporation in the steel business, and the general control of the steel industry. It might indeed be highly improper to embrace all these matters even though they deal with the common element of steel. But how much more highly improper is it to embrace not only these two things but a multitude of other things in the same bill and in the same statute.

Still talking about steel, the Minister of Justice went on to say that he wanted to see that the limited amount of steel that was in supply would go to the building of hospitals rather than to big banks. That was interesting, Mr. Speaker, because for some years now, as a member of the Progressive Conservative party, I have been endeavouring to get the government to put into force some form of building permit controls. Everyone realizes that if you want to put your finger on something that does arise out of the war in the way of a shortage, it is the housing shortage. The reason that we have this housing shortage, in this peculiarly acute form, is that hundreds of thousands of our young men were overseas at a time when they might have been acquiring some sort of a house in this country. When they came back no houses were available. They had all been taken by people who had moved into the cities, or by the natural growth of the population. There were no houses for them, and we have not yet begun to fill up that gap; therefore we have a national emergency arising out of the war, and it is housing. We have had it for four or five years, and yet the Minister of Justice has the effrontery to say that we should have controls now in order that steel shall go into hospitals rather than into banks. I have pleaded all along for years that we should have this very thing, and yet the party which he represents, and whose sins he must bear equally with his colleagues, have refused to put in any form of control in relation to building during all these years, and we have on our hands today this very sorry mess in regard to housing. The reason we must still have some controls over housing is the failure of the Liberal government over the last five years.

Mr. Garson: Will the hon. member permit a question? Is he arguing for more controls?

Mr. Jackman: If the minister had listened to me today, or listened to me the other day when I had some remarks to make, he would understand that I believe the proper way to overcome this housing difficulty is to have some controls from Ottawa, not through the municipalities, because one municipality competes with another. Until we break this log jam in the housing field we shall not have houses. If the minister lived in a riding such as mine, which is part of a great city, he would have some understanding of the conditions under which many of our people live. Many of these people have the effective means of paying for a house if they could

only get one. Certainly I am for controls when it is for the betterment of the people. The minister's government has been sadly derelict in its duty in the last five years.

Let me point out to the Minister of Justice that I am for controls when controls better the condition of our people. If the Minister of Justice had the privilege of living in some of the hovels in which some of my constituents have to live, because of this government's inaction, he would not feel quite so happy about it. In 1947, 7 per cent of the construction which went on in the city of Toronto proper was for housing units; 93 per cent was for everything else, commercial and industrial building. In 1948, the amount of construction that went into housing units was only 11 per cent, but still it was an increase. The Minister of Trade and Commerce (Mr. Howe) when he had control of housing said: "You cannot show me a large plot in Toronto where you can have an extensive housing development." I readily admit that you cannot put 500 houses on any one spot in Toronto, but you can put up apartment houses and multiple-dwelling houses. He might just as well have said to me that no more money will be spent in the political confines of Toronto in the future on housing because there are no large lots available. Yet we find that in 1948 the proportion of housing construction going on in that city was 11 per cent as against 7 per cent the year before.

I can tell the Minister of Trade and Commerce that hundreds of millions of dollars will be spent in the city of Toronto in the years to come on apartment buildings and on multiple units. It is inevitable. Because of the failure of this Liberal government to have any control over housing construction, we find that all the materials and many of the available workmen are being used in the building of commercial and industrial buildings in the city of Toronto. In fact we have so many moving picture theatres in the city, costing anywhere from $500,000 to $2,500,000, that one wonders whether they will ever be able to justify themselves on a dollar and cents basis.

Mr. Knowles: Private enterprise.

Mr. Jackman: That may be so, but a lack of control has been the compelling reason. Do not think for a moment that when you have a war on you must not have controls of a very severe nature. You must have them because the whole economy is thrown into a different gear.

Mr. Knowles: You are in a different gear.

Mr. Jackman: You cannot function unless you offset the claims of industrial and commercial building and thus remedy the housing deficiency. A director of one of the large motion picture companies in the United States visited Toronto, where they have interests, and remarked that in no comparable city in the United States had so many motion picture theatres been constructed as in the city of Toronto.

Mr. Mitchell: May I ask my hon. friend who issued the permits for the construction of those theatres in Toronto?

Mr. Jackman: If the Minister of Labour had been listening he would have heard me say that it was no use for the federal government to pass over the control of permits to the cities because if one city would not grant a permit another one would. It was necessary to have a central control here if it was going to be made effective.

Mr. Mitchell: I cannot understand my hon. friend, who seems to be going around in circles. In one breath he is for centralization and in the next breath he is against it. In one breath he is for controls and in the next breath he is against them.

An hon. Member: It is just taking up time.

Mr. Jackman: I think my statement is very clear. Where there has been a continuing need for housing, such as there has been for the last five years, there should have been some control here in Ottawa. I shall not go on to describe some of the conditions that have been brought about and the hardships that have been created because of the failure of the government to act. They are not going to be able to get away from rental controls for some time, because they have not done anything yet to break the jam. They have failed to produce houses for our people. According to the minister who is looking after housing, last year 83,000 houses were erected but 80,000 new family units were created, which meant a net gain of only 3,000 houses. Everybody knows that there is a need at the present time for 200,000 or 300,000 houses, and yet this government does nothing. Let us get ahead with housing so that we can get rid of rental controls. The people want to get rid of them as soon as they can.

I suggested the other day that the way to solve the housing problem was to produce more builders' supplies and other materials going into housing. The immediate shortage is not labour, it is materials of one sort or another. At that time I suggested certain methods which might be adopted. I had a few remarks to make about steel but time will not permit me to go on in that particular field except to say that the powers which exist today in the hands of the bureaucrats are too loose and undefined. If we are to protect the liberty of the subject, not neces-

sarily under this present government—you can trust some people with your fortune, but there are other people you do not want to trust, whom you cannot trust—laws should be made that are workable, no matter who is working them.

I have a few things to say about sugar, which is one of the items covered by this particular bill. I wonder what the reasons are for including sugar and molasses in this control measure? What is the national emergency which arises out of the war? I fail to see any emergency in that connection. I ask hon. members whether the government has demonstrated that any sugar emergency has arisen out of the war.

Let me mention just a few facts in connection with sugar. The price is down to a reasonable figure. I have not heard of any complaints in that regard. The large sugar producers in the tropical countries got about five cents per pound last year but in the present crop year they will be lucky to get four cents per pound. I believe the last price mentioned was $4.15 per one hundred pounds. It certainly is not an expensive commodity. All the sugar companies are having a difficult time just now. Let me read just one item in reference to molasses, which is still under control. This appeared in the *Wall Street Journal* and has reference to the South Porto Rico Sugar Company. It reads:

> The market for blackstrap molasses, a sugar by-product which contributed substantially to profits last year, has collapsed, and revenues from this source may prove nominal. South Porto Rico reported it realized an average of 21 cents a gallon on its blackstrap sales last season. The indicated market price today is about four to five cents a gallon.

What is the reason for continuing the control on sugar and its by-products? Is it that we are being dictated to by the United Kingdom from whom we are buying our sugar? Is it that they are insisting on state trading? Most of us in this country are against state trading. When I present facts such as these I think the government, and particularly the minister in charge of the resolution, is called upon to answer them, if not to refute them.

The wartime prices and trade board is another item which comes under this omnibus resolution, and fruits and vegetables are included, certainly the imported ones. I should like to know how those commodities are linked up to a national emergency arising out of the war. It seems to me to be difficult to find any connection between them. Certainly one cannot find a connection through the foreign exchange control board, because we are now in a reasonably satisfactory situation in regard to our holdings of gold and United States dollars.

We had a committee on prices which had to justify its existence. That committee found that once the embargo was put on fresh imported fruits and vegetables some wholesale dealers and others in the trade made what might be considered exorbitant profits. No doubt they felt that they should get what the market would bear for the stocks they had on hand, because soon they would be able to get no more imported goods and would perhaps be out of pocket. Rightly or wrongly, they took advantage of what they could. But the government felt that they had to find some little wheat in the investigation; and, as far as I can see, the only reason for keeping on fruits and vegetables controls is to create some justification for the great expense to this country of the prices committee and the royal commission which followed it.

The Minister of Justice (Mr. Garson) had a few remarks to make about inflation as a result of the war and the need to control prices and other things until all the inflation had been squeezed out of the sponge. Let me point out to him that we are all perfectly aware that there has been inflation since the war. I suggest to him that we should be very unhappy if much of the inflation does not remain with us as a permanent condition. Whatever situation we may be in now, if we go too far the other way, if our commodities such as wheat, butter, livestock and other things go down in price, we shall find ourselves in a sorry mess indeed.

How does the minister expect that we shall ever be able to support our present national debt unless we have fairly high price levels? We cannot go back to the 1939-equals-one-hundred days because since 1939 our national debt has increased from $3,000 million to $13,000 million. We must have some increase in our 1939 price level, for we only have twelve million people to shoulder the debt, and it is a very substantial amount. By the same token, how does the Minister of Justice (Mr. Garson) expect to pay for all the social services and all the other extraordinary costs of government that we have today? If he looks at the revenue for 1939 he will see that it was a paltry $500 million. How far would that go? Family allowances are $300 million. If we return to price levels anywhere near to what they were in 1939 we are going to have in this country problems which neither the Minister of Justice nor I would care to face. As against revenue of $500 million for the government in 1939, today we have $2,500 million, five times as much. You cannot support that with the same population unless you have vastly higher price levels.

I should now like to say a word or two about the foreign exchange control board. That was a measure of control which was enacted to control exchanges, and yet we find how easy it is for bureaucrats to deviate widely from the original purpose. When the foreign exchange control measure was put through, the Minister of Finance said that it would never be used for anything but exchange control. We found in very short order that it was being used for price control, and it was like using a fine chisel to do the job of a woodsman's axe. We also find that the foreign exchange control measure is used to control trade, and not just to control our exchanges.

May I point out another matter of some interest to the taxpayers of Canada who must bear the burden of all these costs? The Foreign Exchange Control Act is a measure to control exchanges, and if you want to let it go further it can control these other things I have mentioned, control prices and control the direction of trade, et cetera; but it was never meant to be a taxation measure. Once you put this great power in the hands of bureaucrats, what becomes of it? They do exactly as they please; the more revenue they produce the bigger they can expand their departments, and the more important they can become. Just think of a Minister of Finance who has a foreign exchange control act on the books which is to do a simple job of controlling, and yet when the controller comes to him at the end of each year he reports profits like these, in 1941, $8,900,000, and then $9,200,000, $11,200,000, and last year $10,832,697 by way of profits from the operation of the foreign exchange control board. It is not as if these profits were just pulled out of the air.

Mr. Knowles: On a point of order, is it proper to discuss the operations of the foreign exchange control board under this resolution in view of the fact that there is on the order paper another resolution on that matter?

Mr. Deputy Speaker: I did not understand that the hon. member for Rosedale was discussing the foreign exchange control board. He was using it as a reference.

Mr. Jackman: As to what happens when you give power to these various boards, they distort the purpose for which they were originally intended and place additional burdens upon the backs of the taxpayers of Canada. In 1939 the total personal income tax was only $50 million.

Mr. Deputy Speaker: I must inform the hon. member that his time has expired.

[Mr. Jackman.]

Mr. N. J. M. Lockhart (Lincoln): Mr. Speaker, it is not my intention to elaborate at any great length—

An hon. Member: Collaborate?

Mr. Lockhart: If you will take the wool out of your ears you will hear some of the things that are being said. I want to make a few remarks arising particularly out of a return that I received in the house a few days ago dealing with the matter of housing. As housing is one of the controls which are being included in this omnibus resolution, I want to make specific reference to the return that I received. I want to refer to the specific questions in this return before I make my general observations. The questions I asked were:

1. How many persons are employed by the Central Mortgage and Housing Corporation?
2. Are there any persons employed outside of the city of Ottawa by this corporation?
3. If so, at what points?
4. What was the total amount paid out in salaries and traveling expenses to employees of the Central Mortgage and Housing Corporation during the year 1948?
5. What are the names of the principal officials of the corporation?
6. What salary does each receive?
7. What were the travelling expenses of each such official during the year 1948?
8. Have any increases in salary been granted to the employees of the corporation since it was set up?
9. If so, to whom, and what increase to each of them?

The answers can be found in the return to which I have referred. The answer to question No. 1 shows that there are around 1,800 people employed. The answer to question No. 2, under which I wanted to know whether any were employed outside of the city of Ottawa, was yes. Then a detailed list is given of where these persons are employed. The answer to question No. 4 shows that the total amount paid out in salaries was $3,698,218.49, and total traveling expenses are given as $247,460.32. In question No. 7 I asked about the traveling expenses of the officials during the year 1948. That is where I take exception to what bureaucrats can do. The answer to question No. 7 is that this information is not available from government records. After being given the total traveling expenses of the officials as $247,460.32, I cannot get the information that I desire about these traveling expenses because it is said to be not available from government records. In other words, I am not given a breakdown of the traveling expenses.

Question No. 8 deals with increases in salary. Then in question No. 9 I asked to whom increases were given and what they were in each case. Again the answer I

received was that the information was not available from government records. I doubt whether you can find in the annals of the house an instance where more bureaucratic answers have been given to a simple return. It is a matter about which I am being asked time and time again. I have received further letters today asking me about the situation. I am glad that the Minister of Reconstruction and Supply (Mr. Winters) is in the house because I could not get this information.

Mr. Deputy Speaker: Order.

Mr. Lockhart: I rose in the house last Monday—

Mr. Deputy Speaker: Order. I should point out to the hon. member that Central Mortgage and Housing Corporation does not come within the present resolution. I understand rentals do come within it; but a general discussion of the corporation to which the hon. gentleman is referring would not be in order at the present time.

Mr. Lockhart: They put up rental housing.

Mr. Fraser: On a point of order, Mr. Speaker, Central Mortgage does come under the matter of controls, because Central Mortgage has absolute authority over priorities for building projects. If a municipality issues a permit for the construction of a theatre or any other building it must get its priority certificate from Central Mortgage and Housing Corporation. That is the only way they can build, and that is why there is a shortage of cement, nails and everything else required for veterans' houses. That should be and is under this control act; therefore it can be discussed under this item.

Mr. Fleming: May I add that one of the orders sought to be continued by the measure the Minister of Justice is asking leave to introduce is the order under which priorities are issued by the priorities officer.

Mr. Garson: Speaking to the point of order, while the observations of the last two hon. members are quite correct, as I understood them, the hon. member who has the floor was not discussing the application of any of these priorities by Central Mortgage and Housing Corporation. He was discussing the internal administration of the corporation—

Mr. Lockhart: I was leading up to priorities.

Mr. Garson: —which comes under a statute of its own. That discussion would be quite irrelevant to the matter now before the house.

Mr. Deputy Speaker: I believe what has been said by the hon. member for Peterborough West (Mr. Fraser) and the hon. member for Eglinton (Mr. Fleming) is correct; but as the Minister of Justice (Mr. Garson) has pointed out, the hon. member for Lincoln (Mr. Lockhart) was not discussing these priorities. He was discussing the whole question of the internal management of Central Mortgage and Housing Corporation, which does not come within the scope of the resolution. As a matter of fact it is a corporation which is responsible to another minister entirely. I think I have made my point clear; and the hon. member for Lincoln has stated that he is going to lead up to the question of priorities.

Mr. Lockhart: I do not want to transgress against any ruling you may make, nor do I want to transgress against the rules of the house, but I am following along the line of what my leader said so definitely in this house in regard to bureaucratic controls, and I want to point out that this is one of the things which are causing considerable concern under those controls.

I have attempted to show the nature of the thing about which I am complaining. I am not blaming the minister for this, because probably he is only repeating what someone else has told him, since he has just come into the department. However, yesterday I asked if it would not be possible to get answers to these questions, to find out what were the traveling expenses—

Mr. Garson: My hon. friend persists in following a line of argument which I think is quite inadmissible on this resolution.

Mr. Lockhart: We are being asked to continue these controls, and Central Mortgage and Housing Corporation is building rental houses in my city at the present time. I am showing the procedure that is followed under the bureaucratic controls that are in effect today.

Mr. Deputy Speaker: I understood the hon. member was discussing the management of Central Mortgage and Housing Corporation, the cost of operating the corporation, the salaries paid and so on. I do not think that could be considered by any stretch of the imagination to come under this resolution. I would not object if the hon. member made passing reference to what is being done by the corporation, but I do not think it would be in order to have a detailed discussion on that point at the present time. That may well come up on a subsequent occasion.

Mr. Lockhart: Well, Mr. Speaker, I am not going to pursue this matter, but will conclude with my own observations in regard to what

has happened. Rental houses are urgently needed but, as the hon. member for Peterborough West (Mr. Fraser) has said, materials are being diverted to the construction of hospitals, bank buildings and so on. I say in all fairness to the Minister of Labour (Mr. Mitchell) that in the cities of Welland and Niagara Falls, where houses are so urgently needed, it will not appear very well to see an item in the estimates of a quarter of a million dollars for a public building in one city.

Mr. Mitchell: I can only say to my hon. friend that I hope we get the public building.

Mr. Lockhart: Go ahead and get the public building for the quarter of a million dollars, if you wish; there is still a terrific need for houses. Central Mortgage and Housing Corporation is one of the crown companies responsible for the production of houses, but they have not advanced at all in the last year or two.

I have spoken of bureaucratic controls. I have asked the minister for the information I required, but he tells me I cannot have it. I merely recite this to show the type of bureaucracy that seems to be developing more and more in this country. Here we have an omnibus resolution covering things which have nothing to do with a war emergency; yet we have to submit to this sort of thing. I am just asking the Minister of Reconstruction and Supply (Mr. Winters) why I cannot get information the people of my constituency are requesting. This resolution will continue control over such things as fruits and vegetables. With all these matters brought under an omnibus resolution I do not know where this will ever end. So I say there is only one thing to do and that is abandon the sort of control we have at present, except in extremely emergent cases.

Mr. Thatcher: Oh, they have done that now.

Mr. Lockhart: A little more wool-gathering. I will not pursue this point further, but I should like the minister to be good enough to explain why this information cannot be made available. The minister has suggested that the report of Central Mortgage and Housing Corporation, which is responsible for a great deal of housing construction, may be referred to some committee, and that when this is done I may be able to get the information I have requested. However, I would ask the minister to give me that information now.

Motion (Mr. Casselman): "That this question be now put", agreed to.

[Mr. Lockhart.]

The house divided on the motion (Mr. Garson) which was agreed to on the following division:

YEAS

Messrs:

Abbott	Kirk
Archibald	Knight
Argue	Knowles
Ashby	Kuhl
Baker	LaCroix
Beaudry	Lafontaine
Belzile	Lalonde
Benidickson	Langlois
Bentley	Laurendeau
Bertrand (Laurier)	Lesage
Bertrand (Prescott)	Little
Black (Chateauguay-Huntingdon)	Low
Blackmore	McCann
Blanchette	McCuaig
Boivin	McCubbin
Bonnier	McCulloch (Pictou)
Bourget	McCullough (Assiniboia)
Bowerman	Macdonald (Brantford City)
Bradette	McDonald (Parry Sound)
Breithaupt	McGarry
Brown	McIlraith
Brunelle	MacInnis
Burton	McIvor
Campbell	McKay
Chevrier	MacLean
Cleaver	MacNaught
Cloutier	Maloney
Coldwell	Marier
Coté (Matapedia-Matane)	Marquis
Coté (St. Johns-Iberville-Napierville)	Marshall
Coté (Verdun)	Martin
Cournoyer	Matthews (Kootenay East)
Croll	Mayhew
Cruickshank	Mitchell
Dechene	Moore
Denis	Mullins
Dion (Lake St. John-Roberval)	Mutch
Dionne (Beauce)	Nicholson
Douglas	Nixon
Emmerson	Parent
Eudes	Pearson
Fair	Picard
Fournier (Hull)	Pinard
Gardiner	Probe
Gariépy	Quelch
Garson	Raymond (Wright)
Gauthier (Nipissing)	Reid
Gauthier (Portneuf)	Richard (Gloucester)
Gibson (Comox-Alberni)	Richard (Ottawa East)
Gibson (Hamilton West)	Rinfret
Gillis	Robinson (Simcoe East)
Gingues	St. Laurent
Golding	Shaw
Gour (Russell)	Sinclair
Gourd (Chapleau)	Sinnott
Grant	Smith (York North)
Gregg	Stewart (Winnipeg North)
Hallé	Stuart (Charlotte)
Hansell	Strum, Mrs.
Harris (Grey-Bruce)	Thatcher
Healy	Townley-Smith
Herridge	Tremblay
Hlynka	Viau
Howe	Warren
Irvine	Weir
Isnor	Williams
Jaenicke	Winters
Johnston	Wright
Jones	Wylie
Jutras	Young
	Zaplitny—141.

NAYS

Messrs:

Aylesworth	Hazen
Barrett	Henderson
Black (Cumberland)	Hodgson
Black (Yukon)	Jackman
Blair	Kidd
Bracken	Lennard
Bradshaw	Lockhart
Brooks	McGregor
Caouette	McLure
Cardiff	MacNicol
Case	Manross
Casselman	Merritt
Charlton	Miller
Church	Murphy
Coyle	Pearkes
Diefenbaker	Ross (St. Paul's)
Dorion	Ross (Souris)
Drew	Skey
Drope	Smith (Calgary West)
Fleming	Stanfield
Fraser	Stokes
Fulton	Timmins
Graydon	Tustin
Green	White (Hastings-Peterborough)
Hackett	White (Middlesex East)
Harkness	—53.
Harris (Danforth)	
Hatfield	

Mr. Dickey: I was paired with the hon. member for Digby-Annapolis-Kings (Mr. Nowlan). Had I voted, I would have voted for the motion.

(Translation):

Mr. Gagnon: Mr. Speaker, I was paired with the hon. member for Terrebonne (Mr. Bertrand). Had I voted, I would have voted against the motion.

Mr. Chapdelaine: Mr. Speaker, I was paired with the hon. member for Lotbinière (Mr. Lapointe). Had I voted, I would have voted against the motion.

(Text):

The house went into committee, Mr. Macdonald (Brantford City) in the chair.

Mr. Drew: Will the minister now explain the extent to which any of the twelve orders are to be varied or changed in any way?

Mr. Garson: During the course of my remarks in the debate yesterday it was pointed out to me by the hon. member for Peterborough West and the hon. member for Nanaimo that at this stage it was improper to refer to any of the provisions of the bill, and that that could be done only when the bill was brought down. It would be difficult for hon. members to follow any argument until the bill is brought down. Subject to that difficulty, may I say that the intention is not to effect any modification in any of the existing orders in council. I think that is what the leader of the opposition means. When the bill is brought down it will be seen that it goes somewhat further than that. If I may be permitted a slightly improper allusion to the bill not yet before the members, may I say that it will provide that not only will the orders stand as they are but also that, notwithstanding anything in the act, the wartime prices and trade board shall not exercise any powers with regard to the fixing of prices or with regard to the launching of prosecutions with respect to any goods and services other than those which are already referred to in existing orders in council. Therefore, not only will these orders in council not be changed but it will not be permissible, under the terms of the bill, to pass any more orders in council or board orders dealing with goods or services other than those under control when this bill becomes law. Perhaps that answers my hon. friend's question.

Mr. Drew: Yes, except to the extent that if there are any other changes—

Mr. Blackmore: Speak louder, please.

Mr. Drew: Information could quite properly be placed before the committee to indicate the extent to which any of these orders, as distinct from the bill, are to be changed or amended in themselves. I am not now referring to the extent to which the act may limit the exercise of powers in relation to these matters. I want to know whether we may take it that the twelve orders referred to in the explanation of the Minister of Justice last week are to be put forward in the same form as they were last year, subject of course to any interpretative provisions which might be in the amended bill itself.

Mr. Garson: I would say the bill being introduced applies to the orders in council in question in the form in which they were last year. But what I would suggest in that connection is that the bill be printed and distributed, and that we then lay before the house, if it so desires, a text of the orders in council to which the bill will apply. When these are laid before the house hon. members will see, if they wish to make a comparison, that there has been no change of any substance in the orders in council along the lines indicated by the leader of the opposition's question.

Mr. Diefenbaker: When the minister spoke the day before yesterday he mentioned the prerogative powers that permit of the issue of orders in council. I was quite interested in the statement he made, and I should like to ask him how far the crown now possesses the power to pass extraordinary and prerogative orders in council outside and above those particularly covered in this resolution.

Mr. Garson: I wonder if my hon. friend would make clear before I answer his question whether he refers to prerogative powers with respect to the subject matters covered by the bill before the committee. If he refers merely to these subject matters I apprehend just offhand that there is no intention to pass any prerogative orders in council, seeing that our powers have been determined by parliament to be covered by the statute, of which the present bill is an amendment. If his question is not confined to the subject matters before us, then I would object to the hon. member's question as irrelevant to the present discussion.

Mr. Diefenbaker: I do not want to bring in anything irrelevant. Perhaps I can put it this way. I was wondering whether or not the matter of emergency might apply in this case to which I would direct the minister's attention. There is a motion on the order paper to permit the sittings of the house to start in the forenoon. This is to be referred to tomorrow. Naturally any motion such as that gives rise to speculation. Then again the budget is to be brought down on March 22. I was wondering whether or not under these emergency powers it is considered by the Minister of Justice that once the budget has been introduced, without its being passed by parliament, the emergency powers of an order in council could make effective its recommendations. Would that come within the emergency powers or within the prerogative powers exercisable under the emergency legislation?

Mr. Garson: I have been in the legal profession now for some twenty-five years odd, and I have never yet acquired the habit of answering like a slot machine questions of the type just asked by my hon. friend. If my hon. friend wishes an opinion on that I shall be glad to confer with the law officers of the crown and produce it for him, but I regret that I cannot feel responsible to produce it at a moment's notice at the present time.

However, I might say this, if it does not offend my hon. friend's professional sense. As a lawyer I think he knows that, when parliament has provided in the Transitional Measures Act the power for the executive to pass orders in council, certainly, following the usual process, the executive would confine itself to the powers so granted when dealing with any of the subject matters which are within the limits of the legislation. That being the case, and the hon. member being a lawyer, I think he should be as able to read the statute and draw his own conclusions as I, also being a lawyer, am to draw them.

[Mr. Diefenbaker.]

Mr. Diefenbaker: I think the allusion to a slot machine is about the best thing I have heard in reference to orders in council. When I think of the thousands that have been turned out, the slot machine allusion is most applicable and pertinent. But still that does not answer my question. The experience in the past has shown that this government has not been too careful about exceeding its powers when passing orders in council, even when those powers are granted under a statute passed by this parliament. It was because of that fact that I asked the question, and the uncertainty of the reply gives me the answer that I was endeavouring to get.

Mr. Drew: Mr. Chairman, I think there are certain points that should be put forward at this time in regard to the matter now before the committee and which have been emphasized by the reply made by the Minister of Justice to the hon. member for Lake Centre. It is very noticeable that on the part of many hon. members, particularly some of those in the government ranks, there is an attitude of impatience, not to say annoyance, that the wisdom of the government should be challenged in any way as to the necessity for the continuance of these extraordinary powers.

When the Minister of Justice indicates his reluctance to act like a slot machine, he is obviously announcing on behalf of the government a new policy which it is hoped will actually bear some fruit in the future. It is obvious that this is a new declaration of policy as of today, but not as of last night, because in some of the comments the minister made last night on this subject he was certainly following the slot machine process and not paying very much attention to what he had learned during his twenty-five years in the practice of law.

There are a great many points that come up in this house that are not matters calling for special legal consideration, but there are also many matters which call for the practical attention of those who because of special knowledge can express the most expert opinion. But when it comes to matters that relate to the constitution and to the division of authority between the governments of this country, that relate to the powers and responsibilities of this house and of parliament as a whole, then it is wise for every hon. member to have some regard for the legal effect of the measure before the house. The decision made by hon. members is going to have a profound effect upon the opportunity of our courts to protect the rights of the people of Canada in relation to many

of their ordinary occupations and their ordinary rights which are disturbed by arbitrary powers of this kind.

Last night the Minister of Justice stated that he did not think it was proper to refer to the judgment given last Thursday in Manitoba. I do not know by what process he came to the conclusion that the mere fact that there may be some further action precluded the possibility of comment upon the latest decision of the courts in interpreting the judicial attitude toward any matter of this kind. That was the latest judgment dealing with the emergency transitional powers act which the government seeks to continue by the bill which is to follow this resolution. Therefore, it was most proper to examine what that court found and what was the opinion expressed by the five judges of that court in regard to an order in council passed under the broad provisions of this act. The judgment was one of great importance, not merely because of its effect upon the broad issue with which it was dealing but because of the fact that it made an important observation in regard to the type of emergency which should be present before it is possible for anyone to say that there was such an emergency as called for a decision to that effect.

The Minister of Justice (Mr. Garson) said that in this case the emergency is one which is apparent to everyone. It was not apparent to the judges of the supreme court of Manitoba, and in a very powerful statement one of the judges pointed out that, far from being a general economic emergency, the situation was precisely the contrary. After all, that was only stating what reason and common sense would assert in any case without the necessity of going to that judgment for an interpretation of the proper attitude towards emergency controls of this kind.

The Minister of Justice is asserting here that every member of the house can see for himself, without any argument or anything to substantiate it, that there is such an emergency as makes it possible for the members to declare that this omnibus bill should be passed which covers twelve different orders that are carried forward from the period of war emergency. There can be a general emergency or there can be a specific emergency relating to a particular condition or a particular subject. I submit that the distinction between those two types of emergency should be in the mind of every hon. member of the house before making the very important decision to declare by his vote that there is an emergency of the kind which the government argues in this case.

There have been a number of cases in the past where a specific emergency was declared and legislation presented to the house and dealt with by the house in relation to that specific emergency. The circumstance which has undoubtedly caused the most extensive legal consideration of this point was the passing by the Canadian parliament many years ago of the Canada Temperance Act. That was an act dealing with a specific emergency. I do not know that there is in the house anyone who, from his own recollection, can recall the condition which was regarded as a national emergency of that nature at that time. In fact, it is apparent that there is no one who remembers the conditions which led to the passage of that bill under something approaching recognition of a national emergency. It was only in the light of the recognition of something of that nature that it would have been possible to have dealt with the situation. There is, of course, the fact that the provinces at that time had not provided their own liquor control acts, and this device was apparently necessary if there was to be a general supervision of the use of spirits.

I only mention the Canada Temperance Act to point out that there can be a specific emergency which becomes the justification for the passing of a bill to deal with that subject. It may well be, and in fact I assert, that there is an emergency in regard to certain matters under consideration in the broad purpose of this bill. It is very noticeable that some of those to the left who believe in controls for the sake of controls—

Mr. Williams: That is nonsense.

Mr. Drew: —are extremely caustic in regard to the very positive statement that—

Mr. Williams: On a question of privilege, the privilege of refuting the statement of the leader of the opposition, who is merely making—

The Chairman: Order. That is not a question of privilege. The hon. member will have an opportunity to reply later on.

Mr. Graydon: Let the government speak for themselves. They have spokesmen everywhere.

Mr. Drew: I was just saying that there are those who are very caustic when the statement is made that there should be controls over certain matters during a continuing period of emergency in respect to certain subjects. It is strange how people will accept the general extension of powers, and the continuance of those powers to the point where ultimately they seem to forget how

wide those powers are, and how dangerous the principles are that are involved in them. When a perfectly sound and logical proposition is put forward that these matters should be dealt with in the proper, parliamentary way of having separate bills to deal with the specific emergencies that are alleged, there are those who try to convey the impression that a submission in regard to a constitutional position of that kind means that those who assert it properly, and with due recognition of the rights of parliament, are opposed to any measure of control over any of these subjects. I hope it will not be necessary outside of this house to call any hon. gentlemen by a short and descriptive name afterwards, but I for one will certainly reserve the right to do so if any hon. member suggests that I—

Mr. Howe: Threats.

Mr. Drew: —, or any other member of the party with which I am associated, have expressed opposition to rent control, or to any other specific question.

Some hon. Members: Oh, oh.

Mr. Drew: It seems that I shall be given the opportunity and duty of using a very short but expressive word.

An hon. Member: What a farce.

Mr. Drew: Here you have the mechanism of dictatorship right in front of you.

Some hon. Members: Hear, hear.

Mr. Drew: Here you have men drunk with power, and of course I am not referring now to the Canada Temperance Act.

An hon. Member: Cocktail bars.

Mr. Drew: Here you have men so convinced of their own rightness that they simply say that the war was over four years ago, but you must not suggest for a moment that anybody should be told what the emergency is as to any of these particular subjects.

Mr. Williams: You have had a chance to do that for two days.

Mr. Drew: Then when you have placed before the house an argument which is in keeping with what every real Liberal would have asserted, and asserted most vigorously, in the past, you have nothing but empty laughter from the government benches. Last evening the Minister of Justice (Mr. Garson) quoted from a judgment of Lord Wright in one of the more recent and leading cases on this subject, and referred to what has been also accepted generally in other cases. He quoted these words:

> The rule of law as to the distribution of powers between the parliament of the dominion and the parliaments of the provinces comes into play, but very clear evidence that an emergency has not arisen, or that the emergency no longer exists, is required to justify the judiciary, even though the question is one of *ultra vires*, in overruling the decision of the parliament of the dominion that exceptional measures were required or were still required.

The important words in that quotation from Lord Wright were "in overruling the decision of the parliament of the dominion". This matter is now before the House of Commons, as the first stage in obtaining a decision of parliament as to whether in fact there is an emergency now; and the very wording of that quotation from the judgment of Lord Wright emphasizes the fact that everyone here is being called upon to make that important decision of fact. No hon. member has a right to make that important decision unless he knows there is a general emergency which will justify an omnibus bill of this kind as distinguished from a specific bill dealing with an important subject.

Those who are not in this house—of course I am not referring to those who are here, because they have heard this before—may be unaware that the government was urged to introduce specific bills dealing with the particular subjects they wish this house to consider, and in those bills to define the rights of the people, to make it possible for the people to properly assert their position before the courts and to bring an end to this sort of arbitrary power in the hands of controllers, priority officers and others who are utterly irresponsible under these orders which are still being brought forward. The powers conferred by these orders were granted at a time when this country was in the midst of war; when the energies of the people were directed to the war, and when the activities of the government were concentrated upon that consideration. Even though sound arguments were advanced then against the extent of some of the orders that were adopted; even though very proper considerations were put forward as to why there should be some restraint on many of these controllers and officials who in turn are given power to delegate their authority to anyone without protection for those affected in the conduct of their affairs; nevertheless it was indicative of the spirit of this country at that time that the people were prepared to grant even the widest powers during the period of the war so that the actual conduct of the war effort might not be limited or impaired in any way.

In every country one of the greatest problems arising since the war has been to remove those measures and powers which, even if they can be justified in war, can only be justified under such extreme emergency. Once again I urge every hon. member to read those

orders that have been in effect under the omnibus bill which has been law and which by this resolution the government seeks to continue in an amended form. They will find powers conferred on individuals which are absolutely contrary to our ideas of a parliamentary system under which the elected representatives of the people determine the rights of the people by laws which the people themselves can understand.

Rent controls have not been effective in helping the tenants, any more than they have been effective in dealing with the housing situation. One reason that is so is that these orders relating to rentals are loose and undefined, and it is extremely difficult for anyone to know exactly what his rights really are under these orders. I said before and I repeat that the government still has the opportunity to deal with this in the parliamentary way. Bring before this house a rent control bill that will really deal with the rights of tenants and the rights of landlords, and really establish the rights of our people generally; and the government will find support from every part of this house.

Mr. Fournier (Hull): What about provincial rights? How could we pass that? You said we did not have the authority.

Mr. Drew: Apparently the hon. gentleman is quite ignorant of what has been said. Doubtless he was out while some of the statements were made. I have just said, and for his benefit I repeat, that there has been no question at any time but that there is power in this parliament to deal with a specific emergency if it can be established that there is a specific emergency. That was settled in law long ago. I have already referred to the Canada Temperance Act, which has been interpreted over and over again. If the hon. member will read the decisions under that act he will find that the law was established many years ago and has been confirmed through the years since.

I see the Minister of Finance is leaving.

Mr. Abbott: Your repetitive argument is too good; I cannot take it again.

Mr. Drew: My hon. friend could not understand it, anyway, so perhaps it is just as well that he goes out.

This bill seeks to carry forward the wide emergency powers relating to a whole field of subjects in respect of which no pretence of emergency has been asserted by the government; and any hon. member who tries to convey the impression that, because anyone in this chamber opposes these wide omnibus powers, he is opposing any specific power, is dishonest and untruthful in that assertion.

Mr. Lesage: Would the hon. gentleman allow a question? Does the leader of the opposition agree that there is now an emergency arising out of the war?

Mr. Drew: I most certainly do not agree that there is a general emergency arising out of the last war, and that is exactly the point every hon. member should understand. There is a great difference between a general emergency and a specific emergency, and that is precisely what was under consideration in the case decided in Manitoba last Thursday. If hon. members will examine that judgment, no matter whether or not the dominion government intends to appeal the case, they will find some very illuminating explanations of the difference between specific emergencies and general emergencies.

Mr. Lesage: May I ask another question, and it will be the last one. I am asking the permission of the hon. member, and if he does not wish to give it to me, I will sit down, but I believe he does. If there is no emergency arising out of the last war, how can the leader of the opposition have any constitutional ground for asserting that this parliament should pass a law for rent control?

Mr. Drew: Obviously, the member was not in the house when I was speaking earlier.

Mr. Bertrand (Prescott): The hon. member was here.

Mr. Drew: I regret that the hon. member—

The Chairman: Order.

Mr. Drew: I regret that the hon. member failed to appreciate the distinction between a specific emergency and a general emergency. The distinction has been drawn very clearly.

Mr. Lesage: Not by the courts, but by the leader of the opposition.

Mr. Drew: The distinction has been clearly drawn by the courts. There is no person capable of reading the judgments of the courts who is not capable of clearly interpreting the distinction between a general emergency and a specific emergency.

Mr. Lesage: I have practised law, and you have not.

Mr. Drew: The situation in this case is that the government must assert a general emergency to justify omnibus powers of this nature. If there is such a general emergency as would justify the adoption of an omnibus bill of this nature, then there is an emergency which would permit the dominion government to invade any field of provincial rights

at this time. A decision to that effect would have precisely that result.

If it is a fact that there is a general emergency, and apparently the hon. member who has just spoken must believe there is, then there is no aspect of provincial jurisdiction which this government could not invade under the general powers available to it. The member for Montmagny-L'Islet (Mr. Lesage) has, in fact, raised a point which should be in the mind of every member. In asserting that proposition he is asserting a proposition which this government could carry forward in other emergency measures dealing with a number of subjects that affect the constitutional position in this country. At a time when this government has refused to carry out its solemn undertaking given during the war to return the taxing powers to the provinces, every member in this house should be extremely careful about accepting the proposition that the parliament of Canada has the right to invade the field of provincial authority under a declaration of a general emergency.

Let there be no mistake about it. The view just expressed by the hon. member is an indication that he believes there is a general emergency, so do not let the government suggest they are not asserting there is a general emergency. Obviously, they would not be able to carry the conviction of the hon. member with them if they did. A general emergency, such as is asserted now, would be a general emergency which would go far beyond this omnibus bill. It would go far beyond the agricultural bill, the foreign exchange control bill, or any other bill that has been brought forward in this house. The government seems very unwilling to admit that it believes in wide bureaucratic powers. Yet this house should recognize the extent to which this government has gone in introducing new bureaucratic powers under new devices. A discussion of this is directly relevant to the way in which wide powers of this kind could be used if the parliament of Canada asserts that there is a general emergency of the type that would be necessary to cover the field included in this omnibus bill.

Let me illustrate the kind of power taken by this government which goes beyond the necessity of asking parliament to declare an emergency. This government introduced a device giving it the power to enter the field of industrial development by placing in the estimates substantial sums which are not covered by statutory authority. It is done under the broad assertion of the right of the government to appropriate moneys for any purpose. They appropriate large sums of money for the purpose of giving to a minister of the crown undefined and uncontrolled rights to take part in the expansion of particular industries at his discretion. The adoption of the estimates by the house has the effect of statutory authority. Consequently, in that loose and slipshod manner, many millions of dollars are made available for expenditure under a procedure which is not covered by any statute of this house.

Then what happens? The government, having entered the field of industrial activity, asserts the right to hide the details of the use of that money. A perfect example of the way this government creates bureaucratic authority by new and utterly irresponsible methods is provided. A few days ago we were given an example of the manner in which this government felt it should be permitted to continue that type of business behind closed doors. A question was asked about the Polymer Corporation, which is one of the corporations in which the government has been taking an active interest under these loose powers. The question concerned the contracts that had been made by Polymer Corporation for the supplying of energy to various bodies in the area it serves. The position taken was that this was something upon which the government was not prepared—

The Chairman: Order. That question was put to the house and was voted upon. There is a rule that hon. members must not reflect on the proceedings of the house, except for the purpose of rescinding them.

Mr. Drew: I would draw a distinction between reflecting on the proceedings of the house and explaining the result of the decision of the house in relation to the present conduct of the government.

The Chairman: I should remind the hon. member that he cannot refer in the present session to a debate on a matter not now under discussion, which has been decided during the present session. It is against the rules to have a debate twice on the same subject.

Mr. Drew: Mr. Chairman, I am not debating that resolution. I am stating, as a matter of fact, that the government has refused to give information in regard to the operation of a corporation into which it has put public funds. This house, by a majority vote, supported the government in its declaration that the house is not entitled to that information. It is to that decision I am referring. I am not in any way questioning the decision; I am simply saying that the decision has shown the extent to which the use of these moneys is put beyond the inspection of the members

of this house. The principle asserted by this government applies to several other companies, and I am now asserting that their broad declaration is that this money, appropriated in this manner and advanced to these corporations, can then be spent at the discretion of the minister without the ordinary supervision of the elected representatives of the people.

If that is not bureaucracy carried far beyond even the wartime measures, then I do not know where one could find an example. The hon. members of this house have a duty to recognize that many of the powers asserted under these general provisions have been challenged and have been dealt with in the courts. There was another case that has been referred to on a number of occasions here; that was a decision in Toronto only a short time ago, again referring to this act and again holding that those charged with the responsibility for carrying out the details of the provisions carried forward under this act were exceeding their authority. In case after case there has been clear demonstration in the courts of this country that the loose powers conferred in these regulations are being abused by the bureaucracy operated by the senior bureaucrats of this government.

Let us examine, for instance, the powers conferred in regard to some of these things that have no relation at all to the question of the emergency which is alleged, and which undoubtedly exists in regard to some of the specific subjects. Take, for instance, timber and timber control. Under that wide power the government have the power now to deal with the control of the standing trees and the processed wood, as well as all the other things—subject, of course, to what they may withdraw from that at the present time; and they have given wide powers in regard to that matter. There are powers in regard to steel, supplies and priorities which will undoubtedly be defined and discussed in various ways. But unless the government introduce specific acts of parliament to deal with subjects of this nature we shall be going on, during a period when the emergency cannot possibly have been declared to exist, with the bureaucrats ranging loose in every field that is covered by the whole of these twelve orders.

In the United States, over some period of time, a committee under the chairmanship of former President Hoover made a most useful and illuminating examination of autocratic authority and of mounting government extension of powers. The findings of that committee are illuminating to the extent that they disclose how power builds on power, and how the building of that power creates new groups of minor officials who constantly add to their own authority, to their number and to the cost of operation of all these controls. As recently as March 3 Mr. Hoover made a most interesting speech on this subject in New York, based on his experience arising out of the work of that extremely important committee, which has its lessons for us in Canada as well as for the people in the United States. I quote from the report dealing with this speech.

Mr. Harris (Grey-Bruce): Which paper?

Mr. Drew: I quote from the report dealing with his speech in the New York *Herald Tribune* of Friday, March 4:

> The former president, chairman of the commission on organization of the executive branch, told the New York state chamber of commerce, during its monthly meeting at 65 Liberty street, that the increasing "bureaucracy" in Washington has been caused by three factors.
>
> 1. Because of the natural instinct of federal bureaux to "exfoliate in their desire to improve the lot of man."
>
> 2. Because "our people, under the illusion that money from Washington is pure manna, are selling right and left their birthright as free men and their responsibilities in a free man's government in order to get it."
>
> 3. Because "there are those who are impatient with the slow process of local reform and who conceive that all may be good if the federal government would only pass a law, set up a bureau, and make an appropriation."
>
> Mr. Hoover, recalling that "the original idea" of the American republic was that the federal government was to have limited powers, said "the founding fathers seemed to have a notion that a bureaucrat might be more responsive to the will of the people if his head office were down the street instead of 3,000 miles away in some pentagon building."

Those words, Mr. Chairman, apply to the situation here with just as much force as they do to the situation in Washington.

An hon. Member: Tut, tut.

Mr. Drew: In fact, they apply with a great deal more force, because in the United States there is a constitution which cannot be challenged by this loose appeal to the emergency which is available here under such an act as is now before this House of Commons for consideration. The members of this house are called upon to decide whether they believe these things can best be dealt with by an all-powerful bureaucracy or whether they can best be dealt with under ordinary statutory provisions which will be interpreted in the usual way in our courts. That is the basic distinction which should be in the minds of the members who are called upon to vote on this resolution or on the bill at any of its stages. If this government can establish that there is a specific emergency in regard to any one of the twelve subjects mentioned

here, then it can pass an act which makes it possible for the man or woman, in any part of Canada, who is affected by this act, to go to his or her own court in his or her own vicinity and have his or her rights determined by those who live in the place where he or she is affected by the operation of such acts, and where his or her affairs are not being decided by some distant bureaucrat three thousand miles away who does not understand the local problem but who nevertheless is called upon to determine it by loose orders that are not subject to revision or consideration by the court unless there is a case that can actually be made of complete failure to comply even with the loose provisions of this act.

When Mr. Hoover pointed out that the founding fathers in the United States had an idea that the federal system was of value in that country, he was only saying what the people in this country should say a good deal more than they do. When I hear some hon. members talking in derision about the constitutional rights in this country, I say it is time that they examined what has happened in every country where the constitution has been disregarded and the democratic processes have been abandoned.

The founding fathers of Canada, the fathers of our confederation, decided that this country should have a federal system, in which there was a division of authority between the federal and the provincial governments. They decided also that it would be only in the case of an extreme emergency, such as war itself, or a condition approximating war, that the terms of that constitution should be abandoned. If we disregard that basic consideration today in an effort to make shortcuts such as have produced the great bureaucratic expansion in the United States, as well as here, then we are paving the way to a complete loss of that democratic freedom which has been at issue at all times since we received our constitution in 1867.

The statement that it is not possible to do these things within our constitution, and that it is not possible to obtain the desired results, is not borne out by any evidence which is before this house, or before anyone who will read what is written down in plain and understandable language in the record of the meetings of the governments which took place here in Ottawa in 1945 and 1946.

Mr. Knowles: This is where I came in.

Mr. Drew: Some hon. members seem to think that this is an old subject. It is an old subject which started in 1867, but which needs to be re-emphasized for the benefit of hon. members who seem to think that it is an old subject which should be forgotten.

In answer to a question in this house a few days ago the Prime Minister said that it had not been possible to proceed with the health and social security measures because it had not been possible to obtain agreement at the conference. That statement left the impression that there had been resistance to the advancement of health and social security measures. There is no person who understands the language of the record who can honestly say—and, I repeat, honestly say—that there was not a declared desire by every government attending that conference to advance health and social security measures. When the Prime Minister says that there was no indication of a willingness to take whatever steps would be necessary to carry forward those health and social security measures, I challenge him or any hon. member in this house to point—

Mr. Martin: I rise to a point of order.

The Chairman: Order.

Mr. Martin: On the right occasion, and when this matter is properly in order, I shall certainly challenge that statement; but I rise to suggest to you, Mr. Chairman, that this trend of argument is wholly out of order.

Mr. Drew: We are called upon to extend wide and arbitrary powers, and no hon. member has a right to cast his vote in regard to the extension of those powers unless he examines how arbitrary powers have been used by this government. When the appropriate time comes to deal with another subject I shall deal with some of the absurd statements made by the Minister of National Health and Welfare in regard to what he has done for health in this country. As I said on another occasion, one would think that Canadian health had been discovered only when he came to office.

Mr. Martin: I am perfectly willing to meet the hon. gentleman—

The Chairman: Order.

Mr. Graydon: Don't take it too hard.

Mr. Martin: I am perfectly willing to meet the hon. gentleman at a time when our discussions will be in order; but I submit to you, Mr. Chairman, that what the hon. gentleman has said in the last fifteen or twenty minutes is wholly out of order.

The Chairman: Order. I am sure that the leader of the opposition will relate the remarks he is making at the present time to the resolution.

Mr. Drew: Mr. Chairman, I am very happy to relate them to the point at issue. The point at issue is very clear to any hon. member who understands our constitution.

Mr. Cleaver: That is one man in the house.

Mr. Drew: There are of course many hon. members who obviously do not, and it will be helpful if some of those will try to learn something about it by listening to a discussion of the subject.

Progress reported.

Business of the House

BUSINESS OF THE HOUSE

Mr. St. Laurent: I wish to announce that the first order of business tomorrow will be the resolution which is No. 4 on the order paper of today, dealing with the bill to extend foreign exchange control powers. If there is anything that can be done after that has been under discussion, we shall come back to the resolution which has been considered in the committee of the whole this afternoon.

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

HOUSE OF COMMONS

Thursday, March 17, 1949

The house met at three o'clock.

(Translation):

PRIVILEGE

ROUYN DISASTER

Mr. Réal Caouette (Pontiac): Mr. Speaker, we were shocked to learn this morning of the dreadful fire which broke out last night at Rouyn, a city in the constituency I have the honour to represent in this house.

Fortunately, the anxiety of the citizens was not heightened by any loss of life.

Many families have not only sustained severe losses but are now homeless. At noon, I was informed that losses will total well over a million dollars.

May I, Mr. Speaker, tender my deepest sympathy to all the victims of this disaster, be they landlords or tenants, and may I also congratulate the dauntless firemen and citizens of Rouyn who now have the fire entirely under control.

(Text):

NATIONAL DEFENCE

GRANTS TO POLICE AND FIRE DEPARTMENTS—PROVINCIAL CO-OPERATION

Hon. Brooke Claxton (Minister of National Defence): Yesterday the hon. member for Rosetown-Biggar (Mr. Coldwell) asked a question about civil defence, having regard to proposals put forward in the Ontario legislature by the attorney general. The hon. member for Broadview (Mr. Church) has given notice of an inquiry of the ministry as to the same matter. I am glad to make a brief statement in reply to both questions.

Some time ago Major General F. F. Worthington was appointed civil defence adviser. As such he has been working with the various federal departments and agencies that might be concerned, and has visited the United States, Great Britain, and other countries, to bring our information up to date as to what is being done or proposed in those countries.

The vast extent of Canada and the nature of the problems involved in civil defence make it clear that suitable safeguards require close working arrangements among the various agencies of government, federal, provincial and municipal, as well as transportation and communication services, and national and local organizations. Moreover, many of the matters relating to civil defence fall within the ordinary jurisdiction of the provinces and municipalities of Canada, which are responsible for municipal services such as fire fighting.

On my instruction Major General Worthington visited all the provinces, and at each place saw either the premier or a member of the cabinet, at which time arrangements were discussed in a general way. I should like to say that all provinces showed a most co-operative attitude. These preliminary discussions are being followed up.

In considering civil defence, it is apparent that one of the actions which would be desirable would be that the couplings and attachments of fire equipment be standardized as far as possible. While some progress has been made, I am informed that there are no less than two hundred types of 2½-inch fire hose coupling having either different threads or outside diameter which would make it impossible, or at least more difficult, for the fire equipment of one locality to be used in another. This is an objective which could be attained only over a period of time by the provinces agreeing on certain standards and working towards them. Clearly it is in the general interest of the people in the various parts of Canada that fire equipment be capable of being used in neighbouring municipalities.

Beyond these general discussions, no arrangements have yet been made with any of the provinces. Until today I had not seen the legislation proposed by the Ontario legislature. Of course I have not made and do not make any comment on that measure.

NATIONAL TRADE-MARK

APPLICATION TO COMMODITIES—REGULATIONS AS TO TRUE DESCRIPTIONS

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved the first reading of Bill No. 83 (from the Senate) respecting the application of the national trade-mark to commodities and respecting the true description of commodities.

Motion agreed to and bill read the first time.

Questions

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

*CANADIAN ARMY—PARACHUTISTS

Mr. Harkness:

As of February 15, 1949, how many Canadian army personnel have been qualified as parachutists (a) of the P.P.C.L.I.; (b) of other units?

Mr. Claxton: As is well known, it is not the practice here or in the United Kingdom to give the strength and other detailed information about individual units of the armed forces. If the information were to be given about one unit, there would be no reason for withholding it about others, and thus the entire battle order and fighting strength, which are matters any prospective enemy would take a great deal of trouble to find out, would be disclosed. Even though individual figures may not have any immediate significance, the fact that some were given and others withheld would give information or create ground for speculation.

Changes in the strength or locations of individual units might have the utmost significance. It may be interesting to observe that in the soviet union the giving of such information as is sought here is a crime punishable by ten to twenty years in prison. Few figures could be given which would be of greater interest to the only possible aggressor than the information sought in answer to these two questions.

Accordingly it is not in the public interest to give this or similar information in reply to this and the next question. However, I shall be glad to give the hon. member the information for his own private use, if he wants it.

Mr. Harkness: I must protest against the refusal of the minister to answer these questions. I doubt very much the validity of the arguments that he has advanced.

Mr. Speaker: Order. The hon. member has had an answer to his question.

Mr. Graydon: The minister made a speech.

CANADIAN ARMY BRIGADE GROUP

Mr. Harkness:

What was the strength of the active force Canadian army brigade group as of February 15, 1949, or nearest date to that for which returns have been made?

Some hon. Members: Answered.

Some hon. Members: No.

Mr. Speaker: Answered by the answer to the previous question.

[Mr. Howe.]

HOUSING—AJAX, ONT.—COOKSTOVES

Mr. Williams:

1. Were any cookstoves purchased with federal treasury funds for tenant use in the wartime houses built in Ajax by Wartime Housing? If so, how many?

2. How much did these cookstoves cost?

3. What is the total amount of money collected from the tenants as (a) rent; (b) purchase of these stoves?

Mr. Winters:

1. Yes; 573 cookstoves were purchased for tenant use in wartime houses built in Ajax by Wartime Housing.

2. The cost of the cookstoves laid down in Ajax and installed was aproximately $21,201. It is estimated that maintenance cost a total of $13,000, or an average of about $4 per stove per annum. Interest at 3 per cent on the capital involved over the period amounts to $2,544.05.

3. Total amount of money collected from tenants as (a) rent, $28,915.75; (b) purchase, $7,018.50.

*HONG KONG VETERANS—PACIFIC PAY

Mr. Brooks:

1. What action has been taken by the Department of National Defence with reference to the representations of the Hong Kong veterans for Pacific pay, as contained in their brief presented to the Veterans Affairs committee June 17, 1948, and forwarded by the committee to the Minister of National Defence for consideration?

2. If no action has been taken as yet, will favourable consideration be given to the representations of these veterans?

Mr. Claxton: The question of giving Pacific pay to the members of the Hong Kong forces has been under consideration for some time. Under P.C. 3593 of May 17, 1945, authority was granted for the payment of "Japanese campaign pay" to members of the Canadian army Pacific forces, effective June 1, 1945, and to begin from the date of departure from Canada. The main reason for this provision was that our forces would be acting in close association with the forces of the United States, which had a different pay structure from ours, and which, unlike the Canadian pay structure, made express provision for foreign service pay. The order did not cover Canadians who had fought in the Pacific, including the Hong Kong force, the Kiska force and members of the R.C.A.F. and others who had taken part in the active operations in the Pacific.

However, representations were received from members of parliament and others that members of the Hong Kong force who had suffered so much should receive the same entitlement as members of the Canadian army Pacific forces. This has led the government

to consider the matter on different occasions and in the light of difficulties which favourable action might create. Generally speaking it is a good rule that no pay provision should be made retroactive so as to include a class that had not been covered. The circumstances here, however, were so different that it was felt that others could not properly regard this as opening the way for other retroactive adjustments.

In principle the matter was decided by the government some time ago, and I am glad to be able to announce now that the terms of the original order will be extended so as to make members of the Hong Kong forces eligible for Pacific pay until two months after return of such members to Canada.

Mr. Graydon: Another victory for George Drew.

HOUSING—TORONTO—VETERANS AND CIVILIANS

Mr. Church:

Under the Housing Act, 1944, how many applications for housing space has the Central Mortgage Corporation received in the city of Toronto from (a) war veterans; (b) civilians?

Mr. Winters: This question does not indicate the dates for which the information is required, but in conversation I had with the hon. member he stated that he wished it from January 1, 1947. On that basis the answer to the question is as follows:

Under the housing act, 1944, number of applications received for rental housing in Toronto from January 1, 1947, to March 31, 1948: (a) 1,784; (b) nil; April 1, 1948, to February 28, 1949: (a) 1,094, (b) 4.

CIVIL SERVICE—UNIT SURVEYS, POST OFFICE DEPARTMENT

Mr. Richard (Ottawa East):

1. What is the cause of the delay on the part of the civil service commission in completing the unit survey of the inside service of the Post Office Department promised at the end of the war?
2. When was it started?
3. How many investigators are employed on this survey?
4. How many employees are affected?

Mr. Gibson (Hamilton West):

1. The progress of the work has been hampered by changes in the investigating staff of the civil service commission.

2. Unit surveys were first permitted after the end of the war in 1947. The first official request received for a unit survey was in 1948, and in that year unit surveys were commenced.

3. One, at present, but in the past three years there have been several investigators on this work at different times.

4. 1,068 employees have been or will be interviewed in the course of these surveys.

Mr. Coldwell:

1. Have unit surveys leading to reclassification of civil service positions been undertaken in the Post Office Department since 1946?
2. If so, how many surveys have been completed, and how many are yet to be completed?

Mr. Gibson (Hamilton West):

1. Yes.

2. Three unit surveys in the postal service at Ottawa have been completed and five are still to be carried out.

Outside of Ottawa one unit survey review has been completed and 171 unit survey reviews are to be undertaken.

It may be noted that 582 reclassifications in the postal service at Ottawa and 1,019 reclassifications in the postal service outside of Ottawa have been granted since 1946.

ALUMINUM

Mr. Knowles:

1. What was the total quantity of aluminum in all forms exported from Canada in (a) 1944; (b) 1945; (c) 1946; (d) 1947; (e) 1948?
2. What is the total quantity of aluminum in all forms which it is anticipated will be exported from Canada in 1949?
3. Of such quantities, what portion was produced or will be produced by facilities in Canada and/or in British Guiana on which the government allowed 100 per cent depreciation during world war II?
4. To what extent is the Aluminum Company of Canada now making use of aluminum producing facilities in Canada and British Guiana on which the company was allowed 100 per cent depreciation during world war II?
5. To what extent is use now being made of the Aluminum Company of Canada's power facilities at Shipshaw on which the company was allowed 60 per cent depreciation during world war II?
6. What are the current prices of aluminum, domestic and export?

Mr. McIlraith:

1. Canadian exports of aluminum during the calendar years 1944 to 1948:

Year	Aluminum scrap	Aluminum bars, blocks, ingots and blooms	Aluminum rods, sheets, circles and plates
	Cwt.	Cwt.	Cwt.
1944	36,040	5,904,532	62,485
1945	130,335	7,645,729	37,821
1946	129,155	3,746,717	48,977
1947	216,035	4,274,317	77,967
1948	456,794	6,542,154	123,364

2. No information.

3. Information not available.

4. Information not available.

5. Information not available.

6. The price of aluminum ingot is 15½ cents a lb. delivered at the works of any firm in Canada. The export price is also 15½ cents a lb. f.a.s.

Questions

INCOME TAX—NIAGARA FRONTIER COMMUTERS

Mr. Church:

1. What action is being taken to collect arrears of income tax in the Niagara river border from commuters who work in the United States?

2. What demands for immediate payment have been made for income tax arrears?

3. What is being done regarding arrears of income tax owing by the members of the Niagara frontier commuters association in these matters?

Mr. McCann:

1. Taxpayers who are residents of Canada but receive income as a result of services rendered in the United States are taxable under the Canadian law but are allowed to offset against Canadian tax payable any taxes paid to the United States on income derived from sources therein. The collection action involved is to forward an assessment notice and two collection letters within a specified period unless payment or arrangements for payment are made in the interval. If payment is not received or arrangements made, further collection action as provided by the Income Tax Act is considered and, if deemed advisable, applied.

2. Demands for immediate payment have been made only in those cases where the taxpayer had omitted to communicate with the district income tax office and to arrange for settlement of his outstanding taxes. Even at this stage, should the taxpayer make a suggestion regarding payment, it would be given consideration by the department and the demand lifted if the proposal is considered reasonable.

3. Members of Niagara frontier commuters association are taxable if residents of Canada, and they are treated in a similar manner to other Canadian taxpayers who may have fallen in arrears in respect of their obligations.

NATIONAL HOUSING ACT—CONTRACTS UNDER SECTION 15

Mr. Wright:

1. Have any contracts been entered into by the government with firms or manufacturers under section 15 of the National Housing Act, 1944?

2. If so, what are the names of such firms and the amounts paid to each?

3. If not, what are the reasons for not implementing this section of the act?

Mr. Winters:

1. No.

2. Answered by No. 1.

3. The continued scarcity of certain building materials, particularly plumbing and heating equipment and other materials of which steel is a component part, has made it inadvisable to encourage the use of the facilities of section 15 of the act. This section authorizes guarantees to manufacturers of plumbing and heating equipment or other component parts of houses provided that such equipment is sold by the manufacturer concerned for installation in rural or farm homes. It is expected that when the materials situation does warrant it, this section will help to stimulate an active farm home modernization program. While no projects have yet materialized under section 15, discussions did take place during 1948 with one large manufacturer with a view to the mass production of a prefabricated plumbing unit especially planned for installation in farm houses already constructed but without modern water and plumbing systems. The unit is designed to be set in a common wall between the kitchen and bathroom. The company has been advised of the information required in submitting an application.

CENTRAL MORTGAGE AND HOUSING CORPORATION —PART-TIME REPRESENTATIVE AT DRYDEN, ONT.

Mr. Benidickson:

1. Who is the part-time representative of Central Mortgage and Housing Corporation at Dryden, Ontario (as referred to in *Hansard*, page 1327)?

2. When was he engaged?

3. What remuneration does he receive?

4. What persons recommended him for employment in this capacity?

Mr. Winters:

1. Mr. R. J. Hawke, Dryden, Ontario.

2. Mr. Hawke's appointment was effective January 1, 1949.

3. This information is not available from government records.

4. This information is not available from government records.

NATIONAL PARKS—PRINCE ALBERT—HIGHWAY IMPROVEMENT WORK

Mr. Bowerman:

1. What was the cost of the clearing of the 11·6 miles of road in the Prince Albert national park during 1948?

2. What construction firm, if any, did this work?

3. What was the cost to the government of this clearing?

4. Was there any management fee paid for this work? If so, how much?

Mr. MacKinnon: The improvement work on Waskesiu highway in Prince Albert national park in 1948 was done by the W. C. Wells Construction Company, Limited, Saskatoon, Saskatchewan, on a cost-plus-fixed-fee basis. Altogether 28·75 miles (including the 11·6 miles), were cleared, 17·30 miles were stumped and grubbed, and debris was burned along 13·90 miles. The cost of clearing, stumping, grubbing and burning was $45,720, exclusive of the management fee. The management fee paid for the clearing, stumping, grubbing

and burning work was $2,780. Expenses of clearing were not kept separate from expenses of grubbing and burning.

CANADIAN NATIONAL RAILWAYS—RETIRED EMPLOYEES ON MINIMUM PENSION

Mr. Lennard:

How many ex-employees on pension from the Canadian National Railways are receiving the minimum pension of $300 per year?

Mr. Chevrier: The number of retired employees of the Canadian National Railways who were in receipt of the minimum pension of $300 per year was 2,798 at February 28, 1949.

UNEMPLOYMENT INSURANCE COMMISSION—LABOUR-MANAGEMENT COMMITTEES

Mr. Knowles:

1. How many labour-management committees are operating in Canada?
2. What arrangements for labour-management co-operation obtain in the unemployment insurance commission?
3. Is there any special grievance procedure?
4. Is any recognition given to organizations of employees? If so, what is the nature of such recognition?

Mr. Cote (Verdun):

1. The Department of Labour encourages the establishment of labour-management production committees in Canadian industry, and, as at March 15, 1949, had a record of 608 such committees in operation.

2. Associations of employees have been organized and are maintained on a national as well as a local basis, and employees are free to join those of their choice.

3. The unemployment insurance commission sets up appeal boards to hear grievances, on which boards employees concerned have direct representation through their respective associations.

4. Unemployment insurance commission recognizes all organizations of its employees and meets their national officers as and when requested.

UNEMPLOYMENT INSURANCE COMMISSION—EMPLOYEES

Mr. Knowles:

1. What is the total number of persons employed by the unemployment insurance commission?
2. How many are employed at the head office in Ottawa?
3. How many are employed in each region?
4. In each case, how many of these employees are permanent?

Mr. Cote (Verdun):

1. 6,934 regular employees (including 1,783 permanent) and 410 casual employees.

2. 356 regular employees (including 103 permanent) and 34 casual employees.

3. Maritime—635 regular employees (including 160 permanent) and 27 casual employees.

Quebec—1,881 regular employees (including 332 permanent) and 78 casual employees.

Ontario—2,008 regular employees (including 581 permanent) and 120 casual employees.

Prairie—1,226 regular employees (including 366 permanent) and 27 casual employees.

Pacific—828 regular employees (including 241 permanent) and 124 casual employees.

4. See answers to questions 1, 2 and 3 above.

(All figures quoted are as at February 28, 1949.)

STRAIT OF CANSO BRIDGE

Mr. Isnor:

1. Will the proposed strait of Canso bridge provide for railway lines?
2. If so (a) will the Canadian National Railways be asked to relocate their lines; (b) will new railway terminals be constructed; (c) what time, if any, will be saved in passenger train service; (d) what is the estimated railway grade across the bridge; (e) what is the grade on the Nova Scotia approach; (f) what is the grade on the Cape Breton approach?
3. What is the estimated miles of reconstruction of the Canadian National Railways on both the Nova Scotia mainland and the Cape Breton side?

Mr. Chevrier:

1. Yes.

2. (a) Yes. (b) Canadian National Railways advise that the construction of new railway terminals will not be necessary. (c) 50 minutes. (d) zero. (e) 0·8 per cent. (f) 1·0 per cent.

3. On Nova Scotia mainland—20·0 miles; on Cape Breton Island—1·0 miles.

QUESTIONS PASSED AS ORDERS FOR RETURNS

UNEMPLOYMENT—PUBLIC WORKS

Mr. McCullough (Assiniboia):

1. Under the government shelf of pubic works program, has the government worked out a per employee cost formula, which would provide employment for an employee on the job, and off the site?
2. If so, on what basis is the formula arrived at?
3. For how many people, and for what length of employment, could the government provide work under the present allocation of funds for that purpose?
4. Is this program contingent upon co-operation of the provinces, cities, or local communities?

QUEBEC-MONTREAL SHIP CHANNEL

Mr. Church:

1. What was the cost of the steamship channel between Quebec and Montreal to make this river navigable for all kinds of ocean marine traffic since its inception to date for (a) capital; (b) annual maintenance including dredging, aids to navigation, and all other maintenance charges herein, per annum?

2. Who paid the estimated total cost of these capital national improvements for marine purposes, and also for maintenance, and what was the grand total cost of this very necessary and important national work for Canada?

Mr. Chevrier: The second part of this question is almost impossible to answer. However, I have the answer to paragraph (a) of part 1, and to the part having to do with annual maintenance including dredging. To that extent I should like to make this an order for return, now tabled.

WHEAT BOARD—DELIVERIES FROM ONTARIO AND QUEBEC—EXPORTS, PRICES, ETC.

Mr. Benidey:

1. In each of the following crop years: 1943-44, 1944-45, 1945-46, 1946-47, 1947-48 and 1948-49 did the wheat board accept deliveries, handle or in any way exercise control, and to what extent and in what manner, of the wheat produced for sale in the provinces of Ontario and Quebec?

2. In each of the above noted crop years, was any of such wheat exported under (a) the Anglo-Canadian wheat agreement; (b) as class II wheat?

3. If so, was it dealt with by the wheat board in the same manner as wheat from the western division?

4. If not, how was it dealt with?

5. In each of those crop years, what was the final average price received by the growers in Ontario and Quebec?

HOUSING—PICTOU, N.S.—W. E. MACKIE, LIMITED

Mr. Nowlan:

1. Has the firm of W. E. Mackie, Limited, been employed by any department or agency of the dominion government to render services in connection with wartime houses erected at Pictou, N.S.?

2. If so, what was the nature of the services to be rendered by such firm?

3. Were tenders called for?

4. Have the services been completed?

5. How much has been paid the said firm in connection with the said services?

6. How much is still owing the said firm for such services?

NUMBER OF PERSONS 60 YEARS OF AGE AND OVER IN CANADA AND NEWFOUNDLAND

Mr. Knowles:

1. What is the total number of persons 70 years of age and over (a) males; (b) females, in each province of Canada, according to figures for 1948 or latest available date? What are the same totals for Newfoundland?

2. What is the total number of persons 65 years of age and over but not yet 70 (a) males; (b) females, in each province of Canada, according to figures for 1948 or latest available date? What are the same totals for Newfoundland?

3. What is the total number of persons 60 years of age and over but not yet 65 (a) males; (b) females, in each province of Canada, according to figures for 1948 or latest available date? What are the same totals for Newfoundland?

Mr. McIlraith: Return tabled.

[Mr. Church.]

NATIONAL DEFENCE—BUILDINGS OWNED OR LEASED—DAMAGE BY FIRE

Mr. Probe:

1. In what buildings owned or leased by the Department of National Defence or containing military stores of any kind have fires occurred since January 1, 1945?

2. What was the amount of damage in each of the above fires (a) to building; (b) to stores; (c) to any other property?

3. What was the date of each of the above fires, and what was the date of the last audit of stores preceding the fire, in each case?

CIVIL SERVICE—WAR VETERANS

Mr. McKay:

1. What is the number of (a) male; (b) female civil servants employed by the federal government as of December 31, 1948?

2. How many of these federal government employees are veterans of either world war I or world war II?

CIVIL SERVICE—SASKATCHEWAN

Mr. McKay:

1. How many federal civil service employees are there at present in the province of Saskatchewan?

2. How many federal civil servants in the province of Saskatchewan are receiving salaries (a) less than $1,000; (b) $1,000-$1,400; (c) $1,400-$1,800; (d) over $1,800?

TELEPHONES—QUESTION AS TO USE OF RECORDING DEVICES BY MINISTERS AND PARLIAMENTARY ASSISTANTS

Hon. Colin Gibson (Secretary of State): Mr. Speaker, on February 21 the hon. member for Winnipeg North (Mr. Stewart) asked a question and at that time the Prime Minister promised that a reply would be brought down in the form of a return. The question is reported in *Hansard* at page 722. I would request that it be passed as an order for return, now tabled.

HOUSE OF COMMONS

PROVISION FOR MORNING SITTINGS UNTIL CERTAIN MEASURES DISPOSED OF—SATURDAY SITTING MARCH 26

Right Hon. L. S. St. Laurent (Prime Minister) moved:

That on and after Friday, March 18, 1949, until the following resolutions and the legislation based thereon be disposed of by this house, viz.: (a) the resolution for a measure to provide for the continuation of certain orders and regulations of the governor in council for a limited period during the national emergency arising out of the war; (b) the resolution for a measure to amend the Agricultural Products Act to extend the operation of the act for a period of one year; (c) the resolution to amend the Canadian Commercial Corporation Act to provide authority for advances to the corporation by way of loan out of the consolidated revenue fund and to extend the time of operation of the act; (d) the resolution for a measure to provide for the

continuance in force of the Foreign Exchange Control Act until sixty days after the commencement of the first session of parliament commencing in the year 1951; the house shall meet at 11 o'clock in the morning of each sitting day and that in addition to the usual intermission at 6 o'clock there shall also be an intermission every day from 1 to 3 o'clock p.m.; and further that on Saturday, March 26, 1949, the house shall meet at 11 o'clock a.m. and the order of business and procedure shall be the same as on Friday, March 25, 1949.

He said: Mr. Speaker, the reasons for this motion are the same as I gave for the motion I put before the house on March 11, to give priority to these resolutions and the legislation based thereon. The present legislation with respect to the matters described in paragraphs (a), (c) and (d) would expire on the 27th of March if not extended by parliament before that date. The legislation described in paragraph (b), the Agricultural Products Act, would expire on March 31 if not extended before that date.

Hon. members will realize that all the steps required for these resolutions and the legislation based thereon provide many opportunities for debate. On each one there is opportunity for debate on the motion that you, sir, leave the chair. There is opportunity for debate in committee after you leave the chair. There is opportunity for debate on the second reading of the bill, in committee of the whole when the bill is being considered clause by clause, and on the third reading of the bill. There are four of these measures, and I indicated it might be desirable to consider a fifth, namely, the consolidation of the bonuses or supplementary payments being made to mail carriers on a contract basis. As one can see, there would be some twenty or more opportunities for debate.

The debate on one subject was begun on Monday and has been continued ever since, but as yet, we have gone through only one of the five stages provided for by each of these resolutions. On Friday last when making the motion I stated that the government believed it to be its duty to make every possible effort to have these measures considered by parliament and disposed of so that they would not expire by mere lapse of time, and that each member would have an opportunity of taking his responsibility in respect thereto and expressing his views in this house.

The motion now before the house would add some twenty-two hours to the time available after today for further consideration of these matters. The time available otherwise would amount to thirty-nine hours; by this motion we are adding something more than fifty per cent to the time available for the consideration of these measures. I recommend to the house this further effort to deal with matters which are evidently of great interest, whatever one's view about them may be. I believe the provision of this additional time will be a demonstration that the members of this house do intend to discharge their responsibilities in regard to these matters.

Hon. members will see that this motion is drafted in such a way that it will no longer be operative if these resolutions and the legislation based thereon are disposed of before present legislation expires; the effect of the motion will disappear and we shall return to the standing orders. Under these conditions I trust that it will be the feeling of all members of the house that this order should be made.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, it is not my intention to oppose the resolution. In indicating support of this proposal to increase the time available for discussion of the subject matters referred to, I think it should be clearly understood that there is a way in which any possibility of delay could have been avoided from the outset, and can be avoided now.

The Prime Minister has said that whether or not one favours these measures, they are regarded by the members as matters of some importance. The main point at issue is not the measure that is contemplated, but the way it is done. The main point at issue is whether we are to act as a parliament and deal with legislation by bills properly presented, or whether we are to carry forward these dictatorial orders.

Some hon. Members: Hear, hear.

Mr. Speaker: Order. I would request that the leader of the opposition make his remarks relevant to the motion.

Mr. Drew: I cannot imagine anything more relevant to the motion than the question how the government can easily save time, which is the main consideration in this motion. The government can save time by dealing with this matter in the proper parliamentary way instead of pretending that there is still a war on in Canada, or a war emergency. The members of this party have indicated clearly an expeditious procedure for dealing with this matter, and the arguments that have been put forward are directed to dealing with these matters in an orderly way. I take the opportunity on this motion to emphasize once again the fact that if this government really believe in each of these measures being dealt with in the proper way, they should introduce bills indicating the ground upon which

they ask for extension in each case; they should not attempt to make a blanket provision, based entirely on the existence of a general emergency, which, if it is supported by this house, practically means the suspension of our constitution.

Mr. M. J. Coldwell (Rosetown-Biggar): We intend to support this resolution, Mr. Speaker, because we believe, whether the leader of the opposition (Mr. Drew) is right or wrong, these matters are of such great importance that they must be dealt with before the date of expiry of the acts referred to.

An hon. Member: Right or wrong.

Mr. Coldwell: Not right or wrong—this parliament can safeguard the interests of the Canadian people. After all, it is not my friends in the official opposition who are to determine whether something is right or wrong; it is the majority in this house.

My criticism of what the government has done is on an entirely different basis. Parliament should have been called earlier. We should have had more time in which to deal with the address in reply to the speech from the throne, the entry of Newfoundland into confederation, and the measures here referred to—and they are important. The measure with respect to control that we have been discussing for the past few days is of paramount importance to many people in Canada, particularly those who are affected by the control of rent. The prolonged opposition to a suggestion of this kind does not, in my opinion, reflect much credit upon the House of Commons.

I wish therefore to say that we are supporting this motion, but we are criticizing the government on the ground that parliament should have been called earlier in order that we might have had more time in which to deal with these important measures.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. St. Laurent: Mr. Speaker, I wish to make a short reply to this further lesson on propriety of procedure in this house which the new leader of the Progressive Conservative party has been dinning into our ears ever since the beginning of the session.

I would remind the followers of the new leader of their attitude only two years ago when they were pounding their desks just as vigorously in applause of the remarks of one who was suggesting that in dealing with this kind of legislation we should follow the procedure which was followed in the British House of Commons. That we did last year by bringing in a bill with a schedule of orders attached to it. Then hon. members opposite complained because there were fifty-seven orders and there were not to be fifty-seven times five opportunities for obstructive filibustering debate.

This year, as last year, though it was not necessarily the best one, we followed the procedure that was recommended by hon. members on the other side because we hoped that by that means the merits of matters would be considered and we would have done with this waste of time in futile discussions about procedure. I have attended meetings of other deliberative bodies and have seen just the same tactics adopted and the same waste of time by those who were obstructing consideration of the real merits of issues. I do not need to tell this house from what quarter those tactics came. Here in this house we took ten days on the proposal for the union of Newfoundland with Canada. Hon. gentlemen on the other side asserted in the most formal terms that there was nothing they desired more than the union of Newfoundland with Canada, but they said that the procedure was wrong. This parliament, about the respect of whose privileges and authority they have been clamouring ever since we came back here on January 26, was not competent to deal with the problem. It could not be dealt with, according to my hon. friends opposite, until this parliament had obtained Mr. Duplessis' permission. For three days now these hon. gentlemen have been asserting that they are not opposed to the continuation of rent control, and that they are not opposed to the continuation of steel control. But, they say, the procedure is not the one that should have been adopted; instead of twenty opportunities for filibustering debates, they argued, we should have given them four times twelve more opportunities for it. Their leader says now: If you want this legislation to pass, just put it in the way that I, in my omniscience, tell you is the proper way.

Mr. Fraser: A Gilbert and Sullivan opera.

Mr. St. Laurent: This parliament had known how to deal with legislation in a proper way for a long time—

Mr. Drew: Before you were Prime Minister.

Mr. St. Laurent: —before the hon. member for Carleton came here, and I think it will know how to deal with legislation in a proper way for a long time after he ceases to come here.

Mr. A. L. Smith (Calgary West): Mr. Speaker,—

Some hon. Members: Order. Sit down.

Mr. Speaker: Order. The hon. member knows that the debate is closed.

Mr. Smith (Calgary West): No.

Mr. Speaker: The debate is closed.

Mr. Smith (Calgary West): Well, I was merely going to say—

Mr. Speaker: Order. Is it the pleasure of the house to adopt the motion?

Mr. Graydon: On a question of privilege, Mr. Speaker; it is well established in the rules—

Some hon. Members: A waste of time.

Mr. Speaker: Order.

Mr. Graydon: I understand the temperature on the other side is very high, and I shall make allowances for it.

An hon. Member: What about lowering it?

Mr. Speaker: I hope that hon. members on both sides of the house will co-operate with the Speaker. Is the hon. member rising on a point of order?

Mr. Graydon: On a question of privilege.

Mr. Coté (Verdun): State it.

Mr. Graydon: Mr. Speaker will no doubt ask me in due course to do that. It has been a well-established practice in this house that when the Prime Minister, or anyone else who moves a motion, rises to reply and close the debate, the Speaker cautions the house that if he speaks the debate will be closed. For that reason I suggest that the hon. member for Calgary West, or any other hon. member, is in order in discussing the motion after the Prime Minister concludes.

Mr. Speaker: Order.

Mr. Casselman: The noise is coming from the other side of the house.

Mr. Speaker: I would remind the hon. member for Peel that after the leader of the opposition and the leader of the C.C.F. party had spoken, no other member rose and I put the motion to the house.

Some hon. Members: No.

Some hon. Members: Yes, he did.

Mr. Speaker: Order. I rose and put the question to the house.

Some hon. Members: No.

Mr. Speaker: Order. Then the Prime Minister rose to answer. The hon. member knows perfectly well that when the Prime Minister rose to speak on the motion in reply to the leader of the opposition he was closing the debate. The debate is closed. Is it the pleasure of the house to adopt the motion?

Some hon. Members: No.

Some hon. Members: Yes.

Motion agreed to.

Inquiries of the Ministry

DAIRY INDUSTRY

FLOOR PRICE ON BUTTER 58 CENTS

On the orders of the day:

Mr. G. A. Cruickshank (Fraser Valley): I should like to direct a question to the Minister of Agriculture. Has the government made any decision on a floor price for butter? If so, when will he be in a position to make a statement?

Right Hon. J. G. Gardiner (Minister of Agriculture): During the last three or four days I have had telegrams from most of the dairy organizations across Canada suggesting that the floor price on butter be made fifty-eight cents for the next year, as had been done for this year. That matter was considered by the government today, and a decision arrived at to maintain the floor at fifty-eight cents for the coming year.

QUESTION AS TO BUTTER OFFERED TO DAIRY PRODUCTS BOARD

On the orders of the day:

Mr. R. E. Drope (Northumberland, Ont.): Mr. Speaker, I should like to ask a question of the Minister of Agriculture, having to do with butter. Has any butter been tendered to the dairy products board, now that it has reached the floor price? Further, what information is necessary to satisfy the board that the butter cannot be sold to the trade?

Right Hon. J. G. Gardiner (Minister of Agriculture): I do not know that I can answer the first part of the question by a direct yes or no. Inquiries have been made of the dairy products board as to whether they would be prepared to take delivery of carloads of butter from different points. But so far as I know none has been actually offered. Inquiries have been made as to the terms under which butter would be taken.

In reply to the second part of the question, as to what information is necessary: In view of the fact that the price has not been established at fifty-eight cents on the market—there may have been some No. 1 butter sold at fifty-eight cents, although I am not certain about it—there is so far no set-up, for the system under which it would be taken. But generally speaking the system will be that if no one else will pay fifty-eight cents for butter on the Canadian market, the government will take delivery of it.

REQUEST FOR SUBSIDY ON BUTTER FAT AND MILK

On the orders of the day:

Mr. E. B. McKay (Weyburn): I wish to direct a question to the Minister of Agriculture, a copy of which I have sent him. In view of the serious drop in butter prices, and

the chaotic state of the market, will the government give immediate consideration to the paying of a subsidy of five cents a pound for butter fat and two cents a quart for milk production, so as to assure the country of an adequate supply of both these commodities?

Right Hon. J. G. Gardiner (Minister of Agriculture): As was indicated by my answer to the hon. member for Fraser Valley, the government did consider the question which has been raised by the proposal of the hon. member for Weyburn, and decided it on the grounds that were submitted to us by the dairy organizations across Canada, namely, that the proper way to deal with the matter was to have a floor price for the product.

CHEESE—REQUISITIONING TO FULFIL UNITED KINGDOM CONTRACT

On the orders of the day:

Mr. G. J. Tustin (Prince Edward-Lennox): I should like to direct a question to the Minister of Agriculture. For several months the dairy products branch of the Department of Agriculture has been reporting a considerable decrease in the production of cheese over the corresponding period last year. Has any consideration been given to the requisitioning of cheese during the coming year in order to fulfil our contract with the United Kingdom?

Right Hon. J. G. Gardiner (Minister of Agriculture): The production of cheese is on the increase at the present time as compared with last year. The position some weeks ago may have been different, but at the present time production is on the increase. I did announce earlier in the session that the government has no intention of requisitioning cheese this year.

INDIAN AFFAIRS

SETTING UP OF CLAIMS COMMISSION—RE-ESTABLISHMENT OF JOINT COMMITTEE OF BOTH HOUSES

On the orders of the day:

Mr. G. H. Castleden (Yorkton): I should like to direct a question to the Minister of Mines and Resources. Has any decision yet been made with regard to the setting up of the claims commission, or the re-establishment of the joint committee on Indian affairs as recommended for this session of parliament?

Hon. J. A. MacKinnon (Minister of Mines and Resources): The answer to the first question is that no decision has yet been arrived at. I have nothing to add to the answer I gave two or three days ago to a question similar to the hon. member's second question. At the present time the bill is before the Department of Justice. When it comes back I purpose recommending to my colleagues that the committee be re-established and the bill referred to it.

VEGETABLE OILS

QUANTITY IN CANADA OR LIKELY TO BE IMPORTED

On the orders of the day:

Mr. C. E. Desmond (Kent, Ont.): I should like to direct a question to the Minister of Trade and Commerce. Can the minister say what is the quantity of foreign vegetable oil in Canada at the moment, or the amount about to be imported?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I am afraid I cannot do that; I have no knowledge of the minds of the importers. I do not know what they intend to do.

EMIGRATION

CANADIAN CITIZENS MOVING TO THE UNITED STATES SINCE JANUARY 1, 1947

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I wish to direct a question to the Minister of Mines and Resources, of which I have given him notice. It arises out of a question I asked on February 24 last as to the number of Canadians by birth or naturalization who had left Canada to make their homes in the United States, month by month, since January 1, 1947. According to the answer, that information was not available and could be secured only from the United States authorities. I now ask the minister whether he is in a position to give an answer to the question, since he has secured the information from the United States.

Hon. J. A. MacKinnon (Minister of Mines and Resources): The hon. member gave me notice of his question. During the year 1947 some 23,467 persons went to the United States, and in 1948, 24,788.

VETERANS AFFAIRS

REPRESENTATIONS OF NATIONAL COUNCIL OF STUDENT VETERANS

On the orders of the day:

Mr. T. A. Kidd (Kingston City): I should like to direct a question to the Minister of Veterans Affairs. It has reference to the veterans who are at present attending university and the request submitted by the national council of student veterans. When can the veterans who are at present attending university expect an announcement regarding their application for assistance?

Hon. Milton F. Gregg (Minister of Veterans Affairs): With several of my colleagues I had the pleasure last Saturday of meeting the delegation of the national council of student veterans. At that time I undertook to write to them at an early day with regard to the representations made. When consideration of the matter has been completed, I shall be glad to comment on this question.

CORPS OF CANADIAN FIRE FIGHTERS

On the orders of the day:

Mr. Arthur Williams (Ontario): I should like to direct a question to the Minister of Veterans Affairs. The other day he promised to make a statement about student veterans. When he makes that statement will he at the same time make one with regard to the corps of Canadian fire fighters, who hope that they will get some benefit as well?

Hon. Milton F. Gregg (Minister of Veterans Affairs): I shall look into the question, Mr. Speaker.

NATIONAL DEFENCE

PACIFIC PAY—HONG KONG—QUESTION OF EXTENSION TO OTHER CANADIAN UNITS

On the orders of the day:

Mr. G. R. Pearkes (Nanaimo): Mr. Speaker, I should like to ask a question of the Minister of National Defence. Will the provisions respecting the extension of Pacific pay now be made available to the other Canadian units who served in the Pacific?

Hon. Brooke Claxton (Minister of National Defence): No. That has been given consideration, and a definite decision has been made against it. There is no entitlement whatever.

UNITED KINGDOM

INQUIRY AS TO REQUEST FOR LOAN OR EXTENSION OF CREDIT

On the orders of the day:

Mr. Frederic Dorion (Charlevoix-Saguenay): I should like to direct a question to the Minister of Finance. Is it true that Sir Norman Brook is here in Ottawa for the purpose of requesting from the government the granting of another loan to Great Britain, or an extension to the credit already granted to that country?

Hon. Douglas Abbott (Minister of Finance): The answer is no.

ST. PATRICK'S DAY

QUESTION AS TO ADJOURNMENT AT SIX O'CLOCK

On the orders of the day:

Mr. T. L. Church (Broadview): I should like to ask a question of the Prime Minister. Will the house meet this evening? This is St. Patrick's day.

Right Hon. L. S. St. Laurent (Prime Minister): Present indications are that the house will meet tonight. The statement I made yesterday was that if we made sufficient progress to entitle us to feel that it was not necessary to work this evening, consideration could be given to adjournment. But I do not think that progress has been made.

Mr. Daniel McIvor (Fort William): Mr. Speaker, rising to a question of privilege, I am sure we are grateful to the leader of the opposition (Mr. Drew)—

An hon. Member: For what?

Mr. McIvor: —for allowing the house to see the superiority of the Irish blood in the Prime Minister, especially on St. Patrick's day.

INQUIRIES FOR RETURNS

PUBLIC SERVICE—NUMBER OF EMPLOYEES, SALARIES, ETC.

On the orders of the day:

Mr. Douglas G. Ross (St. Paul's): I should like to ask a question of the Secretary of State. When may I expect the return for which an order was passed on February 9, over a month ago?

Hon. Colin Gibson (Secretary of State): I shall look into the matter. I did make inquiries before, and I understand that answers have been received from some departments but not from all.

VETERANS LAND ACT—ALBERTA—BOWNESS PROJECT NEAR CALGARY

On the orders of the day:

Mr. A. L. Smith (Calgary West): Mr. Speaker, I should like to ask a question of the Minister of Veterans Affairs. Some time ago I asked a question and it was made an order for return. He was good enough to assure me that he would endeavour to get the return. The inclement weather and the sanitary conditions are difficult, and I am being pressed for an answer. Will the minister do the best he can?

Hon. Milton F. Gregg (Minister of Veterans Affairs): Mr. Speaker, I shall bring down that return as soon as possible. Some of the material for it had to be secured from the west. However, as soon as it is obtained the return will be tabled.

PUBLIC BUILDINGS

CHARLOTTETOWN, P.E.I.—APPRAISAL OF PROPERTIES

On the orders of the day:

Mr. W. Chester S. McLure (Queens): I should like to ask a question of the Minister of Public Works. How many properties in

the area appropriated for the site of the new dominion building at Charlottetown, Prince Edward Island, have been appraised and paid for?

Some hon. Members: Order paper.

Mr. Speaker: I would ask the hon. member to place his question on the order paper.

HOUSE OF COMMONS

QUESTION OF USE OF PUBLIC ADDRESS SYSTEM

On the orders of the day:

Mr. G. A. Cruickshank (Fraser Valley): I should like to ask a question of the appropriate minister. Has any attention been paid to the question of having in this chamber some system of amplification of the voice by means of loud speakers? If it can be done in British Columbia, surely it can be done in this capital city.

PUBLIC ACCOUNTS

REQUEST FOR CALLING OF STANDING COMMITTEE

On the orders of the day:

Mr. George A. Drew (Leader of the Opposition): I should like to ask a question of the Prime Minister. When may we expect the public accounts committee to be called?

Right Hon. L. S. St. Laurent (Prime Minister): The public accounts committee, Mr. Speaker, has been set up. Any member can require this committee to be called for the purpose of organization. I think the date of its first meeting should be a matter arranged among the whips.

Mr. Drew: The chairman has not yet been named, and until that is done the members cannot call the committee. We want it called as soon as possible.

Mr. St. Laurent: The standing orders in that regard are the same as they have been for a great many years. Heretofore it has been found possible to have the committees organized without there being any intervention from the Prime Minister. The whips get together and arrange for the meeting.

Mr. Casselman: No.

Mr. St. Laurent: The hon. member for Grenville-Dundas says no. I do not know how it was arranged in past years, because I never took any part in bringing them together. But my understanding was that the whips arranged the membership of the committees and then they arranged to have a notice published calling the meeting. The leader of the opposition says there is no chairman; but there cannot be a chairman until there is a meeting. There have been meetings in the past for the purpose of appointing chairmen.

Mr. Casselman: I say to the Prime Minister it is the duty of the government to call the meeting for organization of the committees.

Mr. St. Laurent: In my view as to the duties of the government I differ from my hon. friend. These are committees of the house, not committees of the government.

Mr. Donald M. Fleming (Eglinton): As one of the members of the public accounts committee and one who wishes to see it called together, may I say to the Prime Minister that it has been the practice in the past for the leader of the house to arrange for the organization meetings of all standing committees.

Some hon. Members: Order.

Mr. St. Laurent: I have no doubt the hon. member may have that impression, but that has not been the practice.

Mr. Fleming: May I say to the Prime Minister—

Mr. Speaker: Order. The hon. member must not engage in debate. If he wishes to ask a question, he must put it briefly.

Mr. Fleming: Then if I must put a question, I shall put it in this way: Is not the Prime Minister aware that at every previous session of this parliament the organization meetings of all committees of the house were called by the Right Hon. Ian Mackenzie?

Some hon. Members: Order.

Mr. Speaker: The hon. member knows very well that the purpose of a question is not to give information to the house but to obtain information from the ministry.

Mr. Fleming: I am not giving the house information. I am giving information to the Prime Minister.

Mr. Graydon: The government should quit stalling.

FOREIGN EXCHANGE CONTROL ACT

CONTINUANCE IN FORCE UNTIL SIXTY DAYS AFTER OPENING OF FIRST SESSION OF PARLIAMENT IN 1951

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to present a measure to provide for the continuance in force of the Foreign Exchange Control Act until sixty days after the commencement of the first session of parliament commencing in the year 1951.

He said: Mr. Speaker, the bill which this resolution seeks leave to introduce is a bill which provides merely for the extension of the Foreign Exchange Control Act, adopted by this house in 1946, for a further two-year

period. No doubt the house will recall that, when the original measure was introduced in and passed by this house, it contained no limitation as to time. In another place, however, an amendment was offered, and was accepted by the government, providing that the act would lapse sixty days after the commencement of the first session of parliament in the year 1949. That amendment was agreed to by the house, and the termination provision is incorporated in section 73 of the present act.

The effect of this new bill, when it is enacted, will be to postpone the termination date for a period expiring sixty days after the commencement of the first session of parliament in the year 1951; in other words, an effective extension of some two years. Otherwise the provisions of the present Foreign Exchange Control Act are to be left unchanged. The normal British constitutional procedure, under which acts of parliament remain in force until they are repealed by parliament, has a good deal to recommend it; but in view of the legislative history which I have outlined, the government felt the same practice should be followed here, and that a measure should be introduced extending the provisions of the act for a further period. The idea behind the time limit was, of course, to ensure that the measure would come up for review after a specified interval, and parliament would have the opportunity of determining at that time whether the legislation should be continued as being necessary and desirable.

As the Prime Minister (Mr. St. Laurent) has indicated, we have nearly reached the end of the time when the existing measure will expire, and parliament must now review the situation and determine whether or not the provisions of the present act should be extended, whether or not it is desirable and necessary to continue this act. Speaking for the government, I may say that I have no hesitation in stating that, in view of prevailing conditions in the field of trade and commerce, and currency conditions throughout the world, we would not feel justified in suggesting to parliament that it is no longer necessary to exercise control over Canada's foreign exchange transactions.

When this measure was originally introduced it was recognized, of course, that the world outlook was very uncertain, and that Canada was in a very exposed position. It was recognized that we were particularly vulnerable to the impact of conditions originating abroad both because of the great importance of our foreign trade, and on account of our normal dependence on exports to the United Kingdom and certain other European countries, whose economies had been pretty seriously weakened by the war, to pay for a very large proportion of our imports from the United States. The second factor exposing us to influences abroad was, and continues to be, our very large international indebtedness, particularly to the United States. Those were the main conditions which led the government to seek power to continue under legislative authority the operation of the exchange control which had originally been enforced at the very outbreak of the war.

The experience of the past two years has, I think, served to confirm and reinforce the views which were then held, and adopted by this house, regarding the necessity of a measure of this kind. If anything, I think it is fair to say that we under-estimated the international economic difficulties of the post-war period, and the length of time and the degree of effort that would be required to overcome the distortions of war, and get the world back on its feet. The international flow of goods between the western hemisphere and Europe has been maintained, as the house is only too well aware, largely by extraordinary measures, such as credits extended by the United States and ourselves, and is now dependent to a very important extent on grants and loans from the United States government under ECA. The impact on Canada of these payment difficulties experienced by our customers was, as I have indicated, recognized in the debate which took place on this measure about two and a half years ago, but I think it has been realized much more clearly in the time which has since elapsed.

I do not suppose that the members of the house need to be reminded of the sharp decline which took place in our exchange reserves in 1947, or of the measures which the government found it necessary to take at that time to restore the situation. In the course of 1947 our official reserves of gold and United States dollars diminished from $1,250 million to approximately $500 million in the middle of November, and to a low of $461 million by the middle of December, 1947. A combination of two factors was mainly responsible for that fall in our reserves. The first, of course, was the unexpectedly slow rate of European recovery which led to a very much more rapid utilization of the Canadian loan to the United Kingdom than had originally been anticipated, and secondly, the very high level of prosperity and capital development in Canada which led to an unprecedented flow of imports from the United States, and the virtual elimination of the surplus in our current account balance of payments.

I am sure that members on all sides of the house will have noted with satisfaction the

great improvement which has taken place in our exchange position in the year which has just passed, 1948. As the facts regarding the record of our exchange transactions during the year have recently been made public in the annual report of the foreign exchange control board, which was tabled a few days ago, I think that in my remarks today I only need to refer to a few of the highlights.

Our official gold and United States dollar reserves rose from $502 million at the beginning of the year to $998 million at the end of the year. In this improvement of $496 million the sum of $150 million was not earned, but represents the proceeds of a loan on a bond issue which we sold to three American insurance companies last summer.

I am not going to suggest for a moment, of course, that all the credit for this improvement in our exchange position is due to government policies, but I do assert that those policies, both negative and positive, which were adopted to deal with our exchange difficulties, have been highly successful, and that the major part of the improvement which has taken place has been due to the adoption of those policies.

I referred a moment ago to negative and positive policies. The negative policies, of course, as the house appreciates, have been the import controls and the travel restrictions, which have resulted in a substantial curtailment of purchases in the United States, and of travel in that country. I think even more emphasis should be placed on the positive measures, including encouragement of exports to the United States under the direction of my colleague, the Minister of Trade and Commerce (Mr. Howe), the development of Canadian tourist income with the valuable assistance of the Canadian co-operation project of the American moving picture industry, and the assistance to the gold mining industry. On the trade side, members of the house will be aware that we managed to reduce our merchandise trade deficit with the United States from $918 million in 1947 to only $284 million in 1948.

That, I think, was a truly remarkable achievement; and it is particularly gratifying to note that of this improvement of some $634 million as much as $465 million was due to increased exports to the United States and only $169 million to reduction of imports from that country. Percentagewise the increase in our exports to the United States was no less than 44 per cent; and notwithstanding the increasingly severe restrictions imposed against certain of our exports by a good many other foreign countries, the total value of our exports to all countries was higher in 1948 than in 1947, to be exact $3,110 million in 1948 as compared with $2,812 million in 1947, or an over-all increase of nearly 11 per cent. In this respect I may say our experience differed from that of the United States. The exports of that country to the world as a whole fell from over $15·3 billion in 1947 to about $12·6 billion in 1948, a decrease of nearly 18 per cent.

As I have said, our reserves of gold and United States dollars at the end of 1948 amounted to approximately $1 billion. That sounds like a pretty large figure, but in relation to our needs it is less than we had before the outbreak of war. At that time, that is to say in 1939, Canada had gold and United States dollar reserves amounting to approximately $400 million. In comparing the present figure of approximately $1 billion one must also bear in mind the very great increase that has taken place since that time in commodity prices, and also the very considerable increase which has occurred in the physical volume of our international trade and all other transactions against which reserves of this kind are held. One method of conveying these factors would be this. In 1939 our reserves were $400 million and our total imports $750 million; in other words we held reserves sufficient to pay for over six months' imports. We now hold reserves of approximately $1 billion and are importing at the rate of about $2,600 million, so as a consequence our reserves are sufficient to pay for somewhat less than five months' imports.

But perhaps the chief characteristic of the present situation as it affects our exchange arrangements is the uncertainty which surrounds the international trade outlook. Hon. members are well aware, of course, of our continued dependence upon United Kingdom and other western European markets to take some of our main export products and to provide us with exchange with which we can satisfy and pay for our imports from the United States. Notwithstanding the shift in imports to the United States I indicated a moment ago, which took place last year, the group of countries consisting of the United Kingdom and the rest of the sterling area and other countries participating in the European recovery program took 42 per cent of our exports in 1948.

Mr. Macdonnell (Muskoka-Ontario): If the minister would permit a question, how much of that was made up of money derived directly or indirectly from the United States?

Mr. Abbott: I could not give that offhand, but speaking from memory I think during 1948 payments made from ERP funds for exports to western European countries were probably somewhere between three and four hundred million dollars. I want to reserve

the right to check that figure, but I think it is approximately correct. We have no indication, of course, as to the exact amount which may be used by any particular European country out of ERP funds, because we have no control over the application of the funds they may receive from ECA.

Mr. Jackman: Would the minister have the figures for 1947?

Mr. Abbott: In 1947 there was no assistance from ECA funds, of course. The assistance was largely out of our own credits, the exact figure as to which I cannot give the hon. member. But speaking from memory again I think it was somewhere between four and five hundred million dollars in that year.

Mr. Cockeram: Will the minister be able to get those figures for us?

Mr. Abbott: Yes, I will be able to get them; and I might suggest to my hon. friend that when we are in committee on the resolution I will be in a position to answer questions on details of that kind. At the moment I am endeavouring to give as briefly as possible a survey of our foreign exchange position and the factors which enter into the consideration of whether a measure of this kind is necessary.

As I indicated a few moments ago, special and temporary sources of finance are necessary in order to enable the United Kingdom and other ERP countries to pay for their imports from the western hemisphere; and even with these special sources of finance the countries concerned are in fact cutting their purchases from Canada in an effort to make ends meet. While some of our chief trading partners are as far from complete recovery and balance as they are, the continued exercise of supervision and control over foreign exchange expenditure remains in my judgment and in the judgment of the government an imperative necessity. Under those circumstances, having regard to our international position and our international commitments, the government believes that it would be failing in its responsibility to the Canadian public if it did not recommend a prolongation of the Foreign Exchange Control Act for another two-year period.

If there were any satisfactory alternative, Mr. Speaker, that would be another matter. I gather from newspaper reports that my hon. friend the leader of the opposition (Mr. Drew) and a number of his supporters believe that manipulation of the exchange rate, that is to say depreciation of the Canadian dollar, might provide what would be for them a satisfactory solution; and I have no doubt that he and those who advocate that course will develop their views on that matter as this debate continues. For that reason amongst others I want now to deal with this very important question of exchange rate policy.

As the house will probably recall, section 18 (1) of the Foreign Exchange Control Act empowers the governor in council to prescribe the rates of exchange between the Canadian dollar and any foreign currency. The Bretton Woods Agreements Act of 1945, which was adopted by this house, also authorizes the governor in council to take all such measures as may be deemed necessary to establish the par value of the Canadian dollar for the purpose and in accordance with the terms of the agreement for the international monetary fund. Shortly before that fund began active exchange operations, members of the fund were called upon to communicate the par value of their currencies to the fund. Under the authority I have mentioned, an order in council was passed on March 11, 1947, fixing the par value of the Canadian dollar as equal to one United States dollar of the weight and fineness in effect on July 1, 1944, that is to say 15 5/21 grains of gold 9/10ths fine; and this par value was communicated to the fund.

During the war years, before the Foreign Exchange Control Act was enacted in 1946, decisions in regard to matters of this kind were based on the foreign exchange control order which was passed under the authority of the War Measures Act. Consequently on September 15, 1939, the then Minister of Finance, acting on the responsibility of the government, directed that the rates of exchange which the board should maintain were to be $1 U.S. equal to $1.10 Canadian; £1 sterling equal to $4.45 Canadian. On July 5, 1946, the government decided these rates should be changed, and as a result of that decision the then Minister of Finance informed the board that the new rates were to be $1 U.S. equal to $1 Canadian and £1 sterling equal to $4.02 Canadian, which is the present rate.

I mention these details, Mr. Speaker, because I want to make it clear that the power to fix and alter exchange rates has been exercised by the government rather than by the foreign exchange control board or the Bank of Canada or any agency other than the government itself. I say that because sometimes one hears or reads statements to the effect that the foreign exchange control board, a purely administrative body acting as agent for the Minister of Finance, arbitrarily changed the exchange rate in 1946. Now, that is not true. The government is solely responsible for the decisions to change and maintain the rates of

exchange, and we claim sole credit for the beneficial results which the Canadian people have experienced from the change in the exchange rates made in July, 1946.

Mr. Speaker, that change in exchange rates is now being criticized by a good many of my hon. friends on the opposite side of the chamber. It is held up by some as a prime example of what is described as economic lunacy. The air is thick with all kinds of dire forebodings of the grim consequences which will befall as a result of it, if they have not already happened, by the obstinate decision of the government to stick to this decision which was made in July, 1946. I have not a doubt in the world but what some of my hon. friends opposite will have something to say along these lines. I hope they will take advantage of this debate to inform the house and the country of their views on this very important question.

In that connection, I want first to remind the house that when the exchange rate was changed in July, 1946, that move was hailed with satisfaction by virtually every section of the country without regard to party affiliation. Even the newspapers which have since been most critical of the government's action in that regard joined in the chorus of approval. The house might be interested if I were to read an extract from an editorial which appeared in the *Globe and Mail* of July 8, 1946. It was headed, "A one hundred cent dollar," and this is what the editorial writer of that journal said on that date, two days after the action to which I have referred:

> It is our opinion that had there been a free play of exchange, our dollar would have returned to parity with the United States dollar long ago. It was designedly kept at ninety cents for several reasons, not least among them the protection of our future competitive trading position. It is, therefore, somewhat silly for some quarters to attempt to make political capital of the government's action as a "masterstroke" of economic strategy.

Mr. Jackman: Ha, ha.

Mr. Abbott: My hon. friend from Rosedale laughs.

> The return to parity must be read as an accurate indication of the impact of United States conditions on our economic structure. The change was forced on us by the inflationary trend within the United States.

Mr. Speaker, that is fairly characteristic of the editorial comment which appeared in the press of Canada at that time.

I have some diffidence in quoting anything that may have been said by the leader of the opposition, who, I understand, is now very critical of the action the government took at that time, because I am quite sure one could quote something in the opposite sense. I should like to point out that on this point, too, his consistent record of inconsistency remains unbroken. I am sure my hon. friend will not mind if I refer at this time to a subject which I know is very close to his heart, namely, the dominion-provincial conference of 1945. If hon. members will take the trouble to look up page 33 of the printed booklet entitled, Dominion-Provincial Conference (1945), Submissions by the Government of the Province of Ontario, which was issued in January, 1946, they will find the following:

An hon. Member: What are you trying to do, spike his guns?

Mr. Abbott: No, I would not try to do that. The following is the quotation to which I referred in this booklet issued by the province of Ontario:

> The foreign exchange control board of Canada was created by an order of the Minister of Finance on September 15, 1939, authorized under the provisions of the War Measures Act. The board has power to fix the rates at which foreign exchange, in such currencies as the board may designate, can be purchased or sold. The buying rate of eleven per cent and the selling rate of ten per cent established on United States currency on September 16, 1939, have remained constant during the war.
>
> In these circumstances, it is urged that the dominion government make available to provincial and municipal governments the foreign exchange required to meet their external obligations at parity of exchange. To obtain this agreement, the provinces and municipalities should accept a ruling whereby future provincial and municipal borrowing would be restricted to Canadian currency.

Mr. Drew: Mr. Speaker, I would point out that that in no way suggests the course that was followed, but merely points out the situation that obtained so far as the municipalities were concerned.

Mr. Abbott: I have no doubt that my hon. friend will avail himself of every opportunity of making a speech—

The Acting Speaker (Mr. Golding): Order. I must request that when the hon. leader of the opposition rises to address a question to anyone who has the floor, he address the Chair.

Mr. Drew: I opened my remarks with the term, "Mr. Speaker."

Mr. Abbott: As I was saying, I do not think my friend was asking a question; he was making another speech.

Mr. Drew: I was correcting you.

Mr. Abbott: If my hon. friend will listen, he will hear a little more about his position back in 1946. The then premier of Ontario, the hon. leader of the opposition (Mr. Drew), as I have indicated, urged the dominion government to make available to provin-

cial and municipal bodies at parity the necessary foreign exchange to meet their borrowings. This proposal was repeated at the plenary session of the conference on April 29, 1946, only seven weeks before the restoration to parity. This proposal will be found in the proceedings of the dominion-provincial conference of that date. I have not searched the record exhaustively, but I think I am right in saying that the premier of Ontario was alone in putting forward that proposal.

The leader of the opposition, Mr. Speaker, has at great length made it clear that all his actions at the dominion-provincial conference were based upon considerations of high principle and not merely upon a desire to get more money for his own province. The claim which he put forward for parity of exchange to which I have just referred must, of course, be based on some principle. I wonder what that principle might be? Could it possibly be that the principle which the premier of Ontario had in mind on the 29th of April, 1946, was that parity with the United States dollar was the proper exchange rate for the Canadian dollar? Offhand, I cannot think of any other logical principle, unless he was trying to secure a special privilege for his own province. I therefore find it difficult to understand, and I shall be interested in his explanation, why at the same time he would believe that the decision of the government of Canada which was made on July 5, 1946, was based on what he euphemistically described as economic lunacy.

Mr. Jackman: Not even interested.

Mr. Abbott: I gather from the press accounts of some of the recent statements made by the leader of the opposition that it is his policy and the policy of his party to restore the quotation of the Canadian dollar to what he describes as a realistic level. In fact, there is a plank in the platform of his party to that effect. It seems that is what my hon. friend had in mind when he told the press on February 24 that was what he proposed to do, if and when he got the chance.

"Realistic" is one of those nice words which have a pleasant sound and a very favourable emotional appeal. It can be used very conveniently to conceal a lack of concrete thought or any definite views as to just what should be done. I am sure my hon. friend had no intention of doing that. The leader of the opposition and those who sit around him will, I hope, during the course of this debate give a full exposition of the reasons which led them to the conclusion that the present exchange rate is not realistic. I shall listen to those reasons with a great deal of interest. I am sure they will not confine their exposition to a mere assertion, but will let the house have an explanation of the criteria which they believe should be applied in order to achieve the realistic rate.

Sometimes it looks and sounds as though the only thing some of them have in mind when they talk about a "realistic" exchange rate is one which will result in a substantially higher price for gold in Canada. Let me say this at once. We all appreciate that the government's decision to raise the exchange value of the Canadian dollar by ten per cent in July, 1946, had the effect of reducing the price of gold in Canada from $38.50 to $35 an ounce; and it is true that that reduction in price came at a very difficult time for the gold-mining industry, which was faced with rising costs and reduced profit margins. But I want to say this. So far as this government is concerned, the main economic policies of the country—those policies like the exchange rate policy which affect the well-being and the standard of living of the people of Canada—are not going to be determined to suit the convenience of any single economic interest, whether that interest is the gold-mining industry, the stock promoters, the wheat farmers, the manufacturers or any other single group. The main economic policies of this government are going to be determined in the light of the interests of the community as a whole, and not those of any single group.

Having said that, Mr. Speaker, let me say this. The gold mining industry has, naturally, just as much claim to consideration as has any other group in this country; and the government and this house have recognized that claim in tangible form. The gold-mining industry, as everybody knows, tends to have a normal cycle of prosperity which is exactly opposite to that of most industries. When business conditions are active and there is an upward pressure on prices, costs go up while the price of their product, gold, does not do so. On the other hand, it frequently happens that, when other businesses are depressed, the costs of gold production go down, and since the price remains the same the margin of profit is of necessity increased. All of that is of course the logic of a monetary system which is based on gold. However, it is cold comfort to the gold-mining industry, at a time when other industries are very profitable and it is not, to think back to the days when the situation was reversed. Consequently last year the government recommended and this parliament approved a measure under which each gold mine is compensated for part of the increase in its costs of production above a certain level. Thanks

to these bonus payments and to some improvement in the labour supply, I am glad to be able to report a very considerable improvement in the industry last year and an increase in total production of something like fifteen per cent.

I feel sure that hon. members generally will share our gratification over this improvement in an industry which has been going through an extremely difficult period, which means so much to the prosperity and to the development of the great northern areas of this country, which has made such an important contribution to our national strength in the past, and which will, in my judgment, continue to do so in the future.

I have had estimates made, and I am informed that these special assistance payments to the gold-mining industry will amount to about $10,250,000 in respect of production during 1948, the first year of operations under the program. It is perhaps interesting to note that this works out at approximately $3.26 per ounce on each ounce of gold produced from the straight gold mines; that is to say, excluding any produced as a by-product of base metal mines, which is not eligible for assistance under the plan. In other words, our gold-mining industry proper, taken as a whole, is now receiving, from gold production, revenues which work out at about $38.26 per ounce, or very close indeed to the same price they received before the change in the exchange rate. Of course the marginal mines, the higher-cost mines, are receiving a substantially higher price.

Mr. Knowles: Has the minister any figures on that?

Mr. Abbott: I have not a breakdown here, but in due course they will be available for the different sections of the industry.

Mr. Knowles: That would mean that the average would be higher than $38.26.

Mr. Abbott: No, that is not right.

The Acting Speaker (Mr. Golding): Order.

Mr. Abbott: The point I have been making is that the marginal mines and the new producers are getting what the measure was intended to give them, namely, a greater measure of assistance; and that the older, well-established, low-cost mines did not get as high a proportion. I believe it is fair to say that more marginal mines have been kept going, more northern communities have been sustained, and the gold-mining industry as a whole is better off under the present arrangements than they would be with the Canadian exchange rate at a level which would have resulted in a price of $38.50 per ounce for everybody, which might have been the case, without these bonus payments. I think that these truths are being recognized by an increasing number of persons in the industry and in the communities which are dependent upon it.

I think perhaps I have said enough, for the present at any rate, to deal with this particular approach to a "realistic" exchange rate. But maybe that is not what my hon. friends have in mind. If not, I have no doubt that they will tell us what, if anything, they do have in mind, so that the house and the country are not obliged to guess. I wonder if they have in mind that the exchange rate should be one which would enable us to compete in foreign markets and avoid running a deficit in our current account balance of payments? That would be a perfectly legitimate and logical basis on which to found a realistic exchange rate. May I say this. The last thing the government wants to do is to take a rigid attitude towards exchange rate questions, and considerations of the type I have just mentioned are worthy of the closest attention. But that cannot be what my hon. friends mean—not, at any rate, if they really consider the present rate of exchange unrealistic. For what is the present position? The present position is of course that at the prevailing rate of exchange the competitive capacity of this country makes the Canadian dollar one of the strongest currencies in the world, and no amount of calamity howling can possibly change that position.

In 1948, as I have indicated, we sold abroad $3,110 million worth of goods, 10·6 per cent more than in 1947 and 33 per cent more than in 1946. In that year we increased our exports to the most competitive market in the world, the United States, by over 44 per cent and to a total of over a billion and a half dollars. Does anyone really believe that we could have achieved these remarkable results with an exchange rate which was over-valued and unrealistic?

Mr. Blackmore: Will the minister permit a question?

Mr. Abbott: Gladly.

Mr. Blackmore: Was the minister referring to the year 1946-47?

Mr. Abbott: I am referring to 1948. I have no doubt that some of my hon. friends will want to remind us that Canada got into exchange difficulties in 1947, and that it was necessary for the government and parliament to take certain action, including import and travel restrictions to which I have referred, in order to improve our position. This is true, of course. But let me remind the house that even in 1947 we did not have a deficit in our over-all balance of payments on current account. On the contrary, we had a

surplus—excluding exports of goods financed by official relief contributions—amounting to $50 million. Our exchange difficulties arose, as I have indicated on other occasions, because some of our principal customers were not able to pay us in cash for all our exports, and in what I contend was a self-interested effort to aid their recovery we extended large amounts of credit to them. In 1948 we achieved an over-all balance of payments—excluding relief shipments—in excess of $450 million, an improvement of over $400 million, a record figure for a peacetime year. That compares with $50 million in 1947 and $350 million in 1946. It is true that some of this surplus was achieved as a result of import and travel restrictions to which I have referred and which the government is pledged to remove as soon as possible. But even without these restrictions we would undoubtedly have had a very substantial over-all current account surplus. Some relaxations have been made in these restrictions, but the restrictions have been maintained to the extent that they have for the same reason that the drawings on the foreign credits, which were extended, have been limited because it has been necessary to build up our exchange reserves to levels which will give us greater independence of action in the uncertain days which lie ahead of us.

Now, Mr. Speaker, in the light of our export position and our over-all balance of payments position, are my hon. friends really prepared to maintain that the present official quotation of the Canadian dollar is not realistic? These factors would seem to me to lead to the conclusion, if anything, that the present exchange rate of our currency is too low, and that the Canadian dollar should be appreciated. I know that some of my hon. friends opposite will say that the favourable results we achieved in our trading position in 1948 were partly due to the special grants and loans given to some of our European customers by the United States government under the European recovery plan, and that had it not been for these grants to Europe the picture might have been quite different so far as our exports are concerned. Let me say here, Mr. Speaker, that in my opinion the action taken by the United States government in initiating the European recovery program last April represents one of the most statesmanlike and farsighted actions of national policy that the world has ever seen. I think it is fair to say that the future history of the civilized world, which includes Canadian history, might well have been quite different if our great and strong neighbour had not decided to lend this further and magnificent assistance to the recovery of the western world.

The exact impact of that assistance on Canada in 1948 is not directly ascertainable, as one can only guess what would have happened to our exports in the absence of this special financing of Europe by the ECA. However, for purposes of the question which I am discussing, let us take it for granted that the availability of ECA funds was an important factor in enabling western European countries to maintain their purchases in Canada in 1948. I accept it. Well, what inferences can and should one draw from that assumption? Should the house draw the inference that the Canadian dollar is not quoted at a realistic level? Well, such an inference, it seems to me, would surely be unwarranted. After all, there is nothing in the ECA legislation which forces recipients of this financial assistance to spend their money in Canada. They spend money in Canada because they get good value for their money here, which means that at the prevailing rate of exchange for the Canadian dollar they get at least as much for their money in Canada as they do anywhere else. In other words, Mr. Speaker, we are able to compete in world markets. And if there is any better definition than that of a realistic rate of exchange I hope that before this debate is over one of my hon. friends opposite will give me that definition.

Perhaps the inference some of my hon. friends want the house to draw from the fact that our European customers are financing part of their purchases in Canada with ECA funds is that world trade rests on unstable and uncertain foundations. If that is their inference I heartily agree with them, but I cannot agree with them if they draw from that the conclusion that we should devalue the Canadian dollar. I ask them in what way they think that it is going to restore balance to the dollar account of the United Kingdom and other war-damaged countries, and help them to maintain their purchases in Canada by taking such action. These countries are in need of special dollar assistance for the obvious reason that they are not able to obtain enough dollars through exports of goods and services to meet their dollar requirements. Notwithstanding the special financial assistance given to them through ECA, they have cut down on their imports from dollar countries in an attempt to balance their account. Canadian exports have of course been affected by these restrictions, and the government is greatly concerned with the problem and is seeking, in conjunction with other countries, for an alleviation of the situation; but the Canadian exporters who are affected by this situation will, I know,

agree with me when I say that their difficulties do not arise because their prices are too high —a situation which might be corrected of course by a change in the exchange rate— but because the foreign countries simply will not make dollars available for certain goods; and the lowering of the Canadian exchange rate could do nothing to correct that situation. On the contrary it would aggravate it.

The trouble of course lies, as I have said, in the inability in present circumstances of the United Kingdom and certain other overseas countries to earn enough dollars to pay for the goods we would like to ship to them and they would like to have from us. A depreciation of the Canadian dollar would make it more difficult for them to earn dollars here to spend on our exports, and a moment's reflection will show the accuracy of that statement. One would think that it would be pretty obvious, but it does not seem as clear as it should be to some people.

I was struck by the statement made by the leader of the opposition at a press conference a week or so ago when he was quoted as saying that the Canadian dollar should be devalued to a realistic level. Then he went on to say this, according to the newspaper quotation:

> . . . primarily today on the necessity of increasing British imports to this country as a means of maintaining our overseas trade.

That is a most desirable thing to do, but the action which my hon. friend appeared to be advocating would have exactly the opposite effect, and I hope that when he speaks he will explain to the house and to the country just how the depreciation of the Canadian dollar by say 10 per cent would help the export of British goods to Canada. It would have this effect: a British manufactured article which costs now $100 would then cost $110. Does he suggest that that increase in terms of Canadian dollars would help the United Kingdom to sell more in this market? One of the main reasons why they are unable to sell as much as they wish to is that their costs are now too high, and they find it difficult to compete with domestic prices. Of course it is true that devaluation or depreciation, which has been suggested, would result in the price of United States imports increasing. But who, under present conditions, does the house think is in a better competitive position to cope with the increased Canadian dollar cost of imports that would result from the depreciation of our dollar—the British exporter who is already finding difficulty in competing here at the prevailing exchange rate, or the United States exporter?

I hope I have said enough to make it clear that depreciation of the Canadian dollar is, in the opinion of the Canadian government, no answer at all to the difficult world trade situation which is developing. It is no answer because it does not strike at the root of the trouble which is, I repeat, the difficulty experienced by the United Kingdom and other overseas countries in exporting enough goods to pay for their purchases in this country; and far from helping the situation the action some hon. members opposite appear to have in their mind would, as I have said before, aggravate it and worsen the lot of these exporters.

I think I have demonstrated conclusively that if you apply the normal tests of competitive capacity, that is ability to compete on the world market and ability to produce an equilibrium in our international payments, the present exchange rate is, to say the least, realistic. Some people may say: "Very well, but you are not saying anything about capital movements." I am going to deal with the question now. I will deal with it not because I really believe that our exchange rate on the dollar should be determined by considerations relating to capital movement, but because I want to analyse all that there may be in the case put forward by some of my hon. friends, and particularly the hon. member for York South (Mr. Cockeram). The case they try to make, as I understand it, is that up to the time the government took the decision to appreciate the Canadian dollar in July, 1946, there was a considerable inflow of capital from the United States and that this inflow came abruptly to an end when parity of exchange with the United States dollar was established in July of that year. In other words, it is said that the American investors were willing to put their money in Canada only if they were able to buy the necessary dollars at a 10 per cent discount, but not if they had to pay par, presumably because they regarded par as an unrealistic rate. And that argument is further developed, that the cessation of capital inflow deprived Canadian industry of a much-needed source of venture capital which would help develop the economic resources of the country. No American capitalist, the argument runs, would be sufficiently misguided to put money into a country foolish enough to try to maintain an artificial exchange rate by means of a system of exchange control. I hope my hon. friends will agree that that is a fair statement of the argument that is made. If they do not, then I should be only too glad to quote from statements of those who are like-minded, made along similar lines, but in much less temperate language.

Now, let us look at the facts. One fact is that there has, in recent years, been a decline in net American purchases of outstanding

Canadian securities. I emphasize the word "outstanding." This is the only fact that my hon. friends opposite appear to see. A second fact is that in 1944, 1945 and the first half of 1946—that is, before the change in exchange rate—the great bulk of Canadian securities purchased by American investors consisted of dominion, provincial and municipal government bonds. In the period mentioned, net sales to American investors of securities in these classifications amounted to $275 million or 72 per cent of the total. A third fact is that the decline which occurred in net American purchases of outstanding securities in recent years has been much more important in the case of government securities than in the case of industrial securities.

What is the significance of these three facts? Even if one assumes that the decline in American buying of outstanding securities was largely influenced by the change in the exchange rate rather than by the reduction which occurred in the public offerings of government of Canada securities, or by other causes, the main significance of the decline is that this indirect form of government borrowing in the United States came to an end.

Well, to take the words which my colleague the Minister of Justice (Mr. Garson) used yesterday—"So what?" Does anyone opposite actually think the government should offer its securities to American investors at cut rates, for 90-cent dollars? Is it not more advantageous if the government wishes to borrow in the United States, for it to borrow directly as we did when we put out the $150 million in the New York market, the fifteen-year issue of last summer at 3 per cent—and the terms, incidentally, which are much better for the government and for the people of Canada than those involved in the other indirect type of borrowing to which I have referred, terms which could not be bettered by any other country in the world.

It is quite likely that the restoration of the Canadian dollar to parity did cause certain American investors, who had bought Canadian-dollar security in the belief that the Canadian dollar was bound to go back to par, to reduce their purchases and in some cases liquidate their holdings and take profits. They had indeed made the speculative profit which they had anticipated.

What conclusions should one draw from this regarding the proper exchange rate policy for Canada? I put this question: Should we maintain a continuously undervalued exchange rate so that American investors who wish to take a position here will at all times expect that the value of the Canadian dollar is going to be increased? If you keep this up long enough the Canadian dollar will not have any value at all. It will disappear altogether.

I hardly think my hon. friends can be recommending that course. But it is precisely these anticipations regarding future changes in the exchange rate which seem to play an important part in determining the attitudes of some non-resident investors toward outstanding Canadian securities.

In this connection it should be noted that, during a large part of the time which has elapsed between January 1946 and the present time, American investors who wished to purchase Canadian domestic securities have been able to get the Canadian dollars through the unofficial market at about the same 10 per cent discount as prevailed before the exchange rate was changed.

I have stressed the fact that the bulk of the net American purchases of outstanding Canadian securities, when this type of capital inflow was at its height, consisted in the purchase of government securities, and that the great bulk of the decline in net American purchases which has occurred in recent years has been concentrated in that particular class of security.

From this fact we are invited to draw the conclusion that there has been no real increase in American investment in Canada in recent years. And that is simply not true. The real investment of American capital in Canadian industry has gone on increasing year by year. I am not referring now to the purchase of outstanding securities but to the bricks and mortar type of investment in which the non-resident investor brings skill and know-how and makes a direct contribution to the development of the economic resources of the country.

Hon. members will find some interesting figures in this connection in the report of the foreign exchange control board tabled only a few days ago, showing the fresh inflow of funds into Canada from the United States for direct investment by years since 1945. These figures are as follows:

1945	$17 million
1946	41 million
1947	48 million
1948	68 million

The year of the change was 1946. It is clear from those figures that fresh risk capital has been flowing into Canada on a massive scale from the United States, not for purposes of speculation but to participate in the economic and industrial development of this country. And that is the kind of foreign investment we want.

Mr. Cockeram: Has the minister the figures showing where that risk capital is? Can he tell us that later on?

Foreign Exchange Control

Mr. Abbott: When we are discussing the report of the foreign exchange control board a breakdown could be given. I was about to say that the change in the exchange rate and the existence of exchange control have not prevented this inflow from increasing year by year. As I have said, we welcome this type of inflow, and we know that our American friends feel assured, from their experience of the past, that they will get fair treatment in Canada, or they would not be prepared to risk their capital in those amounts.

I hope that those who have had, and have conveyed to others, the impression that American capital was now shunning this country will find some comfort in the facts I have given, and will not repeat this type of statement.

Mr. Hackett: Has the minister available the total inflow of American capital in the period, let us say, from five years preceding the war?

Mr. Abbott: I have not those figures here, but I have no doubt they are available. I shall take note of the hon. member's point and see that they are made available to him. The great bulk of it, as I said a moment ago, was in the purchase of outstanding Canadian government securities, whether dominion, provincial or municipal. The great bulk of investment immediately prior to the war was in that type of security, and not so much in the industrial type of security.

Perhaps I have said enough now about the capital movements aspect of our international transactions to refute the notion that this reflects the maintenance of an unrealistic exchange rate. We do not need to offer the Canadian dollar at bargain-basement prices to attract desirable capital investment to this country. It is quite possible that we might be able to attract some speculative in-and-out investments by doing so, but I can assure you that this government is not going to base its exchange policy upon that type of Canadian investment.

There is one other reason, as invalid as the rest, which is sometimes given for considering the present exchange rate as unrealistic. That is the existence of this so-called unofficial market for Canadian dollars in New York in which the Canadian dollar is currently quoted at a discount of 6½ to 7 per cent. In the press conference to which I have already referred, the leader of the opposition (Mr. Drew) apparently indicated that the unofficial market rate was the yardstick which in his judgment could be taken in determining where exchange should be pegged. From that, I gather he thinks that represents a realistic quotation of the Canadian dollar.

[Mr. Cockeram.]

I should like to look at that proposal for a moment. First, no resident of Canada ever has occasion to acquire foreign exchange through the unofficial market at the discount prevailing there. All the foreign exchange bought by Canadians is bought at official rates. Foreigners receiving payment in Canadian dollars from Canadians in payment of imports, in payment of current services of all types, in payment of interest and dividends, in payment of freights and the like, can convert these Canadian dollars into foreign exchange at the official rates of exchange. There are, however, a few types of payments to non-residents, representing capital items, which we are not prepared to convert into foreign exchange at the official rates. For example, an American holding a security maturing in Canada can, and does, receive the face value of that security payable in Canadian dollars, and he will come into Canadian dollars as a result of the maturity of that security which we are not prepared to provide exchange for out of our official reserves. The various types of payment of this kind and their magnitude are described in detail in the report of the foreign exchange control board. I shall not weary the house by reviewing them here, but non-residents who come into possession of Canadian dollars which they are not able to convert into United States dollars at the official rate may have some use for them in Canada; for instance, they may purchase another security here. If they have not, they are free to sell them to some other non-resident, to some other American, who may have some use for the dollars, at a price which is determined between them. It is transactions of that type which take place in the unofficial market.

Since the Canadian dollars acquired there are limited in the uses to which they can be put in Canada, being restricted, broadly speaking, to investment and tourist expenditures, the quotation need not be the same as the official rate. But to say that this narrow, restricted market, this market for a dollar which is only good for a few relatively unimportant purposes, gives a more realistic appraisal of the value of the Canadian dollar is, in my judgment, pure fantasy. I am prepared to leave it to the house and to the country to form their own judgment as to what constitutes the more representative and realistic rate, the rate at which Canadians were able in 1948 to obtain foreign exchange to pay for $2,600 million worth of imports, $275 million worth of freight and shipping charges, over $400 million worth of other current expenditures abroad, and at which non-resident investors were able to obtain foreign exchange in the amount of $325 million for income earned in Canada, a total of

some $3,600 million, or the rate at which a few non-residents transferred to other non-residents some scores of millions of Canadian dollars. I am prepared to leave it to the judgment of the house and the country as to which is the more realistic rate.

I have come to the end of what I have to say about exchange rates. I have tried to examine, as carefully as I could, all the grounds which I have seen put forward for dissatisfaction with the present rates, and in the present circumstances I can find no basis for believing that the present rate is unrealistic or that it should be altered. The Canadian dollar was appreciated in 1946 very largely because we saw a marked increase in prices originating in the United States. It was realized that Canada would inevitably be affected by this, but we did not want to add to the cost of our imports, with pervasive effects throughout the whole cost of living and the cost of doing business, a further ten per cent which could be avoided through changing the exchange rate. The price developments which have taken place since 1946 have shown how well founded our expectations were, and have provided the most complete justification for the action which we took. If any hon. member believes that the cost of living in this country is too low, I hope he will get up and say so. The government, at any rate, is not prepared to add to that cost of living and the cost of doing business by depreciating the Canadian dollar.

Perhaps I can bring that issue home to every hon. member of the house, and to every household in this country, if I put it in these terms. The government sees no justification for and is not prepared to recommend an action at this time which would have the effect of imposing an additional 10 per cent tariff, or even a 7 per cent tariff, against the importation of any and all goods from any and all countries. That is what would be the effect of restoring the Canadian dollar to the wartime 90 cent basis or, alternatively, fixing it at the rate which has recently prevailed in the unofficial market. Let those who argue for the devaluation or depreciation of the Canadian dollar be frank in explaining to the Canadian people just what it will mean to their cost of living and their cost of doing business.

The moral, Mr. Speaker, of all that I have said is that there is no real alternative to the action which is now recommended to the house. I look on this as, in a sense, a measure of national defence. In the face of all the uncertainties now surrounding international trade, this country cannot afford to give up the economic defences which foreign exchange control provides because, as I have said on other occasions, a nation which loses its exchange reserves loses its independence. More than ever we need to ensure, in the words of the preamble to the Foreign Exchange Control Act, that Canada's foreign exchange resources are made available to meet the needs of Canada as a whole, that they are used to promote trade and other normal current transactions with other countries, and not dissipated through disadvantageous exports of capital from Canada, or for other purposes disadvantageous to Canada as a whole.

Two years from now, Mr. Speaker, parliament will again have an opportunity of reviewing the situation and determining whether, in its wisdom and in the light of the then existing circumstances, it is still necessary to continue exchange control to protect the public interest.

Mr. J. M. Macdonnell (Muskoka-Ontario): Mr. Speaker, I rise with hesitation, and almost with apology, because it seems to me that the Minister of Finance (Mr. Abbott) has not only made his own speech but he has tried to make in advance all the speeches that we might make on this side of the house. I do not know whether or not we should be very grateful to him for that. Perhaps time will tell.

I was interested in one thing. I listened carefully to the minister, and as far as I could discover he did not say a single word to suggest that he regretted the need for these controls, that they were things we should be trying to get away from. It seemed to me he fully bore out the suggestion which my leader has made from time to time that the hon. gentlemen opposite have become control minded, or emergency minded, and it is a permanent state of mind.

Mr. Abbott: I have said it so often on other occasions that I did not think I needed to say it again.

Mr. Macdonnell (Muskoka-Ontario): I listened to him carefully, and it was all along that line. I do not propose to follow the minister into many of the details that he has given us, first of all because he has given us so many. Some of them will need careful study, but I wish to mention one or two things in passing. As one listened to the minister's picture of our position in Canada, really I pinched myself and I said, "Have we actually any difficulties of any kind?" The minister made one or two references at the beginning to the fact that there were difficulties in the background, but from then on it seemed to me that he became so intoxicated with the wonderful figures which were the result of the wonderful policy which the government has pursued that a stranger

listening to him could easily have said, "These people have no troubles of any kind". Of course the minister will agree that we have great trouble, and that our export trade is in great danger. If he does not agree I shall have something to quote later on from the Minister of Agriculture (Mr. Gardiner), who seems to have doubts about the matter.

I shall refer to one or two of the figures that the minister gave. I am not going back to dwell at any length on the cataract of United States exchange which we lost between July, 1946, and November, 1947. I just want to correct the minister on one small point. They were not quite as farseeing, not quite as all-wise as he suggested, because in reading the report of the Bank of Canada for the year following, which I suppose would be the beginning of 1947, we find that the actual reason which very largely stimulated the action taken by the government was their belief that the course of prices in the United States would be very different from what it was. They thought it was going up for a while and then coming down, and that by the course they took we would be able to take the low road and meet United States prices on their way down. Unfortunately that did not happen.

One other point I wish to refer to in the minister's speech is rather important. When we in this party spoke about this more than a year ago and were troubled about the course that had been taken, we said "Of course if the Marshall plan comes in with hundreds of millions of dollars in 1948, that may save you from the consequences of your own acts." The Marshall plan has come in; but I was rather surprised at the figures the minister gave. He pointed out an improvement of $496 million, less a loan of $150 million of which he advised us, which would leave an improvement of $346 million. Then the minister said he thought the amount of United States dollars that had found its way to us through European purchases was some three or four hundred million. My own idea of the figure was that it was very much larger, though I suppose we can get the exact amount later on. My idea was that it was greater by some hundreds of millions.

Mr. Abbott: No.

Mr. Howe: You are confusing authorizations with shipments.

Mr. Macdonnell (Muskoka-Ontario): The other evening the Minister of Trade and Commerce (Mr. Howe) told us he did not know where the money came from at all, so we will not take him as an authority at the moment. But I could not help thinking that when he was building elevators—I understand the minister built very good elevators—he knew perfectly well where the man for whom he was building was going to get the money, and I suggest that he show the same assiduity in serving the people of Canada.

Mr. Howe: That is not a very bright remark.

Mr. Macdonnell (Muskoka-Ontario): Well, it is a fact. Often facts are dull and unpalatable.

Now I should like to make some comments on this resolution. We are now asked to continue the measure passed three years ago. I recall the debates at that time and the tremendous efforts we made to have some flexibility introduced into this legislation. I remember the utter refusal on the part of the government. It was whole hog or none. They had to be "thorough"; there must be no flexibility of any kind. And when I see the government coming along three years later and asking us to approve this thing exactly as is, I must confess to my surprise. It seems to me there is an intellectual bankruptcy over there. Surely they should be able to suggest something except that for another two years we are going to follow the same unfortunate course which has brought us to the point where, as the hon. member for Digby-Annapolis-Kings (Mr. Nowlan) says, we have the sterling area with an iron curtain or a curtain of some kind having the dollar mark on one side and the pound mark on the other, and we are drifting more and more into the position that we can have no satisfactory trade with it. I am sure the hon. gentlemen to my left who come in the main from the western plains know what that means, unless some solution is found. It really seems to me—and I try to use moderate language, as you are perhaps aware, Mr. Speaker—that in a sense it is almost an act of effrontery for the government to come now and just ask us to continue for two more years this measure, with all its imperfections, which was imposed upon us three years ago.

It was said of the Bourbon kings that they learned nothing and forgot nothing. Well, as far as this measure is concerned I think we might say the government has learned nothing. I do hope they can forget something, however, because I am sure they have a lot of things they would like to forget. To put it differently, in medical language we are being offered the mixture as before; no change, just the mixture as before. It was a bad dose three years ago, and it is an even worse dose today. Of course it would not have been so bad if the legislation had been used only for the purposes for which it was intended; but we remember that in 1947 it was found that various things could

be done by it and through it that were never dreamed of at the time it was passed. On June 17, 1946, Mr. Ilsley, in introducing the measure, said:

> We have no intention of using this exchange control legislation to restrict anything but certain types of capital movement.

But we all remember that in 1947 it was used indirectly to limit the movement of goods. At that time the minister with great mental agility propounded an interesting theory. He said the statement I just read was not an undertaking. I think the minister said it was just a statement, or a statement of intention. That was very interesting to me, because as I read it and as I think anyone else would read it, it was a clear undertaking by the then Minister of Finance, which was departed from in the year following.

First of all I wish to refer to one or two of the details of this act we are asked to continue. In speaking of it on August 7, 1946, the hon. member for Saint John-Albert (Mr. Hazen) referred to two of the sections. I shall be very brief, but I should like to refer to those two sections also, because it is just as well to remind ourselves of the powers given in this act.

> It provides by section 31 that no person in Canada shall assign or deliver to a non-resident any property situated in Canada or elsewhere, and no person residing in Canada can give any property to a non-resident without a permit from the board.
>
> It provides by section 49 that the board can prohibit any person from exercising any control over his own property, whenever it sees fit.

Of course the minister will say that these powers are just put there in order to meet a remote contingency. The minister might even say, as he told the hon. member for Calgary West (Mr. Smith), that the resolution which was enacted by radio by the minister in November of 1947—

Mr. Abbott: It was not enacted by radio.

Mr. Macdonnell (Muskoka-Ontario): That is my statement; enacted by radio.

Mr. Abbott: I am contradicting it.

Mr. Macdonnell (Muskoka-Ontario): The minister said it was not really a law at all, that nobody needed to obey it. But unfortunately, as the hon. member for Calgary West pointed out to him, even though it was not a law it was something on which the government authorities were acting, because they had impounded certain goods belonging to a client of the hon. member for Calgary West. So we will leave the minister to decide the question, when a law is not a law.

Now I want to come to what I consider to be the main point for consideration; that is the basis underlying this act. I quote very briefly from the preamble to the act itself:

> . . . whereas it is desirable to provide means for achieving orderly exchange arrangements and in general discharging the obligations of Canada as a member of the international monetary fund . . .

I suggest, Mr. Speaker, that the government has taken that agreement entered into at that time and approved by us, and has just sat down and accepted that and allowed a kind of paralysing rigidity to settle down upon them for these three years. Now, when the results are beginning to appear, when our trade with western Europe is in danger of being strangled, the government is coming along and asking for a continuation of this legislation. Let me point out that in the Bretton Woods agreement itself there was no such contemplation. Article 1, subsection (iv), says the purpose, among other things, is—

> To assist in the establishment of a multilateral system of payments in respect of current transactions between members and in the elimination of foreign exchange restrictions which hamper the growth of world trade.

I ask where there is any indication that the government have taken that part of the agreement seriously, where there is any suggestion of any kind that they are proceeding to the elimination of foreign exchange restrictions. All we have had is the minister telling us of the great things they have done in the past, making no suggestion that there should be any alteration of any kind. Yet, as I said a moment ago, there is in western Europe a situation which I would call alarming, and in using that word I think I am making an understatement.

Of course the international monetary fund got off to a bad start. It allowed the nations to write their own ticket in regard to the value of their exchanges, and I think they have been to blame for allowing the thing to go on without alteration. We know France and Italy have more or less kicked over the traces, but in the main the situation has been allowed to continue. The officials of the international monetary fund are aware of the danger and difficulty. In a report by the international monetary fund, dated April 30, 1948, this appears at page 21:

> The fund agreement makes it clear that the provisions for the regulation of exchange rates are not intended to impose upon the fund the duty of perpetuating in the name of stability exchange rates which have lost touch with economic realities.

I propose to say something more about that because here you have the officials of the international monetary fund stating very emphatically the need for realism; yet there is not a sign that the governments back home who give these representatives their instructions are interesting themselves in this matter at all.

Foreign Exchange Control

For a long time, Mr. Speaker, the evils of this situation were obscured. I know quite well, and probably the minister would say it if I did not say it, that for some time business in this country had the feeling that it was good to have exchange rates pegged. It meant the risk was taken out of business. It meant the government took the risk. This was true of the banks as well as of business people who should have known better. They should have realized that this was a dream world in which they were living because its rigidity, which seemed to be working pleasantly for the moment, was going to produce exactly the sort of evils that it has. The minister said not a single word about remedying any of these evils. I ask the minister whether the government is satisfied with the situation in western Europe? Are they prepared to sit by and let this paralysing rigidity continue?

Mr. Abbott: It cannot be remedied by changing the Canadian exchange rate.

Mr. Macdonnell (Muskoka-Ontario): Never mind, let me make my speech. As I was saying, the minister made no mention of this in his speech.

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

Mr. Macdonnell (Muskoka-Ontario): Yes, certainly.

Mr. Blackmore: Would the hon. member mind telling the house, in the course of his remarks, whether he regards this rigidity as a cause or an effect?

Mr. Macdonnell (Muskoka-Ontario): It is like a lot of other things, both a cause and an effect. I will come to that later. The idea that a fixed exchange rate was going to be a pleasant thing is beginning to change. The situation in western Europe has awakened our people. They know now that the danger is a very serious one. The Minister of Agriculture (Mr. Gardiner) knows it is serious. Last December he said so to the people in London, and I should like to quote two or three sentences from what he said. This appeared in the Montreal *Star* on December 17, 1948.

Hon. J. G. Gardiner, Canada's agriculture minister, said today that Canada's hopes of long-term, large-scale food agreements with the United Kingdom were "dashed to the ground" by currency difficulties.

The minister continued:

I am convinced that the world is not in any state of mind where it can be expected to agree that the manipulation of any system or systems of currency is going to be allowed to interfere with the will of those who have empty stomachs when it is preventing their purchasing surpluses of food and distributing them.

[Mr. Macdonnell (Muskoka-Ontario).]

Later, he said:

There is no plan for exchange of British cars or steel products for Canadian food although Britain gives Russia tinplate for fish.

Although Canadian production was increased largely during the war when Britain was in urgent need, British negotiators now propose imports from Canada similar to those of pre-war days.

It might be a good thing for everybody if they would close down united nations meetings long enough to permit some of the United Kingdom and the United States experts to get together and settle some basis on which dollars and sterling can be converted to allow nations like Canada to produce food to feed the starving millions and distribute it.

The Minister of Agriculture is a practical man; he knows that these difficulties exist.

What is the situation in western Europe? We all know what it is. Our trade is shrinking to the point where it is dubious whether we are going to be able to sell any of our agricultural products. Do not let anyone imagine that even the most miraculous discoveries of oil in Alberta or equally miraculous discoveries of ore in Labrador are going to solve our problem, even if they were so miraculous that they solved the payment problem in the United States. Nevertheless, unless this problem of exporting our food products to Europe is solved, you will have an economic revolution on your hands because you would have the western provinces with three or four times too many people growing food. So far as I know, the Minister of Finance made no reference to that. The Minister of Agriculture knows about it. Why would he not? He is a farmer.

What is the story in Britain? We know the story. In Britain and in western Europe you have this ironical situation. North America is sending them aid in a manner that has never before been equalled by any nation in peacetime in the economic field. What are they doing? How are they using these materials? I am not exactly blaming them, I am blaming the situation; but they are using them in order to make themselves better able to cease trading with us. They are using them so as to be better able to develop trade in the sterling area. I am glad to be able to tell the minister who smiles somewhat cynically—

Mr. Abbott: No, I was not smiling cynically.

Mr. Macdonnell (Muskoka-Ontario): —that the realization is beginning to take hold that when you have unreal exchanges you begin to suffer. In the sterling area they are beginning to find that out. The thing is rolling back on them. This is one of the things that give me some hope.

In the meantime, what does Cripps say?—whose mind is brooding over our affairs, as

Churchill said. Cripps has said that if we want to sell more to Britain we shall have to buy more from Britain, and that is all right. In the meantime, however, so far as we can make out Britain is busy selling in eastern Europe goods which could be sold here. Electrical machinery, which could be used in this country, is going to eastern Europe. The unreality is being perpetuated there in a real way.

Let me read briefly two extracts from the New York *Times*. The first article is dated February 6 and it indicates the fantastic—no other word will describe it—situation which has arisen in Europe by perpetuating the principle in this act which we are asked to renew. The government are not taking cognizance of it. They are not taking steps to meet it. They are just permitting things to roll along, and they are not rolling very well. This article is headed, "Exchange Deals hit U.S. Industry." The text reads as follows:

"Bargain currency deals" and indirect transshipment of merchandise are creating major inflationary problems for American industries which depend upon several important raw material imports, according to authoritative trade quarters here.

Then, later, it says this:

Traders and importers cited the unrealistic "official" exchange rates for certain foreign currencies, including the British pound sterling, as being chiefly to blame for the conditions which have arisen.

At this point, let me say that when we think about exchange rates we should not think only in terms of the United States dollar and the Canadian dollar. There are many other exchanges that affect this country. It seems to me the minister had very little to say about them.

Mr. Abbott: If the hon. member wants to be fair, let him say what responsibility I have for the exchange rates in other countries.

Mr. Macdonnell (Muskoka-Ontario): I am going to tell him. We intend to put the responsibility squarely where it belongs. I continue with the quotation:

While Britain has taken steps to prevent exchange abuses, it was held no secret that sizable amounts of pounds sterling are available in nearly all major world markets at substantial discounts from the pegged rate. It was asserted that traders willing and able to buy with such "bargain" pounds are consistently able to outbid United States importers competing for supplies with pounds at $4.03.

That is a nice state of affairs when you consider that these very same people of the United States are the ones who are making the mare go at the present time. I read further from this quotation—the further we go the more fantastic and involved it becomes:

Another aspect of the situation was said to be the willingness of foreign traders and speculators to pay more for goods than trade conditions justify in order to convert currency into commodities.

The same conditions were held to apply to other currencies and to be aggravated by multiple rates of exchange, black market discounts and other evidences of over-valued currency which have induced hoarding of stable non-perishable merchandise in many parts of the world.

I have one further quotation from the same newspaper on March 6. This is entitled "Variety of sterling valuations recalls Schacht's trade moneys". Let us remember that that estimable gentleman is the man to whom we owe these delightful controls, because he was the man who started them. I quote briefly from this article as follows:

Since the pound sterling ceased nearly two years ago to be freely convertible into the world's other moneys, the value of the pound in international trade keeps taking on greater resemblance to the intricately devised multiples of German international money spawned during the thirties under the economic inspiration of Dr. Hjalmar Schacht in Germany's frantic pre-war "export-or-die" campaign.

Mr. Stewart (Winnipeg North): Would the hon. member mind telling me the source of that quotation?

Mr. Macdonnell (Muskoka-Ontario): It is the New York *Times* of March 6.

Mr. Stewart (Winnipeg North): An editorial?

Mr. Macdonnell (Muskoka-Ontario): No. It is an article written by a man called Paul Heffernan.

Mr. Jackman: A very good writer.

Mr. Macdonnell (Muskoka-Ontario): One of the results of this is that Britain is beginning to price itself out of our markets. That is coming more rapidly than we like to think. You have also another fantastic situation which is in great danger of arising, where the sterling area will deal with other countries in the sterling area on a level of prices above the rest of the world. That is something which is, as I say, making the thing fantastic. I should like to read a short extract from the last report of the chairman of the foreign exchange control board, in which he refers to this sterling situation. I read from page 5:

The prices at which commodities are exchanged in such bilateral deals are frequently considerably higher than those prevailing for similar goods outside the protected trading area. Moreover, the discriminatory restrictions imposed on dollar expenditures keep out competition from the western hemisphere while the special financial arrangements referred to encourage trade within the area. In these circumstances trade within the area takes place in many cases on the basis of higher prices than those prevailing outside the area. It is easier for countries within the protected area to buy from each other than from dollar countries because they are better supplied with each other's currencies than

with dollars, and it is more profitable for the individual producer in any country within the area to export to another country within the area than to dollar countries because better prices are frequently available.

I again ask this question. Facing the situation that the governor of the bank describes there, have we anything to offer? Has the government nothing to say to us except to ask us again to continue the paralysing influence of this act that was passed two years ago? Surely it is fair to say that we have now a new situation. I mean, it is a new situation by reason of the fact that we are faced with this grave dislocation of our trade with western Europe. Some people will say —with a certain amount of truth—and I come now to the question that was asked a few minutes ago—that this dislocation exists because trade has got all snarled up, because we have not been able to reach multilateral trade as we had hoped, and that we have other difficulties. In a measure that is true. On the other hand, I think it is equally true to say that one of the things holding back trade is this matter of unreal exchanges. One of the things that give me hope is that inside the sterling area they are beginning to find that out. I think it is a case of action and reaction. I would suggest that our action is hurting us in two ways. First of all it is hurting us with regard to European trade.

Next I want to take up a point that the Minister of Finance made. He pooh-poohed the idea that we are suffering anything by reason of the loss of American investment. I am aware of what he says, namely, that money is coming up here for bricks and mortar. As I understand it, they do a kind of complicated deal with the foreign exchange control board. If you are an American wanting to come up here to invest, apparently you go in a humble manner to the board and say, I want to spend $5 million, let us say. Then you make a deal, and the board says: If you will buy $2,500,000 at our rate, then we will allow you to buy $2,500,000 at the so-called free rate or whatever you wish to call it. In other words, the board recognizes that rate in an extremely real manner. Although the minister laughed at it and pooh-poohed it, nevertheless his creature, his own board, recognizes that rate, and a great many of the transactions take place under it.

Now I want to deal with what the minister said. He rather sneered at people who merely want to invest money. He prefers bricks and mortar to money. In a way I do also. But let us remember this fact. Ever since the year 1608 this country has been in need of outside investment. We have always needed outside investment. Anyone who does not face that situation is just not looking at the facts.

[Mr. Macdonnell (Muskoka-Ontario).]

The second thing I wish to point out is that as long as we have this situation where people put their money in and have it impounded, then we shall have a brake on investment. Although the minister did not say it—he may believe it but he certainly abstained from saying it—what we should aim at as our objective is to get back to the situation we had in the past where people could bring money here and take it out. It was a most useful cushion in the 1920's. It has been a useful cushion again and again to have Americans ready to come in here and invest their money. That we are not suffering now is possible merely because for the moment we have continuing huge government expenditure, high employment and so on. The time will likely come—and it may be nearer than anyone wants to think—when we shall want all the American investment we can get, and it will be available if we are strong enough to get to the situation where we can do away with these rigid exchanges. I am not going to suggest that it be done tonight, but I have a suggestion nevertheless.

There is another thing we should bear in mind. I am sure the minister has not enjoyed the comments that have been made from time to time with regard to him as the author of austerity. Having been brought up as a Presbyterian I am a great believer in austerity, but I think it should take more convenient forms.

Mr. Abbott: Oatmeal or something like that.

Mr. Macdonnell (Muskoka-Ontario): I was going to say that there is only one way in which we shall ever escape from periodical spasms of austerity and that is to get back to the point where our dollar is free, where Americans can invest here and take their money out, and where we get away from this miserable business of having a kind of Star Chamber. I say that with respect; I do not want to criticize the men who do it. Nevertheless we have a Star Chamber where any American who wants to bring money in here must go and make a deal.

Mr. Abbott: No. I know my hon. friend wants to be fair. He has not to go to the board and make a deal. An American is free to come into Canada at any time he wants to invest American dollars in Canada. If he wishes to avail himself of the facilities of this unofficial market, then the extent to which he uses Canadian dollars acquired in the unofficial market is subject to approval by the foreign exchange control board. I imagine my hon. friend would want to make that clear.

Mr. Macdonnell (Muskoka-Ontario): I go back to what I said before. I do not think the minister has corrected me. I said that if

an American wants to come here and wants to invest a substantial amount of money, and does not want to buy it all at the fixed rate, he must go and make a deal.

Mr. Abbott: They can take their own money into the country.

Mr. Macdonnell (Muskoka-Ontario): Nevertheless what I said stands. The minister did not correct me before and does not correct me now. I repeat that in spite of this, and because they know it is good business, the board has been compelled in effect to recognize this free rate in the United States. They have not done that for fun. They have had to do it.

Mr. Abbott: Nobody has ever disputed the fact that they recognized it existed.

Mr. Macdonnell (Muskoka-Ontario): You take part in it. You participate in its operation through the deals that take place. Of course you do. Why, it is only a figure of speech to say that you do not. What I am suggesting is that for three years we have had a kind of paralysing inflexibility, paralysing rigidity, and that there is no suggestion of any change. I shall make a suggestion as to a change which certain sensible people have thought was not so bad. At the present time the only right we have, if we want to change the value of the dollar, is to say that we will make it ninety-five cents or ninety-three cents or whatever you like. Why should not there be a range within which it might swing? Why should we not call on Bretton Woods or the international monetary fund and say, they can change the agreement; the agreement can be changed. Why should we not have an arrangement of flexibility whereby the government might say, we are going to support the dollar at ninety cents? We shall let it swing from where it is to ninety cents. That I suggest would be the way of getting a realistic value of our dollar. If, with that provision, it stayed at 100 cents, that is all right; that is the value. But at the present time nobody knows whether that is the value or not. The only evidence we have is that that is not the value in the only free market—in the United States.

Incidentally, if the fund took that forward step, it seems to me that it might encourage other countries to come forward and try to make at least a beginning, instead of this barren resolution which just says, let us go on for two years more as we are, and have everything getting worse and worse.

Mr. Harris (Danforth): We would be honest, anyway.

Mr. Macdonnell (Muskoka-Ontario): Yes; but my point is that things are bad and in all probability they are going to get worse unless we can get people to come around the council table and try to deal with this thing in a sensible way.

I think we who are helping to stake Britain should talk very plainly to her. I hope no one will question my feeling of admiration for that great country when I say that, but nevertheless we have to be realistic about these things. At the present time we have a situation which is absolutely fantastic, whereby we and the United States are busy staking Britain and they are busy trying to organize themselves so that they can do as little business with us as possible. In the face of that, what does the government do? They offer us the mixture which is before us, but it is a very noxious drug.

Mr. Abbott: I wish my hon. friend would demonstrate how a change in our exchange rate would help the situation.

Mr. Macdonnell (Muskoka-Ontario): I am suggesting that at the present time, with a lot of other people, we are enmeshed in unrealistic exchange rates. I gave some illustration of the pound this afternoon. I am suggesting that one of the useful features of Bretton Woods was that people could be brought around the council table. We should try very hard not only to get our own exchange rate realistic, but what is just as important, other people's as well, because exchange rates work two ways. This thing need not be as hopeless as the minister suggests by shaking his head, by which he means that we cannot do anything about it. I believe we can do something about it. The thing is not as hopeless as all that. The Americans are being utterly realistic about this in the economic co-operation act under which they are making the advances we know of which are without precedent in the history of the world, as the London *Economist* pointed out, without precedent in peacetime in the history of the world. Nevertheless they are realistic, and they have the right—and I should think it is a right which they will avail themselves of—to ask people who are participating in the benefits of their fund to come and discuss their exchange rates with the international monetary fund. What does that mean? I think that the Americans who, as I say, are keeping western Europe going, are going to be realistic about this. They are not going to let this thing go on to the point where after three or four years, all that they succeed in doing is to set up a situation which makes it impossible for them to trade with the sterling area. I say that the Americans have the right to do that. The international monetary fund is the medium which they

have chosen for this. They reserve to themselves the right to call in the beneficiary nations to discuss it in that way.

I have tried to outline what I think should be done. We in this party are not going to accept this resolution as is. We are not going to vote for this foreign exchange act as is, which has the effect of continuing the present rigidity. We believe that the time has come when our government and other governments as well—we can only speak for ourselves—should take steps to move toward realism, and therefore I move the following amendment, seconded by the hon. member for Grenville-Dundas (Mr. Casselman):

That Mr. Speaker do not now leave the chair but that it be resolved that:

1. The Canadian dollar should be allowed to seek its true economic level within the limits imposed by the Bretton Woods agreement; and

2. It is expedient to present a measure to provide for the continuance in force of foreign exchange control with necessary modifications for not more than one year to permit representations to be made to the international monetary fund with a view to obtaining such modifications in its regulations as will permit an orderly revaluation of currencies to bring them to realistic levels and thus make the further continuation of foreign exchange control unnecessary.

Mr. Abbott: I cannot lay the same claim to an expert knowledge of the rules of procedure as my hon. friend, the leader of the opposition, but this is a resolution which precedes a money bill. I suggest to Your Honour that it is a resolution which can only be introduced or amended by a member of the privy council upon the usual message from His Excellency the Governor General. I do not wish to interrupt the debate at this point, but I make that objection to the introduction of an amendment. Your Honour will no doubt consider it and give a ruling in due course.

Mr. M. J. Coldwell (Rosetown-Biggar): I was going to say very much the same thing in that respect as the Minister of Finance—

Some hon. Members: Oh, oh.

Mr. Graydon: The more we are together.

Mr. Coldwell: —because I have a vivid recollection of what happened two years ago when we attempted to move an almost identical resolution on the same stage of the control measure, and it was ruled out of order. Consequently I think I have a right to say so, without being held up to ridicule by Progressive Conservatives who are making parliament a farce.

Some hon. Members: Oh, oh.

Mr. Coldwell: May I tell my hon. friends that there are more ways of destroying democracies and democratic institutions than by burning a reichstag.

[Mr. Macdonnell (Muskoka-Ontario).]

Mr. Drew: That is right, and you have found it.

Mr. Coldwell: That is what some hon. members are trying to do, destroy it by destroying confidence in the institution which our forefathers have built up. I have been in this house for thirteen years and I have never seen an exhibition like some we have witnessed lately since I have been here.

Some hon. Members: Oh, oh.

Mr. Speaker: Order. May I ask hon. members not to interrupt the hon. member who has the floor. If any hon. member believes that the hon. member is out of order he should rise and address himself to the Speaker.

Mr. Coldwell: I was just going to add that I agree with the member of the Canadian press who described the scenes in this house this session the other day as comparable with behaviour in a beer garden. I feel it is about time someone said something about it in this house.

I should like to say something about the measure now before us. This is a very important one, from the point of view of Canada's economy. As has been said by both the Minister of Finance (Mr. Abbott) and the hon. member for Muskoka-Ontario (Mr. Macdonnell), Canada's economic situation is vulnerable when viewed in the light of world conditions at the present time; and any government or parliament which fails to protect our country in the present circumstances is in my opinion derelict in its duty.

Consequently I believe the attention of the house should be directed to the resolution, and the proposals lying behind it. May I say to my hon. friends of the government and of the official opposition that there is one thing which people everywhere are coming more and more to realize, and that is that unrestricted private or free enterprise is no longer a policy any government can follow. More and more, by the circumstances and the evolution of history and society, governments are forced more and more to protect their people and to direct the economy of their various countries. That is particularly true I believe in the international field at the present time.

I have noticed that again and again hon. gentlemen who have objected to control measures before the house in the past few days have risen in their places when the orders of the day have been called and asked the government to do this or that to protect various parts of our economy, and various interests in that economy. More and more we are going to be driven to the point where governments have to give attention to the

economic relationships in the domestic field as well as our economic relationships with other nations of the world.

To say that the emergency following the war has passed is, I suggest, particularly unrealistic. We have only to look around the world today to realize that in almost every field of human endeavour, in almost every one of our relationships, emergencies exist. And in this House of Commons, ever since we met on January 26, day by day some phase of one or other of these emergencies has been brought to the attention of the house by individual private members and by the government itself—and by the official opposition as well, incidentally.

Consequently a measure of this description which has a tremendous bearing upon our economic relationships with other countries must receive the consideration of parliament at this time. And whether we agree with all the implications of this policy, whether we agree or not with the manner in which it has been operated, the fundamental principle behind the proposal must be endorsed and accepted by the House of Commons, if we are to protect our economy in the situation in which we find ourselves at the present time.

I should like to go on from there after supper, if I may ask to call it six o'clock.

Mr. Speaker: Before leaving the chair I should like to answer the point of order put forward by the Minister of Finance (Mr. Abbott). I declare this amendment out of order, because it purports to make a declaration—

Mr. Fulton: Mr. Speaker, before you state your ruling—

Some hon. Members: Sit down.

Mr. Fulton: Before you state your ruling—

Mr. Speaker: Order.

Mr. Fulton: Before you state your ruling would you hear further argument on the point of order?

Mr. Speaker: Order.

Mr. Fulton: Would you hear further argument?

Mr. Speaker: The hon. member is asking me before I proceed with my ruling to hear further argument. I must tell him that I have already started to give my ruling.

Mr. Casselman: And you should give an opportunity for argument.

Mr. Speaker: Order. I declare the amendment out of order, because it purports to make a declaration which can only be moved as an amendment to the second reading of a bill. Hon. members will recall that I did the same thing last session, when I declared a similar amendment out of order moved for the same purpose.

Mr. Macdonnell (Muskoka-Ontario): Would Your Honour indicate whether there is any special part of the resolution which you consider out of order,—whether your judgment is based upon some special part.

Mr. Speaker: The hon. member knows that the ruling of Mr. Speaker is not debatable. I have given my ruling, that the amendment is out of order.

Mr. Macdonnell (Muskoka-Ontario): I was not going to debate it. I would ask Your Honour if you would indicate whether there was some special feature of it which you found to be out of order.

Mr. Abbott: The whole resolution.

Mr. Speaker: What I have said to the house gives my reason for declaring it out of order. I would call the hon. member's attention to citation 755 in the second edition of Beauchesne, which states:

> It is also competent to a member who desires to place on record any special reasons for not agreeing to the second reading of a bill, to move as an amendment to the question, a resolution declaratory of some principle adverse to, or differing from, the principles, policy or provisions of the bill.

As I said a moment ago, I made the same ruling during the last session of parliament, and it has been made at different times by my predecessors. There are therefore many precedents.

Mr. Macdonnell (Muskoka-Ontario): If I understand correctly, Your Honour is not now saying that this resolution will be out of order if introduced subsequently on second reading.

Mr. Croll: He did not say that at all.

PRIVILEGE

THE BUDGET—REFERENCE TO REPORT IN "EVENING CITIZEN"

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, before the house rises for dinner recess I rise to a point of very great privilege, so far as the members of this house are concerned. In the afternoon edition of the *Evening Citizen* there is a statement in regard to income tax exemptions. It makes the bold statement that certain things will be given, and states—

> Single men are to be exempted up to $1,000 in income, married men up to $2,000. A man with two children gets $100 for each child and therefore will be exempted for $2,200.
>
> The figure of $2,200 is chosen because the bureau of statistics reports on January 1, 1949, that the average weekly income of the Canadian worker in all manufacturing industry is $42.16 a week. This

works out to $2,192.32 per year, in other words just about $2,200. Thousands of civil servants are at just about that level or below it.

I place this before the house, as it is exactly the sort of thing which called for action by the House of Commons in Great Britain some time last year, and should certainly be dealt with by the House of Commons here.

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, my hon. friend has not been here very long. If he had he would probably realize that this is a popular pastime which goes on for about a week or ten days before the budget, where people speculate—sometimes shrewdly and sometimes not too shrewdly—as to what the budget will contain.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at seven-thirty o'clock.

FOREIGN EXCHANGE CONTROL ACT

CONTINUANCE IN FORCE UNTIL SIXTY DAYS AFTER OPENING OF FIRST SESSION OF PARLIAMENT IN 1951

The house resumed consideration of the motion of the Minister of Finance (Mr. Abbott) that the house go into committee to consider the following resolution:

That it is expedient to present a measure to provide for the continuance in force of the Foreign Exchange Control Act until sixty days after the commencement of the first session of parliament commencing in the year 1951.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I was saying before the supper hour that I thought that any government must take steps to protect the economy of this country in the face of the difficulties which now confront the world, and bearing in mind particularly that the Canadian situation has been made more difficult because of the historic pattern of our trade in the past. For years we were in the very happy position in normal times of being able to sell almost everything that we wished to sell to the United Kingdom and western Europe, and with the dollars we earned we were able to buy in the United States almost everything that we wished to buy. The result was that this triangular trade benefited Canada considerably in the past, but today it makes our situation peculiarly difficult.

Great Britain and the western European countries, the Netherlands, Belgium, and other nations, have lost much of the income they once received from overseas. That, of course, is more particularly true of Great Britain, who liquidated so many of her overseas investments in order to meet the obligations of our common war. It is quite true that over the past year and a half the exchange situation has greatly improved as far as Canada is concerned. I think, however, that to some extent that is an improvement at the expense of our own Canadian people, and that we should be wary lest our people suffer further. What I have in mind is that because of the restrictions that the government imposed in regard to imports from the United States, and because the government insisted we were under obligation, because of the Geneva agreement although some of us did not agree with that point of view, to exercise non-discrimination, we had to put the same impediments against the inflow of goods from the United Kingdom and other countries as we did upon those from the United States.

Then, too, as soon as the war ended there was a great deal of pressure for protection by certain Canadian manufacturers. At any rate, the government removed some of the advantages that Great Britain had enjoyed during the war by reimposing certain tariffs that were in the interests of the textile industry, the glass industry, and other industries in our country that had arisen behind policies in the nature of protective tariffs. To my mind, the continuance of such policies will be serious for the farmers of Canada, because after all we can produce vast quantities of food in Canada, and unless we can find permanent markets for the great surpluses we produce, surpluses which would be surpluses even if our own people were fed adequately, then agriculture in this country faces a very difficult future indeed.

Therefore I say to the government that, while we believe that the exercise of control over foreign exchange is essential at this time, nevertheless we believe that there are other factors which the government should take into consideration in dealing with these problems. We have increased our exports to the United States, but I think that most people will agree that the United States market for Canadian goods has always been a very uncertain one. There have been times when they were prepared to take quantities of certain classes of goods from us, and then from time to time, when they found that they could themselves produce the goods that they were taking from us, we lost those markets. We have seen these fluctuations ever since I have been in the country, now some forty years.

Then there is also the peculiar situation in the United States that no one seems to know what is going to happen internally to their economy. Like our own economy, it is buoyed

up at the moment by these tremendous expenditures, we will call them, though in reality they are exports of tremendous quantities of goods abroad, thus maintaining a very high level of employment in that country. Lately, however, we have seen a somewhat sharp drop in certain prices in the United States. There is considerable unemployment and we have seen certain classes of farm commodities drop in price. In our own country we have had similar and quite spectacular drops. I mentioned the other day that on the speculative market a year or so ago rye was selling for around $4, but when I looked at the paper the other night I saw that it was down to below $1.20. It is the same thing with barley; it has fluctuated widely. Where you have the kind of economy that is subject to great fluctuations there is grave danger. That will be particularly the case if we are tied up completely to the United States. Therefore I think that, while the increase in our exports to the United States, and the lowering of our imports from the United States, have improved our dollar position, nevertheless there are dangers in connection with what has occurred during the past year or so. I say therefore that we have to look to the principal customers whom we have had in the past.

I noted this afternoon the criticism that the hon. member for Muskoka-Ontario (Mr. Macdonnell) made of the British trading so largely in the sterling area, entering into bilateral agreements, and so on. We have to bear in mind that what they are actually doing is what we should be doing. They are more or less digging into the markets which were their natural, reliable and normal markets before the war. They are endeavouring to protect themselves in that regard as well as to prevent the loss of those dollars which they need badly in the dollar area, and of which they are short at the present time. Indeed, while we may take steps of the description of those that are now being considered under this foreign exchange control measure, it seems to me that the final solution of our problems, as well as of the problems of the world, lies more and more in co-operation on the widest possible basis, and with the largest possible group of nations across the world.

At the moment I confess that I cannot see any immediate hope for a return to wider trade relationships than we know now. We see all of the European countries endeavouring to rebuild their own economies, to produce more and more goods for export, and unless we in our country can receive more and more of the goods that they can export, then we cannot export goods to them. I want to emphasize again that the old pattern of trade, which benefited Canada so greatly, has disappeared. Our overseas customers, and particularly the United Kingdom with her vast overseas investments, had a steady flow of goods under that pattern of trade, which brought in the dollars with which she could make payment to us from time to time; and those dollars have disappeared because the investments which gave rise to them have disappeared as far as the British are concerned.

It strikes me that what the British are actually doing at the present time is endeavouring to protect themselves in the future against a further loss of trade, and to build up in their island, with their great population, an export trade that will enable them to obtain the raw materials and the foodstuffs that are vital to the existence of their country.

While we may be critical of some of the things they have done because they may react against our own country at the moment, I think it is understandable why they are doing them. The point I am making is that we should endeavour to be realistic, too, where tariff barriers or trade barriers of any description prevent goods coming into our country from overseas that could be used to buy goods here which we could export and must export if we are to remain prosperous, because we produce them in quantities too great to be used within our own country. So I say we have to consider more than both the exchange and other factors in the situation.

This afternoon I heard the hon. member for Muskoka-Ontario (Mr. Macdonnell) suggest that we should let the dollar find its own level. The Minister of Finance (Mr. Abbott) answered that previously when he asked what is that level. If we take the market referred to as the free market, that level is not very much below the rate at which the foreign exchange control board exchanges our currency for that of the United States. But it seems to me that with a fluctuating Canadian dollar, a dollar that might be depreciated—I think it was suggested last session that we should allow the Canadian dollar to depreciate as much as thirty per cent—if the Canadian dollar depreciated ten per cent the cost of living for the mass of the people of this country would probably increase by more than ten per cent. We are so dependent upon the United States for many of our raw materials and many foodstuffs; and anything which tends to depreciate our dollar means that we must find more Canadian funds with which to purchase United States currency in order to buy American goods, and the cost of living here would increase proportionately. Consequently I believe that suggestion would benefit relatively few people in this country.

I am free to admit that it might benefit certain speculative interests. It might benefit some of the gold-mining interests in the country, though I would point out that already the government has made considerable concessions to that industry in order to assist it. So, since the depreciation of our dollar would be done only at the expense of sacrificing our agriculture and the standard of living of our people, I think the suggestion is thoroughly unsound and I would oppose it on those grounds. We remember very well that back in the twenties there were considerable investments in our country coming from the United States, but when things got a bit tough not only did the banks in our own country withdraw loans but there was some flight of United States capital as well. I would not be inclined to suggest to the minister or to the government that they should follow the example of what was done in the twenties. We must bear in mind that the twenties were followed by the thirties, and we all remember what happened at that time, when we allowed our own dollar to remain tied to the gold standard and how that affected primary producers all over this country.

I do not propose to prolong this discussion, Mr. Speaker, because I think the principal debate should be on second reading of the bill, when we know exactly what is before us. I did want to say, however, that I believe no government in any country, in the circumstances now existing all over the world, can do other than exercise a considerable amount of economic control in order to protect its own nationals, its own domestic economy and indeed its international trade. That, I take it, is the purpose of the resolution before us at the present time; and because we believe that to be the purpose we are going to support it when the vote is taken.

Mr. Victor Quelch (Acadia): At the outset of my remarks, Mr. Speaker, I want to say that I find myself pretty well in agreement with the stand taken by the Minister of Finance (Mr. Abbott) on the question of exchange and the valuation of the dollar. I think the price level in Canada compares very favourably with the price levels in other countries. I would say to the minister, however, that if a situation develops such as we had in the thirties, when the prices of agricultural products fell to a low level and we had great difficulty competing with other countries whose currency was depreciated considerably below the dollar, then the primary producers of this country would be justified in demanding that the dollar be depreciated also. That situation has not arisen, however, and we hope it does not recur. On the other hand, if the government were prepared to stabilize the prices of agricultural products, then of course agriculture would no longer be concerned with the level at which the dollar might be maintained on the international market.

The international situation today I think demonstrates the need for continuation of the foreign exchange control board. On the one hand there is the ever-present danger of an adverse balance of payments with the United States. On the other hand there is the danger of losing essential markets in Europe owing to the shortage of dollars. I am going to confine my remarks mainly to the second of these points. I notice the measure is intended to continue the board for only two years. I am satisfied that it will be necessary to continue the operations of the foreign exchange control board for a far longer period than that. Both the problems I mentioned are being aggravated at the present time, I think, by the operation of the Bretton Woods agreement and the non-discrimination clauses in the Geneva trade agreement. That trade agreement has not passed this house, but I understand the government has signed it and that we are actually operating under it. On several occasions I have explained why we are opposed to certain policies under the Bretton Woods agreement, so I am not going to take any time to deal with that matter this evening except to mention it later on in regard to one or two other matters. However, today we are operating under those agreements whether we like them or not, and certainly as long as we continue to do so there will be a very real need for continuation of the operation of the foreign exchange control board. Even if those agreements were replaced by others which would operate for the benefit and advantage of all trading nations, I am convinced there would still be a need for a foreign exchange control board, though no doubt in that case controls would be exercised mainly for the purpose of trading to the greatest extent possible with those nations which would balance their trade with us.

This does not mean for one moment that we in this group endorse everything that has been done by the foreign exchange control board. Many things have been brought to my attention that have seemed indefensible, though I quite realize that if those matters were investigated it might be found that while they appeared inadvisable there were grounds that really justified the action taken by the board. I have had several matters referred to me which I have taken up with the board.

On each occasion I was given every consideration, as was the question I raised.

Both the problems I have mentioned, that is the adverse balance of trade with the United States and the shrinking of our markets in Europe, are the logical outcome of certain policies carried out under the Bretton Woods agreement. I say that because so long as the exporting nations have the right to demand payment in their own currency instead of accepting the goods of other nations in return, I think there is bound to be trouble. In fact, I would say that as long as that situation exists we will have trouble in maintaining a balance of trade with European countries. That is what is happening today. True, our trade surplus with Europe is today apparently being reduced, but not so much by an increase in imports from those countries as by a reduction in exports from Canada to them.

The 1948 report of the foreign exchange control board makes this quite clear. At the bottom of page 14 of that report it is stated:

> However, if allowance is made for the rise in both export and import prices in 1948 it is apparent that though there was an appreciable rise in the volume of imports into Canada from these countries the contraction in the volume of our exports was the more important factor in reducing our trade surplus.

In the middle of the next page it is stated:

> Nearly every appreciable decrease in our exports to sterling area and other ERP countries can be traced to a change in import policy on the part of the foreign government concerned.

I point out that if nations were unable to obtain dollars with which to buy our goods, in order to avoid a greater deficit they were forced to reduce imports from this country. They had no other alternative. It is also interesting to note that that action was advised by the international monetary fund. In the report of the fund for 1948, on page 12, I find that European nations were advised that they should reduce their imports from the western area and try to increase their imports from Asia and Africa. Referring to Asia and Africa, the report says this:

> These areas might also be further developed as alternative sources for certain European imports and this would diminish European demands for imports from the western hemisphere.

I have heard some people become quite critical regarding Britain's action in buying from other nations instead of buying from Canada. In fact, the Minister of Agriculture (Mr. Gardiner) seemed to be rather critical. Britain, however, has no alternative if we demand payment in dollars. Britain has not got the dollars and we will not supply her with the dollars because we have curtailed our imports from that country. As long as we continue a policy of that kind we are forcing Britain to trade elsewhere because she has not the dollars to trade with us.

Mr. Blackmore: We are forcing them into it.

Mr. Quelch: The report of the foreign exchange control board expresses regret that a greater balance was not restored by increased exports from Europe to Canada. At the bottom of page 15 the report states:

> There is, therefore, reason for some concern that these countries did not export more to us, particularly in view of the fact that the net effect of the government of Canada's import restrictions enforced during 1948 was to encourage imports from overseas countries. Notwithstanding the improvement noted, only eighteen per cent of our imports came from the United Kingdom and other sterling area countries in 1948, compared to twenty-nine per cent before the war.

It is all very well to express regret that Europe did not export more goods to us, but two countries are involved. Europe cannot export more goods to us unless we are prepared to buy them.

I noticed that Mr. W. G. Coventry, the British trade commissioner, speaking before the Canadian Federation of Agriculture at Saskatoon, stated that there would be a permanent market for a large volume of surplus Canadian farm products in the United Kingdom when British exports to Canada reach $500 million annually. It was for this reason, Mr. Speaker, that we opposed the Bretton Woods agreement. At that time, we prophesied that a policy of that kind with regard to our exports of Europe would be bound to fail because those countries would not be in a position to pay for them with dollars.

I should like to refer to a statement in the report of the foreign exchange control board which I think puts this whole problem in a nutshell. First, of all, I should like to quote this statement, then briefly analyse it. It is to be found on pages 6 and 7 and I will read first from page 6:

> If efforts on the part of the sterling area and ERP countries in the direction of greater exports to dollar countries are inadequate or fail to solve their dollar problem, then it may be expected that these countries will continue to place special restrictions on imports from dollar countries. The countries whose exports are affected by these restrictions will be confronted with the choice of finding some alternative use, at home or in other foreign markets, for the goods previously exported to the dollar-short countries or making special arrangements in an effort to retain these markets. These arrangements could involve the provision of the exports without payment in foreign exchange, through the extension of grants or credits, or special deals in which the exporting country agreed to use the proceeds of its exports to take more goods from its dollar-short customers even though these goods were higher in price than had to be paid elsewhere. To make room

for these relatively high-priced imports it would be necessary to impose discriminatory import restrictions.

I wish to deal with two or three of the alternatives given in that statement. The statement is made that:

The countries whose exports are affected by these restrictions will be confronted with the choice of finding some alternative use, at home—

Mr. Speaker, I think that is a very important point. On most questions of trade, it is a matter of getting two countries to agree, but here is a suggestion that if we are not able to export goods we should try to find ways and means of utilizing some of these goods in the home market. It is solely within the power of this government to deal with that matter. I would suggest that many of the goods we are trying to export today could very well be utilized in Canada. After all, we have a tremendous potential market in this country if we would only develop it. Therefore, as the first step in dealing with this problem, I would suggest that the government take action to increase the purchasing power of the people in the lower income brackets to at least the point where they can have a decent standard of living; at least, to the point where they could purchase the agricultural products we have in abundance.

I would point out that that is not only the answer to finding a market for goods we cannot export, but it would be just as important if we were able to export goods and bring back goods in return, because if we bring back goods in return for our exports the same difficulty will apply. It will be difficult for us to find markets for our imports. The international monetary fund stressed that problem on page 13 of the report:

A high level of demand in the western hemisphere will be a necessary condition for increasing exports to this region. A further relaxation of tariffs and import quotas in the western hemisphere countries applicable to primary commodities as well as to manufactured goods would be helpful in encouraging the necessary increase and redirection of world trade. But recognition of these considerations should not obscure the fact that Europe's need to increase its exports to the western hemisphere arises not only from the exceptional circumstances of the transitional period but also from more enduring changes in the world economic structure.

In other words, Mr. Speaker, we are making a grave mistake if we look upon this as a merely temporary condition. We can trace the origination of this condition back to the year 1913. It was aggravated by two wars, but even if there had been no wars we would have had to face this question in the very near future. I think the government, therefore, ought to take heed of the recommendation that was made by the federation of agriculture regarding the allocation of food. I think the suggestion was put forward by Professor Hope, who is the economic adviser to the federation of agriculture. I understand the proposal is an extension of the old food-stamp plan. I remember when the food-stamp plan was first introduced in the United States, whereby surplus food could be sold to people in low-income groups at a fraction of its cost. The *Christian Science Monitor* pointed out that it was an adaptation of Mr. Douglas' social credit idea.

I do not care what you call it. I think it would be a good way to dispose of large quantities of agricultural products that are surplus. Perhaps I might just quote Professor Hope with regard to the way this plan might operate. I quote from the Alberta wheat pool budget of February 11, 1949 as follows:

Reducing farm production during a depression simply causes scarcity of food and increases the misery of unemployed and the low income groups of consumers. Therefore the only correct and sound solution under such circumstances is to maintain or restore to a decent level consumer purchasing power for food.

This statement was made by Dr. E. C. Hope, economist with the Canadian federation of agriculture in an address to the annual convention held at Saskatoon last week.

Dr. Hope said that, should we run into a major depression, no price support program for agriculture could last if it depended merely upon withdrawing supplies from the market by a government agency. Creating artificial scarcity, he said, is just aping industry. He suggested first a large scale useful public works program to maintain employment at reasonable levels, and second, a food allotment plan similar to the one established in the United States.

Under the United States food allotment plan a family can purchase for forty per cent of its monthly income a food coupon book which will buy sufficient food each month for an adequate diet. Each month or so the government calculates how much it costs to provide an adequate diet for different sized families. If the cost is $60 for a family of four, and the declared monthly income of that family is $100, a coupon book with a food value of $60 can be purchased by that family for $40. If the family income is only $80 the book can be bought for $32. If the family income is $150 a month or over it will not pay to purchase the coupon book. The difference between the $60 value of the coupon book and the cash paid by the family for the same is provided by the federal treasury.

A program of this sort, said Dr. Hope, would mean that every family would be guaranteed an adequate diet regardless of income. In times of depression and unemployment this would increase the demand for food because the people with low incomes would be able to bid for food against the people with higher incomes.

American economists have estimated that had such a plan been in operation in the United States during the 1930's, prices for farm products would have been maintained close to ninety per cent of their calculated parity level without any other price support program.

So I suggest to the government that it might be worth while thoroughly to investigate that plan as a means to helping maintain a demand for our own production and the imports we bring into this country, because that problem is going to grow steadily as time

goes on. Once these nations that are getting on their feet are in the position not only to pay for their imports by their exports but in addition to start to pay back their loans in goods, how are we to maintain in this country markets for those goods? There is only one way, and that is by taking steps to increase purchasing power to the point where it can pay for those goods.

Mr. Blackmore: We might just as well do it first as last.

Mr. Irvine: Is the scheme in the nature of a subsidy?

Mr. Quelch: It is paid out of the federal treasury. Professor Hope does not say how it is to be financed. So long as this government is in power, it is its responsibility. I do not intend to suggest how to finance it. We have our own views as to how it should be done. Certainly it should not be done by increased taxation. If there is a lack of effective demand in the country and you are going to try to eliminate that lack of demand by increasing taxation to expand purchasing power you are going to get nowhere. The government would no doubt do it by borrowing from the chartered banks. We would suggest that it be done through the Bank of Canada. This paragraph goes on to say:

> These arrangements could involve the provision of the exports without payment in foreign exchange, through the extension of grants or credits, or special deals in which the exporting country agreed to use the proceeds of its exports to take more goods . . .

Well, Mr. Speaker, it might be done as the board suggests, by making gifts to countries, but I am not advocating that, unless the country is in a state where it cannot possibly carry on without that help. It might be done by loans, but I am not suggesting that it be done in that way if that country is in a position to pay by exports of goods. I am suggesting that the logical way in which to deal with that program is this. Instead of insisting on payment in dollars, we should be willing to accept sterling from the country, that is a blocked credit. Then with that blocked credit we could buy from Britain the goods we require. That is of course a straight bilateral deal; but that could very easily be put on a multilateral basis by establishing an international exchange so that blocked credits held in one country could be traded for the blocked credits held in another. It would be multilateral trade on a goods basis instead of on a dollar basis. It is interesting to note that the London chamber of commerce of England, the members of which are not the type of crack-pots the Minister of Agriculture was talking about when he was in England, but who are a bunch of hard-headed businessmen, men who probably have a greater understanding of international trade than has any other body of men in the world, are suggesting a system of that kind. I should like to quote briefly from "A Twentieth Century Economic System", a system endorsed by the London chamber of commerce. Referring to the matter with which I have just dealt, it states:

> The above is a simple example of bilateral trade, but multilateral trade could be provided for by the exchange controls of the participating nations having representatives at an international exchange where blocked credits in one country could be exchanged for those in another at the conventionally fixed exchange rates: the primary responsibility for establishing a contra account, by importing from the country to which a sale had been made, would remain with the exporting country. If it did not wish to do so that would be its affair and not that of the importing country, which would have done its part by establishing the necessary credit. The importing country would be entitled to cancel the credit, under a statute of limitations, if it were not used within seven years. The principle is that with which we are all familiar in internal trading: if you have a credit with a shop, you cannot take it out in cash but you clear it when you take goods.

It is interesting to recall that when Professor Keynes brought forward his white paper he suggested it might be wise to institute a statute of limitations; that is to say, where nations pile up credits in other countries, and refuse to accept goods in return, that over a period of time those credits might be cancelled. I would say that would probably be the greatest stimulus to getting countries exporting goods to take payment in goods; because if they do not take payment in goods, after that period of time they would get nothing and they would no longer have the power to demand that payment be made in dollars.

Under a system of that kind I think we would be able to greatly expand both our exports to Europe and our imports from that continent. To complete this paragraph:

> To make room for these relatively high-priced imports it would be necessary to impose discriminatory import restrictions.

I have never been able to understand why the price of goods coming in from Britain should be so high. It has always amused me because our friends to our right, the C.C.F., are always extremely critical about price levels in this country and emphatic about the need for controls. Yet here you have a socialist country in which prices are far higher than prices in this country. Why? I have heard it said—and I do not know whether it is correct; I would not like to say that it is correct—that the social services in that country are being maintained by countries paying Britain these high prices, and that the countries that are buying goods from Britain are in reality paying for those services. There may be something in that;

because the countries who buy these goods pay high prices. The food in England is subsidized and therefore the people there get food at a lower rate. But when we get goods from England we must pay exorbitant prices. For many years I have bought goods that were made in England. Goods that I used to be able to buy quite reasonably—for instance, shirts like the one I have on—could be bought for $3. Now one must pay anywhere from $6.50 to $10 for the same shirt.

I have a nephew who was in the navy. He was in Ottawa last year and he bought a suit of clothes and an overcoat which cost him around $75. He said that if he had bought that suit and coat in England they would have cost him $120. He was going right back to England, yet he bought that suit and overcoat in Ottawa. Why? I think that is something which needs explaining and investigation, because if Britain is keeping her price levels so high that she cannot compete with other countries, then of course she has to accept a certain amount of responsibility for that situation. But even if for some reason or other Britain cannot keep her prices down we are faced with these alternatives. Suppose we make a gift. If we make a gift, we lose the goods of which we make the gift. If we make a loan, we stand a good chance of never being repaid, because the history of international loans has never been a happy one. If we make a loan, we are likely to lose that loan. If, on the other hand, we export goods to Britain and bring goods back, even at a high price, we could very well subsidize those goods which we bring back into this country to bring them down to the price level of Canada. We did that during wartime and again in order to maintain the price ceiling in this country. We imported goods, subsidized them, and sold them at the price level in this country. Surely, if we could carry out a policy of that kind in war, it could be done in peacetime.

The minister might say, well if the British price is 10 per cent higher, then it will cost us 10 per cent. In other words, we would be getting back at least 90 per cent of the value of our export. If we make a gift we get nothing. If we make a loan we are in danger of losing it all. At least we would get paid for 90 per cent of the exports we sent to that country. I am suggesting that it would be good business to import goods, even if we have to pay 10 per cent more than we should, subsidize them, and sell them at the current price in this country. It would be good business because it would help to maintain our production at a high level, and in the long run I do not think there is any doubt that we would benefit by business of that kind. I am hoping that eventually Britain will find it possible to bring her price levels down.

Mr. Blackmore: The minister would call that discrimination in favour of Britain.

Mr. Quelch: I notice that the report does mention this question of discrimination. It says:

> To make room for these relatively high-priced imports it would be necessary to impose discriminatory import restrictions.

Well, if we have signed an agreement that outlaws action of that kind, an action that is necessary to keep our economy in a state of flux, the quicker we get out of it the better.

I would say it is evident that the shortage of dollars in Europe is not going to be solved in the near future. I know that many people were hopeful that ERP would solve the shortage of dollars, and by 1952 Europe would be on its feet and in a position to pay for imports from the west with dollars. Well, anybody who has read the interim report of the organization for European economic recovery will realize that there is very little chance of that, or that by 1952 Europe will be in that happy position. I read the report through. I hold in my hand a summary of the report made by the London *Economist*, dated January 1949, and it puts it far better than I can put it; therefore I shall read what the *Economist* has to say regarding this report. It is as follows:

> It is in discussing the nineteen nations' estimate of their future trade that the officials of the OEEC have most firmly dispelled the idea that a complete solution can be found by 1952. In the first place, the governments themselves have produced estimates which leave a deficit of a billion dollars, largely with the western hemisphere, in western Europe's trading account for 1952. But the interim report questions whether the nations can achieve the scale of exports they have proposed. For instance, to reach the target for exports of $12 billion in 1952, the nations would need among other things to increase their exports to South America by $1 billion above the present level, a step which would seem to entail capturing half the United States' South American markets. Similarly, the increased exports to the United States itself would need to rise to $2·1 billion compared with $1·5 billion sent there in 1938. It is true that the United States is buying more abroad—50 per cent more in 1948 than in 1938—but western Europe's share in American imports has fallen from 23 per cent to 13 per cent. All in all the report concludes that it is impossible to put the level of visible and invisible exports in 1952 above $10 billion, and the deficit is likely to be nearer $3 billion than $1 billion. And even this revised figure demands prodigious efforts—an increase of 40 per cent above the present level of visible exports and the turning of an invisible deficit of $750 million in 1947 into a favourable balance of $1,300 million in 1952.

In concluding the summary the *Economist* had this to say:

> It has often been insisted in these columns that there were two elements in the dollar shortage—a European problem and an American problem. This

is now clear for all the world to see. If Europe, after doing what it can, will still have a deficit of $3 billion, somebody will have a surplus of $3 billion. The one cannot be removed without the other. Certainly the debtors cannot, by taking thought and drawing up plans, remove their deficit unless the creditors will also take thought—and perhaps even draw up plans—about their surplus. The next stage should be a Marshall plan for the creditors.

Perhaps that may sound rather humorous, but I believe there is a lot of sound thought behind the suggestion. That is the point we emphasized time and again during the discussion of the Bretton Woods agreement in this house. We emphasized the point time and again that balancing international trade was the responsibility of two nations. It was the responsibility of the creditor nation just as much as it was the responsibility of the debtor nation, because unless the creditor nation was willing to accept goods in payment the debt could not be paid.

In view of the fact that we are told it is probable that these European nations will still face a deficit of around $3 billion by 1952, it is high time that greater consideration was given to dealing with this problem. As I say, the London *Economist* emphasizes the need for a Marshall plan for the creditor nations. By the time that the present one has run out in 1952, the production of all European nations will probably have reached approximately their maximum output, and then we must organize our own internal economy to such a degree that we shall be willing to accept the goods that these countries are anxious to send to us. That being so, it is quite evident that the real problem is still ahead. We think we have quite a large problem on our hands at the present time, a problem that unfortunately we have looked upon as a temporary one; but now we realize that it will be a problem that will be with us for many years, and therefore we should look to the future and take steps to deal with it.

Mr. Blackmore: I wonder whether the government realizes that.

Mr. Quelch: Because, if I remember rightly, by 1952 Britain is supposed to start paying off the loan to Canada, and many of these other loans to European countries will then become due. Then those nations will not only have to pay for our exports to them with their exports, but they will have to start paying either the interest or the capital on the loans which had been made to them. It is quite obvious that they are not going to be able to pay it in dollars because, according to the report, they will not be able to pay for their imports with dollars. How are they possibly going to be able to pay dollars on our loans? If we are really sincere in suggesting that the debt should be paid, then the quicker we realize it can only be paid in goods the better; otherwise it will be merely a repetition of what happened after the first war, when every nation except Finland had to default on its war debts. That is not because they were not willing to pay those war debts in goods, but because creditor nations were not willing to accept payment in goods. Hence those debtor nations were forced to default.

I have tried to stress the fact that when anyone analyzes the situation he finds he really has a national problem to solve. It is the problem of maintaining the purchasing power of the people internally at a level high enough to buy imports which will be brought back in exchange for exports. Some people seem to think you can solve a small problem more quickly by making it larger. In other words, they think that because you cannot solve a problem on a national basis you will be able to solve it if you put it on the international basis. I would say that any effort to deal with that type of problem on an international basis would simply aggravate it greatly.

Mr. Alan Cockeram (York South): Mr. Speaker, this afternoon the Minister of Finance (Mr. Abbott) made a speech which I thought was possibly as frank as any speech he has made on the question of the activities of the foreign exchange control board. I well remember that when in 1947 he brought down his budget he gave us a glowing account of the United States exchange situation as he thought it was at that time. I recall pointing out to him that he had on hand, at the then rate of expenditure, only enough United States funds to last until about November of that year, or a period of about five months.

I noticed that when speaking this afternoon he said that at the present time, at the present rate of expenditure, the foreign exchange control board has about five months' supply of United States funds on hand. The minister made some reference to the newspaper articles which appeared at the time our money was placed at parity with that of the United States, especially one which appeared in the *Globe and Mail* praising the government's attitude for having brought our money up to parity. In my opinion there can be no question that at that time the minister stated that one of the reasons for parity action was to stop inflation in Canada, and there can be no question about it that since our money was put back to par with the United States we in Canada have seen inflation run wild.

I also remember in that debate asking the minister about the flow of capital into

Canada, and talking about risk capital and other kinds of capital which would come in to develop industries in this country. If I remember correctly, he did not want to see any money for bricks and mortar coming into this country.

Mr. Abbott: My hon. friend is quite wrong.

Mr. Cockeram: I do not think I am.

Mr. Abbott: I know you are.

Mr. Cockeram: Certainly the minister gave me the brush-off at that time.

Mr. Abbott: No; I wanted no quick speculative capital in here.

Mr. Cockeram: And I am pretty sure you did not want the kind I had mentioned.

Mr. Abbott: My hon. friend is wrong.

Mr. Cockeram: However, that is immaterial. Times have changed. Now we see the minister trying to build up the thought in this country that there is a considerable amount of American money coming in.

However there is in Canada, I believe, considerable concern as to the effect the maintenance of the artificial value of our Canadian dollar is having not only upon the inflow of capital into this country, which will be used for purposes of development, but also in respect of the loss of our export trade.

I was going to repeat something the hon. member for Acadia (Mr. Quelch) said, when he referred to page 6 of the report of the foreign exchange control board. However, I shall leave that out for the moment. I would, however, like to read from page 10 of the report of that foreign exchange control board for 1948, where it states:

> The most important change in Canada's commodity trade in 1948 was in the geographical distribution of our exports. The destination in Canadian commodity exports in pre-war and in recent years has been as follows:

I shall exclude the United States figures, although they show that the average from 1935 to 1939, as compared with the 1948 figure, is in the nature of an increase of 13 per cent. However, in those areas in which our great export market is to be found, the market which we as Canadians must maintain if we are going to be a prosperous country—and I am referring to the British isles and the sterling area as a whole—there is shown a very marked decrease. This is more particularly emphasized when one considers that in the 1935-39 period commodity and farm prices were lower than as indicated in the 1948 export figures.

We find that in the 1935-39 period we exported to the United Kingdom 37 per cent of our exports, whereas in 1948, in spite of the increased costs of all supplies sold to the British isles, we were down to 23 per cent. In the total sterling area and ERP countries we decreased our exports from 63 per cent in the 1935-39 period to 50 per cent in 1948, or a reduction of practically one-third. And this notwithstanding the fact that in the earlier period prices were much lower.

To me, as one who thinks of the future prosperity of Canada, those figures are most significant. They should give reason for thought to everyone who wants to see our farmers have a market for their goods and our factories a market for their manufactured articles. These figures prove that we have lost a certain amount of trade in the last few years. In spite of the glowing remarks this afternoon by the minister concerning the tremendous dollar volume of trade, it does seem to me that in the last year or so this government, seeing our market slipping away from us, might certainly have given consideration to a barter deal, if you like—some kind of deal. And in this I believe I am following up what was said by the hon. member for Acadia whereby under such an arrangement we in this country would have bought steel, electrical equipment, coal and many other commodities from the British isles, commodities which they have exported to countries behind the iron curtain, with which they have made trade agreements running up to ten-year periods, and supplies of which there has been a shortage in Canada.

We now find ourselves in the position where, with the exception of the wheat agreement, we have only three short-term agreements left with the British isles. I say this situation can be traced to the policy of the government in having placed a fictitious value on the Canadian dollar. It is true that this afternoon the minister said that, by placing our dollar at a 10 per cent discount, purchases from the United Kingdom would have been 10 per cent higher in cost. At the same time, in view of the circumstances, it would have been of much greater advantage to Canada if the British had had 10 per cent greater purchasing power with their pound, and such a condition would have been more beneficial to us.

I consider the recent report of the foreign exchange control board, that for the year 1948, is evidence of the fact that this supposedly non-political board, which parliament is asked to continue in office for a further two years, is aware of the adverse effect of the artificial value of our dollar.

What they are trying to do in this report is to allay the growing concern of the Canadian people by presenting only a part of the

facts so far as the inflow of capital from the United States is concerned. In its report for the year 1948 the foreign exchange control board, in its reference to the inflow of capital from the United States, has confined its report to capital for investment in Canadian properties or business and the increase in book value of United States direct investments in Canada. This method of conveying a false impression to this parliament and to the country is not in accordance with the known facts as to the inflow and outflow of capital, and is a departure which can be justified only on the ground of political expediency.

In the reports to the Minister of Finance (Mr. Abbott) of the foreign exchange control board in the past, this parliament and the Canadian people were given a true picture which included not only capital coming to the country for direct investment in plants, but as well the net result of sales and purchases of securities between Canada and other countries. In the report of the foreign exchange control board under date of March 1, 1946, the facts in connection with the movement of capital were dealt with in this way, and I refer to pages 27 and 28 of the report dealing with capital inflows:

> In the later years of the war, the inflow of capital to Canada from the United States became an important source of exchange. The inflow took the form mainly of the purchase of securities by United States investors.

That is what the minister stated this afternoon.

> The movement first become marked in 1943 when gross sales of outstanding securities for United States dollars amounted to nearly $200 million, or almost twice the total in 1942. While there was some falling off in 1944, the total for the year still exceeded $100 million, and in 1945 rose again to more than $200 million.

That report, with all of the facts in connection with the inflow of capital, was put out in 1946 four months before the parity action of the government when Canada established an artificial value of our dollar. In this connection I might say that the report of the Bank of Canada this year is in an unprecedented form completely different from what it has been in previous years. It does seem to me that the powers that be in the Bank of Canada have tried to make this report more difficult to understand than it was before. There was a true report in 1946 of all facts in connection with the inflow of capital, four months before the parity action of the government. The foreign exchange control board report for 1948, dealing with the inflow of capital, does not follow the practice followed in the past of giving all the facts, but rather confines itself to capital inflow for direct investment purposes in Canadian properties or business, and then reaches an all-time high for political reports when it states as follows on page 22:

> It is apparent from the above table that the factors which operated to reduce the purchase of publicly issued Canadian securities by United States investors in recent years have not acted as a deterrent to the provision of very large amounts of risk capital for direct investment in Canadian business.

You will notice that in the Bank of Canada's report they do not tell us how much of this money was brought into Canada for, as they say, direct investment in Canadian business. In other words, they do not break it down to tell us what kind of business this money was invested in in Canada. In this connection the Minister of Finance stated this afternoon that there was no difficulty in bringing in a great deal of money from the United States, but I recall very well that last spring a man from Texas wanted to bring in $10 million for oil development in Alberta. I went to see Mr. Graham Towers and Mr. Donald Gordon of the Bank of Canada, and as far as I know I explained the circumstances and the situation as to this man bringing in this large sum of United States funds. I arranged for an interview for him with these officials whereby any difficulties that appeared on the surface might be overcome, and this large sum of money brought in for development in the west.

As a result of the interviews that were had at a later date with the officials of the Bank of Canada, this man from Texas decided that Canada was not a safe place to bring his money because the restrictions that were placed on him were so great that he could not take the chance. We lost that opportunity to get a very large sum of money for development purposes.

The paragraph which I have just read from the 1948 report of the foreign exchange control board states that risk capital from the United States has not been retarded in coming into Canada by reason of the dollar parity. It certainly is retarded by reason of the dollar parity, and it is retarded to a greater degree by the restrictions that are placed on money brought into Canada by the bureaucrats of the Bank of Canada and the foreign exchange control board. The figures given in the report are misleading, and they do not take into account the great forward movement of the development which can be expected in Canada with the influx of risk capital directed to this country where there is a chance of reward for those people who send their money into the country. Everyone familiar with this type of capital knows that it has dried up through recent years in comparison with what it would have been without government interference. The summary under the report of capital influx is, in my opinion, very misleading.

I stated that two years ago the minister did not wish risk capital, or that kind of money to be brought into Canada.

Mr. Abbott: May I tell my hon. friend that he is quite wrong on that. If he will look up the record he will see that what I am saying is true.

Mr. Cockeram: The minister says I am quite wrong. I certainly do not think I am wrong. Just now I was talking about bricks and mortar, and now I am talking about risk capital. I remember that at that time the minister certainly did not desire risk capital—

Mr. Abbott: All I did not desire was this quick speculative in-and-out money. Look up the record.

Mr. Cockeram: The minister can gloss things over as he likes, but I think if he goes through the record he will see that he did not wish this type of money, which today we call risk money, to come into Canada to develop the country. I advise the minister to read history; I want to tell him to read the history of the development of the United States, the South American states, South Africa, the Dutch East Indies, Australia and Canada. He will find out where the money came from for the original opening up and development of those countries. It was risk capital which came from continental Europe to a very great extent, and in later years money from the United States. Therefore when the minister states that he does not want to see risk capital come into the country—

Mr. Abbott: He has never said any such thing.

Mr. Cockeram: You have your idea of what you said and I have mine.

Mr. Abbott: My hon. friend is making an assertion, and I want him to quote what I said. I challenge him to quote what I said.

Some hon. Members: Address the Chair.

Mr. Cockeram: You can make your reply later on. You know quite well—

Mr. Abbott: My challenge is there. My hon. friend knows perfectly well that I never said any such thing.

Mr. Cockeram: I have no doubt in my own mind as to what the minister said two years ago. He may be able to turn it around; he is a smart lawyer and he can do as he likes with language, as he did with me a short time ago when he spoke about personal interest in matters brought before this house. But that sort of thing does not worry me at all. I say the minister did state at that time that he did not wish that kind of money in Canada.

Mr. Abbott: I rise to a question of privilege. I challenge my hon. friend to point to any place in *Hansard* where I made any such statement; and unless he is prepared to quote *Hansard* I ask him to withdraw.

Mr. Cockeram: That is not a point of privilege at all; the minister is making a speech.

Mr. Abbott: Of course it is a question of privilege.

Some hon. Members: Withdraw.

Mr. Cockeram: Why should I withdraw? I certainly do not intend to withdraw. You can take a jump in the lake. Perhaps the minister will let me get on and not interrupt me any more. I say I am correct in that statement; but I shall come back to the minister later on. In 1946, when existing conditions were recorded in a straight, factual manner—I am now talking about this political report of the foreign exchange control board—we had a net capital inflow on the sale and purchase of securities of $134·6 million for all countries, and a favourable balance with the United States of $170·2 million. In 1947 we had an outflow of capital from Canada amounting to about $18 million, in spite of the figures that appear in the report of the foreign exchange control board. That report does not show this result, but it is shown by the figures of the bureau of statistics. In the first eleven months of 1948 the outflow of capital amounted to $17·6 million. Yet the minister talks, as he did very glibly this afternoon, of all the risk money coming into Canada. When we get into committee I think he should produce figures to show just how he arrives at that conclusion, and just how much of that money was put into bricks and mortar.

Here is the case of a board acting under power and authority delegated by this parliament, and this resolution asks that we delegate that power for a further period of two years. The minister gave no reasonable statement as to why a period of two years was selected, but it does seem to me this board has just dug itself in and proposes to stay dug in. Instead of the one-year period they have had up to the present, they now ask for two years and sixty days so they can be sure of their jobs for an extended period of time. The foreign exchange control board submit to this parliament, through the Minister of Finance, a report prepared from a political angle by a supposedly non-political board in order to justify its actions in the past; and I say that without reservation. As one who has been interested in the question of exchange for some years, who as a young man came back from the first war and served in New York in the foreign exchange branch of one of the Canadian banks, I think I know a little about exchange. At a later date I shall

have something to say about the size of the staff required to carry out the work of this board. I do submit, Mr. Speaker, that the the political complexion of the 1948 report of the foreign exchange control board is something that goes far beyond any powers ever conferred upon that board or ever intended to be exercised by the board at the time parliament established it in the first place.

There is one other aspect of this report which transcends even the injection of politics, and which in effect strikes at the very root of our parliamentary system of government. I refer to what is apparently becoming a practice in this country of boards and commissions, acting under powers delegated by parliament, actually laying down government policy. This is one of those boards. Very often you see Donald Gordon or Graham Towers or somebody else making speeches that should be made by the minister in this house, just as we find officials of the Department of Finance going around making speeches about things which later become government policy. It would not surprise one if the article in this evening's *Citizen* about a budget leak is not a true statement.

The objections I have raised already to this report indicate in no uncertain terms the bureaucratic domination of the government by the foreign exchange control board. The report of the Bank of Canada for 1948 is another glaring example. It is in a form entirely different from the reports of other years. I remember saying two years ago that the report of the foreign exchange control board was made up in such a way that, while it may not have been intended to actually deceive members of parliament, it did get them all muddled up so they could not find anything at all in it. This inroad of bureaucratic domination, which is becoming more evident all the time, calls for this parliament to exercise its responsibility to the Canadian people and call a halt to the powers given this department and this government.

This afternoon the minister said something in reference to the gold bonus. I had not intended to touch on that subject at all. I think the minister well knows that the gold mining industry has no desire to be a bonused industry in Canada. In the past they have fought their own battles, and the troubles with which they have been beset during the last few years have been brought upon them by the actions of this government. I am sure the Minister of Trade and Commerce (Mr. Howe) knows as well as I do that when this government needed gold during the war, before the United States came in, he was one of the ministers who approached the gold mining people and asked them to produce to the very maximum. The industry responded to the request he made and saved Canada's finances at that time, but at great expense to itself mining companies mined their higher grade ores and as a result paid taxes on fictitious profits as they did not carry on the development work they are now called upon to undertake.

While we are on the subject of gold—and it all comes under this exchange regulation—the minister has stated many times in the past that there is no free market for gold the world over. I would like to show him a couple of letters that I have, one from Denmark and the other from another country, asking for quotations on gold, to be paid for in United States dollars on the presentation of documentary evidence to a Canadian bank. So there is a market for this gold at higher prices than the gold mines are receiving today, and I think the minister might at least take cognizance of that fact. I realize, Mr. Speaker, that this foreign exchange control bill is now on the books and that it has a few days to run. I think the minister should explain to us why he needs that additional year—two years all told. He should explain why Mr. Towers, Mr. Rasminsky and these other high officials in the foreign exchange control board believe they should have two years instead of the one year. After all, this is an election year.

Mr. Mitchell: How do you know?

Mr. Cockeram: The appearances are all there. A bonus has been declared to the poor fellows from Hong Kong who should have had that money a long time ago. However, Mr. Speaker, when this measure comes up for second reading I shall have more to say.

Mr. David A. Croll (Spadina): Mr. Speaker, I quite agree with the hon. member who has just sat down that the Minister of Finance (Mr. Abbott) did a superb job in presenting the case for the government. As a matter of fact, he went a little bit too far and presented an even better case for the opposition than any of them have been able to present. Then he took the occasion to kick it full of holes, so much so that I thought the member for Muskoka-Ontario (Mr. Macdonnell) would throw his notes out of the window.

It will delight the house to know there is a member from Toronto who does not agree with the other members from Toronto as to what should be done about gold mines. It is crystal clear that devaluation of the Canadian dollar, or whatever you wish to call it, has become a plank in the platform of the party opposite. The party would adopt that favourite if somewhat clumsy description used by hon. members up until today, "to let the

dollar find its own level", as if they were not talking at all about a standard of values but rather about a septic tank. Today, the term used was, "the true economic level". I see from a report of an interview with the leader of the opposition, dated last Friday, the term he uses is "an honest level". This much we can say, that from the suggestions made by the opposition this afternoon one would gather that the remedy is an automatic, self-adjusting, Drew's patent dollar. My own opinion is that, if he were fortunate enough to secure office, after he had been in office about three or four years these dollars would have about as much value as Bennett's buggies.

He asserts that the Progressive Conservative party says that is the way they want it. If they ever succeed, it will mean a good deal to a number of chosen people in Toronto. It will mean joy in the brokerage rooms, but it will mean hardship in the kitchens.

An hon. Member: And work in the mines.

Mr. Croll: Since the kitchens outnumber the board rooms about a thousand to one, I suggest that in a democracy they are far more important.

There are two possible explanations for our friend's espousal of the present policy. I assume it is honestly advanced as a solution of a difficult problem, the existence of which no one denies; that is one thing. If, on the other hand, it is cynically advanced to satisfy those who give to their party its greatest political support, then that is another matter entirely. If it is honestly advanced, the kindest thing I can say for it at the present time is that they are not thinking this problem through. If it is cynically advanced, there are in the dictionary no words I could possibly use to apply to that particular policy.

I think we can sum up the effect of the policy by saying it will increase the price of both gold and oranges. As everyone in this house knows or should know, a few very powerful people in this country, particularly in my own province, are in the gold-selling business and, as a useful sideline, they run political parties. As everyone also knows, a great many people in this country, undoubtedly the majority of the people in this country, are in the orange-buying line, particularly if they have young children to feed. If you balance the effect of this policy, you will see it means greater wealth for those citizens who happen to be in the gold-producing business and heavier budgets for those citizens who happen to be buying oranges and imports from the United States.

I do not suggest for a moment that these two groups of citizens do not overlap. Gold miners and their supporters, their political spokesmen, also have children and they do buy oranges. I think a word of commendation may be due to them for their willingness to pay an additional ten per cent or whatever it may be for the oranges that come from the United States, provided that they get an additional ten per cent or whatever it might be for the fine ounce of their gold. In the political language of some of my friends opposite, this is known as equality of sacrifice.

Our friends might say that may be a very narrow view of the matter; it may even be a distorted view. A dollar that was officially worth perhaps ninety cents in United States funds, would help not only the gold mining boys on Bay Street and St. James Street—

An hon. Member: You are on Bay Street yourself.

Mr. Croll: —they say it would help a lot of other people in the export business. It would enable Canadians to compete with their United States rivals because Canadians could offer their products at ten per cent, or whatever percentage it turned out to be, cheaper. They could undersell the United States competitor and they would pay their operating costs in the depreciated Canadian dollars, including of course what has already been pointed out to this house, the big item of labour costs. There would be no suggestion of a compensatory rise in wages so that the worker's family could meet the increased price of oranges, coal and other imported goods they need. That would ruin everything; after all, a company executive would also be confronted with higher coal costs and higher prices for oranges. So it would be a matter of equality of sacrifice and share and share alike.

It would seem that this is the proper place to mention the small point of percentage of income required for living costs. I think that what we have failed to grasp up till now—and, Mr. Speaker, it cannot be denied —is that when you impoverish the Canadian dollar you impoverish the Canadian worker and the Canadian farmer.

Let us examine for a moment this idea of Canadian competition. At first it sounds highly attractive. With a ninety-cent dollar we could step into the markets of the world and undersell the Americans who would have to quote in one-hundred-cent dollars. At least, we could do that in cases where the Canadian firm was independent, or where the Canadian producer was not forbidden by his head office to export, or where the American head office had figured it would be good business to shift its export operations to the Canadian subsidiary. There we are with Canadian-

produced goods entering world markets with a ten per cent price advantage over American goods.

I am sure that by now members of this house are beginning to murmur to themselves that the competition is not entirely American. There is British, Scandinavian and Swiss competition; and what is more, on top of all that we are beginning to get a little bit of Japanese and German competition. That is all quite true; I shall deal with it in just a moment, and explain why the result of other competition makes still more questionable the proposition put forward by the opposition.

For the moment, let us adhere to the American competition which is, after all, the big competition in the free markets of the world.

We would have, let us say, something like a ten per cent advantage over our American competitors; but for almost everything we export, for the raw materials that form the bulk of our sales abroad, there is a world price set daily on the commodity markets in New York, or established by private negotiations between the big producers and the big consumers. These world prices are established in American dollars which are, after all, the world currency. Let me ask my friend for an honest answer to this question: Would that price in American dollars for, say, copper or lead or newsprint, be affected one whit by the process of devaluing our dollar? Or would it simply mean that the Canadian producers of these commodities would get a higher profit in terms of Canadian dollars, provided their wage rates stayed down, despite the higher living costs which devaluation would impose upon the wage earners?

Then, to meet the objections that have been raised by the champions of the debased dollar, let us turn to the exporters of Canadian manufactured goods for whom the hon. member for York South (Mr. Cockeram) attempted to say a few words. They are having a hard time of it today. Let us consider their case as sympathetically as we can. They are pioneering for Canada as a world trader in new and distant fields. Will the ninety-cent dollar help them to market their finished goods against their competitors not only from the United States but from every other industrialized country in the world?

I ask the house this question: Will it help them to sell Coleman lamps in South Africa, or Moffat stoves in Bolivia, or O'Keefe's beer in Pakistan, to mention only three of our major exporters and to keep it as close to home as possible for gentlemen opposite? Of course the answer is no. The trouble with ninety per cent of the markets which would normally be open to Canadian producers of finished goods is not a shortage of cash but a shortage of the right kind of cash. It would not matter particularly to importers in most countries if they could get a bargain in terms of Canadian dollars as against American dollars. They have not either kind of dollars and they simply could not buy on dollar terms. One after another Great Britain, Sweden, South Africa and Mexico have run out of dollars, any kind of dollars, and so they have closed their doors to imports of goods for which the sellers required payment in dollars. This, as my friends well know or should know but refuse to admit, is our dilemma today as a trading nation, as a nation which must trade abroad to maintain prosperity. If any problem surmounts party lines, I think this one does. But what have my friends to offer? Have they any sort of solution? So far, they have not suggested a solution.

Mr. Manross: Have you?

Mr. Croll: We have.

Mr. Lennard: What is it?

Mr. Croll: Keep the government in office. If my friends opposite have a solution to offer, it certainly would not be the cheap-dollar solution so glibly advanced by the gentlemen in the opposition today and so glaringly designed merely to increase the wealth of those who have a surfeit of wealth at the expense of those who face a weekly problem with the food budgets of their families.

Mr. Lennard: The same old stuff.

Mr. Croll: It is worth while perhaps to note—

Mr. Jackman: You will get elected.

Mr. Croll: While you are around, I will not get licked, and you know that too well.

Mr. Jackman: I said you will get elected if you keep on talking like that.

Mr. Croll: I wish the hon. member would stop mumbling.

Mr. Lennard: There was no mumbling about it.

Mr. Deputy Speaker: Order.

Mr. Croll: Did the hon. member say that I would be elected?

Mr. Jackman: Yes.

Mr. Croll: I start to shake in my boots. I do not trust his judgment. But I thank him just the same.

It is worth while to note that those whom hon. members opposite claim to champion—

the exporters themselves—have not to my knowledge leaped forward with a demand that our dollar, as my friends so inaptly put it, "be allowed to find its own level." When I say exporters, you will realize that I mean not those dealers in essential raw products to whom a devalued dollar would mean an automatic increase in price; I mean those others who send their finished or processed goods abroad to compete in the open market against similar goods from other countries, on the bases of price, quality and Canadian standards of fair dealing.

These estimable firms have an active organization called the Canadian exporters association. They have a first-class trade paper known as the *Canadian Exporter*. I have yet to learn, Mr. Speaker, that either this organization or its trade paper has endorsed the devaluation which our friends across the way are advancing as the salvation of these very exporters. They have not done so, in spite of the fact that in a handful of dollar markets, and just a handful, and I can name them, Venezuela, Panama, Haiti, the Dominican Republic, Cuba, devaluation might help. Their trade paper, which takes a realistic approach, has not argued for devaluation, as have the Bay Street gold miners, which, to put it as kindly as I know how, will never advocate a policy, or force a policy upon its spokesmen, if that policy runs counter to the interest of those who own the mines.

This is one of those occasions, Mr. Speaker, when I wish that parliamentary practice permitted an hon. member on this side of the house to borrow a weapon with which our democratic processes equip our opponents. I wish it were possible somehow to move a vote of non-confidence in the sincerity of His Majesty's loyal opposition, and to apply it specifically to the single issue of devaluation, which up to the present time is the solitary plank which has miraculously been suspended in mid-air over the site where we should have expected a finished platform to arise long before this time.

Mr. Rodney Adamson (York West): It is rather amusing, Mr. Speaker, to hear the statements of the recent speaker, and it was particularly amusing to hear him quote the opinions of certain industries in Canada. His whole speech can be judged by an example of what he has just said. He mentioned specifically the Coleman lamp company, the Moffat stove company, and one other company, and said that they were happy about the policy of the foreign exchange control board and of the government. As it happens, Mr. Speaker, I hold in my hand a letter from the export manager of the Coleman lamp company, and I shall quote just one paragraph from it:

> We believe that the export trade of the whole world, but particularly also of Canada, is greatly hampered by the many regulations to which our monetary system is subjected. Personally, I can only hope that in the not too distant future the policy of the Canadian government will change in this respect.

Again this afternoon, Mr. Speaker, the Minister of Finance (Mr. Abbott) played the game of the clever fox leading the hounds astray. This afternoon the Minister of Finance discussed the problem of dollar depreciation. The problem is not depreciation; it is convertibility. That is the main problem which is being accentuated by the action of the present administration. We have not got a convertible currency. Let me emphasize, Mr. Speaker, that it is a convertible currency that we need. Until we get a convertible currency we are going to be hamstrung by the actions of others and the actions of our own administration.

I want to go back briefly because I supported the Bretton Woods agreement. I supported it on December 6, 1945, at page 3075 of *Hansard*, in these terms:

> There is, however, the method by which the parity of exchanges shall be fixed, and that appears in article 20, section 4. It merely states that each country shall settle its own parity of its own exchange. That is to me, Mr. Speaker, the crux of the whole question—the method of arriving at parity or of arriving at the currency exchange value in gold of the various members of the agreement. At the present time the huge majority of currencies have a fictitiously high value in terms of the United States dollar, in terms of gold and in terms of the Canadian dollar.

Mr. Irvine: Who is the hon. gentleman quoting?

Mr. Adamson: I am quoting what I said in 1945 on the Bretton Woods agreement.

An hon. Member: A real authority.

Mr. Adamson: I continued:

> We in Canada are dependent upon a stable exchange. Probably we are more dependent upon stable rates of exchange than any other country in the world at the present time. We are in the focal point, situated between the sterling bloc and the gold exchange currency of the United States . . . If we as a small country cannot come to some arrangement by which our currency and our trade is not at the behest of the great trading nations which can control managed currencies, and which, because of their great wealth, can jockey with international currencies to our disadvantage; if we as a long-term exporting country cannot be sure that we trade with a currency which is convertible, exchangeable and stable, our future is extremely dark.

We are now in that serious position which I foresaw in 1945. There was no question of devaluation. There was the question that our currency should be exchangeable and it was my hope at that time that the Canadian

dollar, through the operation of the Bretton Woods agreement, would be an exchangeable currency. Unfortunately, because of the fictitiously high value placed on currencies by the various members of the agreement, the Bretton Woods agreement has failed to work and the international monetary fund is more abused than honoured. Until the condition obtains where we can exchange our currency freely into the currencies of all nations we are going to be faced by an ever-constricting world market. I say that, Mr. Speaker, despite the fact that our exports last year were the greatest in Canadian history.

I want to mention one thing which I think shows what the policy of the British government is likely to be. I shall quote Sir Hubert Henderson, who is the president of the Royal Economic Society. In the current issue of the *Economic Journal* he has this to say about the British position with regard to currency and discrimination:

> I submit, then, that for correcting a huge maladjustment in the balance of payments, such as still confronts Great Britain, counter inflationary financial measures, though helpful, cannot suffice, and that exchange-rate variations might be harmful. It is essential to keep down the volume of our import purchases as effectively as we now do by means of import restrictions. And not only to keep down their total volume but, more particularly, that part of them that comes from what we call hard-currency sources. The principle of non-discrimination does not fit a world in which the whole international balance of payments has been upset.

What does that mean? It means simply this, that the policy of the United Kingdom, the policy of the London School of Economics, which is the socialist school of Sir Stafford Cripps, is going to follow a discriminatory policy against the hard-currency countries. In other words, we are going to be discriminated against in Canada because we are a hard-currency country. There it is, in black and white, from the highest authority in England.

This government—and any government of Canada—is going to have to face that problem. We are, I think, going to say "Our United Kingdom exports are stopped", or else we are going to have to arrange some methods by which our currency is exchangeable into United Kingdom currency. That is the problem facing the government at the present time. I say in all respect it is the problem which they have brought on themselves by their action of tying our dollar rigidly to the American dollar.

The report of the foreign exchange control board is most illuminating. The paragraph quoted this afternoon by the hon. member for Muskoka-Ontario (Mr. Macdonnell) is pure Schachtism, in the very essence; it is the same policy as followed by Germany prior to the last war; it is the same policy of having a number of currencies and offering them at fictitious prices for various purposes, and it will have exactly the same result.

There is in this report a section at page 25 which I consider extremely illuminating. It sets out the problem in these words:

> Until recently there was little occasion for Canadian exporters to seek to export on terms other than those specified above.

And that is a reference to the original terms of the foreign exchange control board. It continues:

> With the growing severity of import restrictions imposed by many countries, however, an increasing number of cases have arisen where Canadian exporters find it impossible to sell goods on the prescribed terms of payment. In these cases alternative proposals for payment are sometimes made by foreign buyers; and where they are acceptable to the Canadian exporters the board has indicated its readiness to consider applications for the necessary permits. The following appear to be the main types of case which warrant consideration.

The first case is merely a case where extended time credit is asked. But the second case—and this I suggest is the real admission of failure of the foreign exchange control board—is this:

> Exports to previously established markets for payment in blocked foreign currency, i.e., foreign currencies which are not freely convertible into United States dollars or sterling. In these cases, the exporter must of course be prepared to assume the risks involved of being unable to convert the foreign currency into Canadian dollars for an indeterminate period.

If that means anything, it means a free exchange. It is an advocacy of free exchange, allowing the exporter to sell in a foreign country and in a foreign currency, that foreign currency, under our present system, not being convertible into Canadian dollars. My first quarrel with the foreign exchange control board under its present set-up is that some machinery should be made available for the conversion of that foreign currency into Canadian dollars, and that machinery should be left in the hands of the exporters and the chartered banks. The next, and again a very significant admission, is found in section 4:

> Exports to be paid for by the acceptance of goods of equivalent value.

If that means anything, it is straight and absolute barter. Receiving goods of an equivalent value is a definition for barter. Here, in the report of the foreign exchange control board, we have an advocacy of, first of all, free exchange, and secondly of barter. I assure you that those are important and serious considerations.

I believe there is a way out which we can take to overcome the blocked currencies of the various countries with which we find it

so difficult to trade; and I shall come to that in a moment. However, this afternoon the Minister of Finance (Mr. Abbott) emphasized, and rightly, the difficulty of trading with countries which exercise this same vicious foreign exchange control. He was quite right.

Last June when speaking in the house I mentioned that the total number of permutations and combinations, if every country had a barter deal with every other country, including all the countries of Europe and South America, was about 326 barter deals. Last June there were actually 156 barter deals already consummated between those countries. That is economic chaos. That is the condition in which we are forced to trade, and no one emphasizes more than I do the seriousness of that condition.

But under the present system of making our dollar almost the hardest currency in the world to get, we are excluding ourselves from every hope of becoming a factor in the external trade of those countries.

What are the methods by which we can overcome the trade barriers erected against us? What can we do in order to increase foreign trade? What can we do to prevent ourselves suffering from the most gigantic squeeze play in international history? Our prices are right and our products are good. Our exporting firms have great ability. Our financial institutions have been world traders for generations. It seems to me, Mr. Speaker, that we should allow a great deal more latitude to these institutions to work out their own deals. We should give a great deal more authority to the foreign exchange departments of the chartered banks to deal with individual firms in Canada and individual firms elsewhere in order to work out their own deals. I realize that the foreign exchange control board is moving in that direction, but under this control measure to have to go through a government agency is always a stultifying control, and a restriction on the freeness of trade. No matter what the control is, it is always a restrictive control.

Coming to the position of our gold and dollar reserves, I spoke about this before, but today the latest figures available show that the total Canadian authorization for Marshall-plan purposes is $671 million. Deduct that from our holdings of foreign exchange and gold, and you will see that our situation today is an extremely perilous one. The Minister of Finance (Mr. Abbott) has no reasons at all for complacency or satisfaction over the situation. As a matter of fact, had it not been for the Marshall plan offshore purchases in Canada, our gold and hard currency situation would be desperate. That it is not due to a very far-seeing and extremely generous act by the former secretary of state of the United States, General Marshall, and by the present administration of that country.

Of these purchases of $671 million some $246 million are wheat and $58 million are wheat flour. If, as is extremely likely, wheat is declared surplus in the United States, on that basis half of our Marshall plan purchases will be immediately cut off, and I submit that with a cut of $300 million in Marshall-plan purchases our exchange and dollar situation will be extremely critical even if the purchases of base metals and other Marshall-plan offshore purchases continue. Entirely apart from our trading position, entirely apart from our situation with regard to the United States Marshall-plan purchases, we have two alternatives. We can either take steps now to rectify the situation or we can continue, and no matter what happens we shall be subject to an economic squeeze which we shall find it impossible to overcome.

Two things are happening today. Our historic European market is being closed off, partly by force and, I submit, partly by design. We are becoming ever more dependent for our exports on the United States market. I assure this house that, with the enormous productivity of the United States, immediately there is a surplus of goods and a surplus of materials in the United States our exports to the United States will fall off just as Niagara Falls drops over the brink. That may happen a great deal more quickly than anyone in the house thinks. Therefore we are faced with a barter economy being closed against us, and a market in the United States subject to the tremendous possibilities of production creating surpluses in that country and shutting us off from that market, in all manufactured goods.

What are the alternatives which we might follow? We might, and I believe we should, endeavour to make the Canadian dollar a convertible currency. What do I mean by "convertible currency"? Every currency must have some common denominator to which it is related. The historic common denominator to which all currency is related is, of course, gold. Today the operation of the gold standard is impossible. There is no currency in the world, with the possible exception of the Swiss franc, which could stand fixed convertibility into gold. When I say no currency I mean the United States dollar as well. If the United States offered to sell United States gold for $35 an ounce and let their own nationals buy it, the hoard at Fort Knox would not last very long. Therefore, Mr. Speaker, we must arrange some tie, some convertibility between the Canadian dollar

and gold; and the obvious, classical machinery, which was used by Great Britain all through the last century and until the gold standard was established, was the free bullion or free gold market, call it what you will. On this market you could buy or sell bullion at a price agreed upon between the buyer and the seller; and that is the only way you can get the true value of any currency in terms of gold, what people are prepared to pay for it, not what any government may say it is worth. It is a question of what it will sell for in the open market under the law of supply and demand; that is the true value of any currency.

I suggest that the first thing we should do is to go to the international monetary fund and tell them very definitely that we are suffering through the operation of the present economic system, and ask for the establishment of a free gold market in Canada. I have in my hand a letter from a United States economist who today has given me permission to use it. He is Mr. Henry Hazlitt, who writes an article for *Newsweek*, and who is one of the foremost advisers to American business. I quote one paragraph:

> I heartily approve of your proposal that Canada should re-establish a free gold market.
>
> It could not do so, of course, without meeting the strongest possible opposition from the international monetary fund, the British government, and from our own. But if the Canadian government maintained sufficient courage and clearsightedness to go ahead, nevertheless, the American government would soon have to follow suit and the fund, the British government and every other government that is now trying to combine inflation with exchange control would have to readjust its thinking, and the first step, at least, would have been taken toward the return to a real international gold standard.

Now I want to say a word as to one of the other advantages of convertibility into gold. Your purchaser of Canadian goods would have an opportunity to exchange his own currency in terms of gold in order to buy Canadian dollars, because the market would be open. Admittedly many countries would find their currencies extremely low when they came to purchase gold; nevertheless they would be able to purchase it and effect a trading transaction, which they are unable to do at the present time. What about the Canadian exporter? Exactly the same principle would apply; he would be able to offer his goods in terms of a foreign currency, and would be able to exchange that foreign currency into Canadian dollars in terms of gold at will. The classic trading pattern, call it old-fashioned if you like, is not going to return easily; but the present restricted, controlled and impossible trading position can cause us nothing but the most severe headaches in the very near future.

As to the policy of devaluation, I have always said that vis-à-vis the United States we are in a strong position. Our economy is strong. The reason it is strong has nothing to do with this government, however. Our economy is strong in comparison with the United States simply because the United States is becoming a have-not country. It is running out of many basic raw materials and becoming more and more dependent upon Canada for those materials. They find themselves dependent upon us particularly for many of the base metals, for newsprint and many other things. On that account I would have no fear at all that if we took this action our dollar would sell at a great discount. Our dollar would be freely convertible, and free convertibility is an essential to any currency. We hear that if our dollar went to a discount of ten per cent, coal would cost more. Well, Mr. Speaker, in 1936 I paid $8 a ton for coal. Today I am paying $18 for the same coal, or 125 per cent more than I paid at the time these agreements were made. That is a very serious matter; but for anyone to say that a discount of ten per cent would cripple this country is sheer nonsense. We have withstood shocking advances in the prices of many commodities such as coal and oil. These are the chances we have to take. There is no safe, easy way of walking through the valley without running any danger. That is not the way the world is constituted. There is the way of this government, which is leading us directly into a chaotic impasse. On the other hand we can take courageous action now and see that the essential quality of free convertibility into gold is restored to our dollar.

Mr. E. G. Hansell (Macleod): Mr. Speaker, I shall not take a great deal of the time of the house, but I would like an opportunity of saying a few words on a matter which to me and to certain sections of my constituency is important. In prefacing my remarks, I might say that I have always had the best relationship with the various ministers of the crown. I must say that when I have presented cases to them from time to time they have served me well. I hope that I have as happy relations with their successors after the next election.

Mr. Irvine: We will treat you well.

Mr. Hansell: I do not know who will take their places, but I will be here to face whoever do. While I commend the present ministers of the crown, I must say that there are two departments that I regard as particularly tough. One is the Department of Finance, the minister of which is sponsoring this bill, and the other is the Department of National Revenue, which rudely lays its hands upon the taxpayer.

In dealing with most ministers of the crown, I find they look over my case and

say, "Now, Mr. Hansell, I believe we might be able to handle that through section so and so, subsection so and so, clause so and so." Somehow or other the legislation written for the Department of Finance and the Department of National Revenue has no section so and so, subsection so and so, clause so and so through which they can creep to accommodate us. Their legislation is sewn up so tightly that when you present them with a case the reply you receive is a rather cold one. It reads something like this: We beg to advise you that section so and so, subsection so and so, and clause so and so states this. We wish we could do more for you. Yours sincerely.

I should like to say a word about the austerity program under which the country appears to be still labouring. It came upon us so suddenly that the Minister of Finance must take some responsibility for failing to keep his finger on the pulse of the nation's financial welfare. If I were about to drive my car down a hill having a gravelled road, what would I say? I would say, "Now, Hansell, just a moment; this is a gravel road and it is a rather steep hill. You had better put on your brakes a little and take your foot off the gas." I would anticipate what might happen. I would know something about the road that I was going to take. Evidently the government either did not know the route they were taking or did not know the dangers of the road they were traveling. Something must have happened because suddenly, out of a blue sky, the austerity program was thrown upon us under the controls which the government have, and which we have permitted them to have.

I do say, Mr. Speaker, that the government should have known before the nation got into such serious difficulties with other countries, particularly the United States, and should have put the brakes on a little sooner instead of plunging them on suddenly and giving the nation such a jolt. I say, Mr. Speaker, that the Minister of Finance should warn the country, if it is possible, that he expects something to happen. I have in mind the small business concerns and a few large business concerns that are capitalized with millions of dollars. These concerns receive a jolt at such times, but perhaps they can stand it. They have capital reserves and they have certain business administration, directorates and so forth that have steered these concerns over the rocks in days gone by.

The small businessman who has invested five thousand, ten thousand, or up to $50,000 in some business in a small community cannot stand it. These announcements that have been made in the past have well-nigh wrecked this type of business concern. I suppose some of them have had to go into bankruptcy. I recall having to take up on one occasion a case concerning a very small woollen mill. A few people had invested money in the mill and then quota restrictions were placed on woollen goods. It made it difficult for this small concern, but there was nothing that could be done about it. It was a matter coming under the Department of Finance and there were no holes to crawl through. The legislation was sewn up tightly.

I go along a road and I see a beautiful new building with a large sign "Hudson Cars". I stop to buy a little gasoline, perhaps, but I see no Hudson cars. The owner has a tale of woe about being a small businessman who took the agency for these Hudson cars. He put his money into the building, expecting that when the war was over he would be able to do a good business selling these cars. Suddenly, he finds he cannot get any cars. He might have had the agency for another car, but he chose Hudson and suddenly finds he cannot get any cars. Surely, there should have been some warning to protect these small business concerns.

I know that next Tuesday night the budget will be presented. It is anyone's guess as to what may be in the budget. The minister is going to adjust the hangman's noose around the poor taxpayer. I do not know whether he will make it a little tighter, but it is expected he will let it out a notch or two. I do trust that the minister will be able that night to make some announcement that will alleviate the distress in which small business concerns find themselves because of the austerity program. Surely the government must play fair with small business. It is only reasonable. I know that the minister cannot answer at the present time in this debate, but I think he should be able to give the country some lead so that small industries may know what is in store for them in the future.

Mr. A. L. Smith (Calgary West): Mr. Speaker, my contribution will also be brief. I was much interested in the speech made by the member for Spadina (Mr. Croll) because I approach this matter, as I am sure he did, as a very amateurish amateur. I promise you I will not speak about gold. The member for Spadina read a speech about gold. There again we have something in common, because neither of us knows anything about the gold problem. I admit that. He demonstrated it. That is the only difference between us.

He accomplished something more. If he had set out to give a speech which would be a prize example of demagogic, forensic effort, he succeeded exceedingly well. I almost cried when I thought of the poor child in his home in Toronto who, when he got his orange, found that it had a piece bitten out of it by

these nabobs on that street in Toronto on which the hon. member practises; I just forget the name of it, but I am told that it is Bay street. Then I see the rich men, these nabobs, putting away their ounces of gold, bringing them out and tallying them up every week. Then he went so far as to say, or clearly to imply in this demagogic talk of his, that an effort was being made by certain persons in authority in matters of business and finance to do a certain thing; that the object of those persons was—to use an expression that I hear quite often in this house from the socialists to my left—to keep poor people in a state of enslavement. Frankly, one needs great patience to listen to that kind of argument, because surely the answer must be obvious. If the rich are to get richer they must do so by selling to somebody; and if we enslave and impoverish our buyers, then the rich man cannot get richer. He also will get depressed.

Mr. Young: Then you will have your depression.

Mr. Manross: That is what you are hoping for.

Mr. Young: That is what you are asking for.

Mr. Smith (Calgary West): I do not intend to reply to that; because to suggest that I am working for a depression is so utterly silly as to be completely unworthy of an answer from me at this time.

I intend to make a reference to the speech made by the minister, and I am asking him to correct me if I misunderstood the effect of his remarks. He said that the devaluation of the dollar meant a higher cost of living to everyone in Canada. I think I am correct so far. Then he went on; and I think he will admit that, if that be true, an increase in the value of our dollar therefore must have the opposite effect.

Mr. Abbott: It might have.

Mr. Smith (Calgary West): You cannot have it both ways, can you? Then he went on to say that from a realistic view our dollar, on account of the business we carried on, was in fact probably worth more than par. I think I am correct in saying that. If from a realistic standpoint our dollar is worth more than par, and if that fact in turn will decrease the cost of living, why in the world do we not let it go to its proper level, its real value more than par, and therefore cheapen the cost of living for the people who live in this country?

In my amateurish way I intend to relate this problem of dollars to an economic effort about which I know at least a little bit. I refer to the oil business in Alberta. I undertake, Mr. Speaker, to show that relationship quite clearly; and having met your displeasure last evening I warned myself that I must not stray from the subject we have before us. Those fields—because instead of one there are now at least nine of them—are today producing approximately fifty-three thousand barrels of oil per day. At $3 a barrel, which is a minimum price that I am using, that means $150,000 per day to this country in terms of American dollars, because these fields are supplying a necessity which formerly was supplied by the United States, the South American and other countries. In that way we are saving for ourselves at least that much per day through the fields we now have as they are developed at the present time.

I speak of these oil fields for two reasons. The first is the effect of their development—and I hope it will be rapid—in connection with our economic situation. But I refer to them for another reason, and events may prove that this is the greater one. We all know that during the last war, aside from the directly killing instruments, oil was something upon which the war was fought. In fact the situation in this continent became so critical that the United States government built a pipe line right across the Rocky mountains from Norman Wells as it is now called—it used to be called Fort Norman—on the Mackenzie river, right across to Whitehorse. Tremendous sums of money were expended and the refineries were built. It is not there any more. As a matter of fact, it has been moved down to Edmonton. This move was, in my opinion, one of the finest pieces of engineering that we have known in this country for a long time. The increase in this output was dealt with by, I believe, the first vice-president of the Chase National Bank in New York, when he was speaking either here or in Toronto. He gave us some idea of what that development might be, and he used this figure. To develop that area to the point where it will be producing not forty thousand barrels per day, as it was when he spoke, but four hundred thousand barrels per day, as it seems it is easily capable of doing, the cost would be one billion dollars.

One billion dollars is a tremendous amount of money. One billion is a tremendous amount of anything. Certainly I cannot visualize it. I think the most of anything that I have ever seen was at practically the last roundup which was held in western Canada, in which I had a part; and by a part, I mean astride a horse. I had a part in that way. I saw about eleven thousand cattle at one time, which is the most of anything I have ever

seen at one time. I cannot therefore visualize this billion dollars. But I do know that we cannot get that money in the Dominion of Canada.

Mr. Howe: Why?

Mr. Smith (Calgary West): Because it is not here. The other day we read about the Imperial Oil selling its interests in the International Company for $80 billion.

An hon. Member: No, $80 million.

Mr. Smith (Calgary West): I can confuse these amounts in the way the Minister of Agriculture did the other night when he was tossing them about.

Mr. Gardiner: I usually have them right.

Mr. Smith (Calgary West): It is $80 million, of which $30 million is being spent at the present time to build the 485-mile pipe line from the fields to Regina.

In answer to the point made a moment ago by the Minister of Trade and Commerce, I want to give the net figures as to the inflow and outflow of capital in Canada. Let me tell him that in 1947, in the capital formation of eleven oil companies, they got 48 per cent from external operations; 37 per cent was borrowed; 13 per cent was preferred stock; and 2 per cent was by sale of common stock.

What have we been doing with respect to capital in Canada from 1945 on? These figures are in millions. At least I shall get them right this time. In 1945, the United Kingdom, minus 33·5; the United States, plus 222·1; and other countries, plus 2·4. The plus means the influx of capital into this country. In 1946, the United Kingdom, minus 35·4; the United States, plus 170·2; other countries, minus ·2. In 1947, the United Kingdom, minus 9·1; the United States, minus 10·5; and other countries, plus 1·6. In eleven months of 1948, the United Kingdom, minus 1·3; the United States, minus 16·6; and other countries, plus ·7. The over-all picture is this: for 1945, plus 191; 1946, plus 134·6; 1947, minus 18; and for the eleven months of 1948, minus 17·2. I am unable to make the fine distinction between the brick and mortar money, and the investment money in top securities, which was made by the minister; but, sir, I have given you the over-all picture.

If you will look at page 22, table 9, of the foreign exchange control board report you will find the situation set out in the first column, which shows only the inflow of funds. I have taken the outflow and have given you the net position after that has been done. The point I am making is that never at any time has it been more important that we should have an inflow of capital, certainly in connection with the one industry which I have just named, than now. I confess that somebody may very well say that in the province in which I live we are having an inflow of capital in connection with this same industry. That is quite true; but having regard to the general picture, it is only in driblets so to speak, as compared with the total amount which will be necessary to make that complete development there.

The house might be interested in just a few facts which have emerged in the last two or three weeks since the hon. member for Calgary East (Mr. Harkness) spoke with respect to it. There is a field out there which was discovered a couple of weeks ago. By that I mean that the bit penetrated the oil-bearing formation. In drilling an oil well, if you have a decent porosity, which means these interstices in the rock or in the sand, which will hold the oil, in conjunction with the gas, you are all right. We used to think that if we could find a yard, three feet, or better still two yards or so of that stratum, then we really had found something. And you have that situation, not exactly that, but quite a great deal more than that, in the oil-bearing zones in the Turner valley; but in the last Calgary paper which I saw, which was three or four days old, in this new field at Schoepp, which is the field that is now called the golden spike field, they found oil in one oil-bearing stratum which is 232 feet thick. It was that thickness when they discovered it, and there was no water underneath. I mention that to show the immensity of the possibilities which are there. I also mention the Redwater field, which was discovered within the past year, and which is today producing more oil than the Turner valley field at the present time. I mention these things to show what is there and what the development may mean both economically and, as I said a moment ago, in connection with the hemispheric or continental defence.

We must have an influx of capital, and that must flow in as easily as it possibly can. I am not in a position to follow, nor do I intend to try to follow, the ramifications of just what deflation of so many cents would mean. I have not sufficient understanding—perhaps I am not clever enough to follow the gyrations of the experts who deal with matters of that kind. But I remember what happened to the pound and to the dollar after the first war. Let me admit at once that I know the destruction in Europe today is infinitely greater than it was at that time, and that there was no destruction on this continent after either war. But nevertheless

there was very considerable destruction in Europe at that time. I do not remember the exact figures, but in New York the British pound went down to $3.70 or $3.50. I am told I am wrong; it is $2.75. The point I am making is that it was a substantial depreciation. For a time I think our dollar went down as low as seventy-five cents. At that time there were no restrictions. Governments were not placing fictitious values on their money. Within six months after selling at these lows, both the pound and the Canadian dollar sold at a premium in New York.

I am not arguing that the two cases are entirely parallel. Conditions change and they are different after the last war from what they were after the first one.

Then, again, in my amateurish way let me say that the sooner we can let our dollar find its level, the better. According to the Minister of Finance (Mr. Abbott), there would be an increase rather than a decrease in its value. Why do we not let it go there and, in the trade and markets of the world, find its own value? I do not know whether that means a devaluation or an evaluation—and frankly, as a simple person trying to get along, I don't care very much. But I do know this, that no country yet has successfully, either by law or by edict, or anything of that kind, fixed a currency at a given value without ultimately ending up in chaos. The story of all the European countries after the last war proves that completely. Not in one case did any of them emerge from the difficulties they were in by this effort to blow up their balloon with respect to the value of their own currency.

Some experts may find fault with what I have said, but I give it to you as the judgment of one whose sight is not clouded by the intricacies of these experts, a simple person who knows that a dollar is worth only what it will buy, whether it be in oranges, about which the hon. member for Spadina (Mr. Croll) cried, or an ounce of gold from someone's gold mine.

It is now twenty-five minutes past ten, Mr. Speaker, and I close with this appeal on behalf of the oil industry—a selfish appeal, if you like. But in the oil industry you cannot be selfish about as big a thing as that. If allowed to grow, that industry will some day supply the dominion. And that is not all. We all know that in the search for oil it has been shown that Alberta is practically underlaid with gas. That is not only the history in other fields; it has been completely proven in Alberta. Gas is there in tremendous quantities. Only recently a commission has been endeavouring to find the extent of the reserves. The amount runs up into so many trillions of feet that I just cannot follow it. However, I do know that it is something immense, something that has never been heard of in Canada before, and shows signs of outstripping those tremendous fields in the state of Texas.

And so the oil developed with the gas. The value is not only in the fuel made available. Chemists tell us that many things can be made from it, including plastics—although they may not meet the competition of plastics made in other ways and in conformity with the great advances made in chemistry.

But let me tell the house one little thing. Up on the Willingdon line, which is east and then north of Edmonton, a couple of small local oil companies joined together to do one thing. They met Mr. Richie Donald, whom the Minister of Trade and Commerce (Mr. Howe) knows very well, and who I know is one of the great chemists in Canada. He wanted two things. First he wanted to find salt. He wanted a hole which, if bored, would show a salt and produce natural gas. He had another condition, that it must be beside a railway track. That was done.

He was asked how much salt he wanted, and he said it should be at least six feet thick. A friend of mine, who was in charge, of putting down that hole, got his gas—of course he knew it was there. But he did not find six feet of salt; he found a thousand feet of pure salt. And salt, with natural gas, I am told by the chemists, forms the basis of many different products. That is an outgrowth of the business of finding oil.

I should have said that the usual price for heat anywhere in Canada to produce a ton of refined salt is somewhere between $6 and $8. In their refining process the price of producing that salt is exactly 75 cents per ton. That, of course, will overcome a great deal of difficulty in connection with freight rates.

On motion of Mr. Smith (Calgary West) the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will continue with this resolution, and take up resolution No. 7, national emergency powers; and then resolution No. 5, agricultural products; and resolution No. 8.

At ten-thirty the house adjourned, without question put, pursuant to the order of the house passed on March 14, 1949.

HOUSE OF COMMONS

Friday, March 18, 1949

The house met at eleven o'clock.

NORTH ATLANTIC TREATY

TEXT OF PROPOSAL TO BE CONSIDERED FOR SIGNATURE IN WASHINGTON

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I have the honour to lay on the table of the house the text, in French and English, of a document which I trust will become of historic importance. It is the proposal for a North Atlantic treaty which is to be considered and, if found acceptable, signed in Washington during the first week of April. Copies are available for hon. members, but for greater convenience I would ask that it be printed also as an appendix to *Hansard* of today so that it may be available to all those who receive *Hansard* and get their documentary information from its pages.

At the same time I would call attention to notice of a resolution appearing on page iii of the *Votes and Proceedings* of yesterday. Hon. members will see from the recitals of that resolution that a conference is to be held in Washington early in April for the purpose of completing such a treaty among the states named; and it is hoped that the situation in parliament will permit a brief discussion of this resolution before the date fixed for this meeting in Washington, so that the sense of the house may be obtained. I should hope it would be the sense of the house that Canada should be represented at this conference in Washington and continue to put forth its best endeavours to bring about the signature of the pact along the lines of this proposal.

(*For text of proposed North Atlantic treaty, see Appendix, page 1671.*)

CANADIAN NATIONAL RAILWAYS

ANNUAL REPORT FOR YEAR ENDED DECEMBER 31, 1948

Hon. Lionel Chevrier (Minister of Transport): I desire to lay on the table the following reports in English and in French:

Annual report of the Canadian National Railway System for the year ended December 31, 1948.

Annual report of the Canadian National (West Indies) Steamships Limited for the year ended December 31, 1948.

Auditor's report to parliament for the year ended December 31, 1948, in respect to the Canadian National Railway System and Canadian National (West Indies) Steamships Limited.

All these reports are being distributed today.

PRIVATE BILL

FIRST READING—SENATE BILL

Bill No. 84, respecting the pension fund society of the Bank of Montreal.—Mr. Rinfret.

PRIVILEGE

REFERENCE TO ARTICLE IN "FINANCIAL TIMES"

On the orders of the day:

Mr. F. D. Shaw (Red Deer): Mr. Speaker, I rise on a question of personal privilege. I have before me the issue of the *Financial Times* of March 18, in which appears a column under the name "Tempus." That column seals the fate of sixteen of the seventeen members of parliament from Alberta. I alone am left to suffer suspense, uncertainty and agitation. This, I contend, warrants a bill of rights to prohibit discrimination against politicians.

REFERENCE TO STANDING ORDER 43

On the orders of the day:

Mr. A. L. Smith (Calgary West): I rise on a question of privilege which I think affects hon. members of this house, including myself, though I am not putting it on personal grounds. I want to call attention, with a view to guidance in future debates, to standing order 43, which reads:

(1) No member may speak twice to a question except in explanation of a material part of his speech which may have been misquoted or misunderstood, but then he is not to introduce any new matter, and no debate shall be allowed upon such explanation.

(2) A reply shall be allowed to a member who has moved a substantive motion, but not to the mover of an amendment, the previous question, or an instruction to a committee.

The next paragraph is important:

(3) In all cases Mr. Speaker shall inform the house that the reply of the mover of the original motion closes the debate.

Yesterday's incident is completely closed, but I am calling to your attention, Mr. Speaker, for the future guidance of the house

in debate, that this latter rule must be complied with before a member may be refused the privilege of speaking.

TRANS-CANADA AIR LINES

REMOVAL OF EMPLOYEES FROM WINNIPEG

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Has the Prime Minister received a telegram from the Winnipeg chamber of commerce asking that notices of removal to certain Trans-Canada Air Lines employees in Winnipeg be suspended pending consideration of the matter by a committee of this house? If so, can the Prime Minister say what action he has taken in response to that telegram?

Right Hon. L. S. St. Laurent (Prime Minister): I shall look into it. I do not remember that any such telegram has been brought to my personal attention. However, I shall inquire and be in a position to answer the hon. member's question at the next sitting of the house.

Mr. Knowles: Possibly later today?

EXECUTIVE CLEMENCY

STANLEY D. MCLAREN—QUESTION AS TO COMMUTATION OF DEATH SENTENCE

On the orders of the day:

Mr. E. G. Hansell (Macleod): I should like to direct a question to the Solicitor General. Has the government received any request from counsel or other responsible persons for remission of sentence or executive clemency in the case of Stanley D. McLaren, of Calgary, who has been sentenced to hang on March 30? If so, has any decision been reached?

Hon. Joseph Jean (Solicitor General of Canada): The hon. member was kind enough to send me notice of his question. A few applications for commutation of the death sentence in this case have been received, but no decision has been reached. May I say that in such cases a decision is seldom announced before the last few days preceding the date set for execution, which in this instance is March 30.

NATIONAL DEFENCE

HONG KONG VETERANS—PACIFIC PAY

On the orders of the day:

Mr. Howard C. Green (Vancouver South): I intended to direct a question to the Minister of National Defence, but perhaps his parliamentary assistant can answer it. It is not clear, from the statement the minister made yesterday about Pacific pay for the Hong Kong veterans, whether the payment will begin as of the 1st of June, 1945, or whether it will apply for the whole period of service in the Pacific. Could the parliamentary assistant say which of these courses is to be followed?

Mr. L. E. Baker (Parliamentary Assistant to Minister of National Defence): Payments will begin as of June 1, 1945. They cannot begin prior to the date of the order in council.

FOREIGN EXCHANGE CONTROL ACT

CONTINUANCE IN FORCE UNTIL SIXTY DAYS AFTER OPENING OF FIRST SESSION OF PARLIAMENT IN 1951

The house resumed from Thursday, March 17, consideration of the motion of Mr. Abbott that the house go into committee on the following resolution:

That it is expedient to present a measure to provide for the continuance in force of the Foreign Exchange Control Act until sixty days after the commencement of the first session of parliament commencing in the year 1951.

Motion agreed to, and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

Mr. Drew: Mr. Chairman, it will be possible to deal with the various sections of this bill at a later stage in the procedure, but in the meantime it is important to consider some of the principles involved and some of the points that have been made in connection with this proposal.

The bill before the committee is to replace a bill introduced some time ago to meet special circumstances. It is interesting to note the extent to which a bill of this kind, once it is on the statute books, is accepted by people who forget the considerations that were in their minds at the time the bill first came to their attention.

Since this law was originally placed on the statute book, many circumstances have changed and many things have served to emphasize the need for careful consideration of what has taken place. The Minister of Finance (Mr. Abbott) discussed this bill yesterday but made little reference to some of the most important considerations which have arisen since the first bill became law. The theory of foreign exchange control was one which the Minister of Finance himself indicated he accepted reluctantly at the time that step was taken. At that time, however, he contended that in view of the Bretton Woods agreement and our position in relation to the international arrangements then assumed, it was essential that we have this measure of control. Time passed and it was

necessary to review the circumstances in the light of what had happened.

In the foreign exchange control bill as it was originally introduced in this house there was an extremely important provision, under which pounds sterling were to be convertible with the dollar. For Canada that was a vital consideration at that time. Our difficulties in international trading are not with the United States, from the point of view of our monetary unit; our problem is to be able to sell in the sterling areas where in the past we have found our main export markets.

When the Minister of Finance speaks of exchange as being something which it is difficult to determine in realistic figures, he well knows that in the past the value of the Canadian dollar in relation to the monetary units of other countries was determined by the trade which Canada carried on in both dollar and sterling areas. The day by day value of our dollar was related to the possibility of converting our pound position into a dollar position in the ordinary exchange markets of the world. It is doubtful whether Canada would have entered into the Bretton Woods agreement and would have carried forward her undertakings without a further arrangement of some kind, had there not been reliance on the provision for convertibility between the pound sterling and the dollar of the United States.

When circumstances arose which led to the abandonment of the convertibility factor in the Bretton Woods agreement, immediately there was a reason for a review of the whole situation. As the Minister of Agriculture said in London not so long ago, and in forceful and vigorous terms, it is the duty of government to find some way in which the products of this country can be sold into markets which cannot buy unless there is some arrangement in regard to the sterling exchange. The whole situation has changed. Today we see a loss, and a threatened still greater loss in the future, in those sterling areas unless some mechanism can be devised for selling our products to countries to which we have sold them for so many years and which have been our largest export consumers. It is therefore essential that when the bill based on this resolution comes before us we understand that we are going forward without any indication by the government of any new steps which would assist the situation in which we find ourselves.

After all, the parliament of Canada must accept the responsibility of deciding whether we shall simply submit to a situation which exists or whether we shall take the initiative in seeking a solution to the problem posed by the Minister of Agriculture, who has felt the direct effects of this situation in dealing with the basic agricultural commodities of this country. When we are asked to carry forward the Foreign Exchange Control Act by the bill now before the committee, it is important to realize how necessary it is that the members of this house know perfectly clearly what the government intends to do, how these problems are to be solved, and how this country is to find an opportunity to extend its business in those markets which are now made difficult for us by the steps which have been taken under this act and through the failure of the convertibility factor in the Bretton Woods agreement. There is a special reason why this house should insist upon knowing what hope the government offer of some solution of that problem, and how they propose to deal with it.

We know what occurred after this act was originally passed. In the first place it was not intended that it should operate as a control over the exchange of goods between Canada and other countries. It was intended that this act should deal only with foreign exchange. When it was pointed out that this act went a great deal further than to deal only with foreign exchange, a reassurance was given that there was no intention of dealing with anything else. That is evident not only from the answers given by the minister, but also from answers given before the standing committee on banking and commerce by one of the representatives of the foreign exchange control board, who was put before that committee to explain the effects of this act.

In the reports of the standing committee on banking and commerce on Bill No. 195, foreign exchange control, as reported at page 40 of the proceedings of July 11, 1946, Mr. Rasminsky was answering certain questions in regard to the effect of this act and what the foreign exchange control board would do. These are Mr. Rasminsky's words as they are found in that report:

> The foreign exchange control board has nothing whatever to do with the types or quantities of goods which are imported into Canada or exported from Canada.

On July 15, at page 53 of the report, Mr. Rasminsky was again being asked certain questions in regard to the effect of this act and the powers of the foreign exchange control board. These were his words:

> The answer is that if circumstances arose in which for one reason or another it seems desirable to place restrictions on the import of goods into Canada then it is evidently the opinion of the government in this measure that the power to place those restrictions should not be conferred upon an administrative body such as the foreign exchange control board.

That is a clear and definite statement which, put forward in the way in which it

was, the members of this house have a right to accept as a guide in their understanding of the effect of this act and the operation of the foreign exchange control board.

On July 15 also, at page 57 of the report, we find that Mr. Rasminsky was asked this question:

> Q. In other words, the suggestion there is no regulatory power vested in the board with reference to imports at the expense of any power parliament now has in that regard, Mr. Rasminsky, was referring to the export and import of goods rather than securities and currency? A. That is right.

On the basis of this statement it is quite clear that the impression was left that this was strictly a foreign exchange control bill and in no way dealt with the import or export of goods; yet we find that very situation has arisen.

Of course there were also the explanations given at the time that this matter was under discussion in the house. The then Minister of Finance is reported, at page 2547 of *Hansard* of Monday, June 17, 1946, to have made the following statements:

> We have no intention of using this exchange control legislation to restrict anything but certain types of capital movement.

And later the same day, as reported on the same page, he said:

> It is for this reason that it is necessary to maintain our over-all machinery of control, even though our intention is to place no restrictions on current account transactions.

The house had a right to rely on that assurance. I repeat the words:

> We have no intention of using this exchange control legislation to restrict anything but certain types of capital movement.

Again we find that the present Minister of Finance said, as recorded on page 4530 of *Hansard* of August 9, 1946:

> I repeat that the whole purpose of the measure is to provide for the efficient handling and conservation of our essential foreign exchange resources.

The word "whole" is not subject to any misunderstanding. It meant that the whole purpose, the only purpose, of this act was to provide for the efficient handling and conservation of our foreign exchange resources. It was at a later date that the announcement of a budget by radio, as described by the hon. member for Quebec South (Mr. Power), changed the whole situation. At that time the present Minister of Finance made the naive statement that until they had been informed by the officials of the department they had no idea that the act contained the powers to do the things he was then announcing they were going to do. For a minister of the crown to say to the people of Canada: We had no idea that this act contained the powers we now exercise, but our officials have informed us that we have these powers and therefore we shall use them, is simply a declaration by that minister that if any act is passed by this house containing powers that will enable them to do anything which in their use of arbitrary powers they want to do, they will do it, even though they had told the house they did not intend to do it. That, Mr. Chairman, goes much deeper than merely the accuracy of the statement of a minister of the crown; it goes to the question of good faith on the part of the government. It is inherent in our theory of responsible government that, when a minister of the crown gives an assurance with respect to government policy affecting the way in which the government will use an act that it asks the house and parliament to pass, the government will respect the undertaking which was given at that time.

Just think of what the effect of a disregard of that principle would be in relation to the other control measures which are now before the house, but which are not put forward by statute. If the assurance of the members of the government means nothing, as it meant nothing in this case, then assurances given that the government has no thought of using those powers in any particular way will also mean nothing. There is no other interpretation of the statement which was made by the Minister of Finance at that time.

But the minister went even further. He not only used the act to carry out the control over the import and export of goods, which he had said they did not intend to do, but he announced certain measures which could come into effect only when legislation was passed, and he gave instructions to the appropriate officials that they were to act on orders which had never received the authority or the power of parliament. That is simply government by dictatorship and not government by the parliamentary system. In the first place he repudiated the undertaking which had been given, and in the second place, having then used powers which they stated they were not going to use, he gave orders to departmental officials to carry out certain operations which were not even yet made possible by any act of this house.

When the Minister of Finance now treats in such a cavalier manner any criticism of the purpose or the operation of this act, it simply indicates how much he has forgotten the nature of the criticism which emanated from supporters of this government when this was done. Certain illuminating comments in regard to the effect of this act were made in the Senate, by men who had always been very close to this government. For instance, there was the comment of Senator McGeer

on August 13, 1946, as reported on page 680 of *Hansard* of that day. Amongst other things, he said—

The Chairman: Order. Is the hon. member referring to debates in the Senate? I think it would be in order to refer to proceedings in committees of the Senate, but it is not usual in the House of Commons to refer to the debates of the Senate.

Mr. Drew: Having regard to the practice in the house, Mr. Chairman, and having *Hansard* in front of me, probably I should have referred to "the other place". I would remind you, sir, that I am not referring to a debate in the current session, but to a debate which took place some years ago. I understood that these records of debates could be discussed from the point of view of interpreting the effect of a document.

The Chairman: I do not think that the House of Commons has ever referred to debates in the Senate, whether they are debates of the current session or of previous sessions. The house has referred to other records of the Senate, but I do not recall the debates in the Senate having been referred to in this house.

Mr. Black (Yukon): What rule is the chairman quoting? What is to prevent it?

Mr. Drew: For my enlightenment, Mr. Chairman, I should like to know what rule prevents a reference in this house to a statement made in the Senate in relation to a bill which has become the law of Canada by the completed action of both the house and the Senate?

Mr. Irvine: The only reason why the Senate was not quoted in this house before is that nobody over there had said anything.

The Chairman: I have not the rule at hand, but my recollection is that if the house desires to know what the Senate has done, it passes an order to search the records of the Senate. I do not think any hon. member recalls a reference to the debates of the Senate, either of the current session or of a previous session, having been made in the House of Commons. The rule I had in mind was standing order 32:

> This house doth consent that its journals may be searched by the Senate, in like manner as this house may, according to parliamentary usage, search the journals of the Senate.

Mr. MacInnis: Mr. Chairman, on a point of order, I do not think the standing order just read has anything to do with the question at issue. Surely what the leader of the opposition was reading from is now an historical fact, and these debates are open to quotation or otherwise in the house if members see fit. There is nothing sacred about what happens in the Senate. It would not be proper for an hon. member to cast reflection upon what the present Senate is doing—although it may be a proper subject to reflect upon. I am sure, however, that in my time in the house a reference such as that which the leader of the opposition now seeks to make has not been forbidden by the rules of the house.

Mr. Hackett: I have been in and about the house a long time—about it more than in it, I admit—but never until the last few days have I heard a chairman or a Speaker interrupt the leader of the government or the leader of the opposition.

Some hon. Members: Oh, oh.

Mr. Hackett: I am stating a fact. It is open to any hon. member to rise to a point of order. But until these last few days it has never come within my knowledge or observation that a Speaker or a chairman, of his own volition, has called a prime minister or a leader of the opposition to order. I should be interested to know whether this is a departure from the tradition that has been observed in the house.

Mr. Abbott: It is not my custom to interrupt when questions of procedure are under discussion, but I do see in Beauchesne's Parliamentary Rules and Forms, second edition, at page 95, citation 293 which reads as follows:

> Besides the prohibitions contained in this standing order,—

That is, standing order 41.

> —it has been sanctioned by usage both in England and in Canada, that a member, while speaking, must not:
>
> (a) refer to any debate of the same session on any question not then under discussion; nor
>
> (b) refer to any debate in the Senate, but he may refer to the official printed records of the upper house though they have not been formally communicated to the lower house.

The official printed record of the upper house is the minutes of the proceedings of the Senate, not Senate *Hansard*. I should be delighted, however, to hear what my late friend Gerry McGeer said at that time. I am not taking issue on that point at all.

The Chairman: Order. I must agree that I was impressed by the remarks of the hon. member for Stanstead. It is only with the greatest of hesitancy that I would interrupt the leader of the opposition or any minister of the crown, and it has not been my custom to do so—although I think it has been done from time to time. The interruption I did make was in connection with referring to the debates of the Senate. As I had never heard it done in the house during the time I

have been here, I thought it only proper that I should bring the matter to the attention of the committee. If it is to be the custom to refer to the debates of the Senate, then we should know. It would be an innovation, I am sure, so far as the House of Commons is concerned.

Standing order 41, to which the Minister of Finance referred, was the one to which I was about to refer. Citation 293 (b), in connection with standing order 41, states, as the minister has pointed out, that—

> Besides the prohibitions contained in this standing order, it has been sanctioned by usage both in England and in Canada, that a member, while speaking, must not . . .
>
> (b) refer to any debate—

And I draw attention to the word "any".

—in the Senate.

It does not say, any debate of the present session or some other session; it is simply any debate. I take it to mean any debate of any session.

The rule to which I referred a moment ago was standing order 32. That is the one under which the House of Commons may ascertain what has been done in the Senate. I shall read it again:

> This house doth consent that its journals may be searched by the Senate, in like manner as this house may, according to parliamentary usage, search the journals of the Senate.

That is the method the House of Commons has adopted of ascertaining what has been done in the Senate.

Mr. Drew: Mr. Chairman, I have no desire to press the matter, particularly from the point of view of considering what was said. A question, however, has been raised which I believe should be settled with some clarity, now that it is before the committee of the whole house.

When you referred, sir, to citation 293, you read only as far as the words, "refer to any debate in the Senate". But the words which follow immediately after those words are these:

> . . . but he may refer to the official printed records of the upper house though they have not been formally communicated to the lower house.

Mr. Sinclair: That is not *Hansard*.

Mr. Abbott: That refers to the minutes of proceedings of the Senate.

Mr. Drew: I know of the dispute which has taken place for some time in connection with the word "official" in that respect. The word "official" appears, of course, on *Hansard*, both of the House of Commons and of the other place. That is a matter which I suggest should be understood. I have another way of dealing with it, Mr. Chairman; I could avoid asking for a ruling at the present time, if you would prefer to give it later.

Mr. Knowles: On the point of order, may I call the attention of the committee to citation 252 in the second edition of Beauchesne, which states:

> The journals are the official records of the house.

It is a lengthy paragraph, but that is the gist of it. I confess when the point of order was first raised I was inclined to feel that it was being pressed too hard against the leader of the opposition. As I have been reading the citation, however, it has seemed to me that the chairman is right.

Mr. Sinclair: To what citation is the hon. member referring?

Mr. Knowles: Citation 252 in the second edition, at page 76, which defines what are official records, and it states that "the journals are the official records of the house". *Hansard* is not an official record.

While I am on my feet may I draw your attention, sir, to another citation in connection with the point raised by the hon. member for Stanstead. The hon. member objected to the chairman of committees and the Speaker of the house raising points of order in the midst of speeches by the Prime Minister and the Leader of the Opposition. May I quote in this connection citation 108 at page 33 of Beauchesne, second edition:

> The Speaker decides the questions of order only when they actually arise and not in anticipation. He is bound to call attention immediately to any irregularity in debate or procedure and not to wait for the interposition of a member.

Surely the Leader of the Opposition and the Prime Minister are members of the House of Commons, with the rest of us, and subject to the same rules. I appeal to you, Mr. Chairman, not to have any reluctance to intervene in the speeches of the Prime Minister and the Leader of the Opposition when, in your opinion, they are out of order.

One other point, lest the hon. member for Stanstead suggest that citation 108 refers only to the Speaker and not to the chairman. May I call his attention to citation 534 in Beauchesne's third edition, which says, in effect, that committees of the whole house are, in actual fact, the house, and that therefore the same rules apply.

The Chairman: May I say in reply to the hon. member for Winnipeg North Centre that I was not pressing any ruling against the leader of the opposition. I was simply drawing attention to the fact that the quoting of the debates of the Senate was a departure from the usual custom of this house. The question has come up whether *Hansard* is the official record of the house. I happen to have

before me a copy of the *Hansard* of the British house, dated February 16, 1949, where Mr. Speaker in making a ruling stated:

I think the right hon. and gallant gentleman said that it was a mistake in the official report. *Hansard* is not an official report.

Mr. Hackett: I rose merely to point out that interrupting of the Prime Minister or the Leader of the Opposition by the Speaker or the chairman of the committee of the whole is a departure from tradition.

Some hon. Members: No.

Mr. Case: Mr. Chairman, I am not going to debate the point that *Hansard* is not the official record, but I would point out that I have a copy of the official Senate *Hansard,* and it says "official report."

An hon. Member: Record.

Mr. Knowles: I have seen the hon. member's official letters in the Owen Sound *Sun-Times,* but that would not make them official.

Mr. Case: Don't worry too much about that.

The Chairman: I shall read the whole statement by Mr. Speaker as appearing in the British *Hansard:*

I think the right hon. and gallant gentleman said that it was a mistake in the official report. *Hansard* is not an official report. It is, I hope, as accurate an account of our proceedings as possible. The official report is one which it is my duty, the house remembers, by resolution passed at the beginning of every session, to peruse daily. I did peruse the official report, which is the accurate one, and it says "another amendment made", which is the correct wording. Therefore, officially the amendment is correct and in order, and I hope that what I have said, and what the right hon. and gallant gentleman has said, will ensure that the matter is put right in *Hansard.*

Mr. Hackett: May I draw to your attention the fact that *Hansard* bears on its first page the words "official report." It is published under the control of the house.

An hon. Member: Report, not record.

The Chairman: Official report of the speeches.

Mr. Hansell: I am happy, sir, at your ruling, because the way is now open for you to inform the page boys not to clutter up my desk with Senate documents. It is most untidy, and besides they hurt my knees.

Mr. Drew: Perhaps we can discuss this subject at some other time before the rules committee, because there is no way in which I can raise the point I wish to raise.

In view of the fact that yesterday the Minister of Finance quoted with such approval an editorial from the Toronto *Globe and Mail* at the time these proceedings were under consideration, I shall quote another editorial published during that same period; it deals with this particular point, and I am sure the Chairman will not find it to be contrary to the rules of the house. This editorial, which appeared on August 15, 1946, is headed: "Liberalism revolts", and reads:

The government's bill to put in statute form the extraordinary powers of the foreign exchange control board received the reception it deserved when presented in the Senate. The senators' approach to what is beyond all doubt the most offensive and dangerous legislation sent over to them this session offers hope they will insist on retaining for parliament authority which a Liberal majority in the commons would have so meekly abdicated in favour of a bureaucracy of civil servants.

In preliminary examination the senators pounced on the objectionable features against which the opposition fought in the commons and unearthed further details of the bureaucrats' grasp for power. They, too, found alarming the government proposal granting the board authority to remake the laws of parliament to suit its own purposes; to discriminate in favour of groups or individuals at the expense of others; declare a resident of Canada, as defined by statute, a non-resident, or vice versa; "make a man a woman", as a member of the house put it. Senator McGeer discovered that disregard for the rights of the individual does not end there. The board could strip its new "creature" naked.

This had to do with the provision requiring that "no person shall, except in accordance with a permit, export any property from Canada." Senator McGeer commented:

This is what I was going to quote:

"You cannot move your own valise out of this country without a permit. They have the power to prevent anyone leaving . . . unless they walk out naked." Coupled with this is the power given the board's agents to search persons suspected of violating the Foreign Exchange Control Act. The Customs Act contains restrictive safeguards so that the traveler, whether he be entering or leaving the country, is left with some dignity. Such consideration of the human being is totally disregarded in the bill before the Senate.

Likewise, as Senator McGeer pointed out, the tourist who wants to come into the country "with his clothes on" must first write to the board for permission. Importation of any property without a permit is banned. Nor is there any recourse to the courts for the individual who might suffer from this abuse of arbitrary authority. No matter what the indignity inflicted, the board's agent has only to plead that he was acting on its instructions, either written or verbal.

Most significant about the Senate's attack was its leadership. It was led by men who were brought up in the same school of political philosophy as those government benchers who bowed their servile heads to the will of the cabinet. Even Senator Hayden, who was assigned the task of piloting the bill through the upper chamber, proved to be an unenthusiastic sponsor. He confessed that, to his way of thinking, the bill was "unusual" and in some respects "extraordinary."

Senator Lambert doubted whether it would aid in the development of Canada or improve relations with the United States. Senator Bench didn't like it and proposed that life of the legislation be at least limited, the minimum for which the commons opposition fought. Senator Campbell thought that the board should continue to operate for the time being under order in council, where it would be at least subjected to some control by parliament. Senator McGeer, most forthright of all, would have killed it outright.

With this display of acute sensibilities, it is obvious that the bill has few friends in the Senate. It is not what might be regarded as liberal legislation in the proper sense of the word. This being the case, the senators have no choice but drastically to restrict the authority of the board or tell it to carry on under order in council. The Senate cannot possibly sanction the handing over to a group of individuals not responsible to the people "the control over the whole trade and commerce of the nation." As Senator Hayden reminded his colleagues, if the senators approve the bill without putting a limitation on it, they will have parted with their right to deal with it again.

I quoted that editorial because yesterday the Minister of Finance quoted an editorial from the *Globe and Mail* with such evidence of confidence in the wisdom of their judgment in discussing this matter.

Mr. Bradette: What did the Senate do in that instance?

Mr. Drew: It limited the life of the bill.

Mr. Jackman: Which the Commons would not do.

Mr. Bradette: But it passed the bill.

Mr. Drew: That is exactly what happened; it limited the life of the bill, which the Commons would not do. That is why this bill is now before the house, and why this house should remember what was before parliament at that time.

Now, because I find that the Minister of Finance does believe that editorial comment is useful in interpreting his bill, and also because of certain restrictions on the use of the Senate *Hansard*, I shall quote another editorial which appeared in the Ottawa *Journal* on August 21, 1946. The heading is, "A disturbed Liberal." I read this editorial because it also dealt with this subject and because the Senate recognized that certain features of this bill were entirely contrary to every principle of Liberalism. The editorial reads:

Senator T. A. Crerar is receiving no end of praise for a speech which he delivered in the Senate last week. Oddly enough, it was a speech in defence of liberalism—against Liberals. Senator Crerar was dealing with a completely totalitarian measure which a Liberal majority in the Commons had sent over to the Senate.

The bill which disturbed Senator Crerar, which made him long for the old liberalism, was one conferring wide powers upon the foreign exchange control board. Said he:

I am still quoting from the editorial.

"This is one of the most extraordinary bills ever to come before the house of parliament. In principle it proposes to confer upon a board of civil servants absolute power over the import and export trade of the country and over the movement of funds across our borders, a power unlimited as to time, and unrestricted as to scope and sweep of operations."

Senator Crerar went on to show, as we in these columns tried to show recently, the extraordinary changes that have come in the political philosophy of this country, with their whittling away all our old ideas of a free economy. Thus:—

I quote again from Senator Crerar:

"I first became a member of parliament thirty years ago and the functions of the government of that day as contrasted with those of the administration of today represent a complete transformation. The government of Canada today is in the wheat business up past its ears. The government is in the housing business to a most extensive degree. It is in the transportation business, by land, sea and air. It is operating a transcontinental air service, ships on the sea and the national railways. The government is in the broadcasting business. The government is in the motion picture business. It is also operating crown companies. It is in the business of dispensing public information. All these activities have completely or at any rate largely changed the functions of government."

That is the end of that quotation from Senator Crerar. It does not say whether or not it was from *Hansard*.

The picture is not distorted; to an amazing degree Canada has passed from a country of free capitalist effort into one where totalitarianism is steadily on the march. The strange thing, and the pity, is that this transformation has come and continues to come without public discussion, largely without public awareness. The stranger thing, and the greater pity, is that it has been brought about by people who profess to be against totalitarianism, who talk sometimes as if they held the title deeds of liberalism, and also that many who profess to be the enemies of totalitarianism daily cry out for more of it. We have people, at this moment, calling upon the government to settle strikes by "making the unions work". It does not occur to them that if any government in this country ever uses force to make the unions work it will not be to make them work for private industry but for the government—the state; that work compelled by force will put us precisely where Russia is and where Germany was.

That is the trouble with too many of us; we have no clear understanding of where all this government intervention, and all this government planning, and all this totalitarian legislation, are carrying us. Well might more of us, whether we belong to labour or to capital, heed the wise words of Senator Crerar.

Again I quote his words, and not from *Hansard*.

The Chairman: Order. I think it is just as much out of order to quote from a newspaper what has been said in debate in the other place as it is to quote from Senate *Hansard* direct. An hon. member may not do indirectly that which he may not do directly.

Mr. Fournier (Hull): I wanted to let the hon. gentleman finish his quotations, but I would refer the committee to citation 307 of Beauchesne:

Allusion to debates in the other house are out of order, and there are few orders more important than this for the conduct of debate and for observing courtesy between the houses.

That rule has always been observed; the chairman is quite right. We have never debated a debate in the other place. I did not interfere; I thought it would be a short quotation, but apparently most of the hon. gentleman's speech is to be taken up with these quotations. That is a rule of the house which has been continuously applied.

Some hon. Members: During the current session.

Mr. Fournier (Hull): No; there is no mention of any particular session.

Mr. Fulton: On this point I would refer the committee to the ruling in May, twelfth edition, which I submit clearly establishes that the restriction is confined to debates of the current session. The rule is referred to at page 291. The text then follows along for several lines, and there are a number of citations and quotations at the bottom of the page in support of it. Citation No. 5 at the bottom of page 291 reads:

> See also the Speaker's rulings concerning the power of quotation from a speech in the House of Lords . . . and his declaration that it was a very wholesome rule of the house not to allude to statements or debates of the current session in the other house, as to do so might bring the two houses into collision.

That is a citation in support of the rule as found in May, and I suggest that it clearly establishes that the rule is confined to debates of the current session.

Mr. MacNaught: On the point of order I would like to draw attention to citation 264 in Beauchesne, third edition:

> It is out of order to read extracts in a debate if they (e) allude to debates in the other house of parliament.

Mr. Drew: The context clearly indicates no reference to the records of the other place, and a completely new principle is asserted in the suggestion that what has been reported in a newspaper is in itself not subject to comment here, though there is no suggestion that what is quoted is taken from *Hansard* instead of being merely the ordinary record made by the newspaper reporters who were present at the time.

The Chairman: I understood the hon. member was reading a direct quotation from *Hansard* which had been inserted in the editorial.

Mr. Drew: No, Mr. Chairman; that is why I said "not from *Hansard*".

The Chairman: My point is that the hon. member cannot do indirectly what he cannot do directly. I thought I should put myself on record in regard to this matter.

Mr. Drew: Then is the ruling that a newspaper reference to something which has taken place in the other house in an earlier session is not admissible in the debates of this house?

Mr. Abbott: That is correct, and that is as it should be.

Mr. Drew: I am referring to a quotation from the press.

The Chairman: If it quotes the direct words, the exact words, and is a quotation from *Hansard*, in my opinion it would not be in order.

Mr. Drew: Then, Mr. Chairman, I appeal your ruling.

Mr. Black (Yukon): I should like to ask the chairman to direct his attention to the *House of Commons Debates*, on the title page of which appear the words "Official Report". The same thing is true of the Senate debates. The chairman has ruled that these are not official reports, and therefore if a person is quoting from them he is not violating the rules of the house because there is no official report from which to quote. Either these are official reports or they are not. The chairman suggests they are not; therefore, the leader of the opposition in quoting from these documents is not quoting from official reports.

Mr. Lesage: On a point of order, I understand there has been a ruling and an appeal from that ruling. No further discussion is allowed.

Mr. MacInnis: Mr. Chairman, I would ask you to take into consideration the ridiculous position in which we would be placed if we said we could not discuss anything that was ever said in the Senate. We would be in exactly that position if what was said last year or the year before could not be repeated in this house. If nothing that had ever been said in the Senate since confederation could be repeated, how ridiculous it would be! Surely what these rules have in mind is that we should not create a controversy between the house and the Senate concerning matters currently under discussion; that is the only logical conclusion to which one can come.

The Chairman: I must say I was impressed by the reference from May which was read by the member for Kamloops (Mr. Fulton) and which I have not been able to obtain. I did not give a ruling on this matter. I stated it was my opinion that it was irregular to refer to the debates of the Senate, either by having a copy of *Hansard* in the hands of the member who was speaking or by having the quotation from *Hansard* which appeared in the press. I expressed that as an opinion.

I said in the first place that I rose because this was a departure from the custom in this house. I think hon. members will recall that I stated that. I was not calling the leader of the opposition to order. With respect to whether or not the standing order applies

only to the debates of any one session, standing order 41, citation 293 (b), reads as follows:

> Besides the prohibitions contained in this standing order, it has been sanctioned by usage both in England and in Canada, that a member, while speaking, must not . . .
> (b) refer to any debate in the Senate—

It does not say, "of the current session". One cannot refer to any debate of the same session on any question not then under discussion, and the rule in this regard definitely says, "debate of the same session".

With respect to the question raised by the member for Yukon (Mr. Black), I have read citation 293 (b), in which the words are "refer to any debate in the Senate". Then it continues:

> But he may refer to the official printed records of the upper house—

Which are different from the debates.

> —though they have not been formally communicated to the lower house.

Mr. Fulton: I believe you will find, Mr. Chairman, that the citation in Beauchesne's second edition is based on the authority of May, and May sets forth the rule in greater detail in the quotation to which I have referred. The citation at the bottom of page 16 seems to me to limit the rule set forth in May to debates of the present session, and that, in turn, would limit the citation in Beauchesne's second edition, which is based on May, also to debates in the present session.

Mr. Fournier (Hull): It is difficult to come to a definite conclusion by reading the rules. I note that the leader of the opposition was in order in reading extracts from newspapers to support his argument; that is stated in citation 262. According to citation 264 a speaker may not "allude to debates in the other house of parliament". I think some restraint should be placed on the practice of reading clippings. I have no objection to the leader of the opposition reading some clippings, but he should not make a whole speech by reading newspaper clippings.

Mr. Drew: The point is not one that can be dropped at this juncture, because, as the discussion has indicated, the practice in the past is not perfectly clear. Even though the rules have not stated the situation as positively as they might, their purpose is to prevent the very thing the member for Vancouver East (Mr. MacInnis) has referred to as an embarrassing misunderstanding between this house and the other place while some matter is under active discussion. I think hon. members might well consider what the effect of such a decision would be.

Many members have been urging that the other place initiate more legislation than it has in earlier years. Certain legislation is initiated in the other place, after which it comes to this house. This practice is in accordance with established practice in Westminster, and, although the procedure in Canada and the United States are not the same, it is an extremely common practice in Washington. The upper house takes the responsibility of piloting through some measures in connection with which an extensive examination of the details is called for. If at some future time, in order to explain his reason for coming to certain conclusions, it should be impossible for a member of the house to quote in this chamber what had been said in the other place, the house would be deprived of extremely valuable information. No reasonable justification could be put forward for establishing such a rule.

What has happened in this case is that certain discussions did take place three years ago in the other place. Those discussions were referred to by the press of this country over an extremely wide area. In order that all hon. members may better understand what was actually under consideration, I am placing the editorial comment before the house. In doing so I am following the same practice as the Minister of Finance followed yesterday in explaining the effect of a bill which had been introduced, although the contents were different. In this case the newspaper editorials actually quote from statements made by members in the other place. Whether or not those statements appeared in *Hansard* is in no way indicated by the editorial. In fact in the ordinary course of events one might expect that the editorial would be based upon a report of the particular newspaper in which the editorial appeared. I have not finished the editorial in question. There is a quotation from another member in the other place, and I ask for your ruling, Mr. Chairman, on whether I may proceed to read it.

Mr. Adamson: Just before you give your ruling, Mr. Chairman, may I say that some years ago I found myself in exactly the same situation. At that time Mr. Ilsley was the minister of finance. I was quoting an hon. senator and the deputy minister of finance both in a debate in the other place and in a committee of the other place. The then minister of finance requested a ruling on the matter, and the ruling given at that time was that I could proceed, since it aided the argument I was putting forward. I submit there is a precedent, sir, for allowing the quotation to be given.

Mr. Golding: I think the point which has been raised is an important one, and a snap judgment on it should not be given. I suggest that the debate be allowed to go on, that

the hon. member be allowed to quote from the editorial to which he was referring, and that consideration be given to a ruling in the matter. It is important that we should have a proper ruling in a case of this kind. I should not want to see the debate restricted to any greater extent than may be necessary; yet I should like to see the rules observed. My suggestion is that the leader of the opposition continue his discussion, and that the matter be taken into consideration and a ruling given later.

Mr. Fournier (Hull): When I stood up, Mr. Chairman, I thought the leader of the opposition had concluded his reading of the extract. I waited for that moment in order to cite the rule. If he has not completed the reading of it, I see no objection to his continuing.

Some hon. Members: Agreed.

Mr. Macdonnell (Muskoka-Ontario): I want to say just one thing. It seems to me that the general sense of this committee was that what the hon. member for Vancouver East said was sensible. I suggest that the body of the rules of this house is the result of two things. One of these is the precedents. But it is not altogether a matter of precedents. After all, new decisions have been made on hundreds of occasions. When this matter is being considered I suggest that we have regard to what the hon. member for Vancouver East said, and to what a former leader of my party called "the immortal ground of common sense."

Mr. Drew: I think the suggestion made by the hon. member for Huron-Perth is a sound one. Obviously the point is one upon which members on both sides of this house have some doubts. I am simply asking that it be clarified one way or another; and if the suggestion he has made is acceptable to the committee, I shall proceed.

Some hon. Members: Go on.

Mr. Drew: I will start at the last paragraph, Mr. Chairman, because I am not just sure at what word I stopped:

> That is the trouble with too many of us; we have no clear understanding of where all this government intervention, and all this government planning, and all this totalitarian legislation, are carrying us. Well might more of us, whether we belong to labour or to capital, heed the wise words of Senator Crerar:
>
> "Liberalism down the ages has been the great liberating force in every worthwhile achievement of our civilization. When I speak of liberalism it is not in the sense of something that distinguishes the Liberal party from the Conservative party; for today those party labels have little, if any, significance when you probe deep down into the very fundamentals upon which our civilization is based and has developed. It is because I am opposed to anything that undermines the spirit of liberalism, the love of freedom and liberty which is the divine heritage of the individual citizen, that I am opposed to this measure."

The editorial goes on:

> Canada would be a better country, had we more of the heart and mood here so finely spoken.

That was the sentiment expressed at the time this bill was under consideration, and that was the sentiment expressed in a great many publications, with different points of view, in different parts of the country.

The operation of the foreign exchange legislation was limited as to time, not in this house but in the other house. As a result, the measure we are now considering comes before this house for decision on the part of hon. members whether it shall again impose no restraint upon those things which have been done in the past, and which the Minister of Finance said would not be done.

There will be an opportunity to discuss this matter still further; but, in dealing with a motion of the kind now before us, hon. members must consider whether they should not receive some assurance from the government, first as to the things that have arisen in connection with the foreign exchange measure; second, as to the real necessity for the legislation, and third, as to what this government is doing to meet the situation which was so vigorously and so ably put forward by the Minister of Agriculture in London a short time ago.

As has been pointed out, one of the difficulties involved in this bill is that it places in the hands of civil servants wide and sweeping powers over the whole economy of this country. Let no members of the government get up and suggest that this is a reflection on the civil servants, as they are prone to do whenever any statement is made to the effect that the future of this country should not be entrusted to civil servants. Civil servants are the servants of the public; it is their duty to carry on their daily work under statutes approved by legislative bodies and under the administrative direction of ministers of the crown answerable to parliament and to the people of Canada. When you sidetrack the responsibility of the executive, and of parliament which is in control over the executive, you set up something that approximates a totalitarian state, as was pointed out by those prominent Liberals whose words were referred to in the editorials I have quoted.

This legislation can have a profound and decisive effect upon the whole future of this country. Under it our economy could be undermined and destroyed if a dangerous and unwise course were pursued too far. Canada could find its trading relationship with other countries interfered with by the limiting provisions of the act relating to export and

import, and its whole trading position in the world could be seriously impaired and seriously threatened if steps were taken which excluded us from markets which are the natural ones for the products of this country, and which have been the natural markets for many years.

It is not expedient to carry forward a measure which by men who believe in the Liberal tradition has been properly described as a totalitarian measure. This house has the opportunity to say that if there is to be an operation of this kind in relation to exchange, it shall be an operation that is under the responsibility of a minister answerable to the house, and that the acts by civil servants be brought to an end. After all, civil servants can do only what they are told to do by the ministers to whom they are responsible under the acts which have been passed. A great many things are being done about which neither parliament nor the people of this country have any information. When the Minister of Finance yesterday talked at some length about a realistic value for the dollar, implying that it was impossible to arrive at some realistic value of the dollar—

Mr. Abbott: I did not imply that.

Mr. Drew: —on the basis of open transactions, he of course implied that when the foreign exchange control board is approving some of these transactions, it is not the standard by which to test the propriety of the figure at which that exchange operation is fixed. Unless these exchange operations, which are reported in the financial press, do bear some relation to reality, then it is indeed a strange thing for the foreign exchange control board to be approving large transactions, involving in single cases many millions of dollars, at the very figures which are being quoted in the press from day to day. Apparently it is realistic enough for the foreign exchange control board to conduct business in this way.

So many things are done in such a casual and secretive manner that they are left to be discovered by the public by indirect methods. Tourist trade between Canada and the United States is a matter of considerable importance, as was pointed out by the Minister of Finance in his own remarks. It is a two-way operation. If we encourage tourist trade here, we must also recognize that there are certain reciprocal obligations—and every sensible person recognizes that. When certain exemptions are extended to United States citizens coming into Canada, under which they may take certain goods back to the United States, naturally Canadians are interested in any arrangements we make to encourage Canadians to travel and to see that we are reciprocating as far as we can. Possibly it is not important in the total figure, but it does indicate the way in which people are left to find out for themselves what has been done. In the *Foreign Commerce Weekly* of February 4, 1949, a publication of the Department of Commerce of the United States, an interesting item appears on page 13. It reads as follows: "Canadian tourist credit purchases liberalized." I do not recall any announcement in the Canadian press that Canadian tourist purchases in the United States had been liberalized at about that time, and I should be glad if the Minister of Finance would indicate that any such statement was then given to the press.

Mr. Abbott: A press statement was issued at that time.

Mr. Drew: In regard to the method that was employed?

Mr. Abbott: In regard to the $100.

Mr. Drew: But not in regard to these credit arrangements?

Mr. Abbott: No; I do not know anything about the credit.

Mr. Drew: The minister does not know anything about the credit arrangement?

Mr. Abbott: The credit arrangement is one which has always existed ever since foreign exchange control was established. There is nothing new about it. There was no change.

Mr. Drew: The announcement on February 14 of a change may be wrong?

Mr. Abbott: There was no change. It had always existed.

Mr. Drew: The provision by which people could buy on credit and then come back here?

Mr. Abbott: That is correct.

Mr. Drew: Then apparently the *Foreign Commerce Weekly* is incorrect in its information.

Mr. Abbott: That may be so; yes.

An hon. Member: What publication is the hon. member referring to?

Mr. Drew: If the hon. member had been listening—not the Minister of Finance—he would have heard me say that I am referring to an official publication of the government of the United States.

This particular provision is one of the many that can be made in regard to credit arrangements between two countries. Evidently an official publication of the United States government was in error when it said that there had been a change. We are now

informed that such a change did not take place. Naturally I accept the statement of the minister to that effect.

Mr. Abbott: I want to keep the record clear. The tourist imports were completely cut off, whether for cash or for credit, and naturally at that time the credit arrangement was suspended with the cash arrangement; but once the cash provision of $100 was restored, the credit arrangement was restored as well.

Mr. Drew: Of course this was hailed, and not unnaturally, in the United States as a broad liberalization of Canadian policy, which would permit an increase of the amount of money; and it was obvious that the thing was not generally understood, because apparently they regarded it as a considerable extension of the facilities available to them, and that is what they point out.

In connection with the control of exchange between the two countries, as distinct from the control over the actual movement of goods one way and the other, to hear the Minister of Finance argue one would think that the ordinary operation of exchange is something that is very undesirable, when as a matter of fact he himself indicated at the time this bill originally came forward that the present course was not one which appealed to him very much at that time, but that he felt it had become necessary under the circumstances.

So far as one could discern a clear argument yesterday by the Minister of Finance in the speech which he read to the house, it was to the effect that far from our dollar having a normal level below par, it has a level which justifies the fixing of it at 100 cents on the dollar. If it really is so, then these crutches which are now being given the dollar are unnecessary; but the fact is, and the Minister of Finance is well aware of it, that because of perfectly normal and traditional results from the kind of trade that is carried on at the present time between Canada and the United States, our dollar is not at parity with that of the United States.

Mr. Abbott: Why is that?

Mr. Drew: Because for the whole period covered by the history of international exchange, the value of the money unit of one country in relation to the money unit of another country moves up and down in relation to the balance of trade and other credit considerations between the two countries. And because the convertibility factor was removed from the Bretton Woods agreement we are in the position of dealing alone with the United States, and our excessive purchases in the United States as compared with our exports, naturally, as the Minister of Finance well knows, produce a result that does for the time being place our dollar below 100 cents in United States funds.

Probably the unfortunate fact is that our dollar is called a dollar. If it were not called a dollar, then we would not be so sensitive about the normal movement of our unit of exchange. The movement of the unit of exchange is the thing that has controlled and actually brought to a balance the trade between countries, and that is a sound way for our dollar to get back to some measure of parity.

This country need not be so much concerned about the value of its money unit so long as appropriate efforts are made by this government to bring about normal international trading. It is not enough for the Minister of Finance or for any member of this government to say that this is the Bretton Woods agreement; the pound is no longer convertible, and we have just got to go along as we have done in the past. This is a sovereign state. This is a nation which boasts of its great growth and strength in the international sphere. It is the duty of the government of Canada to take steps which will be in keeping with the ultimate needs of this country as one of the greatest trading nations in the world—and it is not only that, but it is one of the greatest per capita trading nations in the world, if not the greatest. Consequently if there is one country which should initiate steps to change this situation and to break the log-jam which has stopped trading in many directions, it is this country, the future of which is so seriously threatened by its inability to sell in markets which would normally be ours.

The Minister of Finance yesterday in the speech which he read—and which obviously he had read over before he presented it here —referred to a statement which I had made on behalf of the province of Ontario in regard to a provision under which the external obligations of provincial governments would be met in such a way as to make it possible for those provinces to pay their obligations at parity in the United States. Not one word of what I put forward, or in what was put forward by anyone else, had to do with this subject of the level of foreign exchange. either then or at any other time. The quotation of the minister yesterday is one of those typical introductions of something which in some way indirectly relates to the subject, and the putting of a coloration upon it to suit his own purpose. He did put a coloration upon it which was improper and which was entirely contrary to the facts, as he well knows.

Mr. Abbott: In what way? Will the hon. member allow a question? What coloration did I put upon it, and in what way was it improper?

Mr. Drew: I was coming to that. What he said was that this had been put forward in the special interests of Ontario.

Mr. Abbott: No, I did not. I said in my statement of yesterday I was sure it was put forward on grounds of high principle, not to give additional revenue to Ontario. I was very careful to emphasize that.

Mr. Drew: The proposition that was made by him was a proposition put forward as a basis of over-all agreement among all the governments of Canada, and it could have been accepted only if it was acceptable and could have become a part of the general agreement among all the governments of Canada.

Mr. Abbott: Nobody else suggested it.

Mr. Drew: The minister of course was not present at the discussions at that time.

Mr. Abbott: According to the record, nobody else suggested it.

Mr. Drew: The minister is well aware of the fact that he was seeking to leave an impression which was quite clear. The fact is that when he made that proposition to which I referred, and to which he referred, he was putting forward something before the provinces, the provincial governments, which had voluntarily given up their taxing powers during the war and had been denied the return of taxing powers which the dominion government had promised them, and suggesting that they should be in some way provided with the necessary arrangements to meet their external obligations and thus compensate them to some extent for what they had done during the war.

I mention this only to dispose of an attempt that was made in some way to create confusion as to what had actually been discussed at that time.

Now, Mr. Chairman,—

Some hon. Members: Oh, oh.

Mr. Drew: I am extremely interested in these comments, which show an impatience on the part of hon. members in regard to a measure which has to do with the economic future of this country, and which will determine the course this country will follow for years to come. I only wish there were, somewhere within the ranks of those opposite, men who recalled the liberal principles put forward by those Liberals whose statements I have quoted here this morning.

Mr. Garson: Will the hon. member permit a question? Does he agree with the monetary principles of the late Mr. McGeer?

Mr. Drew: That is exactly the kind of question I would expect from the present Minister of Justice.

An hon. Member: Answer.

Mr. Garson: Whether it is the kind of question which my hon. friend would expect from the Minister of Justice or not, I should be very glad if he would answer it.

Mr. Ross (Souris): The old slot machine.

Mr. Drew: The Minister of Justice is perfectly well aware that I can quote from newspaper editorials which deal with statements that were made at that time in regard to foreign exchange control, and that they were not in any way limited to the late Senator McGeer. They included Senator Campbell, who is still, I believe, in the favour of his party; and Senator Bench, who unhappily no longer is there, and Senator Crerar, who at that time and in the past has been respected as an exponent of Liberal policies.

Mr. Garson: The hon. member has not answered the question. If he does not wish to answer it, all right.

Mr. Drew: I am not going to answer silly questions. I will answer every sensible question that is put to me during this discussion.

Some hon. Members: Oh, oh.

The Chairman: Order.

An hon. Member: Read the speech.

Mr. Drew: No; I do not find it necessary to read my speeches. I am quite capable of making my own speech—unlike some ministers of the crown. I am not going to read, except from the words of another Liberal who has stated sound Liberal policies, and who has happily expressed some of them here —because they do relate to the matters we are now considering.

I notice that the Minister of Finance was very sensitive in regard to the suggestion that he gave this country a budget by radio.

Mr. Abbott: I am not sensitive to anything.

Mr. Drew: I have quoted these words before, and I do not hesitate to quote them again, because they have application to what the minister has put forward:

> Without the existence of an almost all-powerful bureaucracy, it is unlikely that we would have had budget by radio, restraint of trade by embargoes and prohibitions, bungling of freight rates, and a snarling of interprovincial relations.

Those are the positive words of the hon. member for Quebec South (Mr. Power). He

said in the same speech—and I might add that this of course was not yet made in the Senate:

> Ministers of the crown must abandon the practice of abdicating their functions, their duties, and shouldering their responsibilities on irresponsible boards, committees or commissions.

Mr. Chairman, that is as cogent an argument as could be put forward against the adoption of a resolution stating that it is expedient that we proceed to deal with this measure. Because that is exactly what has happened in these cases.

An hon. Member: Time.

Mr. Abbott: He does not know it.

The Chairman: Order.

Mr. Drew: We are now dealing with the extension of the foreign exchange control measure, and I come to statements made yesterday by the Prime Minister which had to do with the very type of thing that is now under consideration here. The Prime Minister yesterday waxed indignant about the time that had been taken in the discussion of certain matters in the house. The Prime Minister put on a well-staged show, which had been carefully planned in advance. Of course we had the advantage of knowing from the press that it had been planned and was going to take place.

An hon. Member: How did you like it?

Mr. Drew: I liked it very well as a perfect demonstration of the mind of a dictator.

Some hon. Members: Oh, oh.

Mr. Drew: I will repeat that until *Hansard* gets my answer: I liked it very well—

Some hon. Members: Oh, oh.

The Chairman: Order.

Some hon. Members: Order.

Mr. Drew: I liked it very well as a clear demonstration to this committee—

Mr. Knowles: On a point of order—

Mr. Drew: I liked it very well—

Mr. Knowles: On a point of order; is the leader of the opposition not now referring to subjects that have been discussed and things that have happened in another debate?

Mr. Drew: I liked it very well as a demonstration—

Some hon. Members: Order.

Mr. Drew: —of the action of a man who believes in dictatorial authority. It was a clear indication of a servile government group following a man in trying to suppress the ordinary rights of this House of Commons in the way he has.

Mr. Garson: On a point of order, I was wondering if my hon. friend could tell me whether it was the right of free speech that was being dealt with.

Mr. Drew: If the minister has a question of privilege or a point of order to raise, he has a right to the floor; but I have no intention of paying any attention to his silly questions.

Mr. Abbott: The only questions the leader of the opposition answers are his own.

Mr. Drew: It was not without reason that the minister was nicknamed "garçon" at the dominion-provincial conference.

Mr. Abbott: What brilliant wit!

The Chairman: Order.

Mr. Grant: Back to the scene of the crime.

Mr. Drew: Mr. Chairman—

Mr. Grant: Back to the scene of the crime.

Mr. Drew: This is a fine demonstration—

Some hon. Members: Order.

Mr. Drew: This is a fine demonstration of the recognition by members on the other side of this house of the importance of the measure that is now before us and its effect on the future of Canada.

Mr. Howe: Filibuster.

Mr. Drew: When the Prime Minister—

An hon. Member: The leader of the opposition.

Mr. Drew: —and the leader of the house, who also has some responsibilities in that respect, makes the statement that a filibuster is taking place he is merely indicating how little he likes legitimate debate in the house on the arbitrary measures which he puts forward. His whole conduct demonstrates how unsafe it is to place arbitrary powers of this kind in his hands.

Mr. Knowles: I ask for a ruling on my point of order. The rule is clear that it is not in order to revive a debate that has already been concluded. The debate to which reference is now made was concluded yesterday when the motion of the Prime Minister was agreed to unanimously, and I submit it should not be revived now.

The Chairman: I think the point taken by the hon. member for Winnipeg North Centre is well taken, on the ground that he has indicated—hon. members may not refer to a debate on another subject in the same session. Standing order 58, subsection 2, reads:

> Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

Foreign Exchange Control

When a resolution is before the house, considerable scope is given to the debate, but when it is referred to the committee of the whole the discussion must be strictly relevant to the resolution under consideration. May I emphasize the words "strictly relevant"—not only in connection with the present resolution but in connection with all other matters which will come before the committee. I am sure all hon. members are anxious to abide by the rules, and I think it is only necessary for me to call their attention to the words "strictly relevant".

Mr. Drew: Mr. Chairman, I conclude—

An hon. Member: One o'clock.

The Chairman: The chairman will declare when it is one o'clock.

Mr. Drew: I was dealing with the observations made in regard to the extension of this debate. I have heard that observation. I am certainly not, in the circumstances, limiting the extent of my remarks when I believe the freedom of this country is at stake in an issue such as this. I shall conclude in a moment by reading these words—

An hon. Member: One o'clock.

Mr. Drew: I quote:

> I may be leading a forlorn hope, but I am leading it up to the very battlements of autocracy, complacency and inertia.

Mr. Garson: I rise to a point of order. When a hon. member of this house announces that he does not intend to abide by its rules, he should be named.

Some hon. Members: Hear, hear.

Mr. Howe: One o'clock.

Mr. Drew: Mr. Chairman, that was another silly statement by the Minister of Justice.

Mr. Garson: I rise on a question of privilege. I demand that my hon. friend retract the word "silly". It is unparliamentary.

Mr. Drew: I will not retract the word "silly", except under your ruling, sir; because that word is quite proper. It has been used several times by hon. members opposite.

An hon. Member: Withdraw.

The Chairman: I understood the leader of the opposition to state that the question was silly, not that the minister was silly.

An hon. Member: One o'clock.

Mr. Garson: No question was asked at all. A point of order was raised, and I should like to have your ruling, Mr. Chairman, on the point of order.

The Chairman: I think the word "silly"—

[The Chairman.]

Mr. Garson: I am not asking—

The Chairman: What was the point?

Mr. Garson: The point of order was this: when an hon. member rises in his place and informs the chairman and the members of the committee that he will not abide by its rules—

An hon. Member: He did no such thing.

The Chairman: With respect to the word "silly", it has been used a great many times during the present session—

Mr. MacInnis: It ought to be.

The Chairman: —but I do not think the word should be used, and I would ask hon. members not to use it. With regard to the point of order raised by the Minister of Justice, I did not understand the leader of the opposition to say that he would not abide by the rules.

Some hon. Members: Oh, oh.

The Chairman: The chairman must be allowed to give his ruling without interruption. I did not understand the leader of the opposition to say he would not abide by the rules of the house. I do not remember his exact words, but they were to the effect that if freedom of speech was being interfered with, he would not hesitate to speak in this house. He did not say he would not hesitate to speak irrespective of the rules, and I was about to rise and say, "as long as the hon. member is speaking in accordance with the rules."

At one o'clock the committee took recess.

The committee resumed at three o'clock.

HOUSE OF COMMONS

PROCEDURE FOR ORGANIZATION OF STANDING COMMITTEES

Right Hon. L. S. St. Laurent (Prime Minister): With the permission of hon. members I might put on record the information I received from the clerk of the house as to the procedure followed in the organization of the standing committees. It is as follows:

> As soon as standing committees have been set up it is the duty of the chief of the committee branch of the house to call a meeting of each of them for the purpose of electing its chairman. In doing so he endeavours to suit the conveniences of the members of the house and he consults the chief government whip as to the day on which they will be free to attend.
>
> As some members belong to two or three committees, it is the usual practice to have all of the committees choose their chairmen on the same day. A few days elapse before this first meeting because some consultation has to take place prior to the choice of the chairmen.

After committees have been fully organized by the appointment of their chairmen, they enjoy complete autonomy within the orders of reference sent to them by the house. They are free to settle the dates of their meetings and to regulate their own proceedings. Interference of members or even ministers of the crown with their proceedings would be considered a breach of privilege.

They are responsible to the house alone, and in no way subservient to the government.

Arthur Beauchesne,
Clerk of the House of Commons

Mr. W. G. Weir (Macdonald): In fairness to the chief of the committee branch perhaps I should add a word to what the Prime Minister has said. Hon. members will recall that the committees were announced last Monday. The following day I received this note from the acting chief of the branch, as I presume the opposition whip did also:

When you have decided on the date on which the standing committees are to be organized by the appointment of their respective chairmen, it would be appreciated if I could have a few days advance notice in order to have notices to members printed.

I conferred with the chief of the branch during the week as to a date suitable to most hon. members, and yesterday advised him to call these committees together on Tuesday morning next.

FOREIGN EXCHANGE CONTROL ACT

CONTINUANCE IN FORCE UNTIL SIXTY DAYS AFTER OPENING OF FIRST SESSION OF PARLIAMENT IN 1951

The house resumed consideration in committee of the following resolution—Mr. Abbott—Mr. Macdonald (Brantford City) in the chair:

That it is expedient to present a measure to provide for the continuance in force of the Foreign Exchange Control Act until sixty days after the commencement of the first session of parliament commencing in the year 1951.

Mr. Green: In the province of British Columbia we are faced with the problem of having to sell a great deal of our lumber, our canned salmon, our apples, our base metals and other commodities to Great Britain and other commonwealth countries. As everyone knows there is great difficulty at present in connection with that trade. The apple trade, and I think also the trade in canned salmon, have been cut off completely, though there is still some lumber going to Britain.

From time to time the suggestion has been advanced that an arrangement could be made under which we would bring in steel from Great Britain in exchange for our lumber, for example. I realize that there are obstacles to the setting up of this kind of trade, but in reading the report of the foreign exchange control board I gathered the idea that the board is not very keen about arrangements of the kind. At page 7, for example, we find reference to two types of arrangements which could be made to promote trade between dollar and non-dollar countries. The first suggestion is that the exporting country, which in my case would be Canada, should advance credits to the importing country, in my case Great Britain. The other suggestion is that arrangements be made for special deals in which the exporting country, which would be Canada, agreed to use the proceeds of its exports to take more goods from its dollar-short customer even though those goods were higher in price than if bought elsewhere. That would mean bringing steel from Great Britain for use in British Columbia.

I would like the Minister of Finance to explain the attitude of the board and of the government toward transactions of that kind, because it does seem to me we are in a corner as far as this trade is concerned. We are like the dog that had to climb a tree; we have to do something. I should like to know why it is not possible for Canada to work out some special arrangement under which we could exchange British Columbia timber, for example, for steel from Great Britain.

Mr. Abbott: Well, Mr. Chairman, of course that involves a very large question of trade policy. Arrangements of that kind, if carried on to any great extent, essentially would involve what are commonly known as barter deals; that is to say, one country arranges to swap a certain quantity of wheat, let us say, or bacon, for a certain quantity of steel or manufactured goods. That sort of thing involves a substantial degree of import control on the part of both countries. It involves, if it is to be carried through to any substantial extent, a considerable degree of state trading, that is purchases by the state. But perhaps the most difficult feature of an arrangement of that kind is that the price of the steel, as my hon. friend has indicated, may be higher than the price at which that steel could be obtained from our domestic producers, let us say, or from producers in the United States. Someone would have to pay that higher cost, either the purchaser or the taxpayers as a whole.

Many other difficulties are involved in arrangements of that kind. Incidentally I understand that the board of trade in Great Britain has arranged for a substantial increase in exports of steel to this country, through representations made by my colleague the Minister of Trade and Commerce. I do not know the price, but I assume the steel is coming in at reasonably competitive prices.

Mr. Howe: Higher prices.

Mr. Abbott: The demand for steel is such that Canadian consumers are prepared to

pay those higher prices. But let me say to my hon. friend that we in Canada are not only ready but anxious to take any sort of commodity, capital or consumer goods, that the United Kingdom is able to export to us at competitive prices. We are not only ready; we are extremely anxious to do that, and we have gone to quite considerable lengths, as I shall attempt to indicate in the course of my budget speech in dealing with trade questions, to encourage that type of export, and we hope and believe the steps we have taken and that are being taken by western European countries will result in an increased flow of trade to this country.

In direct answer to my hon. friend's question, I do not believe that a system of barter deals is in the interests of Canada if it can possibly be avoided, if for no other reason than that such a tremendous volume of both our imports and our exports come from and go to the United States. We cannot make barter deals with the United States; they do not operate on that basis. We have to operate on a price basis there, and naturally that introduces very serious complications in the matter of barter deals with other countries, which in my judgment are most undesirable in the interests of Canada as a whole.

Mr. Green: Surely the minister does not mean these deals necessarily would have to be made between governments. Suppose a lumber-producing firm in British Columbia exchanged lumber for steel, and then disposed of that steel in British Columbia.

Mr. Abbott: There is nothing to prevent that. It would be splendid.

Mr. Green: That is a private transaction.

Mr. Abbott: That is right.

Mr. Green: But as I read the report of the foreign exchange control board, that board is not favourable to deals of that kind. I am not an expert on this question, but it does seem to me there is a method there of getting our trade with Great Britain back to something approaching normal. It does seem the foreign exchange control board is not working very hard to bring about deals such as the one I have mentioned.

Mr. Abbott: On the contrary, Mr. Speaker, I do not think there is any objection, let us say, to a British Columbia producer of lumber entering into an arrangement with a British steel manufacturer to swap lumber for steel. The British Columbia producer would then be faced with the problem of selling steel in Canada at competitive prices. He may be unwilling to take that risk and, as to that, I do not know.

[Mr. Abbott.]

Generally speaking, the foreign exchange control board would put no obstacle in the way of an arrangement of that type. Far from doing anything to discourage imports from sterling area countries, the foreign exchange control board and every other agency of government is doing everything in its power to encourage such imports. It is tremendously in the interests of the Canadian people as a whole to do that because of the volume of our export trade. We should try to get our customers in a position where they can pay for our goods. It was for that reason we extended these large credits, so these countries would be able to restore their productive machinery and export goods and services to us. This is the only real way in which our exports can be paid for. They cannot be paid for in pieces of paper; they have to be paid for in something tangible. When these importing countries are able to restore their economies to the position which enables them to export goods and services to us and to other countries at prices which our people are willing to pay, then our trading accounts can be balanced.

Mr. Green: Is there any agency or department of government which is actively promoting such transactions, such as helping the exchange of steel from Great Britain for lumber from Canada?

Mr. Abbott: I shall ask my hon. friend to answer that question.

Mr. Howe: Mr. Chairman, if I may answer that question, the Department of Trade and Commerce encourages barter deals where they are helpful. The barter deal which my friend proposes would not be helpful. He proposes that a producer of lumber in British Columbia exchange that lumber for steel from Great Britain. May I point out that we are taking now all the steel Britain can send us and we are exporting all the lumber Britain will take from us.

The trade is just as badly unbalanced if you take $50 million worth of lumber on one side and $50 million worth of steel on the other side out of our reciprocal trade accounts; your unbalance continues unchanged. True, one individual transaction is balanced, but since you have a large movement of each of the two commodities, the unbalance is continued just as if your barter deal never took place.

Last year our department helped to work out a barter deal with Brazil in which apples were exchanged for oranges. This was a helpful transaction because the oranges would not have moved to Canada otherwise and we would not have had that market for our apples. It is the latter type of barter

deal that we encourage because it develops new trade. The department has attempted to develop other barter deals, but some have not worked out. Such a transaction usually has to be developed at somewhat higher prices than competitive prices in one of the countries concerned. We do everything possible to encourage the type of deal I have mentioned whenever it develops new trade between countries and I may say the foreign exchange control board has put no obstacles in the way of such transactions.

Mr. Green: Is that the type of barter deal that is taking place between Great Britain and the other countries in the sterling area?

Mr. Howe: I do not know; it is difficult to say. I believe those transactions are not true barter deals. It is really an agreement to buy so much wheat from Russia, we will say, as against so much machinery from England. To the best of my information the settlements have been made partly in pounds sterling or in dollars. In other words, the transactions are not barter deals as I understand that term. These transactions seem to be mutual trade deals in that the settlement is not strictly goods for goods.

Mr. Macdonnell (Muskoka-Ontario): This word "barter" is being used a great deal now and I do not understand exactly what is meant by it. Will the minister explain what he meant by calling this deal with Brazil a barter deal?

Mr. Howe: It is a direct exchange of commodities for commodities, without any exchange of dollars or currency.

Mr. Macdonnell (Muskoka-Ontario): Arranged by whom?

Mr. Howe: This particular deal was arranged by the British Columbia Fruit Growers Association with the help of the trade commissioner in Brazil.

Mr. Hackett: It was not between the two governments?

Mr. Howe: No, we do not make such arrangements between governments.

Mr. Macdonnell (Muskoka-Ontario): If it was an exchange of goods for goods, there would have to be some means of arriving at the value. In what sense do you mean it was barter; is it not an exchange of currencies but a straight barter deal? I am asking that from the point of view of barter as understood some centuries ago. I would go into a shop and ask a man for a shirt in exchange for which I would sweep out his shop. I may have to try quite a few shops before I find someone who wants his shop swept out. In what sense are we returning to real barter?

Mr. Howe: In the barter deal to which I referred, the people in British Columbia said they would exchange so many boxes of apples for so many boxes of oranges. It was simply an exchange of goods for goods.

Mr. Quelch: The Minister of Finance, I think, will agree that one of the reasons Britain has to charge high prices for some exports is that under the special agreements which she has with European nations she is able to get those high prices. If we want these goods to come to Canada we will have to compete and pay those prices. I should like to refer the minister to a statement I quoted last night appearing in the foreign exchange control board report near the bottom of page 6:

> If efforts on the part of the sterling area and ERP countries in the direction of greater exports to dollar countries are inadequate or fail to solve their dollar problem, then it may be expected that these countries will continue to place special restrictions on imports from dollar countries. The countries whose exports are affected by these restrictions will be confronted with the choice of finding some alternative use, at home or in other foreign markets, for the goods previously exported to the dollar-short countries or making special arrangements in an effort to retain these markets. These arrangements could involve the provision of the exports without payment in foreign exchange, through the extension of grants or credits,—

This is the point I wish to emphasize.

> —or special deals in which the exporting country agreed to use the proceeds of its exports to take more goods from its dollar-short customers even though these goods were higher in price than had to be paid elsewhere. To make room for these relatively high-priced imports it would be necessary to impose discriminatory import restrictions.

I wonder if the minister could explain just what kind of deals the board had in mind when they said:

> —or special deals in which the exporting country agreed to use the proceeds of its exports to take more goods from its dollar-short customers even though these goods were higher in price than had to be paid elsewhere.

This would mean we would be importing goods into this country at higher prices than prevailed within Canada. No doubt that would mean we would have to subsidize those imports. We did not hesitate to subsidize imports into this country during the war in order to maintain the price ceiling. Surely, if it is a question of maintaining our markets in Europe, we would be justified in going to the length of subsidizing imports. If we are not prepared to compete with other nations for British goods because the prices are higher, we must lose that market and we may have a great deal of difficulty in getting it back.

Surely, as a short-time expedient, it might be well worth our while to subsidize imports into this country, thus making it possible for the importer to sell them at existing price

levels. This foreign exchange control board report says:

> To make room for these relatively high-priced imports it would be necessary to impose discriminatory import restrictions.

Would that not come into conflict with the Geneva trade agreements?

Mr. Abbott: Unquestionably.

Mr. Quelch: In principle, yes. On the other hand there are escape clauses in the Geneva trade agreement which would appear to permit action of that type. I know the minister spoke last year about these escape clauses and the advantage taken of them in trading. They were going to live up to the principle. What is the use of having an escape clause in an agreement if you are not going to utilize it? Surely when we are faced with a situation that is as serious as the situation today, where our markets to Britain are in danger of shrinking, we would be justified in utilizing a clause that was put in there for the very purpose for which we may need it in this case.

In view of the serious situation in regard to our exports to Britain, I should like to ask the minister whether he would not consider the advisability of accepting sterling in payment for our exports; then using the sterling in the purchase of British goods, even if the prices of those British goods were higher than the price level in this country; and then placing a subsidy on the prices of those goods so that importers could sell them at the existing price level in this country. The minister himself will admit that that procedure would not be a violation of the Geneva trade agreements, if it were done under the escape clauses.

Mr. Abbott: First, the hon. member for Acadia has raised a difficult and serious question, namely, the extent to which this country is going into the business of subsidizing high-cost imports into Canada which are in competition in this market, subsidizing wage levels of this country or that country which are lower or higher than ours.

I cannot agree with the dark picture that he has painted as to the trade prospects in the sterling area market. It is true those countries are going through a difficult period at this time. We knew they would be going through a difficult period. That is why we extended substantial credits. That is why the United States government is extending these substantial credits under ERP. It may well be that, when the period of the European recovery plan expires, the western European countries will not have achieved the degree of self-sufficiency or restoration of their economy they now anticipate.

Mr. Quelch: That is evident.

[Mr. Quelch.]

Mr. Abbott: Although we must recognize—and I have said so on a number of occasions—that we must look forward to some diminution of our exports to those particular countries, I do not take the dark view that others appear to take when they say they will be drastically curtailed. So far as our main primary products are concerned, I believe they will be maintained. But I think we must face the fact that in a number of fields, and particularly in the field of manufactured goods, we must look to greater access to other markets, particularly the United States market. But let me say this. Until the situation becomes much worse than it is now, or much worse than I expect it will be, I would be strongly opposed to any system of subsidizing high-cost imports.

Mr. Quelch: I would point out that the cost of that procedure might be much less than the cost to this country of losing markets for our primary products.

Mr. Abbott: Let us settle that question, but let us not settle it on a hypothetical basis. A moment ago I made the statement that we have not lost these markets. We have not lost them by any means. Our exports to the markets to which my hon. friend was referring were much higher last year, I think, than they were in any year preceding the war.

Mr. Quelch: What about food contracts?

Mr. Abbott: As we all know, future prospects are that there will be, and must be, some curtailment of these markets; but in my judgment the time has not arrived to attempt to pull ourselves up by our bootstraps by subsidizing imports.

Mr. Thatcher: I should like to ask the minister two questions. In the first place, I did not understand that this parliament had yet ratified the Geneva trade agreements. I should therefore like to know to what extent we are bound by them. In the second place, I wonder what our position would be in the coming year. We want to increase British imports. If we found it advisable, would it be possible under this act to switch to the British markets imports which we are now getting in the United States? Would that be possible under this Foreign Exchange Control Act?

Mr. Abbott: It would not be possible under the Foreign Exchange Control Act. To deal with my hon. friend's first question, the Geneva agreements have been given provisional application in accordance with the terms of those agreements, and I think they will be coming before the house at a later stage this session for formal consideration and ratification.

Mr. Thatcher: Are we bound by them before parliament ratifies them?

Mr. Abbott: We are provisionally bound, yes; and they are operative at the present time. If parliament refuses to approve and ratify them, they will cease to be operative from the time that parliament takes that action. That has been done by I do not know how many countries.

An hon. Member: Twenty-three.

Mr. Abbott: Twenty-three countries which signed the agreement. What was the second question?

Mr. Thatcher: If, because of that particular situation in the coming year, Canada should find it advisable to decrease its imports from the United States and switch its imports to the British market, I wanted to know whether that would be possible under this act.

Mr. Abbott: As a result largely of the import restrictions which we imposed a year ago last November, we have sharply reduced our imports from the United States and we have substantially expanded our imports from the United Kingdom. We are taking every pound's worth of goods we can get from the United Kingdom that will come here at prices that our people are prepared to pay.

Mr. Hackett: Imports from the United Kingdom were subsidized, were they not?

Mr. Abbott: No. We are not subsidizing imports from the United Kingdom. We suspended the duties on certain types of goods.

Mr. Hackett: Suspended the duty and furnished a certain amount of currency or funds with which to make the purchases.

Mr. Abbott: We have extended credits, yes.

Mr. Macdonnell (Muskoka-Ontario): I tried to make clear yesterday that I attached great importance as well, notwithstanding its comparative ineffectiveness up until now, to the international monetary fund and to its operation. I tried to emphasize the fact that I regretted certain aspects of its administration and operation up until now. I want to ask the Minister of Finance certain questions with regard to our relationship to that fund. I want to know just how we keep in touch with it. I understand we have a representative there. I want to ask just what our method of contact is, or how closely we keep in touch. Then I should like to ask the minister to indicate to us whether we are consulted with regard to the various things that arise, and how we deal with the questions that arise. In particular I should like to ask him to indicate whether there is any indication that the various governments which are members of the agreement are prepared for forward action. Rumours come out from time to time—and I stress the fact that they are rumours—that the officials themselves at the headquarters of the fund are anxious for more flexibility and are anxious to move forward but that as yet they have not been supported by the people back home. As I say, it is rumour; I do not put it forward as anything more than that.

I want to read one sentence from the report of the international monetary fund. It is found on page 1 of the report of 1948 and is as follows:

> The restoration of international balance, however, still requires important and difficult adjustments in many national economies and for most of these adjustments the national authorities now have the main responsibility.

I take it that in a broad way that means that the officials of the fund are indicating in this statement that I have read, that they are only instruments, or agents, and that the principals are the various countries. I have indicated a rather broad range of questions, but I wish the minister would tell us, in what detail he can, just what our means of contact is, just what relationship we have to the fund, and just what reason there is, if any, to suggest that the fund is trying to think its way forward, or whether it is going to remain static. In the latter case it seems to me that the prospects of its doing the tremendous task which it was set up to do are not at all bright.

Mr. Abbott: I do not know just how much territory my hon. friend expects me to cover.

Mr. Macdonnell (Muskoka-Ontario): I should like the minister to cover a wide area.

Mr. Abbott: I will do the best I can. As the hon. member is probably aware, the international monetary fund is set up under the terms of the Bretton Woods Agreements Act, which was adopted by this house in 1945. The organization of the fund consists of governors who are the finance ministers for the time being of the respective countries which are members of the fund. For the time being I am the governor of the fund representing Canada, and as such I have attended the annual meetings of the fund, which take place once a year. In 1947 the annual meeting took place in London. In 1948, in September, it took place in Washington. The executive of the fund consists of a body known as the executive directors, and these executive directors are selected by vote of members of

the fund. The system of votes is rather complicated. I have not got it in my head, and I shall not attempt to explain it here, but broadly speaking the bigger countries, the United Kingdom, France, the United States, China—I am not sure whether it includes anybody else—have enough votes of their own to elect an executive director of the fund. Other countries must combine to select an executive director. At the present time Canada has an executive director on the fund in the person of Mr. Rasminsky of the Bank of Canada who, as my hon. friend knows, is the alternative chairman of the foreign exchange control board. Mr. Rasminsky attends the meetings of the executive directors of the fund in Washington at pretty regular intervals. It partly depends upon the business which is before the fund. He does not go there for all the meetings, but the constitution of the fund provides for alternate directors.

Mr. Macdonnell (Muskoka-Ontario): Do we have a representative there permanently?

Mr. Abbott: I am coming to that. Each of the executive directors has what is known as an alternate, and Canada's alternate is Mr. J. F. Parkinson, who is the financial attaché at our embassy in Washington. At meetings at which it is not possible for Mr. Rasminsky to be present, Mr. Parkinson attends. He has constant contact with the executive of the fund itself. As my hon. friend is aware, the chairman is Mr. Camille Gutt, a former minister of finance of Belgium. He is the executive head of the fund. In addition to the executive directors, the fund has quite a large, and in my judgment quite a competent, executive staff; that is to say, a staff of experts on currency matters and monetary matters, research people and the like. I understand that they are constantly studying these international currency and exchange problems. When specific questions come up, which the fund agreement requires to be dealt with by the fund, they are submitted by the countries concerned. An instance is the action which Canada took a little over a year ago last November to introduce our system of assistance to the gold mining industry. The original plan which we had was considered by the fund as a possible infringement of the fund agreement. I do not know that we were in complete accord with that view, but at any rate the proposals were modified, submitted to the fund, and approved.

The fund will sometimes take action on its own initiative. My hon. friend will recall that it did so recently in the case of the sale by South Africa of 100,000 ounces of gold, ostensibly for commercial purposes, at a price some $6.50 above the $35 United States, which is the price established by the United States treasury.

Mr. Macdonnell (Muskoka-Ontario): What was the action?

Mr. Abbott: I have not the data here. It first made an inquiry of the government of South Africa, expressing grave doubts as to the desirability, and perhaps even the propriety, of the arrangement under the fund agreement, and after receiving certain explanations from the government of South Africa, issued a further statement in which it again indicated that it felt there were serious grounds for believing that this gold would not go into the regular commercial or industrial channels, but would be going into channels which were prohibited under the fund.

Mr. Hackett: Who was the purchaser of the gold?

Mr. Abbott: I have forgotten the name; I believe it was some firm of gold brokers in London.

Mr. Hackett: Johannesburg?

Mr. Abbott: They may have had an office in Johannesburg, but they have connections elsewhere. Generally, I think this is the way in which the fund operates. I cannot pretend to be an expert on these international monetary fund matters. When questions come before the fund which involve matters of policy, Canada's executive director on the fund consults me, and if it is a matter which requires cabinet consideration I report to my colleagues; but generally speaking that is the way in which the fund operates.

Mr. Macdonnell (Muskoka-Ontario): Can the minister say whether in fact there has been any consideration by the executive officers of the fund with their governmental principals as to the modifications in the original arrangement with a view to what I, at any rate, would regard as desirable elasticity, or were they just content to ride along as is?

Mr. Abbott: So far as I am aware, the executive directors of the fund do not consider that the provisions of the fund agreement, with the latitude which these provisions allow for change of exchange rates, are as yet inadequate, and with that view I am in agreement.

Mr. Macdonnell (Muskoka-Ontario): Just one final question. Am I correct in assuming that, so far as the minister is aware, the present situation which has led us into something near an impasse with regard to our relation with the sterling area is apparently

contemplated with equanimity by the directors of the fund and the various governments, and that there is no move on foot to try to meet the situation which the Minister of Agriculture so eloquently described in accurate terms. I want to know whether that is true. In other words, if this fund, which was set up with such high hope three years ago, has really stalled and, if I understand the minister correctly, no consideration is being given to the introduction of any further element of elasticity in a situation with the dangers and difficulties which not only the Minister of Agriculture but the Minister of Finance himself will admit, then the situation is indeed a serious one.

Mr. Abbott: The difficulties which the United Kingdom or other western European countries may be involved in, in connection with their trade, are not due to any exchange difficulties created by the international monetary fund. The international monetary fund has no power to impose upon any of its members a particular exchange rate. It has the right to approve changes; it has the right to make recommendations; but it has no power to impose upon any one of its members any particular exchange rate.

As I say, the difficulties of the United Kingdom and others in exporting their goods are not due to exchange difficulties as such. They are due to the fact that these areas are not as yet producing enough goods and services to pay for what they have to buy from this particular area of the world. That is the fundamental underlying cause. It may be—I am not suggesting that it is—that some of these European currencies are overvalued. It is not for me to say whether they are or not. If they are overvalued, then it is perfectly clear that that is a bar to their export trade; but that is not something which Canada can solve for itself, and it is certainly not something that the international monetary fund can solve.

Mr. Macdonnell (Muskoka-Ontario): First of all the minister said that currency had nothing to do with these trade difficulties. Later on he said much more correctly that if in fact currencies were overvalued they did have something to do with it. In the last statement he was right. But when he says that Canada cannot do anything about it, may I say this. We have talked pretty big about ourselves. The government have talked pretty big about the wonderful things they have done, which I prefer to say that we have done, and we have done pretty well. We are not going to take the position that we are a nonentity and that it is not possible for us to have thoughts of our own, and that if we have those thoughts they would not be listened to if they were presented to the fund. Whether I am right or not is not the point. I should like to know whether the minister is taking the position that there is nothing that Canada can do; in other words, that if Canada had views that she wished to have carried out there is nothing we can do to have them accepted by the fund. If that is right, then I think we should seriously consider withdrawing from the fund. But I do not think it is right.

Mr. Abbott: I know that my hon. friend wants to be constructive. I am going to ask him a question after I make a statement. As a nation, Canada has no right to change the exchange rate of any other nation; and believe me, we would resent it pretty strongly if any other nation attempted to tell us what we should do in that regard. As Minister of Finance I would consider such advice from any other country as purely gratuitous and impertinent. I would not presume to offer any advice to any other country as to what exchange rate it should place on its currency. My question to my hon. friend is this—

Mr. Hackett: Isn't the result that we cannot buy from them?

Mr. Abbott: Now, this is a technical subject, and I should be pleased if the hon. member would allow me to complete my thoughts. I said to my hon. friend from Muskoka-Ontario that the international monetary fund has no right to impose an exchange rate on any other country. It has the right to endeavour to persuade, but it has not the right to impose its will—and rightly so—because I do not think that any body of that kind should supersede the sovereignty of any particular nation. Now, my question to the hon. member is this, and I know he wants to be constructive. I would ask him what positive measure he suggests Canada should take in the situation he has outlined?

Mr. Macdonnell (Muskoka-Ontario): One of the greatest advantages held out—and correctly so—in the international monetary fund was that it provided a forum where people could sit around a table and discuss their difficulties. That was one of the great points made—and rightly so—when we had evidence before the committee on banking and commerce three years ago. What I am suggesting is that at the very least we can get that body together. Secondly—and I am not going into details nor am I going to repeat what I said yesterday—I suggest for what it is worth that what we are considering now is whether we are condemned to what I still call a kind of paralysing inaction. Because how we can sit here contemplating the shrinkage of our markets is beyond me.

I am not so optimistic as the minister permits himself to be with regard to the situation in western Europe, if this situation continues. The minister made a statement about not wanting advice from other countries as to how we should value our dollar. Now, if the minister will not take advice from us I am sure he will not take it from anybody.

Mr. Abbott: There are others I would sooner take advice from.

Mr. Macdonnell (Muskoka-Ontario): But I am coming back to this—and this is my point. The Minister of Finance keeps on saying that we are not going to do anything about this, that there is no suggestion we are going to make. I suggest to him that monetary things are not going well; they are going badly. And I say again, page the Minister of Agriculture. Because while the Minister of Agriculture was not able, and while no one is able, in an offhand way, to suggest how it is going to be done, in the meantime the minister sits here, stares in the face of something which is of immense importance to the western plains, and says there is nothing he can do about it.

Mr. Abbott: No, I am not saying there is nothing I can do about it. But I am saying that we cannot cure it by currency manipulation, either of the Canadian currency or of some other.

Mr. Macdonnell (Muskoka-Ontario): I am not suggesting currency manipulation.

Mr. Abbott: What are you suggesting?

Mr. Macdonnell (Muskoka-Ontario): In one of his more accurate moments, the minister said a moment ago that, if there was any overvaluation of the exchange, that was what would injure trade. There is a widespread feeling—and I pointed this out yesterday in my remarks—that some of the European exchanges are overvalued. Read the report of the governor of the Bank of Canada. It says that you now have the sterling area up in a kind of ivory tower. What will the effect be? The effect of it will be that trade with the sterling area will become more and more difficult and you are not doing anything about it.

Mr. Abbott: On the question of the overvaluation of currency, my hon. friend says with confidence that some European currencies are overvalued. I confess to him with respect that it is something I cannot consider myself competent to say.

Mr. Macdonnell (Muskoka-Ontario): I am not asking the minister to say it. All I say is that we are deeply interested in it.

Mr. Abbott: So am I.

[Mr. Macdonnell (Muskoka-Ontario).]

Mr. Macdonnell (Muskoka-Ontario): And one of the points of the monetary fund was to get the various parties interested to come together to consider if anything that may be done has not been done.

Mr. Abbott: They are doing it continuously. The executive directors meet two or three times a week.

Mr. MacInnis: It would appear, to an unobservant person, that we were not making any progress. But when we find the hon. member for Muskoka-Ontario and the Minister of Finance both agreeing that they do not know what to do about this situation, I think that is an indication that we are moving. The reason they do not know what to do about it is that they are not operating in old familiar grooves or old patterns. Trade patterns are not what they were twenty-five or thirty years ago, or perhaps even less than that. A new situation has developed. Two world wars have perhaps permanently affected our economy.

What we have to do is to try and reconstruct trade and business on a basis that fits in with the present-day conditions. The hon. member for Muskoka-Ontario looks with longing eyes on what was, and the Minister of Finance, who is orthodox in the extreme, is also looking back to things as they once were, and as he would like them again to be.

Mr. Macdonnell (Muskoka-Ontario): No, we are Progressive Conservatives.

Mr. MacInnis: But things are not as they once were, and it is unlikely they will ever be again. I believe that in this discussion one of the best suggestions has come from the hon. member for Acadia and also from the hon. member for Vancouver South, who finds himself in the very difficult position of the dog who had to climb a tree.

Mr. Green: I did not say I was in that position.

Mr. MacInnis: We are all in that position. So I say the government, which is the administrative factor in this instance, must try other means outside the old methods which no longer work. It is because those old methods do not work that the British government have had to apply new methods with which to meet the conditions with which they were confronted.

Mr. Hackett: I should like to ask the Minister of Finance a very few questions. I have not found in the report of the foreign exchange control board any statement of the sum of United States investments in Canada. In case I have overlooked

those figures, would the minister be good enough to tell me roughly what they are?

Mr. Abbott: I cannot recall having seen that figure myself, although of course I have gone through the report, but it may be there. But the figure is roughly some $5 billion, I am informed.

Mr. Hackett: Will the minister say what proportion of that $5 billion is affected in its mobility by the legislation governing the foreign exchange control board?

Mr. Abbott: I am afraid I shall have to get that information and give it to the hon. member when we are in committee on the bill.

Mr. Hackett: I am not going to be exacting. The minister knows roughly what it is, and I would accept his approximation.

Mr. Abbott: I would not care to hazard a guess. I try to keep a good many figures in my head these days, but there are a good many of them; and that is not one which I remember or which I have on tap.

Mr. Hackett: Would the minister admit it is half of the $5 billion?

Mr. Abbott: No, I cannot admit anything, but I shall try to get the information for my hon. friend.

Mr. Hackett: I will accept the minister's word. But I am disappointed as I have always considered him so well informed about the details of his department.

Mr. Abbott: It is the exception that proves the rule.

Mr. Hackett: For the purposes of my question I assume that half of this investment—I have reason to believe that it is probably more than half—is immobilized in Canada by foreign exchange control legislation. I ask the minister what effect in his opinion that immobilization of United States investment has upon the Canadian dollar?

Mr. Abbott: I do not know that I would care to express any opinion on that. Of course, the current earnings on that investment can be taken freely to the United States at the official rate. That has always been the case, and it was the case even during the war. We never attempted to restrict the current earnings of foreign investment. The opinion of my hon. friend is probably as good as mine as to what the effect is.

Mr. Hackett: On that point the minister and I are in perfect agreement. I suggest to him that the fact of a large proportion of the United States investment in Canada having escaped from the control of the owner must result in the depreciation of the Canadian dollar in the markets of the world, particularly the United States. Will the minister agree with that?

Mr. Abbott: I do not think I would agree with that.

Mr. Hackett: Does not the hon. gentleman think that a dollar invested in Canada which is subject to the complete control of and recall by the owner is more desirable from the point of view of the United States owner than a dollar which cannot be withdrawn from Canada?

Mr. Abbott: I suppose it depends upon the return that is obtained on the investment, and a lot of other things.

Mr. Hackett: Is that the best answer the hon. gentleman can give?

Mr. Abbott: It is an answer.

Mr. Hackett: Yes, possibly a good answer, as somebody once said, for an *anser*.

Mr. Abbott: A question for a question.

Mr. Hackett: I should like to ask the hon. gentleman if it is not a fact that the Canadian dollar has depreciated in the United States market because, owing to this legislation, it has escaped from the control of its American owners?

Mr. Abbott: I would not put it in just that way. It is true that in the limited financial market in the United States in which Canadian dollars are traded to other non-residents it is under a price discount of some six to seven per cent, but I do not think that that truly reflects the value of the Canadian dollar.

Mr. Hackett: Does not the hon. gentleman think that, were these restrictions to disappear and the owners of a United States dollar invested here were to become free to take it home at any time, the change would have an immediate effect upon the Canadian dollar, and that it might soon go to par?

Mr. Abbott: There again is involved a question of opinion based on hypothetical conditions which have not yet arisen. What the effect would be on the Canadian dollar of taking off all exchange controls I do not propose to guess, but I do say that in view of the fact that Canada is such a large debtor nation the removal of all exchange restrictions at this time would result in a temporary situation which would be most injurious to the Canadian people. It was principally for that reason that this measure, which I have described as a measure of national defence, was introduced two years ago, and we are

asking to have it continued for a further period.

Mr. Hackett: I thank the minister for the answer he has given me. I should like to ask a few questions with regard to trade with Great Britain, and about the volume of that trade concerning which the minister does not like to speculate. Will he not admit that trade would have been severely diminished had it not been for the credits established by Canada for Britain and for the use of the credits established by the United States in Britain for Canada's benefit.

Mr. Abbott: I would agree with that.

Mr. Hodgson: A few minutes ago we were discussing the export of hardwood lumber to the United States. Up until three weeks ago there was practically an embargo on this lumber, but now we have a five per cent quota. Why is that, when United States dollars are needed here? There is a market in the United States for our hardwood lumber, especially flooring.

An hon. Member: What about housing?

Mr. Howe: Perhaps I can answer that as it comes under the Department of Trade and Commerce. The reason we have not allowed the free export of hardwood flooring is that we need hardwood flooring with which to build houses in Canada.

Mr. Hodgson: That is quite all right; I knew that that would be the answer. At the same time, every flooring company in Ontario is backed up with hardwood flooring that they cannot sell in Canada. More than that, there is a backlog of two and three common lumber in the yards that they want to sell to the flooring people. The flooring people can easily take care of the local market and have a lot for export. I know this as a fact because I am in the business. I sold some hardwood lumber last week at an average of $44 per M for three common and better because of the embargo on flooring going to the United States. Will the minister consider giving us more than five per cent? Will he give us 50 per cent?

Mr. Howe: The timber controller keeps the export situation under review from time to time and so far as I know we have been successful in keeping lumber moving. I know of no great accumulation. It is something new for Ontario to have a surplus of hardwood flooring. I may say that we have been shipping flooring into this province ever since the war ended, in fact long before.

Mr. Hackett: My right hon. friend has not a very good opinion of my knowledge of wheat and he may not think that I know very much about lumber.

Mr. Howe: Do you?

Mr. Hackett: Keeping lumber moving is one thing and keeping it moving at a loss is another. I cannot imagine that there is much profit in selling the type of lumber mentioned by my hon. friend at the price he mentioned, and if that price is the result of the policy of the government the policy should be changed.

Mr. Howe: He has sold hardwood lumber at a lot lower price than that.

Mr. Hodgson: Not in the last ten years. That was not just three common, it was three common and better.

Mr. Howe: Think back to the last time the Conservative government was in power.

Mr. Hackett: That is not an answer. That is not a fair answer either.

Mr. Archibald: We have had considerable discussion about the barter method of trading and I think we must recognize that method. Personally I support it. Has the department any idea as to how much of the world trade is now being carried on by barter as compared with multilateral methods? Is it one-third or what?

Mr. Abbott: I have no idea. Perhaps when the estimates of the Department of Trade and Commerce are before us something in that connection might be brought out. Of course, what should be remembered is that in certain countries, particularly communist countries, price does not enter into it at all. It is all state trading. They ship out their lumber or wheat or whatever it is at any price they like to charge. They take it over from the people in those countries and ship it to the United Kingdom or anywhere else. There is no competitive factor in those countries, and they can jockey it any way they please. So when you get into a system of state trading, which is almost inevitable in any widespread barter system, it becomes pretty difficult to know what you are really paying for the goods you are getting.

Mr. Hodgson: I would like to ask the Minister of Trade and Commerce if he will take up the matter of hardwood lumber with his timber controller, who is a very nice chap but who has not had very much experience as far as logging is concerned. When we have to sell hardwood lumber stock at less than it costs to produce it, there is something wrong with our export trade. Would not the minister consider taking the Canadian Lumber-

men's Association into his confidence, to see if he cannot work out something which would allow us to export more hardwood flooring to the United States?

Mr. Howe: The timber controller is constantly in consultation with all the lumber associations, and as I say the supply situation is watched very carefully, not only the supply situation at the moment but the situation three or four months hence. I can assure my hon. friend it is the purpose of the department to release for export anything that promises to be surplus.

Mr. Herridge: In view of the need for United States exchange I want to ask the Minister of Trade and Commerce why there is a quota on cedar poles, telephone and light poles, exported to the United States, since the greater market for these poles has always been in that country. Would the minister consider having the question of the export of cedar poles from the interior of British Columbia to the United States looked into?

Mr. Howe: Yes, I shall do so.

Mr. McIvor: This resolution reads:

> That it is expedient to present a measure to provide for the continuance in force of the Foreign Exchange Control Act . . .

Is this not the same act that was passed last year?

Mr. Abbott: No; it was passed three years ago, in 1946.

Mr. McIvor: I looked up the *Hansard* record of that debate, and I find that none of the calamities which were forecast at that time ever hit the country.

Mr. Sinclair: Except George Drew.

Mr. McIvor: And I am sure the majority of the members of this house do not believe any calamity will hit this country if this bill is passed again this year. I believe we should pass it and get on with our business. The majority of the members of this house are not quite foolish. We think this is wise legislation, and the sooner we bring it into force the better.

Mr. Case: It seems that the more discussion we have the less we are informed. It was my understanding that when the international monetary fund, the international bank, foreign exchange control and all these other agencies were set up, the purpose was to assist in promoting multilateral trade. Now we have the Minister of Trade and Commerce referring to a barter deal which took place between British Columbia and Brazil, apples for oranges; and he said there was no value to it. They exchanged so many boxes of apples for so many crates of oranges, and it seems to me eventually some value must be placed on those goods for the purposes of the record. You could not just put in so many boxes of apples and so many crates of oranges.

Mr. Howe: Why not?

Mr. Case: It is an interesting fact that when the charter for Bretton Woods was prepared it specifically mentioned that those joining would be admitted with their currency at the rate of exchange it enjoyed at the time of their admission. When that discussion was going on in this house our dollar was at 90 cents as compared with the United States dollar. They made the further proviso that the currency of a country could not be depreciated more than 10 per cent without the consent of the fund.

My point is that they recognized the trading advantage of a depreciated currency; otherwise they never would have put in that proviso and placed a limit on the extent to which your currency could be depressed. Having regard to the fact that the traders of the world and men versed in finance paid great attention to that provision, it did seem to me most unusual that Canada should move out of the preferred position she enjoyed at that time, by placing our dollar at par when we were in a position to join Bretton Woods with a 90-cent dollar which could have fluctuated from that pivot point either backward or forward, within the regulations laid down by the fund.

Having recited these facts, since these various trading agencies were brought into being to promote multilateral trade though practically all we have today is bilateral trade, I want to ask the minister whether it was not intended that you could trade in a circle, and that this international monetary fund would adjust your trading balance so we would avoid the very thing we have been hearing about, that is barter trade. In other words, we completed our deal with Brazil, and Brazil completed a deal with somebody else. Eventually through this bank, in which we made a substantial deposit in gold or in kind which was recognized as acceptable, our balance should be adjusted there, and we should have been able to use our trading organizations, the industry of our people, and business and commerce generally in order to go out and seek markets throughout the world. As long as the United States dollar remained the standard of value, it would take a great deal to convince me that we did not enjoy a trading advantage over the United States in connection with the

goods we were capable of producing in great quantities, because our productive capacity was so large in relation to the demand of the home market. We could have had these advantages in the world market if we had taken full advantage of the trading organizations that have been set up.

So I ask what progress if any has been made along the line of making it possible to engage in multilateral trade or even trading within a circle, in which we could expect to have our currency exchanged for the currency we use at the international bank.

Mr. Abbott: Well, as I indicated in my remarks yesterday, the change in value of the Canadian dollar in July, 1946, was made because of inflationary forces at work in the United States at that time, and to prevent a further price rise in Canada. In my judgment, as I said yesterday, Canada could have derived no trading advantage by continuing its dollar at a ten per cent discount in relation to the United States dollar. During the last three years we have sold every bit of the produce of this country we had to sell, in quantities greater than we ever sold before, and at competitive prices. So, as I demonstrated yesterday, I do not think anyone can accurately assert that the Canadian dollar is overvalued and that we need to depreciate it in terms of United States currency. Our problem has been that our customers have not been able to get the wherewithal to pay us.

On my hon. friend's second question, as to what progress has been made with respect to restoring multilateral trade, I can only answer him by saying that I am afraid there has been lamentably little progress. It was recognized, of course, when the international monetary fund was first considered and when it was brought into existence, that during the period immediately following the war, which was referred to as the transition period, for which special provision was made, it could play only a perhaps relatively minor role in helping to even out these currency distortions. It was never contemplated that it could correct an unbalance arising out of substantial capital expenditures, for instance. That is what has been taking place in western European countries in recent years. A great deal of the imports which those countries have had to make from Canada and the United States have been to restore their factories, their houses, their machinery and other things which were destroyed as a result of the war. It was never contemplated that an organization such as the international monetary fund could possibly do more than help to even out the temporary unbalances in current account transactions. It can never, consequently, fulfil its full role until western Europe and these other countries have been restored to their full productive capacity.

Mr. Case: The minister has answered the question in part, and he has expressed an opinion that I am sure is not shared by everyone. However, we are all entitled to our opinion.

Mr. Blackmore: Will the hon. member speak more loudly?

Mr. Case: I want to make this observation. The minister said we have sold everything we have for export. Let us consider how this was accomplished.

First of all, we lent a great deal of the money with which to purchase these goods and we relied largely upon ERP to take up the balance. It was quite evident from the minister's remarks on the radio in November of last year that we did lack United States currency. There is no question about that. It was also very evident that we were storing up a large volume of United States currency when we had the ninety-cent dollar. Many United States tourists came to this country, and for my part, their trade is very valuable. Up in Georgian bay we spend a great deal of money to attract these people to that part of the country. If those people could come here and get a dollar and ten cents' worth of goods for their dollar, it was worth encouraging them because the goods were produced here.

Conversely, we have restrictions upon our own people traveling to the United States. With the ninety-cent dollar, if our people wanted to sacrifice a dollar and ten cents to go to the United States and wanted to pay a dollar and ten cents for goods worth a dollar, that was up to them. This ninety-cent dollar, however, tended to restrict those imports which have played havoc with our internal economy. In the final analysis the funds upon which we depend to provide us with the means whereby we can trade multilaterally have failed. The government has been lax in its efforts in promoting the better interests of the trade of Canada. The government has leaned upon ERP and when ERP is finished—well, probably this government will be finished before then and there will be an opportunity for us to do something on our own behalf. The government has become a leaner on the United States and has tied our dollar to the United States dollar, failing to see that our great advantages are in the sterling area.

Mr. Thatcher: I am going to support this resolution, but there are one or two points upon which I am not clear. The minister said the Geneva agreement, in effect, is with us now. Would these resolutions, if they

were passed, be contrary to the spirit of the Geneva agreement?

Mr. Abbott: I do not think so.

Mr. Thatcher: Are we using an escape clause to get around it or has the United States agreed to let us go ahead?

Mr. Abbott: I cannot quote my hon. friend the exact clause, but my understanding is that the Geneva agreement recognizes that every trading country in the world, with the exception of the United States, is exercising a form of exchange control. It recognizes that we are entitled to do so for a continuing period. I did not contemplate discussing the Geneva agreement and I have not the data here, but I know that to be the case.

Mr. Thatcher: If we can bring in these resolutions, possibly we can bring in something in the form suggested by the member for Acadia (Mr. Quelch). I wonder what the United States had to say about the extension of these restrictions for another two years. Has the United States made any official protest to the minister?

Mr. Abbott: No objection has been made by the United States and they would have no right to do so.

Mr. Timmins: There are some figures appearing in a return from the Department of Trade and Commerce which I should like to quote to the Minister of Finance in respect to the United Kingdom. The United Kingdom's imports from Canada in 1948 amounted to $688 million, whereas Canada's imports from the United Kingdom amounted to only $274 million. When we come to South Africa we find they exported to Canada $3,522,000 worth of goods, whereas Canada sold to South Africa $83 million worth of goods. Turning to another sterling area country, Jamaica, they purchased from Canada, in 1948, $12,371,000 worth of goods, whereas we purchased from that country only $9 million worth of goods. Trinidad and Tobago purchased from Canada $17 million worth of goods, whereas we purchased from them only $8,990,000 worth of goods. Australia imported from Canada $38 million worth of goods, whereas in 1948 we purchased from Australia only $22 million. New Zealand purchased from Canada $18 million in goods whereas we purchased from that country only $11 million in goods.

My suggestion to the minister is this. Is it not a fact that the Canadian dollar is depreciated to such an extent in the eyes of the sterling area countries that they are not willing to sell to us?

Mr. Abbott: We are extremely anxious to import from these various countries as much as we can. We have done all kinds of things to encourage those imports, and I shall have occasion to say a good deal about that later on a more appropriate occasion. World trading accounts between two different countries have never exactly balanced, and that goes back, I was going to say, to the prehistoric days mentioned by the hon. member for Muskoka-Ontario (Mr. Macdonnell) when he spoke of barter. The whole system of world trading presupposes that you use your surplus from one area to offset your balance in another area. That has been the traditional pattern of Canadian trade. We have always purchased twice as much from the United States as we sold to that country. We have been using our surplus accumulated from other areas to restore the balance. We have been going to great lengths to encourage imports from those countries to which my hon. friend has referred. It is very much in our interest to do so.

May I say that the imports must be things which our people are willing to use, and they must be at a price which is somewhere near what our people are prepared to pay. That is the fundamental reason why we are not importing more. I suppose we could buy a lot of New Zealand butter.

I do not know how the population would react to that, but we might do it. We used to sell a great many motor cars to New Zealand, but I do not know whether or not we do today. Perhaps the Minister of Trade and Commerce (Mr. Howe) would know. In any event, the failure of those countries to export to Canada, let me assert again, is not the fault of Canada.

Mr. Green: The Minister of Finance has just emphasized the government's determination to encourage imports from the sterling countries. I would suggest to him one very good way he could encourage at least some imports from the sterling countries would be to take the sterling area out of the provisions of schedule I of the Emergency Exchange Conservation Act.

Under that act, which was passed last year, a total prohibition was placed on the importation of certain goods from all countries, including the sterling area. We all knew, and the government knew, that the real problem to be met then was that our purchases in the United States were too high. It was United States imports that should have been prohibited; but the government prohibited imports from all countries, including the sterling area. Surely the time has now come when the sterling area can be lifted out of schedule I of the Emergency Exchange Conservation Act. I notice in the annual report

of the operations under that act, for the calendar year 1948, that there were a good many million dollars involved in these goods which were prohibited from the non-schedule countries, which in effect means from the sterling area. I would ask the minister why he cannot remove the sterling area now from the provisions of that schedule I.

Mr. Abbott: The short answer, Mr. Chairman is, of course—as has been pointed out several times before when we were discussing these import restrictions—that it would be a breach of our obligations under the Geneva agreements. However, as I have had cause to state in this house on numerous occasions before, the import restrictions, both in the prohibitions in schedule I and in the quotas in schedule II, were carefully tailored to give a real advantage to the sterling area countries; in fact, to highly discriminate against hard-currency countries. That is the fact. I asserted that fact in this house when those measures were under consideration, and the event has proved that I was right; because the imports from the sterling area countries, in spite of higher prices—particularly in textiles—have substantially increased and imports of course from hard-currency countries have substantially decreased.

Mr. Hackett: Will the minister permit a question?

Mr. Abbott: Yes, now that I am finished with my sentence. I hate to be interrupted in the middle of a sentence.

Mr. Hackett: I apologize. But I find that if I do not ask my question promptly, the opportunity disappears. Is it not a fact that these purchases in sterling-area countries have been considerably enhanced and to a considerable extent made possible by the establishment of credits by Canada and by the attribution of American credits to Canada?

Mr. Abbott: At the moment I am talking about purchases from sterling-area countries, not sales to those countries.

Mr. Hackett: It goes to the matter of trade.

Mr. Abbott: The more they sell to us, the less they have to use ERP credits or any other kind.

Mr. Hackett: A few moments ago the minister said that we cannot have trade unless services or commodities are interchanged.

Mr. Green: The minister amuses me when he tries to argue that these sterling-area countries have benefited by the prohibition against the importing of certain things.

Mr. Abbott: You ask them. They will agree with me.

Mr. Green: I have the figures here under the act. Schedules I and II of the act are under the minister's own department. The figures show that for the non-schedule countries, for the first eleven months of 1948 the value of those prohibited goods that were allowed into Canada was cut almost in half from the value in the year 1947.

Mr. Abbott: They are relatively small figures, though.

Mr. Green: The figures are relatively small. There is only $6 million worth of those goods.

Mr. Abbott: Six million as against about $150 million in the other schedule.

Mr. Green: When you are dealing with the sterling area—

Mr. Abbott: I am talking about the sterling area.

Mr. Green: —there was only $6 million and it was only allowed in under permit. I suggest that the time has come when this prohibition should be lifted so far as the sterling area is concerned. The minister has said that the reason it has not been lifted is the existence of the Geneva treaties. I suggest to you, Mr. Chairman, that the reason it is not lifted is that the government is afraid of annoying the United States; in other words, it is kowtowing to the United States on this question. I suggest that it is now perfectly obvious that, in the interests of Canada, the importation of goods from the sterling area should be encouraged in every possible way; and one of the main practical ways to encourage that importation is to lift this prohibition against goods from the sterling area.

Mr. Abbott: My hon. friend is making exactly the same argument that he made one and a half years ago—

Mr. Green: And it is as good now as it was then.

Mr. Abbott: —and the same assertion that we are kowtowing to the United States. We are not kowtowing to the United States. The United States is our best customer and we are their best customer. In these restrictions we have imposed prohibitions and quotas against the United States which for that reason have been strongly resented by traditional exporters to this country. But they have accepted them very well. I said a moment ago that the arrangement of this quota was rather highly discriminatory against the United States. They accepted that fact. They recognized that it was necessary for us to so frame our restrictions that although in form non-discriminatory they

would be in fact discriminating in favour of sterling-area countries; and that is what was done.

This has been an extremely interesting discussion, Mr. Chairman, but may I say that the quotas under the Emergency Exchange Conservation Act have little or nothing to do with the extension of the Foreign Exchange Control Act. If my hon. friends are suggesting that a change in the exchange rate of the Canadian dollar by devaluation to ninety cents or less will help exports to Canada from the sterling area, then I say, as I did yesterday, that that remedy will have exactly the opposite result. They may have some other remedy to suggest, but I have not heard it yet.

Mr. MacNicol: I shall try to make a suggestion that will be helpful to the Minister of Finance.

Mr. Macdonnell (Muskoka-Ontario): That is what we have all been doing.

Mr. MacNicol: I am not saying that anyone has been doing otherwise. But I am going to make a suggestion along a different line from that taken by anyone else.

Mr. Hackett: He is beginning to be nervous.

Mr. MacNicol: No, I am not nervous.

Mr. Hackett: No; I meant the minister.

Mr. MacNicol: The minister need not be nervous. He has sitting beside him another capable minister in the person of the Minister of Trade and Commerce, who will listen to the remarks I intend to make. Between the two of them perhaps they may work out some plan whereby what I say may make the lot of both ministers easier and in addition may make things much better for Canada. Last year, in 1948, I believe we imported from the United States approximately five million tons of hard coal. It was a little bit more than that, but I will use round figures. For that coal we paid $54 million. That sum had to be paid in good United States currency. If there was any premium on their dollar, we of course had to pay that extra. To bring that coal from the United States mines to our border cost us approximately $13 million. I know that we must deal with the United States; I shall not try to put up an argument as to whether we should not buy coal from them. But I argue that a great deal of that coal should be purchased here in Canada. Recently in the *Albertan*, published in Calgary—it is an excellent paper; it is always right up to date—there was an editorial, in which was quoted an exchange between the Minister of Trade and Commerce and myself a short time ago when I asked a question as to whether it would be possible for the minister to assure hard coal users in Ontario that a spur line could be built in from Okotoks, Alberta, to the hard-coal mine on the Sheep river fifty miles west of Okotoks. The editorial makes a significant statement. It is all significant but I shall quote only one statement, which is as follows:

> Still very much in question, however, is the economic problem of getting a railway constructed to the mine, and the political question of what effect the large-scale operation of this coal property would have on existing coal operations.

Previously I had given no thought to the political effect. I am not interested in what the political effect is on any party in Canada, not even this party. I am interested in creating trade in Canada. I spent much of my life trying to create trade in Canada, internal trade as well as foreign trade. I should like to see the Minister of Trade and Commerce help the Minister of Finance to ease his problem of foreign exchange by taking some action whereby people in Ontario, who use so much hard coal, five million tons a year, could buy at least half of it in Canada.

On my desk I have a lump of Alberta hard coal which came down from the mine I went to see last fall. It is as fine a piece of hard coal as I have ever seen in my lifetime from any mine anywhere, and compares with anything that can be produced in Pennsylvania. I know something about coal. You cannot beat this coal anywhere. I am trying to be constructive.

Mr. Williams: May I see it?

Mr. Gibson (Comox-Alberni): How does it compare with Welsh anthracite?

Mr. Williams: That is why I asked to see it.

Mr. MacNicol: Welsh anthracite is another grade altogether. There is Pennsylvania anthracite and then there is Welsh anthracite. They are both called anthracite, but they are not of the same texture. This is Alberta anthracite, which is a different texture again. It is a high grade hard coal. I am not personally interested in coal in any shape, manner or form. As a Canadian I am interested only in doing two or three things: firstly, providing employment for Canadians to mine the coal; secondly, providing freight for our railways; and thirdly, cutting down exchange.

The minister has a difficult problem on his hands, and it is up to us to ease the burden if we can. In using Alberta hard coal we could save millions of dollars in exchange which the minister has to find to bring in United States hard coal. I am not an authority on coal, but I have discussed this with the very best engineers who are themselves

authorities on the properties of this coal. I have read the report of the coal board, but I have not much faith in it, I am sorry to say. I am not going to condemn it, but it does not seem to me to be a report designed to encourage the development of coal in Canada. That is what I want to do. I want to encourage the development of coal in Canada. The report is tinged with arguments against this hard coal, and I do not know whether any of the people who wrote the report were ever there. I was there. I did not go at government expense. I went to the mine that this lump of coal came from. If I remember rightly, this lump of coal came from 1,400 feet in the tunnel. It was just knocked off the wall and came down to me here.

I want to make my argument as short as I can. If we can mine hard coal in Canada—I know of nowhere else in Canada where we can mine hard coal—it would look to me that every effort should be made by Canadians to do it and thus ease the burden of the Minister of Finance.

Last year we purchased five million tons of hard coal in the United States. We should try within five or ten years' time to produce two and a half million tons of hard coal in Canada. That would be a target to aim at. At the rate we paid for the coal last year, that would mean a saving of $27 million in United States money. Added to that would be approximately $13 million in United States freight. I am aware that we have a problem, Mr. Chairman. The cars which would come down here full of coal would have to go back to Alberta empty; but we have to do that with our wheat cars, our cattle cars and everything else. In any event it would be our own money; it would not be outside money that we would have to pay to send the cars back empty. I believe we can put our teeth into this problem. If we expanded the soft coal market, too, we would save much more. We buy twenty-five million tons of soft coal a year from outside of Canada. For both hard coal and soft coal we sent out of Canada last year $181 million. That was United States dollars that the minister had to buy, and to bring the coal into Canada the minister had to find approximately $70 million of United States exchange for freight. Therefore for every ton of coal, either hard or soft, that we produce in Canada, we would be saving exchange money. I am speaking particularly of hard coal because in Toronto we want to use Alberta hard coal.

I am not interested in this company in any shape, manner or form; I cannot give the right name of it. The mine I am thinking of is called the Burns mine in Alberta. I wish the hon. member for Calgary West were here. If he were he could handle this much better than I can. He made a magnificent speech last night and I had hoped that he would deal with this question too. I had intended to get him up on his feet today to speak on it; but since he is not in at the moment I shall try to do the best I can. Since I am an Ontario man my heart is in the effort to try to use Alberta hard coal. I think the company is called the Alberta Hard Coal Company. They brought down about fifteen cars of coal during the last few months. It has been thoroughly tested in a hundred homes in Toronto. I went to see it in operation. The users of it are loud in their praise of its quality. It is good hard coal. It burns to an ash and throws off much heat. I asked the users how it compared with Pennsylvania hard coal, and they gave the edge to the Alberta hard coal. I would ask the Minister of Trade and Commerce to use his best endeavours to try to have a spur line put in to that coal mine. What does it mean? At the moment they are selling this coal in Toronto, good hard coal, at $17 a ton. That means that the users in Toronto have $3.75 left in their pocket for every ton of coal used. The producers of the coal have to pay $4 a ton to have it trucked from the mine to Okotoks or wherever they load it on to the railways. I do not think it is Okotoks; it is another station ten miles nearer Calgary, at a place called Midnapore. The trucking to Midnapore costs them $4 a ton. If we had a spur line in there it would mean $4 less a ton to the Toronto coal users, which would mean that the price would be approximately $14 or less a ton.

I have participated in this debate to try to throw out some suggestions whereby the burdens of the Minister of Finance could be eased. There are two billion tons of hard coal we can have from Alberta, which would make the minister's burden much lighter. I would have to persuade the Minister of Transport to use his best endeavours with the railway company to put that spur in. It would be paid for in one year's time through the savings in amounts paid for coal by Canadian coal users, and it would take off the shoulders of the Minister of Finance a portion of the heavy burden he now carries in providing United States dollars for United States coal.

I thank you, Mr. Chairman, and hon. members for the patience you have shown in listening to me. I have made my suggestions honestly and earnestly, after much travel and endeavour; and I am going to keep it up until Canadians are enabled to use Canadian hard coal, thus saving themselves $4 or $5 on every ton they use.

[Mr. MacNicol.]

Mr. Thatcher: I should like to ask the minister a question arising out of an answer he made a moment ago. The minister made the statement that he was very anxious to do anything which would increase imports. I then asked him: Are you anxious enough to lower tariffs? He said, "I will have an opportunity to say about that on a later occasion." Does he mean the budget? If he does, I want to tell him that everybody in the west would welcome lower tariffs. Today we have talked a good deal about trade. Surely one of the first things we should do, if we wish to keep up this multilateral trade everyone is talking about, is to bring down the tariffs on British goods and thus increase British imports.

Mr. Sinclair: What is the question?

Mr. Abbott: It did seem to me that this was not really the proper occasion upon which to discuss tariffs or to make any tariff prognostications.

Mr. Thatcher: The minister did not mean the budget?

Mr. Case: I wish to ask another question. How much has it cost the Canadian taxpayer to maintain the Canadian dollar at par with the United States dollar?

Mr. Abbott: I would think that not only did it not cost the Canadian taxpayer anything, but that the Canadian taxpayer had got great advantage from it.

Mr. Case: But was there not taken from the reserves about $372 million for the foreign exchange control board? What was that for?

Mr. Abbott: That was the bookkeeping entry, of course.

Some hon. Members: Oh, oh.

Mr. Macdonnell (Muskoka-Ontario): It was not a bookkeeping entry for the Canadian taxpayer.

Mr. Abbott: The Canadian taxpayer suffered no loss.

Mr. Macdonnell (Muskoka-Ontario): The minister has said that $372 million is just a bookkeeping entry.

Mr. Abbott: I said that was the bookkeeping entry.

Mr. Macdonnell (Muskoka-Ontario): The taxpayer did not think of it in that way. I would like to ask a further question about barter. I am interested in the question of barter, because it seems to me we are falling into the use of that word; and my feeling is that it is a dangerous one. I take it that barter is now being used in a rough way as the equivalent of bilateral trade. My question is this: Going back to that Brazilian deal, does the minister seriously suggest that certain quantities of Brazilian goods were handed over in exchange for certain quantities of British Columbia goods, using no yardstick of any kind? Did they just take a quantity of one thing, and hand it over in exchange for a quantity of another? Was there no regard for value?

I cannot believe the minister intended to say that. Then, in the same connection, may I ask this: If that happened, did it happen entirely without the cognizance of the foreign exchange control board? Did they have nothing to do with it? If they did not, can you defeat the board by making barter deals on the side, and outside the purview of the board? It is a question which the minister can answer, I am sure.

Mr. Howe: I understand no money passed at all in the apples-for-oranges deal.

Mr. Macdonnell (Muskoka-Ontario): I did not ask whether money passed. I asked how they made up their quantities involved—whether it was with relation to money value.

Mr. Howe: I did not say the quantity of each was not without regard to money value. I would suppose that the Brazil co-operative, or whatever the agency was, wanted perhaps five or ten thousand boxes of apples. The value of those apples laid down in Brazil, at a reasonable selling price, would be so much. That value could then be converted into oranges—the value of oranges laid down in Canada at a price that would permit the sale of the oranges in Canada.

Mr. Macdonnell (Muskoka-Ontario): Then why do you call it barter?

Mr. Howe: Because no money was involved.

Mr. Macdonnell (Muskoka-Ontario): No money is involved in any case when you have a sale where the amounts are equal.

Mr. Howe: But the point is to get the amounts equal. If no money passes, and no money is involved, call it barter.

Mr. Macdonnell (Muskoka-Ontario): No, no.

Mr. Howe: Where you have reasonably balanced trade, and when payments are made on receipt of goods, you may call it bilateral trade. My hon. friend may call it what he likes.

Mr. Macdonnell (Muskoka-Ontario): What about the foreign exchange control board? Do they not come into the picture?

Mr. Howe: Any dealings of that kind must be reported to the foreign exchange control

board, and approval must be obtained, because the foreign exchange control board does not permit goods to be shipped out of this country unless value is returned to this country. For that reason transactions are cleared through the foreign exchange control board. I have never known the board to object to an exchange of goods representing value for value.

Mr. Pearkes: Earlier in the afternoon the minister intimated that he was not concerned with the loss of British markets. I rather gathered from him that the British markets were not being lost. I was not able to catch the eye of the chairman, but if that was correct I may say that that sort of talk is not understood in British Columbia.

Mr. Abbott: My hon. friend misunderstood me. I made no such statement—that we were not concerned about the loss of sterling-area markets. Of course we are concerned about it. What I said was that, as realists, we had to recognize the fact that, because of conditions, those markets were being restricted. I did not say that we were not concerned about it; it is just the reverse.

Mr. Pearkes: It is the fact that the markets are being lost.

Mr. Abbott: The markets are being curtailed, because the British are not able to produce the goods and services to pay for our goods and services. That is the reason. That is the essential reason. There is no other reason. It is not done with mirrors; it is not done with pieces of paper; it is done by the exchange of goods and services.

We are doing our best to encourage the exportation of goods from that area, and we have gone to the length of giving credit to the extent of a billion and a quarter dollars to get that area on its feet—because we thought it was in our interests to do so. If that is not some evidence of concern at the loss of a market in Great Britain, then I do not know what it is.

Mr. Pearkes: The British are exporting to other countries certain things which are urgently required in this country.

Mr. Abbott: That is not our fault.

Mr. Pearkes: And they are taking from those countries things which we produce here. Surely there is some concern about that. For instance, in 1947-48 Britain exported something over $596,000 worth of iron and steel manufactures to Hungary. At the same time she imported hundreds of thousands of hundredweight of poultry from Hungary. We have poultry to sell to Great Britain, and we want steel products from Great Britain.

Is that not a case where one cannot help thinking that something more might have been done to have found a market for our poultry in Great Britain, and to have obtained manufactured articles from there, some of which would go right into the poultry business itself?

Mr. Abbott: As I have said so many times, we do not control the trade policy of Great Britain or any other country. We do not control it. And if Great Britain sees fit to buy poultry from Hungary, or bacon from Denmark, or crabmeat from Russia, while we may not like it very much we are not in a position to say, "You must not do it."

Mr. Quelch: The minister has stressed the fact that exports from the sterling area to Canada have increased, and he has also stressed the fact that our exports to that area are at a high level. I think the minister will have to agree that the reduction in our trading surplus in that area is due more to a contraction of our exports to that area than to an expansion of exports from that country to this.

Mr. Abbott: That is correct. The contraction is due to a reduction in manufactured goods, not in our more primary products such as base metals, lumber and other things. Unfortunately the reduction is largely in manufactured products, such as automobiles and other articles of that nature. That is where they are curtailing their imports and up to the present time that is what has had the most effect on our exports.

Mr. Quelch: On the other hand, it is making it difficult for us to get certain food contracts signed at the former level.

Mr. Abbott: I think the Minister of Agriculture will have to speak about that.

Mr. Gardiner: I have been listening on a number of occasions, not only during this debate but during one or two others, to the references that have been made to Great Britain. I want to agree with what the Minister of Finance has said, namely, that so far as the main agricultural products for which we expect to have a market in Great Britain are concerned, we have made arrangements which are satisfactory. To suggest from that that we are always going to have a satisfactory arrangement with Great Britain is a question that seems to be in the minds of hon. members.

I say that the arrangements are satisfactory. What we did was to sit down with the British and estimate the amount of our farm products, other than wheat, which they would be required to take in order to leave us without surpluses. Fortunately the position

at the moment is that we have been able to sell our beef cattle; up until very recently we could have sold our pork products, if necessary; we could have sold most of our dairy products up until very recently in another market, particularly the United States market, at prices which were a little better than we could obtain from the British. But we estimated that on balance throughout the year we would probably be able to sell for about the same price to Britain under the agreements which we made.

Having figured the quantities which we had, and having determined that we could sell certain quantities in other countries, we made agreements with Britain which are taking all the surplus products that we have for sale to Britain. In the case of bacon, we have not been able up to now to fill the contract with Britain. They are taking all the cheese that we can supply, but we have not been able to fill the contract up to the present time. They have been taking all our dried and frozen eggs and we have been selling our fresh eggs in the United States market.

In other words, the negotiations with regard to these products have resulted in the sale of our surpluses. As has been said so often, I do not think that we could improve our position in the British market by going there and saying, "Unless you buy all our surpluses, unless you take them off our hands, in spite of the fact that we can sell some of it elsewhere, we are not going to play with you". That is not the way to establish yourself in a good market.

The British have their difficulties in balancing trade at the present time, as we have ours. What we said to them in effect on our last meeting was: "We are prepared to co-operate with you; we would like to see you putting forth an effort, and we would like to see our friends in the United States putting forth some effort; we would like to see some others who have not had the same difficulties we have had in reaching a balance put forth some effort to assist. We have not ourselves been able to see our way through". I know the suggestion is made that nobody has done anything about it, but the fact is that the products which the British have bought are products that they would have preferred not to have bought at all in order to make their trade balances complete at as early a date as possible.

In spite of the fact that they would have preferred to do that, they have bought our products. I may say to hon. members that they are still negotiating with us to buy our farm products over a long period on a basis similar to that on which they are buying from other countries. At no time has Great Britain bought from any other country in the world, so far as I know, on a basis similar to that on which she has bought products in this country.

Some hon. Members: Oh, oh.

Mr. Gardiner: The less my hon. friends over in the Conservative corner say about it, the less I will say about their responsibility for the position. The British have been buying our products on a different basis from that on which they are buying other countries' products. They have been agreeing with us year by year down until the last two years to put into the contract a figure which would induce our people to produce more. They have agreed with us to pay a set price for the product and to make the determination of that price official in the agreement from the beginning. Their agreements with other countries have been quite different. They have had a maximum amount that they were prepared to take from those countries, and they have had a minimum amount that those countries were required to deliver. Then in addition they had a provision in the contract whereby they could renegotiate the price from time to time. When there was a possibility of their being able to buy a product in some other country at some other price they were permitted to renegotiate the price downward with the country with which they had the contract.

The difficulties that we have had with the British have not been difficulties of the type that have been in the minds of hon. members who have been talking here. There have been discussions as to whether we should follow the same practice that has been followed with other countries. I have been wondering all through this debate why my hon. friends in the opposition have been making so many inquiries about barter trade. I recall when the chief exponent of barter trade in the Dominion of Canada in 1939 was the last leader of the Progressive Conservative party while he was premier of the province of Manitoba. I am quite satisfied that he could tell them about the negotiations between that province and a certain European country with regard to barter trade.

Mr. Bryce: Which country?

Mr. Gardiner: I will leave it to the hon. gentleman to say.

Mr. Bryce: You tell us.

Mr. Gardiner: My hon. friend knows the country; he can tell us what country it was. In any case we have had fairly satisfactory dealings, I would say very satisfactory dealings, with the British. Although we had signed a contract with them to take our surplus beef, when we could get a higher

price for it in the United States they agreed to our closing out the contract in the middle of the season and selling our beef in the United States. We have had other negotiations from time to time and we have met them in their attempts to balance their own trading with this and other countries by cutting down on the amounts that we expected them to take at any time when we could sell the remainder of the surplus to someone else or at any time our own people were able to consume all or the greater part of what we had. Someone said, what about apples?

Mr. Knight: Honey.

Mr. Gardiner: I dealt with apples on two previous occasions, and I cannot improve upon the reason I gave for the position in Great Britain. My hon. friend, who comes from a country where we used to grow a lot of apples, shakes his head; but if he will look at the records that were quoted the other day he will find that in spite of the fact that an increase in purchases from Australia can be shown, or an increase in the purchases from somewhere else, the British are importing very much less in the way of apples than they were in the early periods that were mentioned. That is due to the fact that they are producing more apples in their own country.

My hon. friends opposite speak of the necessity of getting back to the law of supply and demand. That has been one of their main arguments today, that we should get back to the point where we would be governed by the law of supply and demand, and they say that then the value of our money would take care of itself. Well, the first people in this country to depart from the law of supply and demand were the official opposition when they formed a government under the late Right Hon. R. B. Bennett. That was back in 1932. The only free trade country in the world, the best market we had for food products, was compelled by them to abandon that policy. Now when these gentlemen come along and say we ought to get back to the law of supply and demand I say to them that the only way we will ever get back to it is to get a Liberal government in Great Britain, as they have in the United States and we have in Canada. Then we will all get back to it.

Mr. Jackman: The minister answered that part of the queries raised on this side of the house having to do with Britain taking goods from Canada, which I presume was his particular assignment. Many of us here are concerned about why Britain is not sending more goods of a kind we can use here, instead of sending them to other countries, so that in turn Britain would have more Canadian dollars with which to buy more of the particular products with which the minister was concerned. Does he have any information to convey to the committee in that regard?

Mr. Gardiner: Well, Mr. Chairman, I am sorry the hon. member does not listen to my speeches; and I am afraid that even if I break the rules of the house and repeat my speech, he still will not listen to it.

Mr. Harkness: One of your political speeches.

Mr. Gardiner: My speeches are all political; that is why they are all good. I have never made any excuses for being in politics. I think it is the best job the country offers.

Mr. Macdonnell (Muskoka-Ontario): We all know you are in politics.

Mr. Gardiner: The question is why the British find it necessary or advisable to take certain commodities from Poland, Denmark and perhaps some other European countries, with which we could supply them if we were to either ask our own people to eat less or ship them products for which we already have a market elsewhere. Why do they prefer to take those products from some other country and send to that country some things we might like to have? Well, the minister has given the fundamental reason for the present position; the costs in different places. The real basis of the reason, in fact, is that which I gave the house previously, namely that Britain over a period extending back to 1932 has been under contract to take these products from other countries. She was forced into that contract when she was forced off the system of free trade which had been in effect up to that time. She was forced off that policy in 1932 as the result of two elections in Britain in which the people who were in favour of continuing that policy were defeated. Though she was not able to carry out the policy under quotas during the war years, immediately the war was over she resumed it. While Denmark has not been able up to the present to supply the quantity of bacon or the eggs that Britain agreed to take, and while Poland has not been able to supply the amount of bacon Britain agreed to take, I have no doubt that Britain will continue to follow the policy she has always followed, that once she enters into an agreement with anyone that agreement is carried out until a new agreement is made.

The great difficulty in making new agreements at present is the idea which was expressed here today by one hon. member, and which was also expressed back at that time; that is, that for thirty years there have not been any markets of the kind we used to talk about. That statement always sounds rather silly to me, though I was told not to use that word in the house. It does sound

silly, nevertheless, in view of the fact that we have three times the trade now that we had when that statement was made. Our trade has gone up every year since then, so that today it is at least three times what it was when it was said there were no markets to be had in the world.

An hon. Member: They were low to start with.

Mr. Gardiner: Yes, because there had been a Conservative government for five years, and from that time on it has increased. If I went back to that time it would be five times as great now. These people who try to indicate that there is no possibility of trading our products are wrong. I am inclined to agree with some of the statements that have been made from the other side of the house to the effect that something ought to be done about the convertibility of exchange between all countries who are trying to co-operate in doing the same thing in the world. I am inclined to agree with that; but in spite of the fact that some people have credited me with stating the position very forcefully over in London, I still say that the best way to get a final result is to listen to what the other people have to say, to put forward our own views from time to time with regard to the matter and, since we are all friends, to co-operate with them in trying to get the results as quickly as possible not only in our own country but in all countries.

As far as I am concerned, I think Britain has had the greatest battle of any country in the world, and I think she has made the best job of handling it of any country in the world.

An hon. Member: Under a socialist government.

Mr. Gardiner: My hon. friend says it was under a socialist government. If the socialist government had not had the plans all laid down previously by a good government, before they came into power, I doubt very much whether within their own ranks they had sufficient strength to evolve the policies which are being put into effect. The British people entered into the war at the peak of their influence among the nations of the world, financially and otherwise. They did not ask help from anybody. They said, "We think we are right, and we are proceeding to demonstrate that we think we are right."

This is not the first time Britain has done that. Britain has done that five times in the last three centuries. The only reason that Britain has been supported by ourselves and other countries is the fact that we, too, were convinced she was right. She carried on on that basis for at least one-third of this war and for the greater period of the first war without very much assistance from any country outside the empire. Some people were willing to give aid but were denied the right to do so because their countries were overrun.

Britain went through both of these wars and we went through with her. It is not more than eighteen months ago when everyone I met who came back from Great Britain was saying, "Britain is through." I used to turn on the radio night after night and hear messages broadcast from the other side of the line to the effect that Britain was on the way out. I want to say, to those who are talking so much about communism now, that those were communistic messages. Britain was not on the way out. I took in my hands my own position as a possible prophet and declared that within five years Britain would be restored to her financial position among the nations of the world; that she would be trading with the other countries in much the same way as she traded before.

So far as I am concerned, I am prepared to do everything and to assist the government in doing everything possible in order to put Britain back into that position. I do not care what country you are talking about, there is no country in the world—I do not exempt any country from that statement—that has done more to establish world peace than Great Britain. She has done so by creating in the world the commonwealth of nations to which we belong. I think our first duty in Canada is to see to it that when we are all through with this scrap about money—I am not going to try to lay the blame for it—the one nation that has done more to maintain peace than any other nation, no matter what political party she has been under, ought to be supported.

If by selling her less food for a year or two, and selling the rest of our surplus somewhere else, or even persuading our own people to eat it, we are going to help her resume her position, then, Mr. Chairman, I think we ought to do it. Someone mentioned honey. The honey producers were in to see me yesterday. We have been advertising honey in Canada to get the people to eat it, and they are eating it. If the Canadian people continue to eat it in the quantities they naturally should, we will not have any problem in getting rid of our honey. It may do us a lot of good to eat it.

Some of our other problems are in a similar position. In the house there has been an overemphasis on the problem of getting rid of our food products. Our food products are going out at fairly good returns and we are hopeful we may be able to maintain that position.

Mr. Skey: The Minister of Agriculture just mentioned the possibility of being through with this scrap about money at some time. I should like to ask him if he will resume his role of prophet and tell us when we may be through with it.

Mr. Gardiner: I probably should have said that I agree with my friend the member for Muskoka-Ontario that the scrap has been continuing for a long time. Some of the opinions that have been expressed by members opposite are exactly the same in principle as that which the Spartans had in mind when they made their money out of iron so that nobody could carry it out of the country. Undoubtedly there are some people who think we ought to have money that makes it impossible for it to be used. The government is not composed of people who think that way; the government wants a currency that will enable us to trade.

Mr. Merritt: The Minister of Agriculture has made two speeches and one remark. The last remark I did not like. The first speech I did not like, but I thought the second speech was excellent and if he continued in that vein he could come over and sit with us. He expressed a regard for Great Britain, a regard for the convertibility of currencies; and those are two very wholesome things.

I rose to say that at the opening of his first speech, in which he once more criticized the Ottawa agreements of 1932, thereby showing a complete ignorance of the trading position of British Columbia—

Mr. Abbott: I had to ask my colleague, the Minister of Agriculture, to answer questions which were raised about these agricultural contracts, Mr. Chairman, but I think we are going rather far afield from this resolution concerning the extension of the foreign exchange control board for a year. The statements concerning those agricultural contracts could not be allowed to go unchallenged and the Minister of Agriculture was the one to deal with them. Could we not now return to the subject matter of the resolution?

Mr. Merritt: Mr. Chairman, I do not remember straying from the subject matter of the resolution very often and I do not think I have now. The economy of British Columbia has been based upon trade with the sterling area. This trade was put on a firm foundation by the Ottawa agreements. The Minister of Agriculture said that our agricultural products have been satisfactorily sold.

Just before the Minister of Agriculture made that speech, the Minister of Finance said that the drop in our exports to the sterling area was in manufactured goods.

Mr. Abbott: Primarily, I said.

Mr. Merritt: Primarily in manufactured goods. I just want to inform both ministers, who seem to be completely ignorant of the economy of British Columbia, of the kind of things we have for sale to the sterling areas. I wish to tell them something about the facts. I should like to refer to the report of the foreign exchange control board for 1948, page 15, and I am reading from the top of the page:

> Most of the decline in our exports was concentrated in a relatively few items. Shipments of wheat were lower because of the comparatively small crop in 1947.

Now the next is one of the sentences to which I want to make particular reference.

> Exports of other food items were, on the whole, maintained although there was a substantial drop in shipments of apples, poultry, and some kinds of fish.

Apples, poultry, and some kinds of fish, three of the principal exports of British Columbia to the sterling area. I shall skip one sentence concerning the shipment of beef and continue reading from the report.

> With the important exception of lumber, which dropped sharply, exports of non-food raw materials were substantially maintained.

Mr. Chairman, lumber is British Columbia's greatest source of wealth.

Mr. Abbott: Previous to that, it had been at an abnormally high level.

Mr. Merritt: The minister asserts that but he knows very little about the economy of British Columbia, judging from what he has said in the house.

Mr. Abbott: I know a great deal, if my hon. friend will forgive me.

Mr. Merritt: I should like to give some figures concerning the export of lumber from British Columbia which will show the minister what I have in mind. The water-borne exports of lumber from British Columbia fell off twenty-four per cent during the last year. To the sterling area, they fell off forty-four per cent. The difference between twenty-four and forty-four per cent was the export of lumber by water to the United States.

Mr. Abbott: As compared with what year?

Mr. Merritt: As compared with the year before.

Mr. Abbott: That is my point; compare it with 1939.

Mr. Merritt: I cannot, because you have inflated the currency too much.

Mr. Gardiner: The year 1947 was the first year there was no control of consumption here.

Mr. Merritt: A forty-four per cent decline in the export of lumber to the sterling area is a very serious thing for British Columbia. The absolute cessation of apple shipments to Great Britain and a drop in eggs and canned fish are also something that the ministers might take into consideration when they are giving these nice views with regard to our trade position.

I now want to come to another point.

Mr. Abbott: Does it relate to the resolution, Mr. Chairman? Really we should not be discussing anything that we have been discussing. Perhaps it is unfair to raise the matter at this point, but we should not be discussing general trade problems under each of these resolutions. This is not the place to do so.

Mr. Merritt: I am not talking about general trade problems but rather of particular trade problems.

Mr. Abbott: That makes the situation all the worse.

Mr. Merritt: Trade problems are inseparably connected with exchange problems. That is the point the Minister of Finance does not seem to understand. That is the only reason anyone ever talks about money: money reflects trade. If there were not trade, we would not talk about money at all. We would not have it.

I shall continue, Mr. Chairman, and I assure you that I will relate my trade remarks particularly to this resolution. I outlined the general situation of the reduction in the particular exports of British Columbia products to the sterling area. I should now like to call to the attention of the Minister of Finance this further fact. In the year 1948 we had with South Africa a favourable balance of trade of $80 million. The products which South Africa buys from Canada have largely been lumber, fish and, I think, fruits such as apples.

Mr. Abbott: Automobiles, manufactured goods.

Mr. Merritt: But lumber, fish and fruit have been extremely important items in that trade. In the month of December South Africa was forced to put on import restrictions because of her exchange position. If $80 million of our trade with the sterling area was with one country with a smaller population than ours, which had not exchange restrictions in the year 1948—

Mr. Abbott: It sure has them now.

Mr. Merritt: —then in the year 1949, under restrictions, that favourable balance in our trade and that outlet for a substantial part of British Columbia's trade will be seriously endangered.

I have listened to this debate in committee all afternoon. I have found the minister to be always talking about the position up to date. The reason that members on this side of the house are raising this subject at all is that we fear for the future unless we get to the Minister of Agriculture's principle, namely, convertibility of exchange.

Mr. Abbott: We all want that.

Mr. Merritt: Since we in British Columbia know that the British would buy our lumber if they could get Canadian dollars and that the South Africans, the Australians and the New Zealanders would buy our produce if they could get Canadian dollars, we want to hear from the minister how that trade can be maintained unless he does something to bring about more realistic exchange rates. The minister must not talk about over-all balances of trade with the whole world. We are concerned with these very exports that are mentioned in the report. The government's rigid exchange policy has hurt British Columbia and British Columbia's chief exports more than it has hurt any other part of Canada. If the government goes on like this, then we face, not the danger of going down hill without our brakes on, as was said the other night, I think, by the hon. member for Macleod, rather we face going over a precipice without our brakes on. I think it is about time that the minister stopped trying to criticize the policies we in this party put forward, and himself started to tell us how he proposes to handle these extremely serious matters that are facing us.

Mr. Abbott: I do not know how many times I must say this, Mr. Chairman. I have stated what the remedy is. It is, of course, greater production in these countries at competitive prices. But I do not know how many times I must reiterate that devaluation of the Canadian dollar, which is what my hon. friends opposite or some of them are suggesting—

Mr. Merritt: No. It is not.

Mr. Abbott: Or change in the exchange rate.

Mr. Merritt: Move towards convertibility.

Mr. Abbott: One cannot create convertibility of currencies alone. That requires the participation of others.

Mr. Macdonnell (Muskoka-Ontario): That is what we want.

Mr. Abbott: All I want to say is this. The remedy suggested by the leader of the opposition and some of his supporters, namely, the devaluation of the Canadian dollar to what he suggested might be a realistic level, a ten per cent discount, would hurt and hinder

the exportation of goods from the sterling area to this country. If this is the only remedy my hon. friends have to suggest, then I say it is no remedy at all. It is just the reverse. If I have said that once, I have said it a dozen times; and I am not going to repeat it.

Mr. Merritt: Having no defence himself, the minister is simply trying to attack our position.

Mr. Abbott: He does not need to have a defence. He has nothing to defend.

Mr. Merritt: I think the minister has said that the only way in which we can approach convertibility is by the European countries increasing their production and their exportation. He also stated that the European countries are pricing themselves out of our markets. There is no one in this house who does not know that the way in which a country which is pricing itself out of a market gets back into that market at a competitive price is by a change in its exchange rate. Nor is there anyone in this house who expects that the European countries will be able to balance their trade with Canada for an extremely long time. I do not suppose that Great Britain ever in this century had a favourable balance of trade with Canada.

Mr. Abbott: She never has had.

Mr. Merritt: No, she never has had. How the minister expects that Great Britain, with her foreign investments gone, is to be able to balance her trade with Canada or to find other sources of income to balance her payments, is something I cannot understand. I think he knows as well as we over here do that the only way to get back to convertibility is to place the exchange rates—not of Canada alone but of all countries—in a satisfactory relation to the trade between those countries. We over here are not talking devaluation of the Canadian currency. The minister should listen more carefully to what is being said.

Mr. Abbott: Some of the hon. gentlemen opposite are talking that. I am not saying that my hon. friend is.

Mr. Merritt: The hon. member for York West stated the matter quite succinctly, as the minister would know if he had listened.

Mr. Abbott: Yes, but the leader of the opposition stated another principle.

Mr. Merritt: He stated that the problem was not devaluation but rather convertibility. I do not know why the minister does not take the house into his confidence frankly on the real point at issue. It is his responsibility, as Canada's Minister of Finance, to seek to make the Canadian dollar exchangeable with the currency of other countries in the world so that we can get trade flowing without an iron curtain.

Mr. Abbott: Will my hon. friend permit a question? Does he really think that any single country such as Canada, or any single Minister of Finance, can achieve this most desirable result of free convertibility of currencies? He cannot honestly be suggesting that. If he is, then—I do not want to be offensive—I suggest that he confine his criticism to military matters and not to this question of international exchange.

Mr. Merritt: The minister seems to think that I know very little about this matter.

Mr. Abbott: I did not say that.

Mr. Merritt: I have not claimed a great knowledge of money matters. I do not pose as an expert on exchange. I suggest to you, Mr. Chairman, that the minister is a lawyer and not an economist. I believe that the minister knows not a great deal more about currencies himself than do most hon. members. Perhaps he has had a little more intensive education in the last two or three years but that is about all. On this side of the house some of us think that the minister is too much in the hands of people who know more about economic and money matters than he does, and that some of us who are not subject to that influence may be able to bring points of view to him which will clarify his own mind on the subject. I did not come into this House of Commons representing myself as having any special knowledge. I do not claim particularly good military knowledge. There are a hundred members in this house who served in one of Canada's wars. None of us claims any special knowledge of that subject. We are here as members of parliament. The minister suggests that I should not rise and express a view because I am not an expert.

Mr. Abbott: I did not say that. I asked my hon. friend a question. It was a simple question. I asked how he thought any single country, whether Canada or any other, could create conditions of free convertibility of currencies, which depend upon the trading nations of the world being in a position to pay their bills in goods or services. I asked him the question how he thought Canada could do that. We have been doing our best. We have been supporting the principle of multilateral trade which, in my judgment, is one of the greatest factors to facilitate free convertibility of currencies. We have been sticking strongly to that. We have been trying to hold off from what I consider to be this dangerous and vicious system of barter

agreements. That is the thing we have been trying to do in order to ensure convertibility. I asked my hon. friend how he thought that a single country could do that, and I inferred that he thought we could.

Mr. Merritt: Then you made personal remarks.

Mr. Abbott: I said I did not want to be offensive. If I was, I gladly withdraw. It was somewhat humorous, because I said that, if he was really suggesting that, which I do not think he was for a moment, then he should confine himself to criticism of some other topics. That is all I said. I cannot believe that he meant what he appeared to mean. That is what struck me.

Mr. Merritt: I think that is just the reason why this bill should not pass the house and why the government should be defeated. I say that because I do seriously mean that the Minister of Finance has a duty upon him to take the lead in bringing the countries of the world, which are signatories to the Bretton Woods agreement, to a basis of exchange which more truly represents the terms of trade in the world. I believe that unless some country takes that step, unless some country gives a lead to a body which is, I do not say it invidiously, almost a bureaucratic body, an administrative body instead of an organization designed to make policy, it will never be done.

Only this morning I read in the paper that they are again thinking that wheat may be declared surplus in the United States. I referred to our situation in British Columbia. If ERP fails us under fixed exchanges, then there will not be any other possible course open to the minister than the one we are recommending to him from this side of the house.

Mr. Abbott: What is it?

Mr. Merritt: If he does it too late it will be worse. The course I am suggesting to him is to take a lead in bringing about a revaluation, not a devaluation, of all the currencies of the signatories to the Bretton Woods agreement. Somebody has to take that lead, and it might as well be Canada, because Canada has such a very big stake in this problem.

We have heard the minister try to ridicule and try to draw red herrings across policies of ours on this side of the house. We have not heard a thing from him which is going to stop us from sliding over this precipice which many of us see in front of us. The fact is that the course we are suggesting to him, and which he thinks himself incapable of achieving—that is apparently why he will not do it—is the only possible way out of this impasse which faces our export trade. In my view it is high time that the government stopped trying to stay in power by ridiculing other people's policies and developed a policy itself.

Mr. Archibald: I have listened to the hon. member for Vancouver-Burrard bat the minister around and tell him that he does not know anything about the problem in British Columbia, and I have to admire the minister's patience. I might disagree with the minister in all his economic policies, but when I hear an hon. member tell him that he should become a second Moses in the wilderness and lead the whole world into multilateral trade, to me it begins to sound rather ridiculous when I think of the brains which Europe can produce and has produced, and yet the hon. member for Vancouver-Burrard can only dream up a solution to the Canadian problem by asking the minister to go over to Europe and tell them how to do their business. That is Tory politics—meddle in the other guy's business but do not attend to our own business.

If the hon. member for Vancouver-Burrard is interested in jobs and meal tickets on the Pacific coast and wants to see the workers out there working on export goods, then let us adapt ourselves to the policies which are becoming prevalent in the international field, namely, barter agreements. Whether we believe in it or not, let us eat regularly. That is the problem.

Mr. Merritt: I am with you on that.

Mr. Archibald: I should like to see something more constructive come out of British Columbia than this mugging about with something which the hon. member does not know anything about. He did not advance one idea in his whole speech.

Mr. Jackman: Some time ago I tried to get some information from the Minister of Agriculture, but I am afraid I did not get quite what I wanted. I did get a note from one of my colleagues which said that the qualification of a cabinet minister is to be able to reply to a question without answering it. The minister did not answer my question. I am not going to ask it again because the minister is much smarter in debate than I am or ever hope to be. I am just an average, ordinary member, like my colleague the hon. member for Vancouver-Burrard. Therefore I shall address my question to the Minister of Finance. Some time ago some figures were given in this house—I think from this side—which showed that the total imports of Great Britain from Canada were $688 million and the total exports from Great Britain to Canada were $374 million, or 40 per cent of the amount they took from us. What I

should like to know from the Minister of Finance is this, and it is purely factual; there is nothing else behind it. What efforts have been made to have Britain send more goods such as iron and perhaps textiles? I know that we altered tariffs on one particular point. But a good salesman not only tries to sell his own goods when he goes over to Great Britain; he shows them the way by which they can purchase goods from us. I should like to know if the Minister of Finance can throw any light upon these matters. What has been done to try to get more of Britain's goods into Canada, to offset the goods we are sending to Britain? Because only this month we have read in the press that Great Britain's over-all balance is now about equal. The only shortage is in hard currencies—Canadian dollars and American dollars.

I think it is true to say generally that there have been many things produced in Great Britain and exported to soft currency countries which could have been sent to Canada. Can the Minister of Finance throw any light upon that—before I ask further questions?

Mr. Abbott: I had intended at another time, and still intend, to deal in somewhat greater detail with the question the hon. member has raised. Generally speaking, however, I can say this—

Mr. Jackman: Would the minister prefer to answer it at another time?

Mr. Abbott: I would, because I do not have figures with me. However, perhaps I could give a general answer at this time—and I am sure this will be concurred in by my colleague the Minister of Trade and Commerce.

When the chancellor was here last September we urged upon him strongly the desirability of endeavouring to persuade British exporters to direct as much of their production as possible to the Canadian market. As members of the committee are aware, we have been particularly interested in textiles because, prior to the war, British textiles were exported in substantial quantities to this country. As a result of the war that market was largely taken over by American exports—Canadian imports from the United States.

As a result of the severe import restrictions against the United States there was a great opportunity for British textile manufacturers to export to this country, and they have been doing so in fairly substantial volume. When Sir Raymond Streit, chairman of the textile group, was out here—he has been here on several occasions—great stress was laid upon the desirability of directing as many exports as possible to Canada. Substantial success has been achieved along those lines, although not as great as we would have wished.

I am not familiar with all the details; but I do know that my colleague the Minister of Trade and Commerce, as a result of discussions with board of trade people in the United Kingdom, was able to arrange for a substantial divergence of steel to Canada. The joint committee which was set up following the chancellor's visit met in London a month or so ago; and again at those meetings we impressed upon the British government—at official levels, it is true—our anxiety that everything should be done to encourage exports of this type from the United Kingdom. I propose to deal with some aspects of the matter at greater length, perhaps in my budget speech. I have no doubt that the Minister of Trade and Commerce will be doing so, too.

Mr. Jackman: The annual report of the foreign exchange control board points out that official holdings of gold and United States dollars increased by $496 million. May I ask the minister if the amount of United States currency which Canada would have received through the purchase of a minority interest in the International Petroleum Company by Standard Oil of New Jersey would be reflected in the 1948 account, or would it be reflected in the 1949 account; and approximately how much in millions of dollars would it be?

Mr. Abbott: I would have to check on that. I should think it would likely be reflected in the 1948 accounts. I am afraid, however, that I could not give an accurate answer, but I shall get the information and give it to the hon. member at the next stage.

Mr. Jackman: May I ask how this $496 million of very valuable assets now held by the Bank of Canada is paid for? I presume it is with Canadian dollars. It would make a difference in the budget surplus as shown in cash surplus, when the minister gives us the nation's accounts next Tuesday night. However, I do not wish to anticipate his statement to be made at that time. What will be the government's policy in regard to allowing Canadians to reinstate to some extent their capital position with regard to American securities? The minister will recall how valuable it was for Canada to be able to put our hands on American securities in the possession of Canadian individuals and companies. Some of those securities were not at that time taken over by the government; but in many cases individuals and companies sold part or all of their American securities, and the money went to provide very necessary

funds to purchase munitions in the United States before that country came into the war.

Would it be against the policy of the government to allow Canadian individuals to repurchase American securities? Those securities of course would be under the jurisdiction of the foreign exchange control board. This would allow Canadians a certain amount of freedom which they would not have otherwise.

Mr. Abbott: So far no consideration has been given to changing the existing policy which, generally speaking, does not allow Canadians to obtain United States dollars for the purpose of investing in American securities.

Mr. Jackman: May I ask if there is any reason for continuing that policy, or is it just like so many things which have found their way to the statute books? They are never removed because the bureaucrats have not found it necessary to remove them, and the public do not make a big enough fuss.

Mr. Abbott: The reason is that the government does not consider our reserve position is as yet sufficient to permit us to allow our store of United States dollars to be used to purchase American securities, which would naturally be subject to market fluctuations—to which currency and gold are not subject.

Mr. Adamson: With regard to what was so clearly and ably said by the hon. member for Vancouver-Burrard, the minister should keep in mind that at the time of the Bretton Woods agreement, after the impasse between the British proposals and those made by Mr. White on behalf of the United States, it was Canada that took the lead, and it was the Canadian compromise proposal which was finally accepted.

Canada took the lead at that time, and I submit she could now take the lead again in asking that the international monetary fund go into the matter we are now discussing, to see if the regulations could not be altered so that the greatly desirable quality of convertibility might be returned to the currencies of the world.

No one realizes more than I what a stupendous task it would be. But I wish to tell the committee and the minister that Canada did take the lead in overcoming the impasse between the United States and Great Britain at the time of the Bretton Woods agreement; it was our proposal which was finally accepted. I believe we could again take the lead.

I suggested last night, as I have done repeatedly, that an initial step would be the establishment of a free gold market so that we could have some common denominator to which we could relate our currencies. I shall not labour the point now. I did mention however that there is a considerable body of support for that contention in both the United States and Canada. I believe it should be explored a good deal further. The minister said—and in error I suggest—that the United States dollar was the only currency not subject to exchange control.

Mr. Abbott: I should have included the Swiss.

Mr. Adamson: The Swiss is the only currency that is really not subject to exchange control. The United States dollar is subject to the most rigid exchange control in that the holders are not allowed to convert into gold. The gold exchange act of the United States specifically prohibits the purchase of gold with United States dollars. Unless that quality is returned to a currency you cannot say that that currency is free of exchange control.

I should like to quote one thing in connection with this matter of purchases in Great Britain. What the Minister of Agriculture said about this was most interesting. He, like myself, believes that convertibility is essential, that we must do everything we can to strive for that. We owe to the United Kingdom, in fact all civilization owes, a debt that probably can never be repaid. Without the United Kingdom we would probably still be engaged in hostilities or be a vassal state. This is what Mr. Elliott M. Little had to say, as reported in a Reuters dispatch from London in today's Ottawa *Journal:*

> "We are not satisfied that everything possible is being done by you or by ourselves to overcome this dollar problem", Little declared in a speech at the annual dinner of the Paper Makers Association of Great Britain and Ireland.
>
> "It is not only Canada's pulp and paper trade with Britain which has been affected by the exchange problem", Little asserted.
>
> "In the past year one traditional market after another has been reduced or has disappeared and old customers for Canadian pulp and paper products have turned to other countries at much higher prices or have gone without supplies they wished to have."

Granted that the bulk of our newsprint goes to the United States, the fact is that the United Kingdom has been a traditional market for a major part of our production of wood pulp and newsprint. But we find United Kingdom buyers of wood pulp and newsprint paying higher prices for an inferior newsprint in other soft currency countries. Everything should be done to overcome that problem. For the Minister of Finance to stand up and say that it is an impossible problem is not taking a realistic view of the situation.

Mr. Abbott: I have not said that it is impossible.

Mr. Adamson: Pretty nearly. We have to be prepared to take a chance; we have to be prepared to take courageous action. If we do not, there will be more and more articles such as this appearing in the press.

Despite the fact that our export trade last year was at a record level, the situation is so ominous that I believe the government has no time to lose in taking steps. I have suggested that the thing to do is to go to the international monetary fund and see if some new arrangement cannot be made to allow—perhaps only in small quantities to start with, perhaps only in a minor scale—these currencies to be given the essential quality of free convertibility.

Resolution reported, read the second time and concurred in, on division. Mr. Abbott thereupon moved for leave to introduce Bill No. 85, to amend the Foreign Exchange Control Act.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): At seven-thirty we will proceed in committee with the resolution in the name of the Minister of Justice dealing with emergency powers.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at seven-thirty o'clock.

TRANSITIONAL MEASURES ACT, 1947

CONTINUATION OF CERTAIN ORDERS AND REGULATIONS

The house resumed from Wednesday, March 16, consideration in committee of the following resolution—Mr. Garson—Mr. Golding in the chair:

That it is expedient to introduce a measure to provide for the continuation of certain orders and regulations of the governor in council for a limited period during the national emergency arising out of the war.

Mr. Fleming: Mr. Chairman, I think the committee requires a good deal of information before this resolution can be reported back to the house. It is also information the house should have before it undertakes to debate the principle of the bill that may follow, when second reading is moved. It is with a view to eliciting that essential information that I should like to put a number of questions to the Minister of Justice. I think I have made it clear that I regard this as essential information, and that the purpose of these questions is to ascertain facts which are highly important both in regard to the validity of the measure that will follow and also as to particular aspects of it. The minister did furnish certain information when he spoke in the house on March 15, but there is still quite an area in which I do not think the information before the house is adequate.

We have been told that certain orders, twelve in all, will be continued by this bill. Enough has been said by the minister, I think, to indicate that the bill will contemplate continuation of the orders in their present form. In the first place I wish the minister would be good enough to tell us something further about the orders. When he spoke last Wednesday he enumerated the twelve orders, of which I find six were amended by the statute itself in 1947. The legislation of 1947 actually contained amendments to those six orders, and section 4 of that statute does not permit the governor in council to do anything but revoke orders in whole or in part; there is no power of amendment. However, intimations have been given by members of the government at one time or another that certain amendments are being made, and I wonder if the minister would indicate just how that is being done.

Let me illustrate. When the Minister of Finance spoke on this subject on February 7, I am afraid altogether too briefly, he indicated that the bill would confine the effect of price control to some dozen or so commodities which he listed. That list is on pages 316 and 317 of *Hansard*. That would involve some provision in the statute, I should think, and I wonder if the minister would indicate just how that would be brought about. Another change was also intimated by the Minister of Finance on another occasion, when he said it would be the purpose to amend the general order in relation to the powers of the wartime prices and trade board so that, without indicating just how it would be done, the effect would be to amend section 8 of that general order by eliminating the "reasonable and just" provision in relation to price control.

That is one subject of inquiry, namely how these changes have been brought about. Perhaps I might stop here and give the minister an opportunity to reply.

Mr. Garson: Section 4 of the 1947 act enables the governor in council only to revoke but not to amend the orders in council, and my hon. friend's first question is how those orders may be amended in view of that provision. I apprehend that they will be amended as part of the schedule of the bill we are now seeking to amend by the

legislation which will be found on the resolution now before us. I regret that I did not have the opportunity of being in the house or in charge of this measure at the time the 1947 act was passed, but I think I am right in saying that the amendments on that occasion were part of the bill itself. In view of the fact that the governor in council has no power to amend, the only way an amendment could be made would be by means of the present bill in its passage through the house.

Mr. Fleming: Does the bill now make that provision?

Mr. Garson: No; it does not. We went on the assumption that these orders in council having been considered item by item and order by order in 1947, when the Continuation of Transitional Measures Act was passed and, as I am informed, having been considered order by order in 1948, when that amendment was passed—

Mr. Fleming: Not in 1948.

Mr. Garson: That is my information from the gentleman who attended the committee. It may be that my hon. friend's recollection is different; however, nothing turns on that. But having been considered in 1947 and, as I contend, again in 1948, our thought was that the orders in council would be regarded as acceptable in their present form by a majority of the members. If they are not so regarded, then I imagine it would be open to the house to further amend them in much the same way that this was done in the Continuation of Transitional Measures Act, 1947. Speaking from recollection, I do not think there is any provision in this bill for the amendment of the orders in council in the schedule. I believe they are indicated there as having been amended by the 1947 act. However, I do not think any difficulty would arise in that regard if it were the desire of a majority of hon. members to have an amendment; I think the only problem would be one of draftsmanship.

With regard to my hon. friend's second question, I am rather in a predicament in trying to answer it without referring to one of the sections of the bill. Exception was taken in the house the other day when I did this, but perhaps hon. members will not object if I read section 2 of the bill we will be introducing if this resolution carries:

> Notwithstanding anything in the said act or in any order or regulation set out in the schedule thereto, the wartime prices and trade board shall not,
>
> (b) —

This is the point my hon. friend was inquiring about.

> —grant leave to prosecute any person for violation of subsection one of section eight of the wartime prices and trade board regulations with respect to any goods or services other than the goods and services with respect to which an order of the board was made under that paragraph and is in force at the commencement of this act.

By the way, my hon. friend, I think, will recognize subsection one of section eight of the regulations—

The Deputy Chairman: I do not believe it would be in order to deal with those sections of the bill at the present time.

Mr. Fleming: The minister could state the effect of the section without actually giving a verbatim rendering.

Mr. Garson: I have already offended the rule and given a verbatim report of the section which will answer my hon. friend's question. I am now referring not to the bill which is being introduced, but to subsection 1 of section 8 of the actual regulations which are in force under the old statute. This is the subsection which provides that:

> No person shall sell or offer for sale or supply goods or services at a price that is higher than reasonable and just—

Mr. Fleming: My next question has to do with the emergency which must exist if this legislation is to have any validity. I think the house will wish to be assured it is not passing legislation that is likely to be challenged and upset in the courts. Having regard to the fact, as was pointed out in the house on Tuesday, that there is a great deal of breadth to these orders, more than is required now in relation to the field in which the orders are to operate as compared with the original field, I think the minister will appreciate that if we legislate more broadly than is required to cover the field within which a national emergency is said to exist we are simply laying the legislation open to attack as being ultra vires. We will have to keep our legislation within the ambit of a national emergency. I should like the minister, if he will, to indicate in what respect the emergency may today be said to exist with regard to some matters that are covered by the general order which one might well call the mother order, P.C. 8528. This is the order that clothes the wartime prices and trade board with its broadest powers.

For instance, this order not only gives power to the wartime prices and trade board to fix prices, but it also gives the board power to fix the return on services. If you look at the definition of services you will see that, if this order is continued, the wartime prices and trade board will have the power to determine the remuneration—

Mr. Garson: To what page is my hon. friend referring?

Mr. Fleming: I am referring to P.C. 8528, page 20 of the consolidation that was used in 1947. You will see that services include the following specific services and any activities or undertakings associated therewith or ancillary thereto, and also any activities or undertakings that may hereafter be designated by the board as services for the purposes of these regulations. The first service mentioned is the transportation of goods.

Now, I think the minister must tell the house wherein a national emergency exists in Canada today with respect to the transportation of goods, warehousing and storage. I think he must tell us the same thing with regard to laundering and cleaning; tailoring and dressmaking; hairdressing and beauty parlour services; the supplying of meals; refreshments and beverages; the renting and and exhibiting of moving pictures; manufacturing processes performed on a custom or commission basis; the dyeing of furs; the dressing of furs; the slaughtering or dressing of animals or poultry on a custom or commission basis; the breaking and separating of eggs on a custom or commission basis; the pasteurizing of honey on a custom or commission basis; the drying of any goods on a custom or commission basis; the packing or packaging of any goods on a custom or commission basis.

Then further powers are given to the board with respect to putting a price on services, quite apart from goods. Now that is not the only feature in which the proposed extent of the order or, for that matter, the full extent of the order today has not been exercised; that power is not being exercised today by the board. The board's orders do not extend to the fixing of a price for services of that kind any more than they extend to the fixing of the price of goods other than those dozen commodities which appear at page 316 of *Hansard*.

Mr. Howe: This discussion is entirely concerned with the contents of the bill and has nothing to do with the resolution. Surely we cannot discuss the bill when the bill is not before us.

Mr. Fleming: If the minister will wait, he will see the point to which this question is directed.

Mr. Howe: I have waited quite a while.

Mr. Fleming: I do not care whether or not the minister is getting itchy. At the moment, I am trying to get some information which the house ought to have before it gives second reading to the bill. The house will not have that information unless it gets it here, at this stage. This is the purpose of the resolution stage in committee, in order that members may secure information which would enable them to use their intelligence in deciding how they should vote when the bill is presented.

I pointed out that there is a particular provision in the order in council to which I have referred, and there are others to which I could refer as well which are outside the scope of the regulations now being enforced by the board. I am not asking the minister to disclose the contents of the bill, but I wish he would state clearly how it is proposed to deal with this question so that the house may be sure that what is to follow is not going to have the effect of keeping alive a power with respect to matters on which the board has power today by these orders, but concerning which there surely cannot be said to be a national emergency today.

Mr. Garson: Mr. Chairman, I must disagree with my hon. friend in his proposition that, in order to found a jurisdiction of this parliament to pass a law such as the bill we are seeking in this resolution, it must be founded upon an emergency in respect of, we will say, the transportation of goods, or warehouse and storage. I apprehend that, once a national emergency has been established, then, on the basis of that national emergency, parliament can legislate with regard to any of those matters if it so chooses. My hon. friend's objection is not, therefore, well taken in so far as the question of jurisdiction is concerned.

It is perhaps well taken, although I did not understand him to address himself to that point, to the matter that under the present conditions, he might argue there is no longer the necessity to regulate these particular matters. Now, I do not think he can anticipate the bill by making that assumption, even though I have disclosed to him part of the contents of section 2 of the bill. I would suggest that by far the most practical way of dealing with the difficulty which is bothering my hon. friend is to proceed with this present stage; then when the bill is in the committee stage, we can have those who are charged with its administration before the committee of the house. Then we can explain to my hon. friend, I hope to his satisfaction, just wherein arises the necessity for these particular provisions that he has been reading.

As to the jurisdiction aspect of the matter, in drafting the bill our law officers have satisfied themselves upon that score; and with all deference I think that the problem to which my hon. friend alludes does not arise.

Mr. Hackett: Does the hon. gentleman suggest that this bill is going to a private committee and is not to be dealt with in the house?

[Mr. Garson.]

Mr. Garson: No. We shall bring it into the committee of the whole.

Mr. Hackett: But we are not going to hear witnesses in the committee of the whole, are we? It is not the practice to hear witnesses before this committee of the whole.

Mr. Garson: No, I understand not. I am somewhat at a disadvantage, in this respect, I must admit, because this is the first session in which I have been in this chamber. But I understand that the practice is that the various ministers may have officials of their departments attend with them in this house, and that, when a question is asked of the minister, he informs himself from his officials and relays the information to the house.

Mr. Hackett: The minister is quite right as regards matters of detail, I was going to say. The Minister of Trade and Commerce, for instance, has a number of gentlemen come at different times to give him figures about trade and such matters. But we are now dealing with a question of principle. I was going to ask the minister if he could inform the house what are the elements that constitute the national emergency upon which he relies.

Mr. Garson: I certainly have never held myself out to be an expert upon national emergencies, and I would question if even an expert could give a comprehensive and completely satisfactory definition. But I do not think that is necessary in the case before us because, as I said the other day in my remarks when I was speaking on the motion to go into committee, the economic emergency with which this country has been continuously faced since the cessation of hostilities is one which I think the members of this house were quite right in affirming as existing, by a vote of some 141 to 53. For the purpose we have here, that of making a foundation for our jurisdiction to pass this bill, I think that all we have to do is to satisfy a majority of the members of this parliament. Then you have an emergency which is sufficient for the purposes of founding jurisdiction to pass the bill. I am not raising this as any point of order at all. That is a matter that has already been determined.

Mr. Hackett: With great deference, may I say that the question of emergency is one of fact.

Mr. Garson: Yes.

Mr. Hackett: It is not a question of what I or somebody else might think about it. At this juncture I think this question becomes a matter of grave importance, because the mere declaration of an emergency does not create one. If there be enacted legislation founded upon an assumption which the facts contradict, the minister will agree with me that great hardship may ensue; because we are a law-abiding people and we shall observe the law even while resisting it.

Without being too specific, the minister coming from Manitoba will know what I mean when I say that a high authority, confirmed by still higher authority, after hearing witnesses who testified on a broad range of topics, has said that not only is there no national emergency but that there never has been a time when we were more remote from an emergency than we are today. In fact, should I by chance, good or ill, find myself on the other side of the house, I might be inclined to welcome that document as a testimonial to the efficiency of the government in power. But the fact remains that, by a body before whom we as law-abiding people incline, it has been held that there is no national emergency. As prudent and careful men who seek to protect the interests of the country at large, I think there should be some reluctance on the part of parliament to enact legislation which in all probability—and I say "in all probability" because of the elements that point that way—will be ill founded in fact. I ask the hon. gentleman this question. What has happened since last Thursday or a week ago yesterday which prompts him to say that today a national emergency exists, when a week ago it was declared by a high authority that there was no such emergency?

Mr. Garson: I think that my friend's argument is founded upon a fallacy, if I may say so; and the fallacy is this. Merely because the Manitoba court of appeal, as some of a group of five men in Canada, finds as a matter of fact that there is no national emergency does not extinguish the fact, if the fact exists. So far as I am personally concerned, notwithstanding the testimonial aspect of their findings, I am myself in the most profound disagreement with this finding of facts. My hon. friend says, and rightly so, that this is a question of fact. But facts, for the purpose of founding jurisdiction in a case of this sort, are something that groups of people must find. They must find them to be facts. Human error being what it is, it is inevitable that some groups will find a thing to be a fact and another group will find that it is not a fact. I might say with just as much force as has my hon. friend that—I think it was yesterday or the day before—this parliament by a vote of 141 to 53, found that there was an emergency in Canada. I claim for the finding of this highest court in the land at least as much validity as my hon. friend can claim for certain members of the Manitoba

court of appeal. Without attempting to discuss a matter which is, I think, for all practical purposes *sub judice*, I may tell him that we do not agree at all with the judgment of the Manitoba court of appeal either with regard to some of its findings of fact or with regard to some of the legal principles that it has invoked. We intend to appeal that case. The case is by no means ended. There as yet has not been in that case a final and ultimate finding which will carry the force of law, because we can appeal it, and we intend to appeal it. Not until after that appeal has been disposed of will my hon. friend be in a position to invoke it in support of his contention that there is no emergency existing in Canada today.

I do not want to repeat the argument which I made in the house, when I moved that the Speaker do leave the chair for the house to resolve itself into committee of the whole to consider this resolution, as to the reason which I stated for there being an emergency in Canada at the present time, because I do not think it is fair to bore hon. members by quoting from one's own speeches. I am sure that what I said is fresh in the minds of those who paid any attention to it in the first place. But even if my hon. friend objects to my remarks as not being correct statements of fact—and I think he would have great difficulty in doing so, because they were all so self-evident as to be platitudinous—I would ask him to look about him if he wishes to see proof of there being an emergency in Canada and listen to the remarks of his colleagues, the hon. member for Danforth, the hon. member for Davenport, the hon. member for Rosedale, the hon. member for York West and the hon. member for York South, who, during the last two days, have given the most excellent statements in great detail of various aspects of this emergency.

The leader of the opposition himself says that, although his party voted against the resolution which would lead to the introduction of rent control, neither he nor his party have declared themselves to be not in favour of rent control. They are in favour of rent control—for what reason? Because there is an emergency. If there is no emergency there is no need for rent control.

Mr. Merritt: Will the minister permit a question? Is it not a fact that the leader of the opposition pointed to specific rather than general emergencies? Is the minister not suggesting that there is a general emergency?

Mr. Garson: Indeed I am, sir. I do not know how the idea got about that specific emergencies are necessary as the foundation of the jurisdiction of this parliament.

[Mr. Garson.]

Mr. Hackett: I doubt very much whether anybody alleges that.

Mr. Garson: I agree with my hon. friend that no person alleges it, but many people alluded to it. The hon. member for Nanaimo himself seems to be under that illusion.

Mr. Hackett: I do not think so.

Mr. Pearkes: No.

Mr. Garson: Let us be perfectly fair. Are my hon. friends of the Progressive Conservative party and I in agreement that all that is necessary is a general emergency for the foundation of our jurisdiction to pass the proposed bill?

Mr. Pearkes: On a question of privilege, I have never referred to anything which would lead the minister to make such a statement.

Mr. Garson: I beg the hon. gentleman's pardon. He is quite right in the point he has raised. I meant to refer to the hon. member for Vancouver-Burrard, who has just made that statement. My hon. friend from Nanaimo is quite right.

Mr. Thatcher: Will the minister permit a question from this corner of the house? If he says that there is a general emergency, as he is arguing, why are we dropping so many controls as he proposes to do?

Mr. Garson: That is a very easy question to answer, Mr. Chairman. While the general emergency is the foundation for the jurisdiction that we propose to exercise here, it is a matter of judgment in dealing with the general emergency as to how we should carry on controls or dispense with them.

Mr. Thatcher: The judgment has not been very good in the past.

Mr. Garson: While my hon. friend may not agree with the judgment we have exercised, yet we happen to be in charge of the affairs of the government and that is what we thought to be the proper course to follow. Probably I have dealt with the points raised.

Mr. Hackett: I was going to pursue the inquiry a little further. I understand quite readily what the hon. gentleman has said, that the judgment of a court is not final until the right of appeal has been exhausted. Nevertheless I think it well that we recall a few facts, and I think it is well that parliament should recall them. Our parliament is not an omnipotent parliament. In Britain parliament is omnipotent; it is—I think somebody said here today—capable of doing anything except making a man into a woman or a woman into a man. The power of the British parliament is in almost all cases beyond question. Not so here!

Some 175 years ago the colonies in North America became dissatisfied with the omnipotence of the British parliament and rebelled against it.

Mr. Garson: It was not their parliament.

Mr. Hackett: It was a parliament which enacted legislation which was binding upon them, and it was against those enactments that they rebelled.

Mr. Garson: Because they had no representation.

Mr. Hackett: I am not going to deal with side issues. I say that the American colonies rebelled against an omnipotent parliament; and there grew up on this continent a new form of government, a form of government which, instead of being an omnipotent government, depended for its efficacy and its operation upon a system of checks and balances. In the United States there was the legislative power.

Mr. Garson: May I ask my hon. friend if he is now dealing with the United States constitution?

Mr. Hackett: I am dealing with ours. For the moment I am referring to the United States constitution but I am coming to ours. I was going to say that in the United States the powers were divided into three: the legislative, the executive and the judicial. The supreme court of the United States was given the power to determine whether or not the laws enacted by Congress were constitutional, were binding; that is, whether or not legislation passed by the legislative body was effective, and could be applied to an individual. Some ninety years later another group of North American colonies set up another union which again refuted the doctrine of an omnipotent parliament; Canada, in a way all her own, devised a method of checks and balances. It was different from the United States system because Canada still retained the king. But our system followed the United States system to the extent that we had a constitution, although it happened to be a statute enacted by the British parliament. Any law enacted by the Canadian parliament or by a legislature of a Canadian province is valid only in so far as the lawmaker can point to the chapter and verse in the constitution which gives him authority to enact that law. And the arbiter upon whom was placed the duty of determining whether or not a law is constitutional and binding is the judiciary, the courts of the land—the trial courts, the courts of appeal and, in the early days, the privy council, because there was no supreme court until 1875, and after that date the Supreme Court of Canada and the privy council.

I think my hon. friend will admit that there is a presumption that a judgment is right. There are courts of appeal for the purpose of correcting error. But my hon. friend will admit also, I am sure, that in ordinary cases a judgment of a court, especially a court presided over by an able and experienced judge, which has been unanimously confirmed by the highest court of a province—and when, be it remarked, the confirmation deals with a fact—permits of no successful appeal. I am not saying that in this instance an appeal may not succeed. But in the ordinary instance, in the ordinary case, I am sure my hon. friend will admit there is but scant hope for the success of an appeal from a case on which there have been two concurrent findings of fact.

In the case about which we are talking, the question was this: Is there an emergency? Because it is only if and when there is an emergency that the powers which give vigour and force and life to the order in council, and to the statute under which it is passed, exist. It has been held by a trial court, it has been held by a court of appeal in respect of this simple question of fact, that there is no national emergency, and that in consequence—

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

Mr. Hackett: Certainly.

Mr. Lesage: Do I understand that the hon. member for Stanstead contends it was the unanimous finding of the court of appeal of Manitoba, in the judgment to which he referred, that there was no national emergency? If he answers yes to that question, then I would ask him if he has read the judgment. I have it here. He should be careful.

Mr. Hackett: I was saying that there has been a finding of fact.

Mr. Lesage: By one judge out of five.

Mr. Hackett: I was saying there had been a finding of fact in the trial court, and that the court of appeal has confirmed that judgment and has confirmed it on the facts. I submit to the minister that while I believe most of us would be loath in an ordinary case—and this is not an ordinary case—to advise an appeal to a higher tribunal where there has been a concurrent finding of fact, there may be reason to appeal here. In fact, I would expect there would be an appeal in a matter of this importance.

But, all that being so, does it not impose upon the government at this juncture, before enacting more legislation which is subject to challenge and which, if successfully challenged, may cause great damage and hardship to a number of people, the duty of giving most careful study to the basis of the alleged emergency.

As the minister knows, there have been several other judgments in which it has been held that no national emergency exists, and the law has in consequence not been susceptible of enforcement. I suggest to the ministry that it is only prudent to state carefully what, in the view of the administration, constitutes a national emergency, and endeavour to ascertain if the facts, which are probably known to most of us, are such that it can be safely declared that a national emergency exists.

I do not wish to be facetious; and in matters of this kind which create great perplexities, I do not wish to be unduly partisan. I feel there is too much at stake to attempt to secure any political advantage or party advantage in a matter of this kind. But where are we going to find evidence of an emergency? I will admit—and I hope my hon. friend will not take it amiss—that there is a political crisis. I will admit that a government which, in its everyday activities, is relatively strong but which, in fact, compared to the entire opposition, is not so, finds itself in a difficult position. And I believe in a matter of this kind and of this importance parliament should go slowly. We should inquire with care and with the utmost scrutiny into the elements upon which the government relies to constitute this a national emergency.

To most of us a national emergency means national peril. It means the type of thing which arises when the enemy is at the gate. But anything in the way of an inconvenience, anything in the way of a local disturbance or turbulence, does not, I submit, according to the authorities and according to popular understanding, constitute a national emergency.

Then I say to the hon. member for Montmagny-L'Islet that I too have the judgment of the court of appeal of Manitoba. And while I do not take the same view of it that he does, let me assure him that I too have read it carefully, and I hope my powers of comprehension have not abandoned me.

Mr. Lesage: I should like to quote from the judgment of Mr. Justice Dysart, and ask the hon. member for Stanstead if he can find anything that even resembles a declaration

[Mr Hackett.]

in those reasons for judgment that there is no national emergency. The judgment states:

> The act—

And he was speaking about the transitional powers act—

> —clearly invades the field of "property and civil rights" which, by the British North America Act, section 92(13) are committed to the provincial legislatures. But the parliament of the dominion in a sufficiently great emergency, such as that arising out of war, has power to deal adequately with that emergency for the safety of the dominion as a whole.
>
> The interests of the dominion are to be protected, and it rests with the parliament of the dominion to protect them. What those interests are the parliament of the dominion must be left with considerable freedom to judge; per Lord Wright, in Co-operative Committee on Japanese Canadians v. Attorney General for Canada, 1947 A.C. 87 at 101.

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

Mr. Lesage: I am reading the judgment.

Mr. Hackett: The hon. gentleman knows that Mr. Justice Dysart did not dissent from the judgment which confirmed the judgment of the chief justice.

Mr. Lesage: I am about to read his reasons.

Mr. Hackett: His conclusion was that the appeal should be dismissed.

Mr. Lesage: Of course, and I am about to read the reason he gave for concluding that. A little later on in his notes he says:

> Parliament has declared that the emergency is still continuing. That declaration is peculiarly within the rights of parliament to make. And although the judiciary has the right, in a proper case, to review parliament's decision, and has a duty, upon sufficient evidence, to reverse that decision, still the courts ought not to venture upon such a review or reversal unless the need of doing so is clear. The courts have always exercised that right "with reluctance"; per Lord Haldane in *In re* the Board of Commerce Act, 1919, and the Combines and Fair Prices Act, 1919, reported in 1922, 1 A.C. 191 at 200.

That is the very question we have before us, whether there is an emergency or not. The judgment goes on:

> In my view, P.C. 1292 goes beyond the act, and to the extent of that excess is invalid. That view renders it unnecessary—and I think inadvisable—for me to deal with the validity or invalidity of the transitional act.

Was there concurrence in the expressed opinion of one judge who said that there was no emergency? There is an emergency in Canada at the present time arising out of the last war that is still continuing.

Mr. Jackman: The first war or the second?

Mr. Lesage: Of course the emergency following the first war was of a special kind due to the policies of the Tory government that

we had from 1914 to 1918. The policies of the government during the last war—

An hon. Member: This time?

The Deputy Chairman: I would ask hon. members to refrain from interrupting the speaker, no matter on what side of the house he may sit.

Mr. Lesage: I like it.

The Deputy Chairman: Order. Every hon. member should have the opportunity to present his views without interruption. I appeal to hon. members to support the rules by trying to keep proper order and decorum.

Mr. Lesage: What is an emergency? According to the Oxford dictionary an emergency is a sudden juncture demanding immediate action. Will any hon. member on the other side of the house say that the situation in regard to rents is such that we should do away with it?

An hon. Member: Who wants to?

Mr. Lesage: Is there a disturbance or peculiar situation amounting to an emergency in connection with housing? Is that emergency continuing owing to the fact that we were not able to build houses during the war? Is there not an emergency that we should deal with? The leader of the opposition has said that there is. If there is such an emergency why do hon. members on the other side rise in their places from time to time and ask that they be given an example of the emergency? Who will say that the situation with regard to housing is not a national emergency? Will any hon. member rise in his place and say that because of the shortage of certain commodities it is not necessary to keep certain prices down by price control, at least for some time?

If the Tories want to take the responsibility of disrupting the Canadian economy by doing away with all controls at this time let them do so. They must accept that responsibility before the people at the next election and I am mighty glad that they are doing it.

Mr. Ferguson: The hon. member has been emphasizing rent control but I ask him to name quickly three other emergencies. Will he stop harping on rent control and name three others? Go ahead. He cannot do it.

Mr. Lesage: The hon. member has only to read—

Mr. Ferguson: Answer the question.

Mr. Lesage: —the list of twelve orders in council which will be mentioned in the bill and he will have his answer. There are not only three; there are twelve.

Mr. Ferguson: Mention them

Mr. Lesage: For example, steel and distribution of building materials which are in short supply. As I say, if the members of the opposition want to disturb the Canadian economy at this time, let them do so; but they will be responsible to the Canadian people. I am glad they are taking this stand because it is going to help us and there will be fewer members on the other side after the next election.

Mr. Knowles: I have listened for hours on end to the legal aspects of this argument and I resolved long ago that I would not get into it. After all, it is the sort of situation into which only lawyers would jump. I received through the mail today a copy of the judgment which has been referred to so often during the course of this debate. I also received many other letters in today's mail, to one of which I wish to make reference in a few minutes. This made me decide to say a few words on this legal point. I must admit that the hon. member for Montmagny-L'Islet has said much of what I intended to say, but perhaps not being a lawyer I can express myself in a layman's terms.

I have read to the best of my non-legal ability the judgments of Mr. Justice McPherson, Mr. Justice Coyne, Mr. Justice Dysart and Mr. Justice Adamson of the Manitoba court of appeal. As I read those judgments it seemed to me that there was one thing on which the four justices were agreed, namely, that they were ruling on the validity of order in council P.C. 1292 under the terms of the Transitional Measures Act. They did not rule that the Transitional Measures Act was ultra vires of this parliament, but they did rule that P.C. 1292 was ultra vires of the Transitional Measures Act. I may say by way of digression that I cannot follow their views on that matter. They speak about this 28¼ cents per bushel that was taken from this man Nolan who held this barley as though he had created that value. As a matter of fact that 28¼ cents was a fortuitous profit created by the action of the government in removing the ceilings, so to me their argument is very dubious on that point. But that is not the issue now. The issue is clear, and all the legal gentlemen of the official opposition should not keep dragging out these four judgments together with the previous judgment of Mr. Justice Williams as a proof, somehow, that we are doing something here that we have no right to do. The judgments either do not discuss it at all or they admit the validity of the Continuation of Transitional Measures Act itself. The only thing they say is that the act did not give the government power to pass P.C. 1292, because

there was no emergency with respect to barley.

Mr. Hackett: No general emergency.

Mr. Knowles: That may be their view, but most farmers in western Canada, who lost heavily and saw others making fortuitous profits because of what happened, do think there was an emergency as far as they were concerned.

I want to leave it at that because, as I said, I have tried to put it in layman's language, and if I went on I would make it as confusing as most of the lawyers have made it. I said there was another letter I had received. As a matter of fact it was brought to my desk only half an hour ago, and this is what made me decide to take part in the debate. The judges say there is no emergency with respect to barley. The hon. member for Stanstead enlarges on that and insists that there is no general emergency. Other hon. members do not like a reference to one subject; but here it is, and this comes to me from a correspondent in Winnipeg:

Dear Mr. Knowles,

Please do your best to keep controls on the rents. There will be a lot of us widows on the street if the control is taken off.

Then there is a compliment to me about something else, which I need not read.

Some hon. Members: Read it.

Mr. Knowles: Well, since my friends in all parties are asking for it, all right:

You did wonderful work for our pensions. Please help us now. Wishing you luck in the coming election . . .

Since you wanted the whole letter I have given it to you.

Some hon. Members: Whom is it from?

Mr. Knowles: It is not necessary to give the name.

Some hon. Members: Yes, it is.

Mr. Knowles: It is not necessary to give the name of the writer of the letter. I am not going to make public the name of a widow who is receiving a small allowance, and who is afraid now that her rent may be raised. I received this letter in the mail today, and I received as well this document of many pages, in which their lordships say something which makes it possible for the hon. member for Stanstead and others to argue that there is no emergency. I keep receiving letters like this from people telling of the emergency they will face a week from Monday if rent controls go off; so I say we should pass this legislation.

Mr. Pouliot: I do not intend to speak for very long, and I have not read any of the judgments referred to; I have only listened to my hon. and learned friend from Stanstead, who spoke of the judgments that had been given in respect to the emergency powers. The hon. member for Montmagny-L'Islet mentioned the definition of an emergency. It includes an immediate element not imputable only to war, as the hon. member for Stanstead has said, but arising from unforeseen circumstances. The hon. gentleman spoke at great length about the various acts. He is against controls; he considers them a poison, and the action of the courts as the antidote. Well, the more he insists upon it the less dangerous become the controls, because as long as there is an antidote—I mean the courts—to correct the so-called wrong effect of the controls, how can he complain so much about it? That is all I want to ask him.

Mr. Fleming: I think one or two aspects of this subject need to be clarified. There has been a good deal of discussion, but it seems the further it goes the greater is the attempt on the other side to becloud the issue as we on this side have stated it. That issue was stated in crystal-clear terms by my leader on Wednesday last with regard to this subject of emergency. He pointed out the dangers of the course the government is pursuing, dangers which are revived by the reasons assigned by the Minister of Justice in what he has said tonight.

What my leader said, and what others speaking from this part of the house have said, is that with respect to the housing situation in Canada emergent conditions do exist, and that is the source of the relationship of rent control to this question. We have emergent conditions with respect to housing; we have a crisis in housing. But, Mr. Chairman, to justify a measure which will deal with rent and several other subjects that have been mentioned, the government proposes that this parliament go on record as asserting the existence of a national emergency.

See where that leads us. The minister has said that parliament—I think he means this house—by its vote on Wednesday last asserted the existence of a national emergency. I entirely take issue with that statement. All the house did last Wednesday was to pass a motion that on this particular resolution the house should resolve itself into committee of the whole. It still remains for parliament, and even for this house, to say in binding terms that a national emergency exists. I point out to the Minister of Justice that the measure of 1947 did not put parliament on record in specific terms as asserting the existence of a national emergency. That was in 1947, when we were asked to say that a national emergency required the statutory enactment of fifty-seven orders in council.

All that was done in the act of 1947, which is chapter 16, was to make a reference to it in the preamble. Parliament has not yet asserted in categorical terms, and did not assert in 1947, that there was a national emergency.

For the sake of argument, however, let us say that the recital in the preamble is equivalent to such an assertion.

Mr. Garson: How much more categorically could parliament make a statement of the emergency in the act of 1947 than to recite that as the fact upon which the exercise of their jurisdiction was based?

Mr. Fleming: The answer is obvious. Parliament can set out a declaration that the emergency does exist. All parliament did in the preamble to the 1947 act was to say that in view of the continuation of the national emergency, and whereas the national emergency in certain respects is continuing, and so on.

Mr. Garson: And is still continuing.

Mr. Fleming: All right; that is a preamble. Even if we were to accept the contention of the minister that a reference of that kind in the preamble is equivalent to the assertion of the existence of a national emergency, I point out that this was in 1947, and parliament has not yet said anything in 1949 by way of a final declaration on this subject.

That leads me to make a comment on the grounds on which the minister proposes to invite parliament, at some stage or other, to assert the existence of a national emergency. He was invited to indicate the evidence by which he says a national emergency exists of a general character. At the moment we are not arguing whether an emergent condition on a national scale exists with respect to housing. Let us not spend any more time threshing old straw there. The minister is asserting the existence of a national emergency. Mr. Chairman, in his remarks on Tuesday last he put it on the basis, and I read his speech very carefully, first of all of inflation. He says there is inflation arising out of the war just as there is out of every war. Then, his second piece of evidence was the quotation of certain remarks made by members on this side of the house with respect to housing conditions.

What has been said, Mr. Chairman, with respect to housing conditions, shows it is a fact that emergent conditions on a national scale do exist in regard to this matter. That is no ground, however, for the assertion that there is a general national emergency. Look where that leads us. The minister himself, in reply to a question by the member for Moose Jaw (Mr. Thatcher), has said that the existence of this national emergency does create this result, that it does transfer to parliament the power, not simply to do what we are being asked to do in the present resolution, but to do much more. Parliament can then do anything by way of invading the normal jurisdiction of the provinces over property and civil rights.

Some hon. Members: Oh, oh.

Mr. Fleming: Yes, that is what it amounts to, because if a national emergency exists then parliament has a right to do anything that is required to meet that national emergency.

Mr. Garson: Will the hon. member permit a question? If a national emergency does not exist, in my hon. friend's judgment has this house the right to deal with rental control?

Mr. Fleming: Mr. Chairman, I have already made it clear, following the plain statement of my leader in this house on Wednesday, that an emergency does exist with respect to housing. A measure with respect to rent control is, therefore, one of the steps arising out of that national emergency with respect to housing. It would not, however, be competent for parliament or the minister to say that, since there is a national emergency with respect to housing, that gives parliament the right further to invade the normal jurisdiction of the provinces over property and civil rights.

May I remind the house that the provinces pass most of their statutes in the exercise of their jurisdiction over property and civil rights. It is the main source of jurisdiction in all provincial legislatures. The proposition the Minister of Justice has put before the house tonight is tantamount to this: By reason of the existence of a national emergency there exists in parliament today the right to trespass upon the provincial field of property and civil rights when parliament, by a majority of one if you please, deems necessary. Now, proclaim that broad principle throughout this country. The member for Montmagny-L'Islet (Mr. Lesage), instead of proclaiming his idle threats and threshing straw that was threshed out in this house three days ago, should go down to his constituency and proclaim the stand of the Minister of Justice in support of the proposition that there exists in this country such a national emergency as vests in the parliament of Canada the right to trespass completely on the provincial field of property and civil rights.

Mr. Lesage: I have just received a challenge, and I will answer it. I will answer the member for Eglinton (Mr. Fleming) by

quoting the words of Viscount Haldane. In so doing, I shall be in much better legal company than my friend the member for Eglinton with his imagination.

> Their lordships, therefore, entertain no doubt that however the wording of sections 91 and 92 may have laid down a framework under which, as a general principle, the dominion parliament is to be excluded from trenching on property and civil rights in the provinces of Canada, yet in a sufficiently great emergency such as that arising out of war, there is implied the power to deal adequately with that emergency for the safety of the dominion as a whole.

That is quite different from what the member for Eglinton said.

Mr. Hackett: Is that the Fort Frances case?

Mr. Lesage: Yes, it is the Fort Frances Pulp and Power Company Limited case. Parliament has the power to deal with the emergency. It has to be a national emergency in order that the dominion may invade the field of property and civil rights. The extent of that emergency determines the extent to which the dominion can invade the field of property and civil rights. When the bill comes before the house, the extent to which we may, under the present emergency, invade the field of property and civil rights will be decided by this house. I understand that is the procedure. It seems to me we are wasting a lot of time discussing things that do not matter at this stage.

An hon. Member: We do not know yet what the bill will be.

Mr. Hackett: Will the hon. member permit a question? I think the hon. gentleman will admit that the validity of the legislation must depend upon the emergency being a national emergency.

Mr. Lesage: Oh, definitely, and I contended a few moments ago that there was a national emergency. The lack of housing is felt from Halifax to Vancouver, and that is a national emergency.

Mr. Coté (Matapedia-Matane): I was involved in a debate such as this when this matter was brought before the house on an earlier occasion.

Some hon. Members: Louder.

Mr. Coté (Matapedia-Matane): I expressed my views at the time the omnibus bill came before this house. I should like to put myself on record in this session concerning the manner in which this proposal has been brought before the house. I have not changed my mind on the principle involved, but I have changed my mind concerning the procedure. I am glad to see a new Minister of Justice, who is a real Canadian, dealing with these matters. He is not asking us to do this for Britain as the former Minister of Justice did. I would say that, after the 27th of this month—

An hon. Member: Ha, ha.

Mr. Coté (Matapedia-Matane): Do not laugh, my friends, because I would say this to you. If you continue your filibuster, you will have to take the responsibility if these emergency powers lapse. I know what the leader of the opposition (Mr. Drew), "gorgeous George", said in Ontario last June, "Make Ontario Strong," and what Duplessis said in July, "Make a country of our province." If hon. members opposite go back to their ridings and say they would like to Balkanize this country instead of doing what we propose to do, namely, to make this country just as big and strong as the United States, I would say that some of them will never show up again.

When we come to this matter of emergency powers, I would say that, if the Tory party wishes to take the responsibility of filibustering this emergency power legislation out of existence, thus bringing about the possibility of tenants—who constitute seventy-seven per cent of the people in Canada in the large cities—being thrown into the streets or with the prospect maybe of having an increase of two hundred or three hundred per cent in their rent, that is their responsibility. But I do not think it is a proper thing for the government to swing an election on this item. It would be the responsibility of the Tory party if all the tenants in this country were put on the sidewalks unless they accepted an increase of two hundred or three hundred per cent in their rents.

Then there is the question of margarine in certain places. We have these emergency powers to do certain things about agriculture. If the Tory party wishes to take the responsibility for increasing the price of butter and doing away with subsidies I would say, all right. I think it is about time that the Tory party showed its colours.

The new leader of the opposition conducted a sort of campaign against which I participated with the leader of the Liberal party in Ontario.

An hon. Member: The Grit campaign.

Mr. Coté (Matapedia-Matane): Yes, the Grit campaign; and I am not ashamed of it because it is the greatest thing a Canadian can do now.

Since the leader of the opposition has been here, he has been asking for provincial rights. I should like to know why this man, with all his ostentation, has admitted that he would step down from being premier of a

province to become leader of the opposition at Ottawa; because if the provinces are on the top, why should he come down here?

Mr. Ferguson: You will find out in a month or two.

Mr. Coté (Matapedia-Matane): If these emergency powers do not go through by March 27 by reason of the filibuster of the opposition, they will have to take the responsibility; the Tory party will have to take the responsibility. The Tory party will have put on the sidewalks all the beds of the tenants, who will have no more consideration because Ottawa will no longer protect them. Neither will Mr. Duplessis nor Mr. Kennedy any longer protect the small people. I say to hon. members opposite, if they want that, let them go to the people of Canada and say: What do you think? If we cannot go through with these emergency powers on account of the filibustering of the Tory organization, it is about time that this House of Commons was dissolved. We are in a position to say, "gentlemen, we are not afraid".

The Deputy Chairman: Shall I report the resolution?

Mr. Stewart (Winnipeg North): I have been up on my feet several times trying to catch the eye of the Chairman. I am glad I have it because it gives me a chance to say briefly that this debate seems to me to be a tremendous waste of time. All that we see happening is the same old shadow-boxing. Any member who cares to go back to the 1935 debates, when the Tories were in power, will find that they were putting up the same arguments then as the Liberals are putting up now and that the Liberals are putting up now the same arguments which the Tories were putting up then. There is very little reality in this entire debate.

As far as the Tories are concerned, their motto should be autre temps, autre moeurs, because I have here on page 4186 of *Hansard* of 1935 a statement by my friend the hon. member for Stanstead. A little while ago I think he said that the only emergency which really could arise was when the enemy was at the gate. He has changed his mind radically since 1935, for then he was of opinion that when the world was in a state of dislocation it might conceivably cause a national emergency. I do not like to be unfair to him but I shall quote him here when he was answering Mr. Rinfret, who was then the member for St. James. The member for St. James objected to the artificial methods which were being used by the Tory government, and the now hon. member for Stanstead said in part—and I am trying to be completely fair in this quotation—as follows:

> . . . but I believe the hon. member will admit that the whole world is in a state of dislocation.

The hon. member for Stanstead was then defending the Natural Products Marketing Act which the Liberals were attacking, of course, most savagely. The hon. gentleman went on to say:

> There come times in the health of the individual as in that of a nation, when it is necessary that he have recourse to extraordinary means. Stimulants in times of crises are admitted by all to be not only wise but necessary.

Perhaps the hon. gentleman will admit that this is a time of crisis. Perhaps he will admit there is some international dislocation today and that therefore these measures we have in front of us, poor and attenuated as they may be, may within limits be wise and are certainly necessary. Then he went on later to say:

> It has been necessary to resort during a period of disequilibrium to extraordinary methods.

That to some extent is precisely what is happening today, and I hope he will ask his colleagues to refer to those words which he spoke in 1935 and let us get on with the business of the house.

Mr. Ferguson: We have been listening to a battery of legal experts on this question. They have been exceedingly interesting. The hon. member for Stanstead made one of the greatest addresses on this subject that we have heard in this house for some time. He pointed out very strongly that this parliament should pass many of its final decisions by guidance of the judiciary of this country. When I was a little boy my father used to say to me: "We have an appointed judiciary which is far superior to the courts of the United States, where many of them are elected." From time to time we hear people remarking that our courts are for the rich and not for the poor. It little behooves this government to set any example by not seriously considering the decisions of the Canadian courts, particularly the courts of appeal, when a court of appeal holds that there is no state of emergency.

Mr. Garson: They all did not hold that.

Mr. Ferguson: Not as a member of parliament, but as a member of this house, and a representative of the people as well as the members of the legal profession, the labouring man, the grocer, the merchant or people of any other walk of life, I say that before we put a steam roller through the laws of this country, or a rubber stamp on those laws, simply because we belong to a party, we should reflect on what we do. As members of parliament and representatives of the

people, we should reflect on the fact that an appeal court of Canada, comprised of men of substance and men whom we all hold in the highest regard, have stated that in their opinion there is no state of emergency. Let us not for one moment say that because we are the parliament of Canada we have a right over all the people, including appeal courts.

So far as getting on with the business of this country is concerned, let me say to the members of the C.C.F. party, who say that we have been holding a filibuster, that as long as I am in this House of Commons and I have an opinion I will voice it on behalf of the people whom I represent. Irrespective of flippant laughter I shall argue whether or not legislation going through the House of Commons is beneficial to all. At no time shall I try to stir up one class of people against another, as they do. I shall fight for the workingman, but I shall also fight for the other classes in this country. It is pretty near time they did a little of that instead of trying to antagonize and advocate class legislation as they do on almost every occasion when they rise to their feet in this House of Commons. They say that the poor workingman is going to be on the street because he cannot pay more rent. What about the landlord who owns a $10,000 house and is not getting more than $12 a month for it? Let us be a little fair about this question. There is no national emergency. The C.C.F. know that, but they want this parliament to rule as they rule in Russia. That is the true story. I hope I never bring my mentality to the low ebb that they do.

Mr. Jaenicke: I do not propose to follow the speaker who has just taken his seat. There seems to be an accepted opinion in this house that a national emergency is the only reason why this parliament can legislate in such a way as to encroach upon section 92 of the British North America Act. I do not agree with that. A national emergency may be one reason; but according to the decision of the privy council in the Canada Temperance Act case, this parliament has also power to legislate upon any matter which, as the court says, by its inherent nature is of national importance, even though the matter legislated upon may touch upon the subjects contained in section 92 of the British North America Act. I think that is the situation here at least with some of these controls that we have under consideration.

There is the matter of price controls. I maintain that this parliament has power to legislate upon price control, whether there is an emergency or not. I think we agreed with that, and I think the hon. member for Stanstead a few moments ago agreed that we in Canada have power to legislate upon anything we want to. However, our legislative powers are divided between the dominion and the provinces.

Mr. Hackett: Within the constitution.

Mr. Jaenicke: Yes, that is right. Either we in this parliament, or the provincial legislatures, have power to legislate on price control. I do not think there is any doubt about that. Then evidence would be brought forward as to whether or not price control is a matter of provincial concern or national concern. I maintain, Mr. Chairman, that price control would be a matter of national concern because price control is unthinkable within the provinces themselves. Price control can only be enforced in an economic entity, and the whole of Canada, all the nine provinces, and ten after a week or so, are the economic entity. It is only within that economic entity that price control can be enforced. Therefore this parliament would have power to legislate upon it. Let me give an example. Recently, the supreme court held that the dairy act was ultra vires. With great respect to the majority of that court, I think the decision is wrong in law, and I think the chief justice was right in his decision, because later developments have proved it. If the decision were made now perhaps it would be made the other way.

The dairy act was enacted in order to give protection to the dairy farmers. It was a matter of price control, was it not? It was held to be ultra vires. The province of Quebec has now passed a similar law, and a very strict law I understand, in order to protect the dairy farmers of Quebec, in order to protect the price of butter in Quebec. Did it have that effect? No. The price of butter has gone down in Montreal, just as it has in Toronto and in Ottawa. Therefore, there is plain proof that the matter of price control of dairy products, the matter of price control of any other products, must rest within this dominion because the dominion as a whole is an economic entity. I suggest to you, Mr. Chairman, that as far as the law is concerned the Minister of Justice does not need to worry. I agree with him that this bill is clearly within the jurisdiction of this parliament.

Mr. Fleming: There is another question on which the house will wish to have some further information. The legislation of itself does not and cannot validly create a national emergency. The committee must be concerned as well about what steps are being taken to deal with the conditions which the government asserts constitute the condition of national emergency. I do not think enough time has been spent in this debate considering that aspect of the matter.

As things now stand the government is quite prepared to ask parliament for the vesting of these special and extraordinary powers, which normally repose in the provinces, so long as any case can be made out, to satisfy the majority across the way who support the government, that a national emergency exists.

It has been very hard to get out of the government any clear definition of what these national conditions are which constitute a national emergency. I mentioned earlier that we got from the Minister of Justice just two indications; one was inflation and the other was a shortage of houses. It is quite clear that we have inflation; it is equally clear that we have a grave shortage of housing. We apparently differ as to the powers that arise in that event. But I should like to know now, Mr. Chairman, just what the government is going to do to try to cure these conditions.

Let us concern ourselves for the moment with the conditions. Tonight we have had a legal argument. I should like the government now to make quite clear what it is going to do to bring to an end the national emergency which they say exists with respect to inflation and housing. It may be opportune to give the Minister of Justice a little rest for a while this evening, and to invite the Minister of Reconstruction and Supply to give the house some enlightenment with regard to this problem. It is obvious that housing conditions have entered largely into the thinking of the government—certainly they have entered largely into the reasons they have put forward tonight in arguing for the existence of a national emergency.

Will the Minister of Reconstruction and Supply give an indication to the house as to how far the government considers the emergency in housing extends today? We know that the president of Central Mortgage and Housing Corporation said not long ago that there was an emergent shortage today to the extent of 150,000 houses. That was the purely emergent shortage. I want to know what the government is going to do with regard to that emergent shortage, whether when the 150,000 houses are built the emergency will be ended, and—

Mr. Garson: I rise to a point of order. We are considering a resolution preceding a bill to continue certain controls which for some years now have been on the statute books. What is concerned now is the administration of these controls and not, I suggest, any of the matters to which the hon. member has been referring.

Mr. Fleming: I cannot imagine anything more far-fetched than the minister's argument. Surely the only valid argument that can be put forward in support of maintaining rent control is that there is a shortage of housing, one which has reached critical, emergent and national proportions.

I want to know, and I think every member in the house wants to know, how long the emergency will be permitted to extend. Surely we are not going to be content simply to let the emergent condition continue, and to say that because of the existence of an emergent condition we will vest special powers in the government, or government boards. Surely it is the duty of every intelligent member of the House of Commons to seek to eliminate those conditions of shortage, and the condition of inflation. Surely that is our principal responsibility.

Before I am called upon on second reading of the bill to subscribe to giving the government special powers, I want to know what the government are going to do to cure and to eliminate the condition which they say has given rise to the existence of a condition of national emergency with respect to housing.

The Chairman: On the point of order raised by the Minister of Justice, I am of the opinion that the hon. member could ask the government how long they think the emergency is likely to last. But at this time to raise the question as to what the government is going to do about these emergencies is, I think, beyond the powers of this committee. If that were done the government would have to give its plan with respect to housing, and whatever else may come up. The question of housing comes within another department entirely.

Mr. Fleming: Surely, Mr. Chairman, it is not a question of departments, simply because the Minister of Justice has introduced this bill. Surely to goodness the whole basis of the continuance of rental control is the shortage of housing. You say it is proper to discuss the question as to how long the national emergency will continue? Very well; I am very much interested in the question as to how long the national emergency will continue. I think it is perfectly fair to ask what we are doing and what we are going to do to try to speed up the elimination of the emergency. What are we going to do? What is the government going to do? What is it going to ask parliament to do with a view to shortening the time during which the emergent condition will be permitted to continue to prevail in Canada? That is a matter of prime importance, when we are in committee of the whole on a measure of this kind.

Mr. Garson: Speaking to the point of order —which I presume my hon. friend has been speaking to; otherwise he would be out of order—may I say it is one thing to allege a national emergency as the foundation for

jurisdiction to pass this bill, as we are doing here, and it is another thing to take steps to cure it. When the bill comes down and the terms of it are seen, the period of time during which we are seeking these controls will be apparent. But surely, sir, we should not, certainly not at this stage, discuss the matter of housing, steel, poultry, butter, lettuce or citrus fruits—because, if we do, we will be here until Christmas.

What this measure is concerned with is the continuance, for a further period as yet undetermined but which will be disclosed when the bill is brought down, of the controls which we have had for the past several years. All of these matters to which the hon. member has referred might properly be the topic of discussion when departmental estimates are being considered. But certainly they are not properly discussed on the present occasion.

Mr. Hackett: I think the minister will admit—

Mr. Williams: Can anyone else, except a Tory, have a go in this House of Commons?

Mr. Hackett: I think the hon. member will admit—

Mr. Williams: Who has the floor?

The Chairman: I understand the hon. member for Stanstead is about to speak to the point of order.

Mr. Hackett: No, I was not.

The Chairman: Then I would rule that the matter of going into the question of the general policy of housing, and all the details with respect to housing, and the Central Mortgage Corporation, would not be in order at this time.

Mr. Fleming: Mr. Chairman, there has been a complete misapprehension of what I was trying to do. I was not going into details with respect to the administration of Central Mortgage and Housing Corporation. I did mention a statement by the chairman of that corporation in which he indicated the extent of the emergency which exists in housing in Canada today.

Now the minister says that when the bill comes down we will know exactly the period during which the government is asking for continuance of control. We have been told that already, with respect to rent control. They want to continue it for a year. But that is not an answer to my question. If it is said that there is a national emergency today, then I want to know what the government is doing to cure it. What is the government doing with respect to this question of emergent conditions, and critical conditions with respect to housing?

Mr. Howe: Order.

Mr. Fleming: I want to know if it is going to go on for a year. I want to know what is going to happen after that. It is perfectly proper to ask how long the emergency will last, and I am asking that question.

Some hon. Members: Order.

Mr. Fleming: "Order" —what do you mean?

Mr. Howe: The Chairman has given his ruling.

Mr. Fleming: You said earlier, Mr. Chairman, it was perfectly proper to ask how long the emergency was going to last.

Mr. Gardiner: You will find it in the bill.

Mr. Fleming: I want the government to say how long the emergency will last. I am asking them, further, to tell the committee what they are doing to shorten that period of time.

Mr. Garson: The hon. member has asked the government to say how long the emergency will last. We are legislators; we are not prophets. There is an emergency, and this is one of the means of dealing with it. I submit, as I did before, that all my hon. friend's remarks at the present time are out of order; and I would ask for a ruling to that effect.

The Chairman: I would rule that the hon. member was in order when he asked the government how long the emergency would last. Whether or not the government can answer it, or desire to answer it, is another question. I would also rule that the question as to the details of what the government is doing in respect of the emergency is not in order at this time.

Mr. Fleming: I am content to leave it, Mr. Chairman, as the Minister of Justice has put it—if that is his answer—because he has said he is not prepared to hazard any conjecture whatsoever, or to give any statement to the house as to how long this emergency will last. As to my second question, which was what the government was doing about it, the minister's answer is nil. I am quite prepared to agree with that answer, that the government is doing nothing about it.

Mr. Garson: My hon. friend knows quite well when he makes that statement that it is not a correct one because I have never said that we were doing nothing. What I did say was that my hon. friend's question was out of order.

Mr. Fleming: If the government have anything to say as to just what they are doing or propose to do to eliminate or shorten this period of emergency, let them say so now. If they have nothing to say, I say to them that they are doing nothing about these emergency conditions.

Mr. Williams: I have sat here all this week and listened to a torrent of words about nothing. I am about sick of all this stalling and fooling around.

An hon. Member: By whom?

Mr. Williams: Somebody across the way asks "by whom"? I do not think there is any doubt as to who is doing the fooling and the stalling. During this week some forty hon. members have spoken on these particular questions, and thirty of them have been Tories. I do not think there is any doubt as to who is doing the stalling.

Some hon. Members: Oh, oh.

Mr. Fleming: We are the only ones who are doing any work in the house.

Mr. Williams: I can understand why the members of the opposition applaud, because they are doing a most successful job of holding up the business of the house. That is just what they want to do. There has been a lot of talk about a national emergency and then somebody else would come along and split hairs about a specific emergency. If hon. members would listen even to what their own members are saying they would not stand up and make such—is it parliamentary to say "fools of themselves", Mr. Chairman?

An hon. Member: Yes.

The Chairman: Of course that is not parliamentary.

Mr. Williams: I was not quite sure, so I gladly withdraw the remark.

An hon. Member: Let it stay.

Mr. Williams: If it is not parliamentary, I am willing to withdraw it, but even here the members of the opposition want to rule differently. I am ready to obey you and withdraw it if necessary, but members of the opposition do not want that. They want it left on the record. They cannot please two groups even though they talk in that way. They like to make out that they are representing the ordinary people of this country, but you cannot serve God and mammon. Is there an emergency?

Mr. Macdonnell (Muskoka-Ontario): Let us have your contribution.

Mr. Williams: I am going to quote from the contributions by their own speakers in the debate.

Mr. Lennard: Now who is filibustering?

Mr. Williams: Is not that senseless, to say that I am filibustering? This is the first time I have spoken this week and I have been on my feet only about four minutes.

Mr. Lennard: Say something then.

Mr. MacInnis: Why should he? The hon. member did not.

Mr. Williams: It is difficult to say anything after having listened so long to so little, in fact to nothing. There is a tendency to follow the same habits.

Mr. Murphy: If you cannot read it, spell it.

Mr. Williams: Is there an emergency? Let us listen to the words of the hon. member for Davenport uttered on March 14 and reported on page 1463 of *Hansard*. I quote:

> Now I want to say a word about our own mayor of Toronto, who has done a good job and wants to help all he can. I am sure if the minister made contact with him he would find that Mayor Hiram McCallum would be happy to help in any way possible. He is in despair today because he is right up against it. I used to go home every week end, but now I can only stand to go home every three weeks. When I get home there is too much pressure of all sorts, especially in connection with housing.

The Chairman: Do I understand that the hon. member is reading from another debate?

Mr. Knowles: This debate.

Mr. Coldwell: When the Speaker was in the chair.

The Chairman: If it was during the present debate, it is in order.

An hon. Member: Go on.

Mr. Knowles: Does it not sound relevant?

The Chairman: The hon. member should continue.

Mr. Timmins: These remarks were made yesterday when we were dealing with another matter.

An hon. Member: Go on.

The Chairman: Is the hon. member quoting from the debate of yesterday?

An hon. Member: No.

Mr. Williams: They know that I am not.

An hon. Member: Proceed.

An hon. Member: Do not listen to them.

Mr. Williams: The hon. member for Davenport went on to say:

> I am too soft-hearted; I cannot stand the tears of the women when they ask me to help them out.

The hon. member then went on to quote the Toronto *Evening Telegram*. Here is an hon. member who is so disturbed about hous-

ing that, in his own words, he does not like to go home as frequently as perhaps he should because of the pressure that is put on him. And the hon. member for Eglinton asks if there is a national emergency. If that is not sufficient, perhaps I should read from the statement of the hon. member for Rosedale, as reported on page 1535 of *Hansard*. I quote:

> The reason that we have this housing shortage, in this peculiarly acute form, is that hundreds of thousands of our young men were overseas at a time when they might have been acquiring some sort of a house in this country. When they came back no houses were available. They had all been taken by people who had moved into the cities, or by the natural growth of the population. There were no houses for them, and we have not yet begun to fill up that gap; therefore we have a national emergency—

Mr. Chairman—

Mr. Hazen: Finish the sentence.

Mr. Williams: The concluding words are:

> —arising out of the war, and it is housing.

That is the complete sentence. The hon. member for Rosedale says we have a national emergency arising out of the war, and it is in connection with housing. Then the hon. member for Eglinton gets up and asks, is there a national emergency? Why don't they get together and decide what they are going to say in the house? Actually they are not in the house just now to promote the well-being of any particular section except one which they particularly like to represent, namely big interests; and they are determined to put every obstacle in the way of all other hon. members trying to do business. Even after all their filibustering—

Mr. Jackman: I rise on a question of privilege, Mr. Chairman, of which I think you are as well aware as I am. I believe the hon. gentleman made some reference to the fact that the hon. member for Eglinton and myself were interested in protecting certain specific interests, which was a reflection upon us. Would you kindly ask him to withdraw the remark?

The Chairman: I understood the hon. member for Ontario to refer to hon. members generally in that part of the house. I do not think he referred to anyone specifically.

Mr. Jackman: Yes, he did.

Mr. Williams: I quoted from *Hansard* what was said in this house by the hon. member for Eglinton and his colleague the hon. member for Rosedale. My concluding remark was to the effect that these Tories in the house—not any particular two or one—should get together and decide what they want to say.

Mr. Jackman: There is no question at all about what the hon. gentleman said. He stated that my colleague and myself represented only big interests, I think the term was, or something like that. He was very specific in regard to the two members and also in regard to the interests they represent. I would ask you to request him to withdraw the remark.

The Chairman: The hon. member for Ontario has stated definitely that he did not say what has been alleged by the hon. member for Rosedale. His last remark was that his statement applied to a certain party in the house; and I am not asking him to withdraw.

Mr. Jackman: In that case we will have to let it go until tomorrow, when *Hansard* will be available; but my recollection is very clear.

Mr. Hackett: Mr. Chairman, we have had some question—

Some hon. Members: Order.

The Chairman: I understood the hon. member for Ontario had concluded his remarks.

Mr. Williams: No, not quite.

Mr. Fleming: Carry on the filibuster a while longer.

Mr. Williams: The only other observation I want to make in this debate is that I am as interested as any hon. member of this house in finding out what the bill contains. I am not prepared to indulge in a lot of shadow-boxing at this stage. All that is asked in the resolution now before us is that we permit the introduction of that bill. When we come to second reading, if things are not in it that we think should be in it or things are in it that we think should not be there, I believe that is the appropriate time to really criticize. But until we have the bill before us we are simply flogging a dead horse in carrying on this debate, which is precisely what my hon. friends to my right have been doing all week. Though we have only another hour to sit this week I do hope we may conduct ourselves as the people of the country expect this parliament to be conducted, and permit the bill to be introduced.

Mr. Hackett: I do not think the Minister of Justice questions the fact that we are dealing with a matter which affects the constitution. He has stated in clear terms that the validity of the legislation to be founded upon this resolution depends upon the existence of an emergency. Here may I say that I was not speaking about an emergency in the interesting passage read to the committee a short time ago by the hon. member for Winnipeg North. He read from a speech I made in this house some years ago, when possibly my hair was more abundant and possibly not quite as white as it is

today. As the record shows, I was talking about the Natural Products Marketing Act, which was based not upon an emergency but, as the minister well knows, upon concurrent legislation in all the provinces, and upon the theory that this legislation of the nine provinces empowered this parliament to enact legislation it might not otherwise enact. On that issue, which was as remote from the question of an emergency as a camp meeting is from a beer garden, I expressed certain views, not one word of which I desire to retract at this time. What I said had no bearing upon the question of an emergency. As a distinguished member of the legal profession, Mr. Chairman, you will recollect that this matter of the constitutionality of the Natural Products Marketing Act went first to the Supreme Court of Canada and then to the privy council. There the legislation was held to be unfounded, not because there was no emergency—because emergency was not invoked as its basis—but because the provinces had not the power to enact legislation giving jurisdiction to this parliament.

I think it well to bring these matters to the attention of the committee, and even to the attention of the hon. member for Ontario. May I remind him that we have a constitution. We pride ourselves upon respecting it. We know that our liberties and the very essence of our well-being depend upon respect for the constitution. If there be no emergency, as the Minister of Justice admits, this parliament has no competency to pass the anticipated legislation.

Now I want to say just one word about the attitude of hon. gentlemen to my left and across the way who are sometimes pleased to call us Tories. What people are called does not matter very much. If the name be disrespectful, it may reflect upon the upbringing and good taste of them who use the language; but I have no complaint on that score. This is a serious question which goes to the very wellsprings of our national existence. If it be competent to this parliament to enact legislation of this kind in the absence of a national emergency, then Canada ceases to be a confederation and becomes a unitary state. I think we will all concede that the provinces would not have come into confederation, we would not have come into existence as a nation, otherwise than on the basis of confederation, with distinct rights, privileges and powers reserved to the separate entities, the provinces, that went to make it up. I hope I can discuss this matter quite dispassionately. I am willing to assume that every hon. gentleman in this house is interested in arriving at a conclusion which will respect the constitution.

There are a number of gentlemen on this side of the house, some of whom have spent a life that is beginning to be long, in the pursuit of the law. They are not infallible; but some people think they know something about their profession. They are putting forward a point of view that the Minister of Justice, although opposed to it, does not consider either futile or time-wasting. I think we shall make better progress and arrive at a saner and safer conclusion if gentlemen are permitted to express their views amid that attention which is characteristic of a deliberative legislative body.

The question is one of major importance. To style this discussion a waste of time is an expression of petulance or possibly, if one wished to be extremely kind, is a failure to understand all that is at issue. There has been criticism of those who have but put forward a point of view which has found repeated expression in the courts. Some people talk very lightly of the courts. Under the Canadian system of government, which is the system of the rule of law, Canadians depend upon the courts as the final arbiter, as the great check upon the legislative and administrative branches of government. The case in which the legislation was enacted, on which I was speaking when I uttered the passage quoted by the member for Winnipeg North (Mr. Stewart), referred in no way to a national emergency. Consequently, the passage that he read has no bearing upon this present issue. I have asked the hon. minister to point to those conditions which create the national emergency which will justify the legislation.

The hon. member for Montmagny-L'Islet (Mr. Lesage) has discussed the question in a very interesting way. Nevertheless, all of the judges of the court of appeal of Manitoba arrived at a unanimous decision that the law based upon an emergency was defective for lack of power. It is quite true that at least one of them did not find it necessary to pass upon the question of an emergency because the law was found invalid for other reasons. Nevertheless, it was not said that there was no emergency. At least two of the judges found in terms most categorical that there was no national emergency. We have the finding of the trial judge and we have the unanimous finding of the court of appeal confirming that judgment, with at least two, if not three, of the members of that bench finding that there was no emergency. That being the case, it seems to me—

Mr. Gardiner: May I ask a question?

Mr. Hackett: Certainly.

Mr. Gardiner: Would my hon. friend agree that there was no feed grain emergency in the

area of the province of Quebec from which he comes or in the province of Ontario in 1946?

Mr. Hackett: I am stating that there was no national emergency. We find, Mr. Chairman, that there crop up every now and then difficulties in the life of a nation, as there are difficulties in the life of an individual; but we are asked—

Mr. Mitchell: Could I ask my hon. friend a question?

Mr. Hackett: Just a moment. We are now asked to suspend the constitution. The constitution is the agreement under which the provinces came together and under which we undertook to work out our difficulties and destiny; under which we undertook to colonize, civilize and redeem from the wilderness the vast areas of the northern sectors of this continent. I submit that a local difficulty is not sufficient to suspend that agreement—not sufficient to suspend the operation of the constitution.

Now, my friend may ask his question, and I thank him for waiting.

Mr. Mitchell: My friend has given a very learned dissertation on the constitution. I want to ask him this simple question—one of the questioners requested a prophecy and I believe the Minister of Justice said he was not a prophet—

Mr. Fleming: It was the Minister of Agriculture who said that.

Mr. Mitchell: Just you keep quiet. I want to say this to my hon. friend. If wind could solve problems, there would not be any problems at all. I should like to ask this very simple question: Does the hon. member not think there would be an emergency if rent control fell by the wayside at the end of this month?

Mr. Hackett: If my hon. friend asks for a personal opinion, I am willing to give it, but I say that at the present time that is not the question before us.

Some hon. Members: What is the question?

Mr. Hackett: If we are asked to declare that there is a national emergency which warrants the suspension of the constitution, my opinion for what it is worth, based upon such examination as I have been able to make of the facts and of the case law, is that there is not such an emergency.

Mr. Mitchell: I should like to tell the hon. member that this government is charged with the safety of the state. No doubt my learned friend is in the very fortunate position of owning a home and all the things necessary to make that home possible. I think he will agree with me that he would shudder to think what would happen in his home city of Montreal if rent control fell by the wayside. This is a practical problem and, in my judgment in simple English, it is a grave emergency facing this country.

Mr. Hackett: The hon. gentleman has put his question fairly. My answer is this. If he feels there is something of such a nature so definite and dire that it requires the suspension of the constitution, then let him introduce an act setting forth the situation and we will weigh it carefully and deal with it in consequence. It could then be debated here. Instead of that the government is offering an omnibus bill empowering it to carry on under arbitrary powers with a suspended constitution. It is attempting to perpetuate a type of administration which is a denial of the constitution and a denial of all the rights that are reserved both to individuals and to provinces.

Mr. Garson: I wonder if the hon. gentleman will permit a question?

Mr. Hackett: Certainly.

Mr. Garson: Would the hon. member agree with his own leader that the judgment in the Manitoba case to which he has been referring does not go so far as to declare that the transitional powers act is ultra vires?

Mr. Hackett: I do not think that judgment had to go as far as that. I am suggesting here that the judgment said, among other things, that there was no power under the emergency transitional powers act to pass a certain order in council which permitted the government to take over Nolan's grain. That is the holding of the court. The court furthermore held that, there being no emergency, there was no power in the government to do what it had done. I am not at the moment going to argue, and I am not obliged to argue, that the act itself is invalid. But the order in council was invalid. I reiterate this suggestion. If hon. gentlemen feel that there is a certain condition which requires remedial legislation, let us deal with that situation. But do not ask us to pass an act which empowers the federal cabinet to occupy the whole field of legislation without regard to provincial and civil rights.

Mr. Hansell: I too am one of those members who have sat in the house for some considerable time listening to this debate.

Mr. Knowles: How are your knees?

Mr. Hansell: With these Senate documents under my desk, my knees get sore. Before I say what I intend to say, I want to set the

minds of hon. members at rest with respect to the way in which I shall vote. I intend to vote for the measure, because I do not oppose the measure itself at this particular time of the country's history. I rise, however, in protest against those who are expressing themselves as desirous of getting on with the business of this house. That statement may sound rather paradoxical. I listened to one gentleman on the government side of the house tonight while he spent ten or fifteen minutes talking about a filibuster. I heard another gentleman on this side of the house quote from *Hansard;* and he was obliged to brush the dust from its pages when he turned away back so many years to pit the Tories against the Liberals and the Liberals against the Tories. I heard another gentleman who followed him give quite a dissertation, the theme of which was: let us get on with the business of the house. I suggest that the person who makes the remark "let us get on with the business of the house" is always in favour of the motion.

What is the business of the house? It is just as much the business of this house to prevent legislation from going through as it is to put it through. If a member or a party is vigorously and conscientiously opposed to a measure, and likewise if the government is as vigorous and conscientious in its desire for a measure to be passed, will you please tell me what conceivable method there is at the disposal of those who oppose the measure to prevent it from being passed? What conceivable method is there? I am not surprised at filibusters. Perhaps we should have more of them. I say that it is perfectly within the right of members of parliament to talk to their hearts' content on any measure that comes before us. I say that members of parliament are elected to this House of Commons to talk. There are only two things you can do when you sit in the chamber. You can either talk or keep silent. That is all there is to do. If you were not sent here to talk, what on earth were you sent here to do?

An hon. Member: Listen.

Mr. Hansell: I would say this to hon. members. Just go back to your constituencies, bid for the votes of your people, tell them, "If you vote for me I will go into the House of Commons; I will sit in my chair and I will never say a word." Tell them that, and see how far you will get.

With that in mind I simply say this. Every member in this house has a right to unburden his soul with respect to any measure that places a burden on it. Having said that, I am prepared to vote right now. But if anybody wants to talk, I am not prepared to say that he should not do so.

Mr. MacInnis: For the last little while the debate, in my opinion, has not had much to do with the subject matter which is before us; and I hope that you will pardon me, Mr. Chairman, if I just continue in that strain for a moment. I do not agree with the hon. member for Macleod that members are sent to this house just to talk. Members are sent to this house to express their views on certain questions—as a matter of fact, on any question that may arise. But after they have presented their views, in my opinion they should not undertake to present the same views half a dozen times. The house has heard them once. We are sent here to enact legislation which may be beneficial to the people who sent us here. We may differ as to what the legislation is. When I rose to speak I was going to say that there is no man in this house to whom I like to listen more than I do to the hon. member for Stanstead. He was out of the chamber when I rose to speak, but I see that he is back now. I like to listen to his reasoned statements, whether I can agree with them or not.

I do not agree with what he said tonight that this is merely a matter of law. The law is important, but there can be no law until this parliament acts first. This parliament must pass the law. Then if some person is not satisfied with it, he can take it to the courts, and the courts will deal with it. But if this parliament is prevented from doing anything—and it very well may be prevented —there will be no use going to the courts after March 27 to find out if rent control is legal or illegal, because there will be no rent control. That is the question with which we are confronted at the moment.

Let me put it this way. The House of Commons is composed of a government and an opposition. The government, because it has the majority, is charged with the administration of the affairs of this country. That being the case, we have no right as an opposition, after we have stated our case, to prevent the government from doing what it considers right to do. We have a right to present our case as vigorously as we can. Then we should leave the matter to a vote of the house. But we have no moral right, in my opinion, to stand up here day after day and hold up the work that we were sent here to do for the people of Canada. We often in this house refer to the mother of parliaments. If this bill came before the house at Westminster, so many days would be allotted to debating it. After that was over, a vote would be taken.

I maintain that in a certain traditional and legal sense the opposition has the right to

hold up the business of the house as long as we are foolish enough to hold it up. But in the rules of the house there is a provision to shut off debate. In the nineteen years I have been here I have never seen it invoked except on one occasion. The reason for that is that governments do not want to be put in the position where they have to choke off debate. However, a time will come when one of two things must be done. Either the government will have to apply closure or it will have to allow its legislation to lapse because it cannot get it through the house. If that is what my hon. friends want, it is their business of course, and they can settle it with the country.

The Chairman: Shall I report the resolution?

Mr. Hackett: On division.

The Chairman: At this time I should like to make a statement with respect to the discussion that took place earlier today. I have looked into the question of quoting Senate debates on the floor of the House of Commons and I am now prepared to make a statement.

It is forbidden in the United Kingdom parliament to refer to debates in the House of Lords, which in turn does not allow reference to the debates of the House of Commons. We have no standing order on this rule of debate but the decisions of our Speakers and Deputy Speakers are unanimous in accepting the practice followed in the United Kingdom. The main object of this practice seems to be to prevent members of one house from answering members of the other house, thus bringing about a joint debate between the Senate and the House of Commons.

Is the rule so rigid that it prevents members from quoting under any circumstances extracts from debates which took place in the distant past or does it apply only to speeches recently delivered in the Senate? A reasonable view has to be taken in this matter. Our authorities make no distinction between the dates on which the speeches were delivered, but in the United Kingdom the rule applies only to recent speeches. On December 16, 1902, when Sir William Harcourt attempted to quote a speech delivered by a minister in the House of Lords, he was stopped by Mr. Speaker Court-Gully, who said:

> Order, order! The right honourable gentleman began by saying he would read a speech made in the House of Lords. I must remind him that it is not in order to quote from recent debates in the house. I have no doubt that the right honourable gentleman will be able to state what he understands to be the views of the government as expressed in the House of Lords without quoting the speeches.

[Mr. MacInnis.]

I suggest that we ought to follow the same practice as at Westminster.

The great difficulty is to decide what may be called a recent debate in the Senate. As to the current session there can be no doubt; but how far back must a speech have been delivered for it to be considered old enough to be allowed to be quoted in the House of Commons? This ought to be decided according to circumstances.

If the House of Commons is considering a measure passed in the Senate a few years ago and likely to come up again during the current session, it seems to me that, in such a case, if members of this house quoted the debates of the Senate, they might start an unpleasant controversy between the two houses. But I see no reason to debar members from quoting parts of speeches delivered in the Senate many years ago on questions which do not then call for an immediate decision of the house. What we want to avoid is a discussion between the two houses of parliament. There is nothing better calculated to bring a conflict between the Senate and the Commons than having members of the one attacking the members of the other on the floors of their respective chambers.

Resolution reported, read the second time and concurred in. Mr. Garson thereupon moved for leave to introduce Bill No. 86, to amend the Continuation of Transitional Measures Act, 1947.

Motion agreed to and bill read the first time.

AGRICULTURAL PRODUCTS ACT

EXTENSION OF OPERATION FOR A PERIOD OF ONE YEAR

The house resumed from Friday, February 11, consideration of the motion of Mr. Gardiner that the house go into committee to consider the following resolution:

> That it is expedient to present a bill to amend the Agricultural Products Act to extend the operation of the act for a period of one year.

Mr. G. R. Pearkes (Nanaimo): I believe that when the house adjourned on February 11 I moved the adjournment of the debate. May I express sympathy to the long-suffering members who throughout the hours of today have been enriched by learned legal arguments and who now will have to adjust their mentality to the language of the representative of a rural constituency. I am sure that the Minister of Agriculture (Mr. Gardiner) will join me when I say that in our language we shall avoid all legal discussion.

When the house adjourned on February 11, I was questioning the advantages and the desirability of continuing this particular form

of legislation, because it had brought such difficulties to the poultry farmers of British Columbia. The preamble of the act which we are asked to consent to continue refers to the grave distress which exists in certain countries of the world, foreign countries and commonwealth countries, because of the inadequate supplies of food. I suggest now that if there is any grave distress it exists not so much in foreign countries as amongst the poultry farmers of British Columbia, and if there are any inadequate supplies of food, those inadequate supplies are felt by the flocks owing to the high cost of feed grain which has to be brought into British Columbia.

In concluding my remarks on February 11 I pointed out that the profit accruing from a year's operations with one hen was somewhere in the neighbourhood of seventy cents after all costs of food had been paid, and that that seventy cents had to cover such items as labour, interest and the upkeep of the equipment.

One man can look after somewhere between 1,600 and 1,800 fowls. Therefore it will be seen that there is only a comparatively small profit which can be made during a year by the activities of one man. He has to invest considerable sums of money in order to receive that amount.

As I had previously pointed out, great increases had been made in response to the requests of the government to increase production. It is no use for people to say that we should now reduce egg and poultry production. That does not seem to be fair, after the farmers made such a great effort to meet the wishes of the government during the war years.

I hold in my hand a letter from a co-operative on Vancouver island from which I should like to read one sentence which in my view is pertinent to the remarks I have just made. It states:

> Some have said that we are now producing too many eggs in Canada. That is surely a poor answer to give the poultryman who responded so well to the oft-repeated exhortations of the Department of Agriculture to produce more eggs for shipment to Britain.

To give an indication of how the production of eggs was increased to meet these exhortations of the Department of Agriculture in respect of various poultry products, I should like to place on record some figures. In 1946 Canada shipped 10,296 hundredweight of dressed poultry to Great Britain. In answer to the request from the department in 1947 that was increased to 107,452 hundredweight, an enormous increase.

What happened in 1948? The total amount shipped equalled exactly nine hundredweight. Then one sees much the same curve although perhaps not quite so marked in respect of the production of eggs. In 1946 Canada exported to Great Britain 450,938 hundredweight of eggs, and in 1947 exported 649,793 hundredweight—an increased figure. Then in 1948 there was a drop to 536,738 hundredweight.

But other countries did not follow that same curve; there we see a steady increase. The imports from all other countries in 1946 amounted to 299,093 hundredweight; but in 1948 they had gone up to 520,000 hundredweight. Eggs had gone from 502,148 hundredweight in 1946 to 1,810,000 hundredweight. There we see an enormous increase in the eggs shipped to the United Kingdom from other countries.

Do not let it be said that price made any great difference, and that Britain was not able to pay the price which Canada demanded, or that Canada was getting any particular advantage. In 1947 the price for poultry was $35.74 per hundredweight, while the price for other countries in that year was $48.05, or some $12 higher received in other countries than was received in Canada for the poultry we sent.

In 1948 we had no appreciable exports to the United Kingdom. I believe I said before that they amounted to some nine hundredweight. Other countries however had not kept their price down. Oh no, the price had gone up. It had risen from $48.05 in 1947 to $61.75 per hundredweight. I think that is an indication of how the price had increased.

Where were those imports into the United Kingdom coming from? I said that in 1947 Canada sold the United Kingdom 107,452 hundredweight of poultry at the price of $12.40 less than the United Kingdom was paying other countries. Yet in 1948 we had lost that market completely. We find the imports into the United Kingdom from other countries had increased to the extent of about 300,000 hundredweight.

Reports respecting the United Kingdom exports show the principal countries shipping poultry and eggs to the United Kingdom. I shall name only one of them, Hungary. Hungary shipped in 1948 the amount of 102,577 hundred weight at a value of £2,031,673. Canada had nine hundredweight from which she realized only £93. So that we see there is a very considerable difference.

Changing that into dollars, as accurately as I can, it appears that Canada received $374.79 whereas Hungary received $8,187,642. We have lost the British market for Canadian eggs, and have lost it to Hungary. Hungary has imported certain commodities in exchange for the poultry products she has received. Some of those products are manufactured. The United Kingdom sent to Hungary, in exchange for the poultry products she was

receiving, iron and steel manufactures to a value of $596,242. We must remember that Canada has been importing steel manufactured articles from the United States.

Hungary is behind the iron curtain. We do not know the ultimate destination of the goods shipped to that country. We must remember however that Hungary is a member of the Russian economic council of mutual assistance, which is the Russian counterpart of the North Atlantic security pact.

I do not think we can pass this off lightly. I feel we must try to ensure the poultrymen of British Columbia a market for their future production of eggs and poultry products. The fact is that the United Kingdom market was lost because of the policies followed under the legislation we are now being asked to continue for another year. That is why the poultrymen of British Columbia wonder whether this will ensure them a continued market in the future. They remember a few years ago when the officials of the Department of Agriculture came to them and asked them to increase production. They responded loyally.

Mr. Gardiner: I do not want to interrupt the hon. member because it is getting near to closing time, but a few moments ago he said that we had lost our egg market to Hungary. I think he intended to say our market for poultry products because our egg market in Britain is still forty-six times as high as it was in the year before the war.

Mr. Pearkes: I meant our poultry market; I may have made a slip there. I was pointing out that the poultrymen of British Columbia are questioning whether a continuation of this legislation will give them the security that they need. They feel that this type of legislation leaves everything in the hands of the Minister of Agriculture. They have repeatedly asked that a marketing board be set up upon which those closely in touch with the producer side of things would be largely represented, instead of leaving it all in the hands of some official who is acting as selling agent but who perhaps would not give the same consideration to the maintenance of markets as would be given by those actively engaged in the production of poultry products.

We have heard that the loss of markets is due to the shortage of dollars, but I have heard many farmers on Vancouver island ask whether it is a shortage of dollars or a shortage of foresight. They feel that no one man could possibly take such a broad view of things as would a group of men who were active producers.

Mr. Gardiner: We have a committee of sixteen that advises on these matters, nine members of which are recommended by the Canadian Federation of Agriculture.

Mr. Pearkes: I am simply saying that the feeling is prevalent among the farmers on Vancouver island, even though half of the members of that committee are producers, that they have not authority to control their own marketing. This brings me to a close. I simply wanted to place before the minister the feeling of uncertainty which I know does exist among the poultrymen of Vancouver island. They are perturbed about the loss of markets and the threat which they feel exists to the continuity of their business.

On motion of Mr. Bentley the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris (Danforth): Will the Prime Minister indicate the business for Monday?

Mr. St. Laurent: We will proceed with the second reading of the bill to amend the Foreign Exchange Control Act and the bill to extend the emergency powers. We will then return to a discussion of the resolution standing in the name of the Minister of Agriculture. If we dispose of those three items, the next will be the resolution standing in the name of the Minister of Trade and Commerce with respect to the Canadian Commercial Corporation.

Mr. Knowles: The foreign exchange control bill will be the first?

Mr. St. Laurent: The present intention is to proceed first with that bill because it was the first one to receive first reading.

At ten-thirty the house adjourned, without question put, pursuant to the order of the house passed on March 14, 1949.

APPENDIX

(*See page 1605 this issue*)

North Atlantic Treaty Proposed for Signature During the First Week in April, 1949

Preamble

The parties to this treaty reaffirm their faith in the purposes and principles of the charter of the United Nations and their desire to live in peace with all peoples and all governments.

They are determined to safeguard the freedom, common heritage and civilization of their peoples, founded on the principles of democracy, individual liberty and the rule of law.

They seek to promote stability and well-being in the north Atlantic area.

They are resolved to unite their efforts for collective defence and for the preservation of peace and security.

They therefore agree to this North Atlantic treaty:

Article 1

The parties undertake, as set forth in the charter of the United Nations, to settle any international disputes in which they may be involved by peaceful means in such a manner that international peace and security, and justice, are not endangered, and to refrain in their international relations from the threat or use of force in any manner inconsistent with the purposes of the United Nations.

Article 2

The parties will contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions, by bringing about a better understanding of the principles upon which these institutions are founded, and by promoting conditions of stability and well-being. They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them.

Article 3

In order more effectively to achieve the objectives of this treaty, the parties, separately and jointly, by means of continuous and effective self-help and mutual aid, will maintain and develop their individual and collective capacity to resist armed attack.

Article 4

The parties will consult together whenever, in the opinion of any of them, the territorial integrity, political independence or security of any of the parties is threatened.

Article 5

The parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all; and consequently they agree that, if such an armed attack occurs, each of them, in exercise of the right of individual or collective self-defence recognized by article 51 of the charter of the United Nations, will assist the party or parties so attacked by taking forthwith, individually and in concert with the other parties, such action as it deems necessary, including the use of armed force, to restore and maintain the security of the north Atlantic area.

Any such armed attack and all measures taken as a result thereof shall immediately be reported to the security council. Such measures shall be terminated when the security council has taken the measures necessary to restore and maintain international peace and security.

Article 6

For the purpose of article 5 an armed attack on one or more of the parties is deemed to include an armed attack on the territory of any of the parties in Europe or North America, on the Algerian departments of France, on the occupation forces of any party in Europe, on the islands under the jurisdiction of any party in the north Atlantic area north of the Tropic of Cancer or on the vessels or aircraft in this area of any of the parties.

Article 7

This treaty does not affect, and shall not be interpreted as affecting, in any way the rights and obligations under the charter of

the parties which are members of the United Nations, or the primary responsibility of the security council for the maintenance of international peace and security.

Article 8

Each party declares that none of the international engagements now in force between it and any other of the parties or any third state is in conflict with the provisions of this treaty, and undertakes not to enter into any international engagement in conflict with this treaty.

Article 9

The parties hereby establish a council, on which each of them shall be represented, to consider matters concerning the implementation of this treaty. The council shall be so organized as to be able to meet promptly at any time. The council shall set up such subsidiary bodies as may be necessary; in particular it shall establish immediately a defence committee which shall recommend measures for the implementation of articles 3 and 5.

Article 10

The parties may, by unanimous agreement, invite any other European state in a position to further the principles of this treaty and to contribute to the security of the north Atlantic area to accede to this treaty. Any state so invited may become a party to the treaty by depositing its instrument of accession with the government of the United States of America. The government of the United States of America will inform each of the parties of the deposit of each such instrument of accession.

Article 11

This treaty shall be ratified and its provisions carried out by the parties in accordance with their respective constitutional processes. The instruments of ratification shall be deposited as soon as possible with the government of the United States of America, which will notify all the other signatories of each deposit. The treaty shall enter into force between the states which have ratified it as soon as the ratifications of the majority of the signatories, including the ratifications of Belgium, Canada, France, Luxembourg, The Netherlands, the United Kingdom and the United States, have been deposited and shall come into effect with respect to other states on the date of the deposit of their ratifications.

Article 12

After the treaty has been in force for ten years, or at any time thereafter, the parties shall, if any of them so requests, consult together for the purpose of reviewing the treaty, having regard for the factors then affecting peace and security in the north Atlantic area, including the development of universal as well as regional arrangements under the charter of the United Nations for the maintenance of international peace and security.

Article 13

After the treaty has been in force for twenty years, any party may cease to be a party one year after its notice of denunciation has been given to the government of the United States of America, which will inform the governments of the other parties of the deposit of each notice of denunciation.

Article 14

This treaty, of which the English and French texts are equally authentic, shall be deposited in the archives of the government of the United States of America. Duly certified copies thereof will be transmitted by that government to the governments of the other signatories.

In witness whereof, the undersigned plenipotentiaries have signed this treaty. Done at Washington, the day of April, 1949.

HOUSE OF COMMONS

Monday, March 21, 1949

The house met at eleven o'clock.

STANDING COMMITTEES

RAILWAYS, CANALS AND TELEGRAPH LINES—CHANGE IN PERSONNEL

Hon. Alphonse Fournier (Minister of Public Works) moved:

That the name of Mr. Isnor be substituted for that of Mr. Winters on the standing committee on railways, canals and telegraph lines.

Motion agreed to.

TRANSFER OF DUTIES

INDUSTRIAL DEFENCE BOARD—EXERCISE OF EXECUTIVE CLEMENCY

Right Hon. L. S. St. Laurent (Prime Minister): I desire to lay on the table copies of two orders in council passed under the Transfer of Duties Act. The first is P.C. 1166, dated March 15, 1949, transferring the industrial defence board from the Department of National Defence to the Department of Trade and Commerce; the other is P.C. 1303, dated March 18, 1949, transferring to the Solicitor General the powers and duties pertaining to the exercise of the royal prerogative of mercy.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

SPECIAL OR ACCELERATED DEPRECIATION

Mr. Coldwell:

1. What is the normal rate of depreciation which was allowed industry during each of the years 1937 to 1949?
2. What is the maximum rate of special or accelerated depreciation which was allowed to any corporation for taxation purposes during each of these years?
3. What is the minimum rate of special or accelerated depreciation which was allowed to any corporation for taxation purposes during each of these years?
4. What is the policy of the government on the granting of special and accelerated depreciation?
5. Has the government policy on special and accelerated depreciation changed since 1937?
6. If so, what changes have been made?

Mr. McCann:

1. There is a variety of normal rates allowed industry, ranging from 2 per cent on reinforced concrete buildings to 50 per cent on replacements of linen, china, glassware, cutlery, etc. Broadly speaking, however, the following might be considered as the normal rates of depreciation applicable to the general type of asset allowed industry: Buildings: concrete, 2 per cent; stone or brick, 2½ per cent; wooden, 5 per cent; Machinery and equipment: 10 per cent. These rates applied in all years from 1937 to 1948. The regulations governing allowances in respect of capital costs for 1949 as provided in section 11 (a) of the Income Tax Act have not yet been published.

2. Under amendments to the legislation passed in 1940, the war contracts depreciation board authorized special or accelerated depreciation in respect of plant and equipment created for war purposes. Such allowances provided for the write-off of the whole cost in one or more years up to the estimated post-war value.

Also, in the year 1940, the War Exchange Conservation Act was enacted which provided for special depreciation allowances to companies who expanded production facilities primarily for increasing exports to the United States, or would increase the output of domestic resources the product of which would otherwise have been imported from the United States.

In 1944 the Income War Tax Act was amended by adding subparagraph (ii) to section 6 (n) which provided that depreciation at not more than double the rates normally allowed may be allowed.

Regulations under this clause are set out in orders in council P.C. 8640, dated the 10th of November, 1944, P.C. 2487, dated the 24th of June, 1947, and P.C. 3882, dated the 9th of September, 1948.

3. See No. 2 above.
4. See No. 2 above.
5. Yes.
6. The provisions governing special and accelerated depreciation were introduced in 1940 and in 1944, as stated in No. 2 above. See also the booklet "Encouragement to Industrial Expansion in Canada" issued by the Department of Reconstruction and Supply.

VETERANS AFFAIRS—M. J. CUMMINGS

Mr. Blackmore:

1. Is there such a veteran of world war I as veteran M. J. Cummings, Reg. No. 142082?
2. If so, where is said veteran?

Questions

Mr. Mutch:

1. Yes.

2. Recent information on file indicates that the address of the veteran would be "in care of the Public Trustee, province of Ontario."

SPECIAL OR ACCELERATED DEPRECIATION

Mr. Coldwell:

How much special or accelerated depreciation has been granted in each of the years 1939 to date to each of the following companies: (a) Steel Company of Canada Limited; (b) Algoma Steel Corporation; (c) Dominion Steel and Coal Corporation Limited or any of its subsidiaries carrying on steel production?

Mr. McCann: The following amounts of special depreciation were allowed on the recommendation of the war contracts depreciation board, in accordance with the general practice of the board in respect of taxpayers eligible for special depreciation:

(a)

Steel Company of Canada Ltd.

	$
1939	Nil
1940	254,210.23
1941	2,644,582.35
1942	2,469,489.19
1943	2,120,034.14
1944	265,566.41
1945	12,545.45
1946	Nil
1947	Nil
1948	Nil

(b)

Algoma Steel Corporation Ltd.

	$
1939	Nil
1940	Nil
1941	Nil
1942	852,967.04
1943	1,097,696.23
1944	1,219,809.73
1945	Nil
1946	Nil
1947	Nil
1948	Nil

(c)

Dominion Steel and Coal Corporation Ltd.

	$
1939	3,091.71
1940	142,629.72
1941	224,341.99
1942	926,079.10
1943	815,821.11
1944	916,639.08
1945	149,277.06
1946	13,666.86
1947	Nil
1948	Nil

[Mr. Blackmore.]

NIAGARA, ST. CATHARINES AND TORONTO RAILWAY—TORONTO-PORT DALHOUSIE STEAMSHIP SERVICE

Mr. Church:

1. What ships are to be in commission this summer between Toronto and Port Dalhousie of the Niagara, St. Catharines and Toronto Railway, a subsidiary of the Canadian National Railways?

2. Have they been pronounced as seaworthy?

3. What is being done to give a better service with new ships since the service provided in 1948?

4. Are any improvements being made in the road bed and bridges of the Niagara, St. Catharines and Toronto railway?

5: If so, what betterments?

Mr. Chevrier:

1. *Dalhousie City* and *Northumberland.*

2. Both ships will be dry-docked for biennial inspection by steamboat inspector of the Department of Transport and must be passed as seaworthy before being placed in operation.

3. No new ships will be in this service in 1949.

4. The roadbed and bridges of the Niagara, St. Catharines and Toronto Railway are being maintained in accordance with recognized standards to meet traffic needs and safety in operation.

5. See answer to question No. 4.

TIMBER CONTROL—SALARIES AND OTHER EXPENSES

Mr. Hodgson:

What were the salaries, traveling and other expenses for the timber controller and all persons connected with the office of the timber controller or proceeding under his direction or in pursuance of timber control in each of the years beginning 1940 to date?

Mr. McIlraith: Not available. The records of the Department of Munitions and Supply, the Department of Reconstruction and Supply, and the treasury office have not been maintained in such a way as to make it possible to segregate the cost of timber control.

OATS AND BARLEY—ADJUSTMENT PAYMENTS, AUGUST-OCTOBER, 1947

Mr. Bentley:

From what source were funds taken to make the adjustment payments on oats and barley which were marketed by growers during the days from August 1 to October 21, 1947?

Mr. Sinclair: In so far as the wartime prices and trade board is concerned:

Commodity Prices Stabilization Corporation, Ltd., was authorized and directed to pay a subsidy to producers who sold and delivered oats or barley during the period August 1, 1947 to October 21, 1947. Commodity Prices Stabilization Corporation, Ltd., appointed the Canadian wheat board to act as its agent in this connection.

Payments are made out of funds provided by parliament and are chargeable against vote 88 (1948-49) "Commodity Prices Stabilization Corporation, Ltd.", in the usual way.

R.C.A.F.—PRESENT STRENGTH—DUTIES OF PERSONNEL

Mr. McKay:

1. What is the present strength of the R.C.A.F. with regard to (a) officers; (b) N.C.O.'s; (c) airmen?

2. How many of these men are on (a) actual flying duties; (b) maintenance work; (c) administrative duty?

Mr. Baker:

1. (a) 2698; (b) 4041; (c) 7568 (aircraftsmen).

2. (a) 1303, but to these should be added 6148 aero engine, airframe and radio mechanics, photographers, etc., included under (b) below, who are required to fly as crewmen, and 434 officers, included under (c) below who are employed on administrative duties and who are qualified to fly.

(b) 8470.

(c) 4534.

CENTRAL MORTGAGE AND HOUSING CORPORATION—DISPOSAL OF MATERIALS IN ST. CATHARINES AREA

Mr. Fraser:

1. Have investigations been made, or are investigations being made, into irregularities in connection with the improper sale and disposal of materials belonging to Central Mortgage and Housing Corporation, or its contractors, in the St. Catharines area projects, numbered 14 and 15?

2. If so, what action has been taken, or will be taken?

Mr. Winters:

1. Yes, by officials of Central Mortgage and Housing Corporation.

2. Complaints were received from a former employee of a subcontractor engaged on construction projects in St. Catharines that employees of Central Mortgage and Housing Corporation and the prime contractor had improperly sold or disposed of scrap lumber, flooring, aluminum siding, new lumber, and beveled siding belonging to the corporation. Examination by officials of the corporation disclosed that all scrap and surplus materials sold at the St. Catharines projects had been properly reported and paid for and the proceeds of the sale recorded in the corporation's books of account. On an earlier occasion the same complainant had made allegations that materials had been improperly removed from the St. Catharines projects. At that time corporation records were reviewed with the complainant and he was shown the complete and proper recording of each transaction he questioned. The complainant has ben informed that examination by corporation officials has disclosed no shortage of materials nor any indication that surplus materials were disposed of without payment being made to the corporation. As corporation records give no indication of the irregular transactions, it is not felt that the corporation has grounds to request an investigation by the Royal Canadian Mounted Police. However, as the complainant considers that there has been irregularities, it has been suggested to him that he should visit the Niagara Falls detachment of the Royal Canadian Mounted Police and lay what charges he considers appropriate.

LAKE LOUISE-FIELD, B.C., HIGHWAY—SNOW PLOWING

Mr. Matthews (Kootenay East):

1. Was the road between Lake Louise and Field, British Columbia, plowed out in either January, February or March of this year to facilitate the removal of a park official's goods?

2. If so, what was the cost of this operation?

3. Was the road again closed to traffic and is it closed now. If so, for what reason?

Mr. MacKinnon:

1. The section of the road from Field to the Monarch mine in Yoho park is kept plowed all winter. The section between the Monarch mine and Lake Louise is not kept open for travel during the winter months. It is a regular feature of maintenance of park highways to do a certain amount of snow plowing to facilitate the early drying of the roadbed which enables the spring maintenance to be carried out at an earlier date. Advantage was taken of this practice and the section between Monarch mine and Lake Louise was plowed early in March. This facilitated the removal of the household effects of the park superintendent, who had been promoted to a more senior position at Jasper park. The removal of the goods by truck actually saved considerable money, because the costs of packing and crating were avoided.

2. The cost of plowing the section from the Monarch mine to Lake Louise was $204.20.

3. As no other plowing was done on this section it was again closed and will not be open for travel until the spring maintenance work has been completed, which will probably be some time early in April.

NEEPAWA, MAN., AIRPORT

Mr. Bracken:

Have any plans been made by the Department of Transport or any other department of the government for utilizing the Neepawa airport, and if so, what are they?

Mr. Chevrier: The department proposes to continue the operation of the airport as a public airport.

Questions

INGLEWOOD, ALTA., BIRD SANCTUARY

Mr. Harkness:

1. Is the Inglewood bird sanctuary at Calgary, Alberta, recognized as a dominion bird sanctuary?
2. What financial assistance does the dominion government provide for other bird sanctuaries?
3. Will the government provide any financial assistance for the Inglewood bird sanctuary?

Mr. MacKinnon:

1. Inglewood bird sanctuary was established by the dominion government on June 6, 1929, under the provisions of the Migratory Birds Convention Act. It is not owned or operated by the dominion government, but is subject to the migratory bird sanctuary regulations promulgated by order in council P.C. 1536 of April 13, 1948.

2. The dominion government provides no financial assistance for the upkeep of any privately-owned bird sanctuary established under the Migratory Birds Convention Act. Periodical inspections are made by dominion wildlife officers, and posters and advice on management are supplied by the dominion wildlife service when requested, free of charge.

The dominion government has, in special circumstances, paid for grain used in emergency winter feeding of waterfowl. During each of the winters 1947-48 and 1948-49, the dominion government paid $50 for grain fed to waterfowl in Inglewood bird sanctuary.

The dominion government makes an annual grant to the Jack Miner Migratory Bird Foundation Incorporated. At present, the amount of this grant is $5,000 per annum. The property of the Jack Miner bird foundation is not a bird sanctuary under the provisions of the Migratory Birds Convention Act.

3. This is a matter of government policy.

MUSKRAT RAISING PROJECT—ATHABASKA RIVER, ALTA.

Mr. Dechene:

1. What progress has been made in the development of the muskrat raising project in the 200,000 acres in the delta of the Athabaska river, near Fort Chipewyan, Alberta?
2. Is the provincial government of Alberta contributing any funds to the development of that enterprise?
3. To what extent is the government proceeding with further development of the project during the current year?

Mr. MacKinnon:

1. Preliminary investigation of the provincial lands portion of the Delta was undertaken by the dominion and province jointly and preliminary investigation of the Wood Buffalo park area was carried out by the dominion. Results were disappointing due to abnormal water conditions during the investigation period, the data received in the preliminary report indicating the necessity of very careful investigation before any construction was undertaken.

2. The provincial government has co-operated in the investigation of the area but as the project has not reached the development stage it has not contributed any funds for that purpose.

3. The dominion and province are continuing the investigation jointly of the provincially-owned section of the delta, while the dominion is continuing its investigation of the Wood Buffalo park area.

MARSHLANDS—NOVA SCOTIA AND NEW BRUNSWICK—EXPENDITURES MADE AND PROJECTS APPROVED

Mr. Stanfield:

1. What have been the total expenditures (a) in Nova Scotia; (b) in New Brunswick in each of the years 1946, 1947 and 1948 in connection with protection and reclamation of maritime marshlands?
2. What was expended for (a) salaries; (b) wages; (c) purchase machinery; (d) rental machinery; (e) motor cars; (f) supplies and incidentals?
3. What projects have cost $10,000 or more, stating amount in each instance?
4. What projects have been approved and what is the estimated cost to complete?

Mr. McCubbin:

	1946-47	1947-48	1948-49
1. (a)	$17,611 15	$25,250 25	
(b)	7,250 89	20,729 40	$ 4,738 07 (Feb. 28/49)

Note: This represents dominion share of expenditures only. The works program is the responsibility of the provincial governments and is carried on by the maritime dikelands rehabilitation committee. The original payments are made by the provinces where all detailed records are kept. On presentation of certified accounts the dominion reimburses one-third of total cost. All accounts for the current fiscal year not yet rendered by provinces.

2. See answer to No. 1.
3. See answer to No. 1.
4. See answer to No. 1.

SOLDIER SETTLERS—MINERAL RIGHTS

Mr. Fair:

1. What are the names and addresses of veterans of world war I who purchased land through the soldier settlement board with which mineral rights were included?
2. In how many cases have those rights been transferred to the settlers?

Mr. Mutch:

1. The information is not available from the present records of the director of soldier settlement, nor from the titles held or previously held by the director.

2. None. In 39 cases, rights are in process of being transferred.

DEFENCE ARRANGEMENTS WITH GOVERNMENT OF ONTARIO

Mr. Church:

1. What arrangements, if any, have been made with the Ontario government as to defences in case of war?
2. Who made such a request, how and when?
3. What was such a request?
4. At whose expense was it to be (a) federal authority; (b) provincial authority; (c) municipal authority?
5. Is any grant to be made the municipal authorities of Ontario or mayors' association for their enforcement of all federal law, orders in council and other federal regulations by municipal police forces of Ontario accordingly?

Mr. Baker: These questions were answered on page 1551, Debates of the House of Commons for Thursday, March 17, 1949.

QUESTIONS PASSED AS ORDERS FOR RETURNS

ALCOHOLIC LIQUORS—FEDERAL TAXES

Mr. Gauthier (Portneuf):

What is the total amount collected by the federal government on the sale of alcoholic liquors (a) in Canada; (b) by province?

Mr. McCann: Return tabled.

DOMINION ELECTIONS—RETURNING OFFICERS

Mr. Casselman:

1. In how many electoral districts has there been a change in the returning officer since January 1, 1946?
2. What is the name of the party (a) who held the office previously to said date; (b) who has held the office since said date?
3. Why were the changes made?
4. On whose recommendation?

Mr. Gibson (Hamilton West): Return tabled.

GROSS AND NET FARM INCOME

Mr. Wright:

What is the gross and net farm income, by provinces, from 1928 to 1948, inclusive?

Mr. McIlraith: Mr. Speaker, the information requested in this question concerns the gross and net farm income, by provinces, from 1928 to 1948 inclusive. The information for that period of time is not available, but it is available from 1938 to 1947 inclusive. Subject to these considerations, I am prepared to have the question passed as an order for return, and to table the return.

IMPORTS OF STARCH

Mr. Hatfield:

1. What quantity of corn, potato, sago and tapioca starch was imported into Canada each year from 1945 to date?
2. From what country and in what amount was such starch imported?

Mr. McIlraith: Return tabled.

LEGAL SEVICES—RETAINERS AND FEES

Mr. Diefenbaker:

1. What barristers and solicitors, by provinces, have been retained by any departments of government in each of the years 1947 and 1948?
2. How much has been paid to each of such barristers and solicitors as retainers and fees during said years?

PUBLIC WORKS—ASSISTANT CHIEF ARCHITECT

Mr. Hodgson:

1. Who is assistant chief architect of the Department of Public Works?
2. When was he appointed and what salary does he receive?
3. Was he appointed by order in council or through competitive examination by the civil service commission?
4. Is he a returned soldier?
5. If not, was he given preference over other competitors with war services, and for what reason?

LACOLLE, QUE., CUSTOMS BUILDING

Mr. Hodgson:

1. Who was awarded the contract on the building for customs purposes at Lacolle (Blackpool) Quebec?
2. What was the amount of the contract?
3. How much of that amount has been paid?
4. Were there any charges for extras? If so, what was the amount of such extra charges?
5. Is the work now completed?
6. If not, are additional extra charges anticipated, and what is the estimated cost of such additional extra charges?

PRAIRIE FARM ASSISTANCE—EMPLOYEES IN SASKATCHEWAN

Mr. McCuaig:

1. What was the total number of P.F.R.A. employees in Saskatchewan during 1948?
2. How many weeks or months was each employed?
3. What was the rate of salary paid to each per month or per day?
4. How much traveling expenses was paid to each of them in 1948?

OLD AGE PENSIONS

Mr. Knowles:

1. What was the total amount of contribution of the federal government to each province for old age pensions for the latest full twelve months period for which such figures are available?
2. What was the total amount expended by each province toward the basic pension during the same period or during the latest full twelve months period for which such figures are available in each case?
3. What was the total amount expended by each province in providing supplementary payments during the same period?
4. What was the total amount expended by each province during the same period in providing health and/or other services or benefits to old age pension recipients?
5. What is the average monthly amount on account of the basic pension being paid in each province?
6. What supplementary amounts and/or services are paid and/or provided by each province?

Motions for Papers

TRANS-CANADA AIR LINES

REMOVAL OF EMPLOYEES FROM WINNIPEG

Right Hon. L. S. St. Laurent (Prime Minister): May I be allowed to answer a question put to me by the member for Winnipeg North Centre (Mr. Knowles) on Friday, concerning the possible removal of T.C.A. personnel from Winnipeg to Montreal? On Friday I received the night letters to which the hon. member referred, and I answered them as follows:

Your telegram *re* T.C.A. plans to move certain personnel to Montreal: may I call attention to following statement made in parliament on March 3 by Mr. Howe. "I remember distinctly reading a published statement by Mr. McGregor in which he said the move would not take place until October, 1949. That being so I hope we shall have a committee before that time." Notice for the setting up of a committee of the house to deal with accounts, estimates and bills relating to operations of T.C.A. has now been given. Committee expected to get under way almost at once and will have power to send for persons, papers and records and report from time to time. Plans of management and reasons therefor can be gone into and reported upon, and interested parties can appear or be represented to make proper investigation. In the meantime government would not feel justified in issuing directives to management. I trust that this public hearing will make clear what policy in regard to this matter will best serve the general interest of all concerned in the good administration of T.C.A.

Mr. Knowles: May I just ask this question, so that the record may be complete? That is the telegram which the Prime Minister sent to the mayor of Winnipeg and also to the secretary of the chamber of commerce?

Mr. St. Laurent: That is so.

MOTIONS FOR PAPERS

SHIPS OPERATING FROM PACIFIC PORTS—RADIO EQUIPMENT AND WATCH KEEPING

Mr. MacInnis:

For a copy of all letters, telegrams and other documents received by the minister or any official of the Department of Transport, since January 1, 1946, complaining of the failure of owners and operators of ships operated from ports on the Pacific coast (a) to keep radio equipment in proper working condition; (b) to maintain radio watch keeping.

Mr. MacInnis:

For a copy of all reports received by the Department of Transport, the Minister of Transport or any official of the department, since January 1, 1946, relating to the efficiency of radio equipment and the adequacy of radio watch keeping on ships operated from Pacific coast ports.

Mr. Chevrier: This motion has to do with any reports received by the Department of Transport, the minister or any official of the department since January 1, 1946, relating to the efficiency of radio equipment and the adequacy of radio watch keeping on ships operated from Pacific coast ports. I understand it has been the practice and the custom that all interdepartmental reports are privileged; but there may be—I have not had, as I would wish to have, the opportunity of consulting fully the file—a number of reports that were made by outside sources. There can be no objection to producing these, but as to interdepartmental reports, perhaps, in view of the practice in that regard, the hon. member will consent to their not being produced.

Mr. MacInnis: At the request of the minister I allowed this motion to stand for several days. Will the minister now be good enough to allow it to stand so that I may have a talk with him about what I want?

Mr. Chevrier: Yes.

Motion stands.

UNEMPLOYMENT INSURANCE ACT—SEASONAL WORKERS, ETC.

Mr. Knowles:

For a copy of all regulations and directives dealing with seasonal workers, seasonal industries, etc., under the Unemployment Insurance Act.

UNEMPLOYMENT INSURANCE COMMISSION—"SUITABLE EMPLOYMENT"

Mr. Knowles:

For a copy of all circular letters, directives, etc., having to do with the interpretation of "suitable employment," sent out by the unemployment insurance commission to its various offices across the country, dated since January 1, 1946.

LEASE OF CADOMIN BUILDING, WINNIPEG, MAN.

Mr. Miller:

For a copy of all letters, telegrams, memorandum, correspondence and other documents exchanged between the Department of Public Works, Department of National Revenue or any branches or divisions thereof, and United Realty Company Limited, Aronovitch and Leipsic, Cadomin Building Limited, and other persons or firms, from July 1, 1947 to October 1, 1948, relating to the leasing of the Cadomin Building, Main street, Winnipeg, Manitoba. Also a copy of the said lease.

IMMIGRATION—ORDER IN COUNCIL P.C. 4233

Mr. Diefenbaker:

For a copy of all letters, telegrams and other documents received by the Department of Mines and Resources leading up to or connected with the issue of order in council P.C. 4233, dated September 13, 1948.

Mr. MacKinnon: I should like to point out that order in council P.C. 4233 refers to twenty-four individual immigrants. There are included in this number three persons about whom the hon. member for Winnipeg North (Mr. Stewart) has asked for the production of papers. The order for return was passed on February 9, 1949, as appears by *Votes and Proceedings* No. 11.

The names of the three persons are G. B. Montel, J. G. Labedan and A. C. E. Boussat.

As there has not been any question raised about the twenty-one other persons, I assume it is the three persons I have mentioned in whom the member is interested. I suggest that the hon. member withdraw his motion; there is no need to copy the papers again. I can arrange to have the extra copy of the other return filed, if the hon. member so wishes.

My purpose in making this request is simple. All members of the house are aware of the large amount of work being done by the staff of the immigration branch and the pressure and strain under which they are working. I therefore wish to avoid, whenever possible, asking them to do unnecessary tasks.

Mr. Harris (Danforth): In view of the circumstances, perhaps the minister would allow his motion to stand. It is in the name of my colleague who is not in the house at the moment.

Mr. MacKinnon: That is quite satisfactory.

Motion stands.

CORRESPONDENCE BETWEEN DEPARTMENT OF LABOUR AND CANADIAN SEAMEN'S UNION, ETC.

Mr. Young:

For a copy of all correspondence and telegrams since the year 1946 exchanged between the Department of Labour and the Canadian seamen's union; between the Canada Steamship Lines and/or their solicitors and the Department of Labour; between the Minister of Labour and the above mentioned companies or the Canadian Seamen's Union, and between the minister or his department and the Colonial and Sarnia Steamships Company Limited.

Mr. Mitchell: The hon. member asks for a copy of all correspondence and telegrams since the year 1946 exchanged between the Department of Labour and the Canadian Seamen's Union, which of course may cover a wide field. He goes on to include correspondence and telegrams between the Canada Steamship Lines, which is one concern, their solicitors and the Department of Labour; and then in line five of the motion he refers to "the above mentioned companies". I think I know what the hon. member wants, but I suggest that he be a little more specific. If he will be good enough to have the motion redrafted, subject to there being nothing confidential on the files I see no objection to the motion being passed.

Mr. Young: Agreed.

Some hon. Members: Dropped.

Some hon. Members: Stand.

Mr. Knowles: Which is it?

Mr. Mitchell: The motion is to be redrafted. The hon. member has agreed to that.

Mr. Speaker: Dropped.

DEPARTMENT OF LABOUR—APPOINTMENT OF MANAGER, EMPLOYMENT AND CLAIMS OFFICE, RED DEER, ALTA.

Mr. Shaw:

For a copy of all letters, telegrams and other documents exchanged between the Minister of Labour, officials of the labour department, the civil service commission or any official thereof and any person, persons or groups of persons, since July 1, 1948, with respect to the appointment of a manager, employment and claims office, Red Deer, Alberta.

Mr. Mitchell: Subject to the usual reservations as to confidential correspondence, I have no objection to this motion being passed.

CAROLINE, ALTA., POSTMASTERSHIP

Mr. Shaw:

For a copy of all letters, telegrams, petitions and other documents exchanged since January 1, 1948, between the Postmaster General, the Post Office Department and any official thereof, and any person, persons or groups of persons with respect to the appointment of a postmaster at Caroline, Alberta.

BUSINESS OF THE HOUSE

WORLD METEOROLOGICAL ORGANIZATION—QUESTION OF REFERENCE TO EXTERNAL AFFAIRS COMMITTEE

On the order for government notices of motions:

The Secretary of State for External Affairs—Resolved, that it is expedient that the houses of parliament do approve the convention of the world meteorological organization signed at Washington on October 11, 1947, and that this house do approve the same.

Mr. Pearson: Stand.

Mr. Graydon: Is it the intention of the Secretary of State for External Affairs to refer this convention, when it finally reaches the stage of introduction, to the standing committee on external affairs?

Mr. Pearson: That might be a proper way of dealing with the matter, and if the house so desires, it could be done in that way. I had not had that intention, because I thought that it was a fairly simple matter, and that possibly no such reference was necessary. We are not dealing with it now because more urgent matters are before the house.

[*Later:*]

CONSULTATION TO EXPEDITE CONSIDERATION OF CONTROL MEASURES

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I should like to ask a question of the Prime Minister. In view of the importance of the several control measures now before parliament, and the shortage of time for this and the other chamber to consider and approve the legislation, might it not be advisable for the government to consult with the party leaders, and perhaps the party whips, with a

view to apportioning the remaining time in order to protect the people, particularly in regard to rent control and against possible speculation in foreign exchange?

Right Hon. L. S. St. Laurent (Prime Minister): We did make rather satisfactory progress on Friday with the resolutions, and I hope we shall make satisfactory progress today. However, I shall be glad to consult with the leaders and have the whips confer and endeavour to arrange matters so that there will be time for the other place also to give consideration to these matters before the deadline is reached.

RAILWAYS AND SHIPPING

APPOINTMENT OF COMMITTEE ON ACCOUNTS AND ESTIMATES OF GOVERNMENT-OWNED TRANSPORTATION LINES

Hon. Lionel Chevrier (Minister of Transport) moved:

That a sessional committee on railways and shipping owned, operated and controlled by the government, be appointed to consider the accounts and estimates and bills relating thereto of the Canadian National Railways, the Canadian National (West Indies) Steamships, and Trans-Canada Air Lines, saving always the powers of the committee of supply in relation to the voting of public moneys; and that the said committee be empowered to send for persons, papers and records and to report from time to time, and that notwithstanding standing order 65, in relation to the limitation of the number of members, the said committee to consist of Messrs. Bourget, Chevrier, Clark, Emmerson, Fulton, Gibson (Comox-Alberni), Hatfield, Hazen, Hlynka, Jackman, LaCroix, Lafontaine, Lockhart, Maybank, McCulloch (Pictou), McLure, Moore, Mutch, Nicholson, Picard, Pouliot, Reid, Warren.

He said: This is the annual motion seeking the establishment of the committee on railways and shipping, to which are referred the various reports of the Canadian National Railways, certain items in the estimates which are withdrawn from the committee of supply, and other matters. It is in the same form as in previous sessions.

Mr. T. L. Church (Broadview): What is the object of appointing this committee? Last year the committee did not function in relation to this very important work. Moreover, I fail to see many public ownership men on this committee. I fail to see how there is to be any control over this committee, and discussion in the house itself will be prevented. As I see it, before the motion is adopted there should be some discussion in the house about this railway, its ocean and hotel services, etc. I call the attention of the minister to the fact that we have no maritime commission on the great lakes; we have no life-saving stations. We had a disaster at Port Burwell, and we cannot get any information about it. The house should first spend a day on the affairs of the national railways and their ocean and lake services, hotel services and everything else, because we may have some trouble soon. We have no submarines whatever. What is the object of bringing this motion up this morning? Notice was given only on Friday. Before this motion is passed the house should consider these questions.

Mr. Chevrier: The purpose of the motion is, as I have already stated, to consider the affairs of the Canadian National Railways. As in the past, the hon. member will have an opportunity to discuss the business of the Canadian National Railways on many occasions. If he is not a member of this committee, I presume there would be no difficulty in having him appointed to it so that he could bring forward any questions he has in mind. Furthermore, if he is not a member of the committee, he could appear before it and ask the questions which he has in mind and obtain information. As I said a moment ago, there will be ample opportunity to discuss the affairs of the Canadian National Railways during the session.

Mr. D. King Hazen (Saint John-Albert): Has the minister given consideration to having the report of the maritime commission submitted to this committee? The maritime commission comes under his department, and there does not appear to be any way in which we can find out anything about it—at least no way that I know of, except by putting questions on the order paper. We could have the chairman and some of the members of that commission appear before some committee for the purpose of finding out more about it.

Mr. Speaker: May I call the attention of the house to the fact that according to the rules an hon. member is not entitled to speak more than once, or a minister of the crown more than twice. If there are any other questions I suggest that they be put now so that the minister can reply.

Mr. Chevrier: I should like to reply to the last question.

Mr. Speaker: If the minister speaks now, he will close the debate.

Mr. E. D. Fulton (Kamloops): May I draw attention to the fact that there is no provision for a quorum? Perhaps the minister will say a word about that.

Mr. Chevrier: In select committees the quorum is provided by the meeting which calls the members together. When this is not done, a majority of members constitute a quorum.

Mr. Fulton: On the second page—

Mr. Speaker: Order.

Mr. Fleming: Mr. Speaker,—

Mr. Speaker: Order. I have called the attention of hon. members to the fact that they are not entitled to speak more than once, or the minister more than twice. I said that if the minister spoke again he would close the debate. Is it the pleasure of the house to adopt the motion?

Motion agreed to.

[*Later:*]

CANADIAN MARITIME COMMISSION

On the orders of the day:

Mr. Howard C. Green (Vancouver South): I should like to ask a question of the Minister of Transport. Would there be any objection to having the report of the Canadian maritime commission referred to a committee—if not to the committee on railways and shipping, then to another committee? I believe the minister was about to answer the hon. member for Saint John-Albert (Mr. Hazen) a moment ago.

Hon. Lionel Chevrier (Minister of Transport): Yes; I was going to say that the report of the maritime commission has first of all to be tabled in the house on or before a certain date. The report has not yet been tabled, but it will be in due course, in accordance with the act establishing the commission. There will be ample opportunity to discuss that report on at least three occasions I can think of. It has not been the practice in the past to refer the report to the committee on railways and shipping. I would think the committee would have its hands full with the business of the Canadian National Railways.

WHEAT

ANNOUNCEMENT AS TO INTERNATIONAL AGREEMENT

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I should like to direct a question to the Minister of Trade and Commerce. I regret that through an error the notice was sent first to the Minister of Agriculture. Will the minister make a statement on the international wheat agreement which has just been announced, particularly with regard to what effect, if any, it may have on the British-Canadian wheat agreement and future policy; and also what effect, if any, the nonparticipation of Russia and Argentina will, in his opinion, have on the wheat price situation generally? He may not be able to answer it today, but we should like the information as soon as possible.

Right Hon. C. D. Howe (Minister of Trade and Commerce): I think I can answer it now. As my hon. friend knows, 450 million bushels of wheat are covered by the agreement. In other words, the supplying countries undertake to supply 450 million bushels of wheat, and the deficit countries undertake to purchase 450 million bushels of wheat. The maximum price is $1.80 per bushel for the four-year period. The minimum price drops from $1.50 per bushel by ten cents each year, down to $1.20 for the fourth year.

Mr. Coldwell: Is the minimum price established at seaboard or at Fort William?

Mr. Howe: At Fort William.

Mr. Bentley: And the maximum price at Fort William?

Mr. Howe: Yes. The United Kingdom wheat agreement will not be affected by the terms of the proposed international agreement. In other words, the crop of 1949-50 will be sold to the United Kingdom at $2 a bushel to the extent of 140 million bushels. Another 60 million bushels will be sold within the terms of the international agreement to account for the total of 200 million bushels allocated to Canada. Any wheat over and above that will be sold outside the agreement. There are consuming countries outside the agreement that will continue to buy wheat.

As far as the effect of Russia not participating is concerned, that country was offered 50 million bushels, if she wished to come into the agreement, in which event the consuming countries would have undertaken to purchase 500 million bushels of wheat. In other words, the amount that would have been assigned to Russia is not now assigned under the agreement. Argentina attended as an observer, but has never stated its export intentions. Russia and the Argentine will be able to sell their wheat outside the agreement when they can find markets for it after the consuming countries have purchased their obligations under the agreement. What the effect will be, of course, is difficult to say. I am told Russia has never exported in any year 50 million bushels of wheat; therefore I think the effect will not be great.

Mr. Wright: What machinery is set up for determining the price as between minimum and maximum for the first year of the contract?

Mr. Howe: The range of prices between the maximum and minimum is the trading area. The law of supply and demand will operate within that area, namely, between $1.80 per bushel and $1.50 per bushel.

Mr. Quelch: Can the minister say what method of payment is to be permitted? I am

asking the question because the press referred to the fact that payment will be made in capital goods.

Mr. Howe: Under the wheat agreement, payment is in cash. Wheat is always traded on basis cash on delivery.

Mr. Smith (Calgary West): Is there any allowance made in the agreement as to the quality of Canadian wheat?

Mr. Howe: Yes; the price is based on No. 1 northern Fort William.

Mr. Smith (Calgary West): But as between other countries?

Mr. Howe: Yes.

Mr. Smith (Calgary West): Perhaps I might ask a supplementary question. I do not think I made my question clear and the minister did not understand me. What I am getting at is this. I would assume this agreement at $1.80 covers the price paid to all exporting or shipping countries. In that price is there any distinction made as between qualities? That is, is there any distinction between Canadian hard wheat and the price, we will say, of Kansas soft wheat, or Australian wheat? Or, so long as it is wheat of the first class from the country of origin is it at $1.80 right through?

Mr. Howe: There will be a board charged with the duty of determining the details of the agreement. Obviously it will be the duty of the board to see that comparable wheat is shipped for comparable payments. There is a comparable grade of wheat in the United States—I believe it is known as No. 1 red winter, comparable with our No. 1 northern.

Mr. Smith (Calgary West): In the northern states there is some, but not much.

Mr. Howe: I dare say when the subject of wheat is considered, the comparative value of soft wheat as compared with Canadian hard wheat will be taken into consideration in setting the price.

Mr. Smith (Calgary West): There is nothing in the agreement covering it.

Mr. Howe: I think not. The agreement provides for an administrative board, which would obviously be charged with that duty.

HORSES

ALLEGED CRUELTY TO ANIMALS EXPORTED FOR SLAUGHTER

On the orders of the day:

Mr. Angus MacInnis (Vancouver East): I should like to ask a question of the Minister of Agriculture, but in his absence I shall ask his parliamentary assistant. Have representations been made to the Department of Agriculture alleging extreme cruelty to horses exported for slaughter from this country to Europe? Has the government given consideration to prohibiting the export of horses for slaughter?

Mr. Robert McCubbin (Parliamentary Assistant to the Minister of Agriculture): I will take the question into consideration, and an answer will be given later.

LABOUR CONDITIONS

QUESTION AS TO INCREASED PAY FOR WOMEN CLEANERS IN FEDERAL BUILDINGS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): I should like to ask a question of the Minister of Public Works. In view of the welcome announcement that the wages of women cleaners working for the government in Ottawa are to be increased to sixty-nine cents per hour, retroactive to January 1, can the minister say how soon an announcement will be made as to pay increases for women cleaners in federal government buildings in other cities, such as Winnipeg, where the rate is still only fifty cents per hour?

Hon. Alphonse Fournier (Minister of Public Works): Every year in the month of April there is a general review of salary rates. They are investigated by the Department of Labour. Any change which would take place will be announced in due course.

Mr. Knowles: Will it be retroactive to January 1?

Mr. Fournier (Hull): I cannot say.

Mr. MacNicol: May I follow up the inquiry made by the hon. member for Winnipeg North Centre? I was told this morning by some of the women cleaners in this building that they are not included in the minister's announcement of last Friday. Can he enlighten us in that respect?

Mr. Fournier (Hull): If I understand the situation correctly, the women working here come under the jurisdiction of the House of Commons authorities, and not under the Department of Public Works.

Mr. McIlraith: They did get a pay increase.

Mr. Fournier (Hull): The hon. member for Ottawa West says they did get a pay increase; therefore I shall not discuss it.

ROYAL CANADIAN MOUNTED POLICE

ESQUIMALT DOCKYARDS—REPLACEMENT BY OTHER PERSONNEL

On the orders of the day:

Mr. G. R. Pearkes (Nanaimo): I should like to ask a question of the Minister of Justice. Have any instructions been issued to the R.C.M.P. guards at the dockyards at Esquimalt to be relieved of their duties as from March 31? If so, what other personnel will replace the R.C.M.P. there?

Hon. Stuart S. Garson (Minister of Justice): The hon. member did not give notice of his question. I shall take what he has said as notice and bring down the answer tomorrow.

NATIONAL DEFENCE

DUTIES ON FIRE-FIGHTING EQUIPMENT

On the orders of the day:

Mr. R. R. Knight (Saskatoon City): I should like to ask a question of the Minister of National Defence. In view of the minister's recent statement as to fire prevention being an essential part of national defence, is he prepared to advise his colleague the Minister of Finance to admit fire engines to this country either free of duty or at reduced rates? Is he aware that life and property are often lost in some municipalities because of the high cost of such fire-fighting equipment?

Mr. Howe: Order paper.

Hon. Brooke Claxton (Minister of National Defence): I have had no notice of the question. However, I shall draw it to the attention of my colleague the Minister of National Revenue.

FAMILY ALLOWANCES

REFERENCE TO STATEMENT ENCLOSED WITH CHEQUES AS TO PAYMENT BY FEDERAL GOVERNMENT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): I should like to ask a question of the Minister of National Health and Welfare. Is he aware of the fact that blue slips have been enclosed with current family allowance cheques reminding the recipients that family allowances are paid by the federal government? Can the minister say whether there is any reason for those slips other than political propaganda?

Mr. MacNicol: None whatever.

Hon. Paul Martin (Minister of National Health and Welfare): I know the hon. member would be the last in the house to accuse me of carrying on political propaganda.

Some hon. Members: Oh, oh.

Inquiries of the Ministry

Mr. Knowles: I can assure the minister he is absolutely wrong.

Mr. Gordon Graydon (Peel): Arising out of the question asked by the hon. member for Winnipeg North Centre of the Minister of National Health and Welfare, may I ask the Minister of National Revenue if in all the correspondence he is sending out he is saying that the taxes are being collected by the federal government?

Mr. Knowles: Mr. Speaker—

Mr. Graydon: I should like to have an answer, because we ought to have uniformity in this regard.

Hon. J. J. McCann (Minister of National Revenue): The hon. gentleman knows the answer.

SEED POTATOES

PRINCE EDWARD ISLAND—EXPORT PERMIT REGULATIONS

On the orders of the day:

Mr. W. Chester S. McLure (Queens): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce in connection with seed potatoes. He stated some time ago that he would look into the matter, and would make a statement. Is he now prepared to do so?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I have been waiting for an opportunity to make a statement. A few days ago the hon. member for Queens asked for a statement regarding new permit regulations covering the shipping of Prince Edward Island seed potatoes to the United States.

My department has not issued new regulations in this connection since those which I announced on November 26, 1948. It has recently been found necessary, however, to clarify two of these regulations.

1. Expiry dates of permits. It has been agreed to issue permits for shipments of seed potatoes to the United States only if the shipments were made within the limits of a schedule which was released at the same time as my statement of November 26. Canadian shippers, however, have been clearing customs at an interior point towards the end of the periods, but the actual shipments in many cases, have not crossed the international border until several days after the termination of the period. We have now clarified this position and have advised exporters that their shipments must cross the border before midnight of the expiry date of the permit.

2. Assurance from importers that potatoes will not be diverted or reconsigned for table

stock purposes. Despite the controls being administered, several United States importers have allegedly diverted Canadian seed into table stock markets. In order to stop this practice, which, if continued, might well jeopardize the whole agreement, it has been found necessary to require a formal statement of each importer in which he undertakes that he will only use or sell Canadian seed potatoes for seed purposes.

OLD AGE PENSIONS

QUESTION AS TO INCREASES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): I should like to direct another question to the Minister of National Health and Welfare, and I do so in view of the fact that he states he is not a political propagandist. Is the minister yet in position to make the expected announcement with regard to an increase in old age pensions?

Hon. Paul Martin (Minister of National Health and Welfare): My hon. friend asked me that question so recently that any reply I would make now would not be very helpful to him.

Mr. Knowles: The minister's replies never are.

NATIONAL DEFENCE

HONG KONG VETERANS—PACIFIC PAY

On the orders of the day:

Mr. C. W. Hodgson (Victoria, Ont.): I should like to ask the Minister of National Defence a question in connection with the pay or bonus to be granted to the Hong Kong veterans. To whom do they make application for that pay?

Hon. Brooke Claxton (Minister of National Defence): From my discussions with the officers of the department my recollection is that there will be no need to make application. The files will be examined and calculations made and cheques issued just as soon as possible. We have up-to-date addresses of a great majority of the Hong Kong veterans because they are in touch with the Department of Veterans Affairs through the receipt of pension and other assistance. However, if any have moved recently they should let the Department of National Defence know of their change of address so that we can send cheques to them as soon as the calculations are made.

Mr. Hodgson: Will the minister say whether these cheques will be issued before the next general election?

Mr. Claxton: The cheques will be issued just as soon as they can be prepared.

[Mr. Howe.]

FOREIGN EXCHANGE CONTROL ACT

CONTINUANCE IN FORCE UNTIL SIXTY DAYS AFTER OPENING OF FIRST SESSION OF PARLIAMENT IN 1951

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 85, to amend the Foreign Exchange Control Act.

Mr. J. M. Macdonnell (Muskoka-Ontario): Mr. Speaker, I am well aware that the Minister of Finance and others would be glad to have this bill passed without any further discussion, and, having spoken last week, I do in a sense hesitate to detain the house. Nevertheless I do so for two reasons. First of all, I think that in some way this may be considered the most important measure that will pass this house this year. It is not a measure that is of tremendous interest to a large section of the public; nevertheless I believe it is of great importance. Furthermore, having had the opportunity of reading the minister's speech since it was delivered the other day I should like to make some comments thereon.

I do this for another reason. I understand that there are some faithful and much-enduring citizens who actually read *Hansard*, and there are some things I should like to put on the record this morning in connection with this all-important question. I have some material here, quite apart from what I shall say myself, which I believe is of interest and importance to those who are trying to reach a conclusion on this question.

The first thing I should like to say is that the real principle of this bill, really the only one we are discussing, is whether we want to go on in the grip of controls or whether we actually wish to make a move toward freedom. I know the minister will pooh-pooh that; I know he will say that the government have already abandoned a great many controls and that they want to abandon the whole lot and in due course the time will come when they will abandon them. In my opinion that is not good enough, because, as I said the other day, we are being asked in this foreign exchange matter for two years more to stay exactly where we are. There is to be no progress of any kind so far as legislation is concerned. I deprecate that very much.

I think it is wise to remind ourselves of what we sometimes forget: that in a large measure this act which is now on the statute book has in it the aspects of a police state. We all know that foreign exchange control was the invention of Dr. Schacht. It was a German idea and when we adopted it we adopted it holus-bolus. We tend after months to get rather numbed to this kind of thing. I think it is a great pity that these police-state pro-

visions, of which there are a great many, should be allowed to continue. I will say no more about that, because we shall have an opportunity of referring to it in committee.

I just wish to emphasize what I said a moment ago about the importance of foreign exchange control, because it goes to the very root of our foreign trade. As the minister himself pointed out the other day, our prospects with regard to foreign trade are most unsatisfactory. In this whole question of foreign trade the matter of exchange control is to some extent the key log in the jam. That is why I am sorry that we are to have two years more of what I call paralysing inactivity, because we are in a kind of twilight zone and we either have to emerge into the light or draw back still further into the darkness.

I wish to say one or two words about the minister's speech on Friday. The minister spent a good deal of his time making speeches for us on this side of the house. To put it differently, he set up a number of straw men and then proceeded to his own satisfaction to knock them down—a very pleasant form of entertainment. I am going to suggest to him later that many of the straw men at which he aimed his darts really represent his own experts. I refer to the governor of the Bank of Canada and the associate governor of the foreign exchange control board. I suggest to the minister that he had better hold a caucus of the Department of Finance so that they can all speak with the one voice.

Mr. Abbott: Neither of those gentlemen is in the Department of Finance.

Mr. Macdonnell (Muskoka-Ontario): The minister may say that they are not in the Department of Finance, but I imagine that there is no iron curtain between the Department of Finance and the Bank of Canada.

Mr. Abbott: None whatever.

Mr. Macdonnell (Muskoka-Ontario): Indeed I would point out that no less a person than the governor of the Bank of Canada described himself to me as a civil servant. I do not know whether he was strictly accurate, but he did that. I was interested in the point. As a matter of fact, I was asking him for some information, which he was kind enough to give me, but he said that as a civil servant of course he would have to ask the minister. I take it, therefore, the minister will agree with me that there is at least a friendly relationship between the department and the Bank of Canada.

The minister spent a great deal of his time on Friday defending the rate which had been fixed. He seemed to think that we were going to come out in favour of another fixed rate. I wish to make it clear that I am not championing any fixed rate. Indeed my great complaint is that the minister—although I am sure he will say that convertibility is in his mind's eye—seems to have what I can only call a fixation on fixing. His whole speech the other day was designed to prove that they were right in what they had done. My feeling is that we should have as an aim that we should pursue constantly and energetically the convertibility without which—I am sure the minister will agree with this—the prospects for our continuing foreign trade are very dark. What I complain about is that the minister, in paying lip service to convertibility, is like the man who talks about the weather but does nothing about it.

The minister again and again justified the rate which had been fixed. My point is that we want to get it to a much higher court of appeal than the minister or anyone else. As fast as we can we want to get to the court of appeal of real economic conditions, where the rate of our dollar will be decided, not by the judgment of this person or that person, but by the only final judgment—the state of trade throughout the world. Unless this happens we shall just sink deeper and deeper into a mass of controls. Indeed we are in a kind of morass now, and my disappointment is that I see nothing in this measure except two years more of the same thing.

As a matter of fact, to digress for a moment, it seemed to me that the minister overplayed his hand when he was explaining the excellence of this rate which they had fixed; because, if I understood him correctly, he finally said he thought that they had put it too low, or, at any rate that there was a good deal of reason for feeling that it was too low. I am not expressing an opinion on that; I am merely saying that if the minister thinks that, it seems to me it is a great argument against going on with this fixed rate.

It is obvious, of course, that all my arguments are made against the background of the present precarious and uneasy situation. If everything was all right I suppose there would be a disposition to say that we would travel along. It is perhaps difficult for us to deal in principles unless we are brought to it by our own necessities. I suggest that here there is quite enough to indicate that things are serious, and that there is an indication of certain things that need to be done.

I wish to read from what I think is the best statement I have read as to the exact trading position at the moment, particularly having regard to ourselves, Europe and the United Kingdom. It is lengthy, but I believe it is of interest. I want to get it on the record for the sake of those who actually read what we say in this house, and apparently pay

some attention to it. This is an article written by Norman Crump, who is described as a well-known London financial writer. I am reading from the Montreal *Daily Star* of March 9 last:

A delegation from the Canadian chamber of commerce has been in London recently for conversations with the federation of British industries, the association of British chambers of commerce, and the national union of manufacturers. The object of the visit was to establish Anglo-Canadian relations on the "business" as distinguished from the governmental level. In doing so, the delegates had the support of every business interest in Canada, agricultural and mining, as well as industrial.

It is clear that all is not well with Anglo-Canadian trade. Canada is a dollar country, and as Sir Stafford Cripps explained in a statement to the Canadian press last week, our power—

Bear in mind this is an Englishman writing.

—to buy Canadian goods is limited by the amount of dollars which we can earn. There are, however, certain facts which the British public should not forget. One is that Canada, with a population of fewer than fourteen million people, has already extended to us extremely generous aid, both by gift and by loan. Another is that Canadian farmers in particular depend upon Great Britain as their chief external market.

The Canadian delegates remind us that Canada has a foot in both the sterling and the dollar world. She is loath to abandon either interest. Yet at a time when political and defence arrangements between Great Britain and the United States are drawing closer, the economic trend appears to be in the opposite direction. They add that, if Canada is ever forced to choose between the sterling and the dollar area, she will have to throw in her lot with the United States.

These are grave words. It is clear that Canadian business opinion has come to feel that partly through a lack of dollars, and partly through a proper desire to foster commercial relations with both Europe and the sterling area, the British government has allowed trade relations with Canada to drift into the background. The long term cure is clear. It is the restoration of convertibility between sterling on the one hand and the Canadian and American dollars on the other; in other words, "a sterling-dollar union."

This cannot come yet. In 1948, the sterling area imported from Canada £120 million more than it exported to Canada. Yet in 1938 the United Kingdom supplied Canada with 17½ per cent of her total imports. In 1947 the proportion was only 7½ per cent, and in the first half of 1948 it was no better than 10 per cent. This is not good enough. Canada wants British textiles, steel and machinery. In 1948 a United Kingdom engineering mission travelled right across Canada, and on its return published a most valuable report.

I shall skip a certain portion here, and then continue:

Meanwhile Canadian farmers are nervous. Should wheat be proclaimed a "surplus commodity" in the United States, then strictly speaking Marshall aid dollars will cease to be available to finance European purchase of Canadian wheat.

I skip again, and continue:

The delegates say that there is very genuine concern in Canada over Great Britain's bilateral trade agreements with other countries. They point out that a British trading area has grown up, which includes the sterling area, most of western Europe, and even a certain number of countries behind the iron curtain. As a result of trade bargains, in which the price of goods is only one of many factors, the price level in this area is becoming divorced from the dollar area by an artificially inflated cost and price structure.

I skip again and continue:

It is doubts of this kind that have led to this Canadian approach to the British business world.

Further down there is the following:

This is a most welcome move, but by itself it is not enough. It is the duty of the British public and the British government to reflect where this postwar system of bilateral trade and payments agreements is leading them. Neither Europe nor Great Britain can achieve a permanent recovery if they try to make the basis of that recovery the division of the world into watertight compartments.

It is because we are heading straight in that direction, and because the continuation for two years of the present situation offers no remedy, that I am complaining about the bill.

I should like to point out that this bilateralism is right down the socialist alley, that bilateralism almost inevitably means the expansion of government trading, and every time you have a bilateral deal, particularly where governments are concerned, it makes the situation just that much more difficult for the continuation of private enterprise.

Mr. Irvine: May I ask a question? I am interested in what the hon. gentleman is saying.

Mr. Macdonnell (Muskoka-Ontario): I hope you are agreeing.

Mr. Irvine: Do I understand that the hon. member is advocating, as an alternative to the present bill, the devaluation of the dollar?

Mr. Macdonnell (Muskoka-Ontario): I have tried to make it clear that what I am advocating is that we try to move forward to a situation of reality. On Thursday I tried to show that what I wanted to see was some measure of flexibility introduced. This objective cannot be reached today or tomorrow; but I suggest to the gentlemen who represent western constituencies that they are more interested than anyone else in achieving this objective. If we do not reach it, our trade with western Europe will disappear, just as surely as the sun rises. I am suggesting that at the present time we are living in what a friend of mine calls a kind of dream world so far as exchanges are concerned. If we do not return to reality, we will suffer more injury. This situation cannot continue. I am trying to suggest an appeal to a power higher than myself or the Minister of Finance, an appeal to reality. I do this because I think the international monetary fund is not moving us forward, and I suggest we should hurry them along.

Mr. Knowles: What you are asking for is a fluctuating rate.

Mr. Macdonnell (Muskoka-Ontario): It will have to fluctuate until it reaches an equilibrium. We did not have a fluctuating rate in the old world, but one cannot suddenly attain the true rate everywhere.

I am maintaining that we are now crystallizing, not making permanent but continuing indefinitely rates which, as I shall try to show later, a great many people believe are unsound. We are doing nothing about it. It is for that reason I object to this bill which carries forward that rigidity for two years more.

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

Mr. Macdonnell (Muskoka-Ontario): Certainly.

Mr. Blackmore: I am sympathetic to what the hon. member has been talking about, and I agree with him that something should be done. Is the hon. gentleman able to suggest anything that could be done, for example, to avoid bilateral deals—

Mr. Macdonnell (Muskoka-Ontario): Will the hon. member permit me to say that I did make one suggestion, and there will be others? I shall refer to that again. Perhaps if the hon. gentleman will permit me to continue, I shall cover in the course of my remarks, the things he has in mind.

Mr. Blackmore: The hon. member will not mind if I ask him a few questions from time to time?

Mr. Macdonnell (Muskoka-Ontario): No.

I should like to deal with the minister's speech and quote something he said. I should like to quote many of the things he said, but I shall confine myself to this particular remark. I shall quote a good many authorities that I think the minister will respect, including the governor of the Bank of Canada, who think the price situation in the sterling areas and in western Europe has already grown to the point where those countries are pricing themselves out of our market.

Mr. Abbott: I said that myself.

Mr. Macdonnell (Muskoka-Ontario): I want to read what the minister said at page 1569 of *Hansard*:

—but the Canadian exporters who are affected by this situation will, I know, agree with me when I say that their difficulties do not arise because their prices are too high—a situation which might be corrected of course by a change in the exchange rate—but because the foreign countries simply will not make dollars available for certain goods; and the lowering of the Canadian exchange rate could do nothing to correct that situation. On the contrary it would aggravate it.

The minister pressed that point further; but I want to make the point that I am not attempting to fix the Canadian exchange rate. I am suggesting we should try to move towards a more realistic rate.

Referring to the minister's other point, I wish now to read an extract—I apologize for the reading of these extracts, but I do not think one can avoid them—from the London *Economist*. This extract covers two or three points to which I shall refer later. The reference is right on the target we are discussing:

In an interview with the Canadian Press Association, Sir Stafford Cripps this week reviewed the prospects for Anglo-Canadian trade and gave a very frank summary of the position as seen from the British angle.

Mr. Hazen: What is the date of that article?

Mr. Macdonnell (Muskoka-Ontario): February 26, 1949.

He went over the familiar ground of the historic and persistent lack of balance in the two-way flow of Anglo-Canadian trade, and stressed that Britain had made plans to bring its purchases from Canada more into line with its ability to pay for them. The reductions hitherto made have fallen mainly on food and timber. What had been done so far to reduce imports was, however, insufficient, and the United Kingdom might be obliged gradually to limit its imports of bacon, cheese and eggs from Canada, though Sir Stafford added the somewhat comfortless reassurance that this would be done only "after the fullest consultations with the Canadian government". Sir Stafford went on to explain how large a proportion of British imports of certain foods still came from Canada. He also stressed the difficulties that are being met in expanding British exports to Canada, saying that Britain could not sell all the steel Canada needed because it had to reserve certain quantities of scarce materials for use in bilateral negotiations with other countries.

I stress that particularly.

This somewhat gloomy review of Anglo-Canadian trading prospects was perhaps more remarkable for what it left untouched than for what it said. For example, the chancellor seems to have made no reference to the extent to which the problem of payments with Canada might be eased by bringing into play the whole of the trade between Canada and the sterling area.

I would remind the minister at that point that in considering these exchange rates the other day I said we had to consider the broad situation and not merely our exchange rate with this country or that country. I continue the quotation:

If the export drive to Canada could involve all sterling area produce and not only UK manufactures, the problem might be found much more amenable than it appears if seen purely in Anglo-Canadian terms. Nor did the chancellor refer to the delicate subject of prices. There can be no doubt that the main obstacle to the British export drive to Canada is to be found in the fact that British prices are, by and large, too high for the Canadian market.

Now, that is the opinion of the *Economist*, for what it is worth. I continue the quotation:

> That fact is likely to be increasingly impressed upon all concerned if the trend of prices in the United States continues to be downward.

You will observe that in this quotation there are three points of particular interest to this problem. First of all we have here what I pointed out, the effect of bilateralism. You have the British government which says that because of bilateral negotiations with other countries—this is apart from the question of prices—Britain cannot let us have certain goods. You have a government with ideological views which is making bilateral deals for that purpose. You have the reference to British costs—that is, that they are pricing themselves out of our market. I commend that to the minister.

There is another quotation from page 384 of the *Economist* which I should like to give to the house:

> At the same time, it cannot be said that Canada has chosen the happiest moment, from its or Britain's point of view, to announce the reimposition of the import duties on British textiles which were suspended in 1947.

I take it the minister is going to tell us something about that tomorrow night; so we will leave that point until he has dealt with it. In this connection, I should like to quote from a public address—I checked on it to make sure it was published—delivered by the executive assistant to the governors of the Bank of Canada and alternate chairman of the foreign exchange control board. It contains some interesting comments on this very point. He says:

> At the present time many of the ERP countries are discriminating against imports from the western hemisphere in order to economize in their use of dollars.

I skip a portion of the material and continue the quotation—I should have told you earlier that these quotations are from a lecture delivered by Mr. Rasminsky to the National Defence college on December 1, 1948:

> But the danger in these policies, which we might as well recognize, is that the countries concerned, as part of a program of economizing dollar outlays, may impair their own capacity to earn dollars. They will do this if they establish special techniques for trading with each other at high prices without having to face the competition of efficient producers in Canada and the United States. Exports by the countries forming this system to each other will be easier than exports to the western hemisphere. In the long run, I think such a system would break down. There are no continuing rewards for high cost production.

There is a remark which might well be borne in mind by people who seem to think that this question of exchanges is one that can be dealt with in an arbitrary manner by the wisdom of this or that person. "There are no continuing rewards for high cost production."

Also in this connection I should like to quote one sentence from a report by Mr. Towers. Mr. Rasminsky is a wise man and puts all his statements in a rather conditional form. He says it could have this effect or it could have that effect, but Mr. Towers goes a little further and says it did. I am quoting from page 5 of the report of the foreign exchange control board, at which point Mr. Towers says:

> Moreover, the discriminatory restrictions imposed on dollar expenditures keep out competition from the western hemisphere while the special financial arrangements referred to encourage trade within the area. In these circumstances trade within the area takes place in many cases on the basis of higher prices than those prevailing outside the area.

I suggest to the minister that he read, mark, learn and inwardly digest what those two able assistants of his have said.

I now wish to refer to one point which the minister made in his speech and which I really do not think he should have made. He referred to the possibility of the dollar going to some discount; and he said that might mean an addition of say seven per cent, or even ten per cent, to the cost of some things we have in Canada. It seems to me I remember that, in the decree which the minister made on November 17, 1947, some taxes were put on there that were not just seven per cent or ten per cent but were twenty-five per cent; and I suppose that they added to the cost of living.

Mr. Abbott: They were not on necessities, though.

Mr. Macdonnell (Muskoka-Ontario): I do not know about that. The hon. member for Rosedale (Mr. Jackman) would tell you that they were on some necessities.

Mr. Jackman: Yes, sir.

Mr. Abbott: They were not on coal, oil, steel and bread.

Mr. Jackman: Ask your own colleagues; they will tell you.

Mr. Macdonnell (Muskoka-Ontario): I think that was not one of the minister's better answers.

Mr. Abbott: You find a better one yourself.

Mr. Macdonnell (Muskoka-Ontario): In this connection I want to say a few words about the hon. member for Rosetown-Biggar (Mr. Coldwell), because he also took up the point. I am going to suggest to him that there is a danger in letting your whole economic thinking be governed by one particular consi-

deration. The hon. member for Rosetown-Biggar seemed to be concentrating so much on the fact that there might be a little addition to the cost of living that, so far as I can see, he was prepared to contemplate a situation which might result in our losing hundreds of millions of dollars from the proceeds of selling our Canadian wheat. I should like to ask a simple question of the hon. member for Rosetown-Biggar—I am sorry he is not here at the moment. Is it better to have some money in your pocket to buy things at a little higher price, or is it better to have prices low and to have no money in your pocket?

Do not let anyone suggest that I think that, if we again run into difficult prices for wheat, the western farmer is to be left to bear the whole burden. I do not suggest that policy at all, because we have learned a great deal since those days. Nevertheless I suggest that if Canada as a whole loses some hundreds of millions of dollars because our European market for food products is destroyed, that loss will hurt us all, including the western farmer—and it will hurt him most of all, because in many cases he will have to choose a different way of life. Such a situation would have far more than an economic effect, because if anything happens which lessens the agricultural population in this country, it is a great loss, not merely economically, but intellectually and spiritually as well.

Mr. Castleden: We tried the private enterprise system before.

Mr. Irvine: Does my hon. friend think that if we left exchange to its own way of doing things, the result would be a drop in the exchange, or a rise?

Mr. Jackman: Both.

Mr. Irvine: And if there should be a drop, would that help Europe and Britain to sell more goods to Canada?

Mr. Macdonnell (Muskoka-Ontario): I will not commit myself. I am not a prophet, or the son of a prophet, but I think I understand a principle when I see one. All I am saying is that you cannot indefinitely fight against the truth. You cannot indefinitely fight against reality. I shall have something more to say on that subject because I think we are coming to the stage when there must be a showdown with regard to these exchange rates. In turn, I should like to ask the hon. member a question; but I will not ask him to answer it now, because I do not want him to make a speech.

Mr. Irvine: I intend to do so after you finish.

Mr. Macdonnell (Muskoka-Ontario): I want to ask the hon. member this question. Is he ready to contemplate the situation which is developing now and which, if things are allowed to stand, may be crystallized and stereotyped so that, as the hon. member for Digby-Annapolis-Kings (Mr. Nowlan) said the other day, you will have an iron curtain with the dollar on the one side and the pound on the other? What I read from the *Economist* a few moments ago indicates that we are on the way to that condition now. I suggest that there are no people in this house so greatly interested in preventing that situation as are those who represent western farming constituencies.

Mr. Irvine: The hon. gentleman did not ask me the question he was going to ask.

Mr. Macdonnell (Muskoka-Ontario): Yes, I did. I asked whether the hon. member was prepared to have the present situation between the sterling and dollar areas become crystallized. He need not answer it now. He can answer it later.

Mr. Deputy Speaker: Order. It has occurred to me that a large number of questions are being asked, and the house is not in committee.

Mr. Irvine: Nobody has answered.

Mr. Deputy Speaker: I suggest that questions should not be asked so frequently.

Mr. Macdonnell (Muskoka-Ontario): I should like to go on now and refer to the question of what can be done. The minister, with a slight sign of petulance which is most unusual in him—

Mr. Abbott: Surely not.

Mr. Macdonnell (Muskoka-Ontario): —kept saying on Thursday, "But what can be done?" First of all, I say that nothing will ever be done unless you have an objective. My point is, as I said earlier, that our objective should be the restoration of reality—the restoration of convertibility. After all, we hoped for that in 1947. If the convertibility of the British pound had come about in 1947, we would have had a different world since. Hon. members will recall that when the United States made their first big loan after the war, that condition was stipulated; it was hoped that it could be done, but it was not done. In the meantime what I am complaining about is that the minister just asks us to continue the present situation. So far as one can see, he has not, for the moment, given us any hope of convertibility. So far as I can see, he is just ready to continue as we are and to ask us to hope for nothing for the next two years.

Happily, not everybody is taking that same attitude. There are other people—and people in prominent positions today—who seem to think that something can and should be done. I should like to read from the *Economist* of February 12, at page 272, at which is given an indication as to the views of that great man—as I think he is—Mr. Hoffman, who is in charge of the Marshall plan. After speaking encouragingly of the progress which they are making, he said this:

> The real proving period lies ahead—immediately ahead. This is the time to hit hard for European recovery; time for the Europeans to take the drastic and sometimes painful steps necessary for real recovery; time for the United States to back their efforts to the full.

Then the *Economist* goes on and says:

> Mr. Hoffman went on to outline to his listeners the "drastic steps" he has in mind. They follow closely the conclusions reached in the interim report produced by the OEEC—

The organization for European economic co-operation.

> —after Christmas—a document which incidentally earned Mr. Harriman's praise for its "rigorous honesty." The first—

One of Mr. Hoffman's points.

> —is the demand for an end to inflation and the stabilization of currencies in 1949.

You have Mr. Hoffman taking that attitude. After all, he is in a position of great influence.

You have another man, Mr. Snyder, at that time secretary of the treasury in the United States, taking a similar position. I read now from page 384:

> . . . Mr. Snyder remarked that the question of currency devaluation should be "explored with the European countries in receipt of Marshall aid." Mr. Snyder suggested that the overvaluation of European currencies provided a serious obstacle to the restoration of equilibrium in their balances of payments, and added that "it becomes a matter of grave direct concern to us when a European country tends (by overvaluing its currency) to retard its exports or misdirect its trade and increase its western hemisphere deficit, and thus indirectly increase its calls upon the United States for assistance."

That is the end of Mr. Snyder's statement. I should add that the *Economist* points out that on a former occasion Mr. Snyder excluded sterling from the countries to which he was giving this advice. Then the *Economist* goes on:

> But the conditions in which a deliberate overvaluation of European currencies was justified are rapidly departing, and the prevailing overvaluation is having a retarding effect on the efforts of the countries concerned to restore equilibrium.

I commend that also to the minister's consideration, because what I am advocating is not that anything can be done today or tomorrow, but we should make a beginning, and that beginning should be the making of the international monetary fund more flexible. The other day I ventured to make one suggestion. It is put forward as a suggestion of what might be a beginning: instead of being forced to fix the exchange rate, instead of a country having to come to the international monetary fund and say: We fix our rate at ninety-four cents or ninety-five cents or ninety-eight cents, there should be an area within which they would allow it to fluctuate. That is to say, we might make the floor at ninety cents and allow the dollar to find its own level. I will not pursue that further. We have expert men on the international monetary fund. My own feeling is that provided that we begin to get away from this rigidity, once we make a beginning, further progress may follow—and another thing is that it might be contagious. If we started we might find a lot of other people willing to come in too. I am perfectly sure of one thing: the situation cannot stand where it is. It is going to get better or worse. At the present time there are a good many things to make one feel that it is getting worse. Publicly, these men, Hoffman and Snyder—

Mr. Abbott: J. W. Snyder.

Mr. Macdonnell (Muskoka-Ontario): Former secretary of the treasury in the United States.

Mr. Abbott: He still is.

Mr. Macdonnell (Muskoka-Ontario): These two men, who are in positions of key importance, have strongly taken the view that something should be done; that the present situation should not be left as it is forever. I venture to suggest that what I have read from these valued civil servants would indicate that their minds are moving in that direction. Perhaps what we need is action on the political level. We need an act of courage on this thing politically; it should not be left mired as it is now.

I should like to call another witness to support me. I am sure that this is a witness whom the minister will treat with some respect, because it is the Minister of Agriculture (Mr. Gardiner). The Minister of Agriculture of course has the great advantage of having lived in the west where they know more than others do about foreign trade. He is not a city slicker like the Minister of Finance (Mr. Abbott), or like the Minister of Trade and Commerce (Mr. Howe).

Mr. Abbott: Or the hon. member for Muskoka-Ontario.

Mr. Macdonnell (Muskoka-Ontario): I will have you know that I am from a rural riding.

Mr. Abbott: An absentee member.

Mr. Macdonnell (Muskoka-Ontario): No, I am not an absentee member. I live there during a large part of the year.

This is a quotation from the Minister of Agriculture which is right down my alley. He says, as reported at page 1641 of *Hansard*:

I am inclined to agree with some of the statements that have been made from the other side of the house to the effect that something ought to be done about the convertibility of exchange—

That is all I am saying. Let us do something and not just talk about it. I continue:

—something ought to be done about the convertibility of exchange between all countries who are trying to co-operate in doing the same thing in the world.

Mr. Knowles: That is something.

Mr. Macdonnell (Muskoka-Ontario): Yes. I have tossed in my half pint; let other people do the same. The minister will not commit himself at all. He just says: As you were! and everything stays as is. I continue with the quotation of the Minister of Agriculture:

I am inclined to agree with that; but in spite of the fact that some people have credited me with stating the position very forcefully over in London, I still say that the best way to get a final result is to listen to what the other people have to say, to put forward our own views from time to time with regard to the matter and, since we are all friends, to co-operate with them in trying to get the results as quickly as possible not only in our own country but in all countries.

When I was speaking on Thursday one of the points I made was that one of the great arguments for this international monetary fund was that it would provide a forum. The minister said that they have a meeting once a year.

Mr. Abbott: Once a week.

Mr. Macdonnell (Muskoka-Ontario): Wait a minute—once a year, to which the minister goes. I want to get the minister in on this. I do not think things will happen until he gets in. He will not do much by going there once a year. He has got to give his mind to it.

I want to read just a sentence from the last report of the international monetary fund. I am ganging up on the minister with a lot of witnesses. Here is another one. What they say is this:

The fund agreement makes it clear that the provisions for the regulation of exchange rates are not intended to impose upon the fund the duty of perpetuating in the name of stability exchange rates which have lost touch with economic realities.

Further on they say:

There are indications, however, that in some countries the exchange rate is becoming a restraining factor on exports and that it is adding to the difficulty of earning convertible currencies.

I am suggesting that here, you might almost say, is a straight appeal to the political people back home who have the authority to give these people a chance to get on with it. At least that is the way I construe it.

I should like to read just a sentence from a document which is of great importance, put out by the top-ranking United States economic advisory committee at Washington, called the national advisory council on international monetary and financial problems. I wish to read the following from page 25:

Among the objectives of the fund has been the progressive removal of exchange controls.

We have had this present bill for three years; there has been no progressive removal, so far as I can see, and we are asked to have two more years of the same. I do not think it is good enough. I come back to what the minister said: "What can we do?" Well, Mr. Speaker, we practically invented this international monetary fund, as I understand it. We have a tremendous responsibility for it. As I understand it, we had the Keynes plan and the White plan, and it was Mr. Rasminsky who came along and reconciled them. The minister shakes his head. He had better learn more about it.

Mr. Abbott: He was at Bretton Woods.

Mr. Macdonnell (Muskoka-Ontario): Perhaps the minister has been doing good by stealth. Probably some of his officials have been doing more than he knows. At any rate the minister will not disagree when I say that we had quite a lot to do with the invention of it, and no one has a better right to make suggestions.

We have been talking pretty big. I have heard the minister speak in a grandiloquent manner about what the government has done. I do not object to that at times.

Mr. Abbott: And always strictly accurate.

Mr. Macdonnell (Muskoka-Ontario): That is all right; we must expect that, especially when an election is coming along; but speaking seriously, we are not a negligible factor. I should like to go back and ask the minister what would have happened in 1940 if we had said, What can we do? Anything we could do in 1940 because of our geography, and by our own efforts, enabled us to play a very important part in what was going on then, and there is no saying what might happen if a lead were given now. I am saying all this against a background not of favourable but unfavourable prospects. The Minister of Agriculture told us the other night that the agreement had been made for this year; let us not forget that it is because of United States money. Let us not be fooled because of what the Minister of Trade and Commerce told us about our wonderful position. Do not let us overlook the fact that we

are standing on slippery places and that the thing could change so quickly that you could hardly recognize it. That is the basis on which I am putting this forward.

It might be asked: Well, why should we do it? Why does not the United States take the lead? I have quoted these important United States officials, and I think when the time comes they may take the lead; nevertheless it is likely that they might want to avoid doing anything like shaking the big stick. I think it is quite on the cards that they would be extremely pleased if we came forward. Because of our efforts and exertions during the war and since, we have a rather remarkable place for a small nation. No one doubts that. I think you might almost say that we are a natural for this job, because we would be much less open to jealousy than almost any other nation that I can think of. Why do we have to sit around paralysed for two years?

As a matter of fact I am giving the Minister of Finance a wonderful opportunity. I am giving him the chance to step out and provide the Abbott solution and have his name ring around the world as has Mr. Marshall's rung around the world. If he is going to do it I think it would be fair to have the election before it is done, because we do not want the minister to become world famous before the election.

Mr. MacNicol: He will not be here after the election.

Mr. Abbott: Don't be too sure. That was prophesied once before from that same seat.

Mr. Macdonnell (Muskoka-Ontario): Let me just sum up and poll my witnesses again—the governor of the bank; the associate chairman of the foreign exchange control board; Mr. Hoffman; Mr. Snyder; the international monetary fund; the London *Economist*. Remember, I do not for one moment hold myself out as an expert as against the Minister of Finance, but I hope he will pay attention to this noble array which I have paraded before him.

In these circumstances I move the following amendment, seconded by the hon. member for Vancouver South (Mr. Green):

That the said bill be not now read the second time but that it be resolved that:

1. The Canadian dollar should be allowed to seek its true economic level within the limits imposed by the Bretton Woods agreement; and

2. It is expedient to present a measure to provide for the continuance in force of foreign exchange control with necessary modifications for not more than one year to permit representations to be made to the international monetary fund with a view to obtaining such modifications in its regulations as will permit an orderly revaluation of currencies to bring them to realistic levels and thus make the further continuation of foreign exchange control unnecessary.

[Mr. Macdonnell (Muskoka-Ontario).]

I wish to say only a few words about the amendment. In the first place, it was my understanding that when the amendment was ruled out before in the committee stage it was mainly on the ground that that was not the proper time to introduce it; that the amendment should have been made on second reading. While I do not wish to put words in the Speaker's mouth, at any rate that was the impression I got.

I sincerely hope that this amendment will be allowed to come to a vote, because it seems to me everyone should be in favour of the substance of it. How can anyone be against it? If it does not produce the results expected, it will be too bad, but how it could do any harm is beyond my understanding.

It will be observed that we have been very reasonable in indicating that if the government accepts this we shall be prepared to go along with some form of foreign exchange control. We do not say it in exactly this form, but we will be very co-operative—as we always are. I cannot see how any reasonable man could object to this proposal.

I close by saying that if Canada, which enjoys a unique reputation in Europe and in the United States, were to step forward and take vigorous action here, the psychological effect might be more than we could realize; it might supply the motive power to take us off the present dead centre which, if left long enough, will be fatal to free institutions.

Mr. Abbott: Mr. Speaker, I should like to say a word at this time, only as to the procedural question raised by the amendment. I am not an expert on procedure, as the house knows, but I do suggest that this amendment is out of order. It is an amendment relating to a money bill. While subsection 1 might conceivably be in order, I do not think a private member is free to introduce an amendment stating that it is expedient to present a measure to provide for the continuance in force of foreign exchange control with necessary modifications for not more than one year to permit representations to be made to the international monetary fund, and so on.

I believe that this part of the amendment should be ruled out of order on second reading, as it was at the resolution stage.

Mr. Deputy Speaker: Do any other hon. members wish to make representations with respect to the amendment? I shall give it due consideration.

Mr. Fulton: Mr. Speaker, on the point of order, there are certain sections of Beauchesne's second edition which I believe are relevant to the point raised by the minister. While it will be agreed that no private

member is free to amend a money bill, it is important to know exactly what is meant by the expression "money bill". I submit that the foreign exchange control measure now before the house is in no sense a money bill as intended by the rules. In citation 579 of Beauchesne's second edition he quotes from an authority of the British House of Commons in 1911, where "money bill" is defined. It states:

> A money bill means a public bill which in the opinion of the Speaker of the House of Commons contains only provisions dealing with all or any of the following subjects, namely, the imposition, repeal, remission, alteration, or regulation of taxation; the imposition for the payment of debt or other financial purposes of charges on the consolidated fund, or on money provided by parliament—

And so on. Then he quotes a lengthy definition of "money bill", and continues by saying:

> The word "only" is very important in the above statutory definition. May, 13th edition, page 436, note, says: "It may therefore be well to notice here that a bill for granting aids or supplies to the crown may fail to secure the Speaker's certificate as a money bill as its provisions are not confined to the objects contained in the statutory definition."

I believe it is clear, and I am sure even the minister will agree, that the objects of this particular bill are by no means confined to the statutory definition to which I have referred, namely, a bill dealing only with matters of taxation or charges upon the revenue. That is the accepted definition of a money bill.

One might call this bill merely a procedural one to continue in force for a further period of time a statute already on the statute book. I submit without hesitation that the bill now before us does not come within the definition of "money bill", and that therefore the amendment is in order.

Mr. Knowles: Mr. Speaker, I rise to participate in the discussion on the point of order, chiefly because of the citation just read by the hon. member for Kamloops. I believe the Minister of Finance has really put his finger on the nub of the question. Frankly, I believe it is possible to word an amendment to the motion for second reading which would be in keeping with citation 657 of Beauchesne's third edition, which would declare a principle such as that in the proposed amendment, and still be in order. Unfortunately the hon. member for Muskoka-Ontario, instead of declaring some principle, has taken the prerogative of a minister to suggest that it is expedient to introduce a measure involving the expenditure of money.

The hon. member for Kamloops has endeavoured to base his case as to the propriety of the amendment on citation 579 of Beauchesne's second edition, on the basis of which he argues that this is not a money bill. I must say the hon. member drew my attention privately a few days ago to the citation he has just read, and when I first looked at it I found it perplexing. However it was not very difficult to discover what it was all about. All one has to do, as I would expect the hon. member for Kamloops to do, is to look at citation 579 in its context. It will be noted that citation 579 in Beauchesne's second edition is one of the notes listed following standing order 61. Standing order 61 is the standing order which says in effect that all bills voting money are the sole gift of the House of Commons.

Let me repeat that the purpose of standing order 61 is to say that money bills must originate in the House of Commons only; in other words, they cannot originate in the other place. I believe what has happened is that we have fallen into the practice of calling any bill involving the expenditure of money a money bill. Technically speaking, money bills are those bills which vote money, in other words, the supply bills.

Standing order 61 and citation 579 deal solely with that question. The effect of citation 579 is that a money bill, that is to say a bill voting money, cannot be denied introduction in the Senate if it has something else attached to it. Let me repeat that what this whole section in Beauchesne's second edition deals with is the question of defining a money bill. A money bill is a government bill which does nothing but vote money; and that kind of bill can originate only in the House of Commons. Citation 579 protects the rights of the Senate to this extent: if a money bill asking that money be voted has something in it besides the voting of aid or supply, then it could originate in the Senate. Section 53 of the British North America Act reads:

> Bills for appropriating any part of the public revenue, or for imposing any tax or impost, shall originate in the House of Commons.

Entirely apart from what are correctly defined as money bills, namely, bills that vote aid or supply and nothing else, are public bills which involve the expenditure of money. Such a bill can be introduced in either house, but when it is presented it must be introduced by a minister who is able to say that His Excellency has seen it and has approved of it. I submit that the citation referred to by the hon. member for Kamloops does not apply to this bill at all. That citation merely defines clearly what is a money bill. He is correct in saying that this is not a money bill; in other words, it is not a bill for voting aid or supply and nothing else. This is a public bill involving the expenditure of money and therefore it has to be introduced by a minister of the crown,

and so would an amendment of the kind now before us, which I feel is therefore out of order.

Mr. Jackman: May I point out that, instead of this bill involving the expenditure of money, if the foreign exchange control board continues to go on in the same manner as it has during the last few years it will show considerable revenue for the crown. Last year the profit under the regulations under this bill amounted to $10 million.

Mr. Deputy Speaker: I thank hon. members for the assistance they have given me in coming to a conclusion. I must say that it seems to me that this is a public bill involving the expenditure of money, and I must rule the amendment out of order.

Mr. Harry R. Jackman (Rosedale): Mr. Speaker, when the minister introduced the resolution on March 17 he said that no doubt the house would hear something about the criticism which was leveled at the government in regard to the change which was made in the rate of Canada's currency in July, 1946. That was the time when it was restored to parity with the United States dollar. May I quote one or two of the remarks of the minister, as reported on page 1566 of *Hansard:*

—that move was hailed with satisfaction by virtually every section of the country—

The minister went on to quote from an editorial which had appeared in the *Globe and Mail,* as follows:

It was designedly kept at 90 cents for several reasons, not least among them the protection of our future competitive trading position. It is, therefore, somewhat silly for some quarters to attempt to make political capital of the government's action as a "masterstroke" of economic strategy.

I do not know to what political quarters they were referring.

Mr. Abbott: That is the *Globe and Mail;* it is not my statement.

Mr. Jackman: I realize that, but they were referring to the attempt to make political capital of this masterstroke. The minister went on to quote the editorial as follows:

The return to parity must be read as an accurate indication of the impact of United States conditions on our economic structure. The change was forced on us by the inflationary trend within the United States.

There was an inflationary trend in the United States where the price level was higher than in Canada. Certainly the foreign exchange control board was never designed to control the cost of living in Canada. The purpose sought to be achieved in July, 1946, was to keep down the price level in Canada, something which had nothing to do with the control of exchange. We found the government at that time using the board for a purpose for which they should never have used it, using it for a purpose which was not proper.

If the minister thinks that any kudos is due to his own party for the restoring of the Canadian dollar to so-called parity with the United States dollar on July 5, 1946, may I read to him what I said during the debate on foreign exchange control on July 2, 1946. I think I am usually fair to the government, and here is what I said at that time, as reported on page 3048 of *Hansard:*

However, I will say this on behalf of the board. It is convenient for traders on international account to know that they can buy foreign exchange at a fixed rate and sell it at a fixed rather than a fluctuating rate.

In other words, there are a number of businessmen in this country who like to make their money without having to work for it. If they can buy exchange at one fixed rate and sell it at another fixed rate, so that they cannot possibly lose, it is a very simple way of making a considerable amount of money in view of the transactions involved. As I pointed out, the rather small percentage which the board takes is sufficient to pay all its operating expenses and the high salaries of the officials of the board and still show a profit of no less than $10 million, but which is still an exaction from the business community of Canada. I went on to say:

But the danger is that if these rates are artificial and are sometimes subjected to severe readjustment —the Canadian dollar is now selling too low in world markets—the readjustment to a proper value if it comes suddenly may cause real hardship, which would be avoided if the readjustment came gradually and the higher level of the dollar was foreshadowed by gradual increases in its value.

There was no reason why the government should expect any particular praise because of the change in the value of the dollar at that time, because that change was foreshadowed by economic events. Had the control board not been in existence we would have found the Canadian dollar to be quite close to parity with the United States dollar. The minister now suggests that we are criticizing the action taken at that time. The armistice had just come about a short time before—

Mr. Abbott: A year before.

Mr. Jackman: A year before, if you like, and the boys were still coming home from overseas. We were still in a chaotic state and no one knew precisely what was going to happen. It was still a period of hush-hush; we were not being told a great deal, there were secrets as to the troops coming home, and so on. At that time we felt that perhaps it might be just as well, the office of price administration in the United States having

expired on July 1, 1946, that some action be taken. We were not in possession of sufficient information at the time to criticize, even if we had desired to criticize.

I should like to point out that one projects these difficult and technical questions with a certain amount of humility, which indeed is becoming I think when one questions policies on foreign exchange or matters having to do with international finance. They are not easy even for those who are privileged to devote all their time to them. In fact, as was pointed out by the hon. member for Muskoka-Ontario (Mr. Macdonnell), we find great differences of opinion among the so-called experts. Our economic and financial system is like Topsy—it just grew. It has grown sufficiently to give the United States and Canada the highest standard of living of any two countries in the world. All countries in which there are great financial centres have a higher standard of living than other countries. These natural economic laws functioned, and it was under them that we achieved a high standard of living. To get away from this natural working and to put ourselves in the hands of helmsmen who are economic experts but who cannot possibly foresee all the reactions to their policies, and all the repercussions which may arise from any particular line of action, is something which we on this side of the house do not favour. It has often happened in the past that a policy, which was a part of a plan that was designed to do good, has had in it the seeds of a much worse condition than existed before. In other words, the cure was worse than the disease. That is the general philosophic reason, if you like, founded on facts in great number, why we do not favour controls unless it can be shown that the controls are getting us somewhere.

In my opinion the minister made not a bad defence of the operations of the foreign exchange control board during the last few years, but it was entirely one-sided. That is something which I regret should come into a discussion of this highly technical subject. I believe that the house is entitled to all the information on both sides. The minister has the advantage of his economic advisers, who, as I say, spend all their time on these matters. They have a great many relevant facts on both sides of the question which might well be put before the house. I cannot help but say, when I recall the cries about filibustering in the house, that if we on this side, and in the Progressive Conservative party in particular, were not eager to see these measures carried through and debated as well as possible and as quickly as possible, we certainly would have asked that this bill go before the banking and commerce committee as it did a few years ago. There we could have called expert witnesses and businessmen; we could have found out exactly what the pros and cons are, and what would be the best solution to this very pressing problem. As it is we are doing the best we can, within the confines of the formalities of the house and the committee of the house which will follow; but it does not take the place of the banking and commerce committee. The only reason we have not asked for that is that time is fast slipping by, and the end of the month will soon be here when the regulation will expire if not given a further lease of life. Therefore I hope that the house will appreciate that we have done everything we could to expedite the matter, and that if we had wished to filibuster we certainly might have filibustered, to use the word in a very proper sense, and have obtained the information we rightly require.

The minister, with all the eloquence he could command, pointed out what he thought would happen if the value of the Canadian dollar were lowered in relation to other world currencies—which, by the way, is not necessarily a policy that we would advocate. What we want to see is a dollar which is influenced by natural and normal economic trends as they exist today, and not one which is subject to the ukase of the government itself. If the Canadian dollar were cheapened in relation to other world currencies, it is true, as the minister said, that it would be more difficult for the United Kingdom, which no doubt would like to get more Canadian dollars, to sell in this market; but then we must always look at the other side of the shield. By having a cheaper dollar, if that resulted from natural laws, it would be that much easier for the United Kingdom to buy our products, to buy our wheat, our bacon, and whatever else was required.

As I have pointed out, one must always consider both sides of the question, and it is by no means a simple one, to find what the right answer is. As every businessman, farmer, and storekeeper in the house knows, in our economic system there are certain natural laws that operate when one thing gets out of adjustment with another. Certain influences are set in motion which tend to right that condition. Now that we have fixed controls and regulations those natural laws are offset. We go along in definite, arbitrary channels and often end up in the situations where we are much worse off than we were at the beginning. We have cultivated the sore spots rather than allowing them to be cured rapidly through the natural working of economic laws.

At one o'clock the house took recess.

Foreign Exchange Control

The house resumed at three o'clock.

Mr. Jackman: Mr. Speaker, before the noon recess it had been pointed out that variations in exchange rates followed natural economic causes and brought about the rectification of any lack of balance there might be between the currencies of various countries. I referred to the fact that the Bretton Woods agreement brought about certain rigidities which did not allow exchanges to fluctuate so that these discrepancies between international currencies could be ironed out in the ordinary self-righting process. It was also pointed out that while the move on July 5, 1946, might have been one in which the great majority of the people could have concurred, especially in the direction it took, because there was no doubt at that time that our dollar was worth a great deal more than ninety cents in relation to the United States dollar, it would be foolhardy for anyone to say that the value of the Canadian dollar vis-à-vis the United States dollar since 1946 has, at all times, been as one hundred is to one hundred.

It has not been so because the currency of any country will vary according to conditions and according to the prospects which exist in men's minds from time to time. These variations bring about self-righting devices which are good for any country, and which are even necessary, because if the correction does not take place at the appropriate and natural time, then the correction will very likely have to take place at a subsequent and perhaps much more painful time.

In his remarks the other day the minister built up as strong a case as he could for the policy that the government has pursued through its agency, the foreign exchange control board. If the Canadian dollar were, I will not say devalued, because that is not necessarily the policy of the Progressive Conservative party—our policy is simply aimed at freedom of exchange and an approach to reality as soon as that is possible —but if the Canadian dollar were to go to ninety or ninety-five cents, it would be not only harder for England to sell, as the minister pointed out, but as I pointed out it would be easier for England to buy. It is a question of where the greater benefit to Canada lies.

I might point out further that, if our dollar did find a naturally lower level and England were able to buy more from us but we were not able to buy so much from England because of our cheaper dollar, we would nevertheless, because England bought more from us, have far more sterling and it might be that having more sterling we might be able to buy more goods in the United Kingdom even though the prices were fractionally higher. There are so many repercussions in the matter of foreign exchange that it is quite beyond the power of any of these so-called experts to say exactly what the reactions and repercussions are going to be.

For generations we have had an entirely free economy whereby exchange found its own level. Under that system we prospered and our country built up one of the highest standards of living the world has ever seen. May I point out to you, sir, that as the minister mentioned the Canadian dollar is fairly strong at the present time. But it might be that in place of the Canadian dollar selling at a discount in relation to the United States dollar, it might sell at a premium. Such a thing is not beyond the bounds of imagination. If the Canadian dollar were to sell at a premium, as it has in the past, in relation to the United States dollar, the contention of the member for Spadina (Mr. Croll), that his people would have to pay more for oranges if our policy were carried out, would be reversed. If by following its natural course the Canadian dollar were to sell at a premium, we could import citrus fruits for the people of this country at cheaper prices than it is possible to have under control.

I should like to mention the recent move of Belgium which was made known last week. This article is taken from the *Globe and Mail* and is attributed to the New York *Times*. It is headed "Belgian Monetary Move is Seeking Free Economy." I would think this article was very much to the point at which hon. members on this side of the house are driving. We are attempting to have a free economy and get away from the restrictions which lead to complications one cannot expect, against which one does not know how to guard oneself, and which alter the course of international trade and international liberty. The article reads as follows:

> Almost unnoticed, Belgium has just taken two daring steps toward making the Belgian franc a fully convertible currency.
>
> The first former belligerent country receiving Marshall plan aid to tackle the realities of post-war commercial competition, Belgium has become the first country to make good on promises made by all Marshall plan countries to re-establish internal-external monetary stability.

Then farther down the article reads as follows:

> The National Bank took a calculated risk. It bet, in effect, that the Belgian economy could stand the shock of being called upon to pay off in goods many millions of dollars in claims represented by Belgian franc notes that had been selling at a discount on free markets against the dollar and the Swiss franc. This is a risk no other European ex-belligerent has taken.
>
> The second significant move toward throwing away the monetary crutches was Thursday's decision to permit United States and Swiss individuals and companies, whose accounts in Belgian banks have

been frozen since the war, to use their money freely for purchases in Belgium.

Both moves are part of a consistently followed economic policy unique in Europe, because it places the establishment of a free economy above economic security. Both steps are risky because they might lead to a serious outflow of capital which Belgium cannot afford. Belgians believe that if every European country retains shackles on commerce until there is no risk in removing them, Europe will be bogged down forever in economic controls.

Authorities plan to unblock other foreign accounts the same as the American and Swiss.

In other words, the great Belgian economists, financiers and statesmen realize that if these controls continue indefinitely Europe will become bogged down in economic controls and there will not be the same freedom in exchange of goods or the same general level of prosperity that there might be if these controls were abandoned. Belgium has taken the bull by the horns and eliminated some of the rigidity which formerly held sway over exchange movements.

Canada has subscribed to the Bretton Woods agreement and, with the exception of a small group in this house, every party enthusiastically endorsed it at the time it was passed in 1945. In the last annual report of Bretton Woods, however, we find that the chairman of the fund states that the board is quite willing to have the various countries come before them, put their problems before the members and re-examine whether or not the rate of their national currencies is sound in view of present conditions. So that it would seem that the international monetary fund governors do not for a moment say that the fixed rates of exchange which the various countries established when they became members of the fund are necessarily the right ones; it would seem that these rates should be examined from time to time, and that perhaps now is one of the times when such an examination should take place.

When Bretton Woods was formed it was hoped first that the various clauses under that agreement would shorten the time during which international currencies could once again find a free convertible level; and, second, that the formation of Bretton Woods would ease the period of readjustment until exchanges became once more freely convertible. We have seen that this purpose has not been possible of fulfilment partly because of the unusual situation in which Europe, Great Britain and some of the other countries found themselves after the war. In place of looking forward with happy expectation to the near future when these various currencies will be convertible, we find that in many of the European countries there are growing up some of the evils which Bretton Woods was formed to prevent. Indeed we find some of these evils are growing up in more exaggerated form than we would have expected to find them if there had not been Bretton Woods itself.

Under the international monetary fund it was hoped that any correction of exchanges that had to take place would be done through an expansion, rather than through a restriction, of trade. Yet my colleague, the hon. member for Muskoka-Ontario (Mr. Macdonnell), gave to the house this morning various extracts from the report of the foreign exchange control board indicating that there was a tightening of commerce rather than an expansion of it, due to some of the currency restrictions which are today imposed. I point out therefore that there is no use of anyone endeavouring to play the legendary part of King Canute and the sea. You just cannot stop an economic trend. If we endeavour to defeat economic laws through too great rigidities in the operation of a measure like the Foreign Exchange Control Act, we are only storing up trouble for ourselves, and indeed multiplying that trouble.

One has only to refer to page 5 of the report of the foreign exchange control board to realize some of the things that are going on. On that page one finds the following:

The prices at which commodities are exchanged in such bilateral deals are frequently considerably higher than those prevailing for similar goods outside the protected trading area.

That is the type of thing that Bretton Woods was supposed to prevent. To continue:

Moreover, the discriminatory restrictions imposed on dollar expenditures keep out competition from the western hemisphere.

That is, we in the western hemisphere cannot compete there because they have not the necessary dollars and they make it impossible to exchange in their own sterling or whatever currency they are using.

In these circumstances trade within the area takes place in many cases on the basis of higher prices than those prevailing outside the area.

That again is the very type of thing which Bretton Woods sought to obviate.

It is easier for countries within the protected area to buy from each other than from dollar countries because they are better supplied with each other's currencies than with dollars, and it is more profitable for the individual producer in any country within the area to export to another country within the area than to dollar countries because better prices are frequently available.

That is one of the reasons why we have not been getting as much European goods as we might have been getting, and as much as we would have been willing to take. Those exporting countries are getting a higher price in the European circle than they would get if they exported to the dollar area. Indeed I hope that all hon. members will read the report of the board because I think it is

factual and is objective in many cases. I should like to read this further excerpt:

It is, however, also important to recognize that there is a risk that the special measures taken to maintain and develop trade within this group of countries—

That is, in the ERP countries.

—may have the effect of reducing their productivity as well as their capacity to earn dollars and so to balance their accounts in this desirable way.

This risk is present because--as will be apparent from what has been said—trade within the group of countries concerned does not move entirely on the basis of competitive price and quality.

In other words, world trade is anything but free under the Bretton Woods agreement. What we are asking for is that there be less rigidity and that, as soon as possible, we get back to the normal state of affairs; because we are breeding certain things which will make conditions more difficult than ever. As I said this morning, the cure may indeed be worse than the disease itself. To quote further from the report:

The tendency for trade within the protected area to take place at a higher level of prices than that prevailing for similar commodities in outside countries cannot fail, as has been noted, to make it more profitable for the individual producer in the countries concerned to sell within the area than in dollar countries.

In other words, keep your goods away from dollar countries and let the dollar countries make donations to you as much as possible.

And a general consequence of the developments outlined is to raise the price and cost structure of the countries inside the area and so reduce their capacity to export to dollar markets.

In other words, what is going on there has the effect of increasing the cost in these European countries so that their level of cost is so high that they cannot sell to Canada. If they had devaluation of their currencies, they would find they could sell to Canada because devaluation of their currencies would mean that, in relation to the Canadian dollar or at least to the American dollar, we could buy their exports notwithstanding the fact that their internal costs were too high for the export market. To continue:

Canadian trade has already been adversely affected by the creation of this protective currency and trading area and it is not possible at this moment to foresee how serious these developments will be from our point of view during the next few years.

Here the board cautions us that the tendencies which are developing in Europe at the present time may become aggravated; and it is impossible even for those great foreseers of our destiny, those in the board, to foresee how serious these developments will be from our point of view during the next few years. Like myself, they admit that they cannot tell what is going to happen, but they want to play the artificial way instead of allowing natural economic forces to come into operation. A few lines farther down we find this statement:

In this connection encouragement is to be drawn from the recent successful efforts of the United Kingdom to increase their exports to Canada. The performance of other parts of the sterling area and most other ERP countries is less encouraging, and there seems little doubt that competitive offerings would find Canada able to absorb larger quantities of goods from these countries than we are now obtaining.

In other words, in this country we are doing all we can to put Europe on its feet, and yet because of certain exchange fixations, I shall call them, the producers of these countries have been able to make a greater profit in their own currency by sending their goods to some country other than the United States or Canada. We find that while we take all we can, we are not getting from them what we should get because, as the report so well states:

. . . there seems little doubt that competitive offerings would find Canada able to absorb larger quantities of goods from these countries than we are now obtaining.

As I said this morning, if it were not for the fact that we in the Progressive Conservative party are eager to have this measure passed on and put in statute form as soon as possible, we should certainly ask for a hearing before the banking and commerce committee, so that we could find out from the writers of this report exactly what they mean by individual cases which gave rise to putting these words in this published report of the foreign exchange control board.

At the bottom of page 6 the report continues:

The countries whose exports are affected by these restrictions will be confronted with the choice of finding some alternative use, at home or in other foreign markets, for the goods previously exported to the dollar-short countries or making special arrangements in an effort to retain these markets.

The reason I read this paragraph is that the gentlemen who are advising the government on foreign exchange also foresee in the future further difficulties, and nothing is being done under Bretton Woods at the present time to keep down these difficulties and to approximate what would be the natural working of normal economic laws. The report goes on to say that these are the difficulties that we may expect to find under the present arrangements:

These arrangements could involve the provision of the exports without payment in foreign exchange, through the extension of grants or credits, or special deals in which the exporting country agreed to use the proceeds of its exports to take more goods from its dollar-short customers even though these goods were higher in price than had to be paid elsewhere. To make room for these relatively high-priced imports it would be necessary to impose discriminatory import restrictions.

Thus we have to go against our undertakings under Geneva; so that we find that even the foreign exchange control board does not offer us very much hope under the present system of controls. If there is no hope under that system, then surely the least we can do is to go back to the natural working of things where, when one currency gets out of line with another, certain self-righting devices are put into force automatically, and we again come to a normal and natural balance of currency between countries.

If our dollar in Canada were to go to some slight discount—and I do not expect it would be many points in discount in relation to the United States dollar today—we might find that the situation was beneficial to us, because we are primarily a primary-producing country. Let us look at our geography from east to west. In the maritimes we find fish, apples and potatoes, all export commodities. If our dollar were slightly less than a hundred it would give us an advantage in exporting to the United States market or to other markets.

If we go to Quebec and Ontario we find our great storehouse of forest products and minerals, most of which again are exported to the United States. Passing further west to the prairie provinces we find wheat, cattle and bacon, all of which would be easier to export if we had a slight discount on our dollar. When we come to our pacific province we find there forest products and fish, which are export commodities and which would find a readier market in the world today if our dollar were slightly less than one hundred cents. Therefore we have nothing much to fear if our dollar is at a slight discount from the United States dollar.

Another reason why we should go into this matter with the so-called experts to find out exactly how the problem hits them is that when this matter of exchange was before the house earlier we were not only in a period of full employment but there were more jobs than there were applicants available. Today we are beginning to have some spotty unemployment, and in some instances that unemployment is in the export industries, for example, lumber. The policy that a country pursues in relation to its exchange when it has full employment as against a time when there is a shortage of employment is entirely different. We found after the war that when every country was short of goods it wanted to establish its currency at as high a rate as possible because it was a buyer. The more they could get for their pound or their franc, or whatever it might be, the better off they were. Now we are beginning to see at least the possibility of running into a situation such as we saw in the thirties, when the whole attempt was to depreciate currency in order to export unemployment, as it was called. In other words, make your goods cheap enough so that other countries will buy them, and keep your population active and busy and give them at least a fair standard of living.

Mr. Speaker: Order. I am sorry to interrupt the hon. gentleman but he has exhausted his time.

Mr. A. W. Stuart (Charlotte): I did not intend to take part in this debate, but recently I received a telegram from a good Progressive Conservative friend of mine in St. Andrews. If it is in order I shall put it on the record. It reads as follows:

> How about telling the house how the foreign exchange control act affects your constituency in Charlotte county? Best regards.
>
> Doug Everett

At the outset I wish to say that in the county of Charlotte the foreign exchange control board has been a source of worry to the people because, when the premium they were getting on their United States money was taken from them, they resented the fact that they had lost 10 per cent of their earnings. Another matter which caused great concern to these people was the restrictions which were put on the international border after the foreign exchange control board began to function and after the austerity program was put into effect. As we all know, the people on the international border resented these restrictions to a great extent.

In listening to the debate thus far I have noted that the Progressive Conservatives are basing their arguments on the fact that the Canadian dollar should be permitted to seek its own level. During my lifetime there have been two occasions when the Canadian dollar was permitted to seek its own level. On both these occasions a Progressive Conservative government sat on this side of the house.

Mr. Macdonnell (Muskoka-Ontario): Will the hon. gentleman permit a question? I know he wants to be fair. If he is referring to me I should like to ask him this question. Is he aware that I did not make that suggestion? My suggestion was that there should be a floor of ninety cents so that if there was any tendency to wild fluctuation it could be controlled.

Mr. Stuart (Charlotte): I do not believe I suggested that the hon. gentleman said that. I said that the Progressive Conservatives have based their argument on the fact that the dollar should be permitted to seek its own level. If the hon. member looks at *Hansard*

I believe he will find those words appearing there one hundred times in the last ten days. As I was saying, during my lifetime I have known two occasions when the Canadian dollar was allowed to seek its own level. Those two periods which I shall mention briefly were both at a time when the Conservative party was sitting on this side of the house.

The first period to which I shall refer was the one between 1915 and 1920. At that time I was a very young man in the fishing industry down along the international border. I do feel that people living on the international border have a much better idea of the effect of discounts and premiums on money than people living farther away. For that reason I feel I am in a position to explain conditions exactly as they existed at that time.

I remember very well on many occasions going to Eastport, Maine, and getting an American cheque for sardines I had sold in the United States. I would bring it home and go to the bank with it. But I would have to take along with me to the bank someone who was well acquainted with the bank manager before I could get the premium I was supposed to get, or before I could get the premium that businessmen, doing a much larger business than I was, were receiving.

There are men sitting on the other side of the house now who may have had experiences at that time, but they were not on the international border. I can assure the house that, from 1915 to 1920, at no time in Charlotte county or in the state of Maine on the international border could you find rates of exchange posted; if you happened to go in with a few fish scales in your hair or a few hayseeds you were given 10 per cent. But if I were making a transaction and if I got a businessman in the town who was well acquainted with the banker and who knew local conditions better than I did, I would get 15 or 18 per cent.

Now the Progressive Conservative party are arguing that we should go back to that type of thing. I can assure you that the people down where I live do not want any part of that at all. There is a story I have told in the house on one other occasion when this matter was up for discussion. I well remember a man and his wife going to the bank in the town where I live—and that banker still lives here in the province of Ontario. He was the manager of the bank at that time. Apparently the larger the amount of money you had in those days, the greater percentage you got. If you had a thousand dollars you got a better premium than if you had $500.

They both had interests in sardine herring weirs. The woman went to the bank with $1,200, and they gave her 12 per cent. When they were ready to go home her husband said to her, "You made a good day's pay today on your American exchange." She said, "Yes, I got 12 per cent." He said, "No, there is some mistake; I had only $800 but I got 15 per cent." They went back to the bank, and after an embarrassing scene the bank manager apparently decided that he should pay her 3 per cent more on the $1,200.

There were many many instances exactly as I have described which took place at that time. I remember another occasion when a good friend of mine, who is still living down there today, had a like experience. He was living on the other side of St. George, a little town in my county. He was going to St. Stephen to buy a car and had an American cheque. He went to the bank manager in St. George and asked what premium they would give, and they said 12 per cent. He came to St. Andrews and they offered 15 per cent. Then he came to St. Stephen and after going to two or three banks he kept trying until he got 18 per cent. That was the condition which prevailed down there. And I could give a hundred examples of conditions which prevailed between 1915 and 1920.

That was a time when the Conservative party sat here in office—the Tories. That was the condition we had down there then, and we had to put up with it.

Mr. Graydon: What year was that?

Mr. Brooks: Union government.

Mr. Stuart (Charlotte): That was between 1915 and 1920. And I can remember very well the year 1918 when I went into the sardine industry. I can assure you that is the condition which existed in 1918.

Mr. Graydon: You had Liberals in that government then.

Mr. Stuart (Charlotte): No; they were Conservatives.

Mr. Macdonnell (Muskoka-Ontario): You are not discussing the exchange rate; you are discussing dishonesty.

Mr. Stuart (Charlotte): I did not interrupt you when you spoke. I am addressing my remarks to the Chair, and everything I say is correct. I can substantiate every statement I have made.

Another statement made here today contained the suggestion that, if there were a premium on American money, much more American funds would come into this country for investment in industry. Well, when I hear members speak in that way I just look back to the period between 1930 and 1935,

when the premium went as high as 25 per cent. I would ask some hon. members on the opposite side of the house to tell me where is this enormous amount of money that the Americans poured into Canada during that time for the development of industry in this country. Because, if it did come in, none of it came to the section of the country in which I live; I can assure you of that.

I come to the period between 1930 and 1935. Again I was engaged in the fishing industry. At that time I think a dollar looked about as big as it ever did at any time in the history of Canada. Again the premium on American funds went as high as 24 per cent. That is the highest point I can remember. That premium of 24 per cent was a big help when we were selling our produce for practically nothing.

Some hon. Members: Hear, hear.

Mr. Stuart (Charlotte): All right, you may thump your desks; but I want to tell you what happened then. Our American friends who were buying sardines said, "This is too good a thing to lose." They came over into my county and deposited their American dollars in the banks. Those funds were deposited in the banks of Charlotte county. They took the 25 per cent premium themselves, and paid me in Canadian funds.

The member who sat on this side of the house from my county at that time is a very fine man; he is living today. He was well aware that that condition existed, because it was brought to his attention on many occasions. But we were still paid in Canadian funds. Our American friends took the 25 per cent premium, when they brought the cash into Canada. Some of you people who live near the international border would perhaps remember those circumstances; I remember them well. And I tell you today that many people who are arguing that this Canadian dollar should be allowed to seek its own level are showing selfish motives. I believe that at some time or other they themselves have been benefited by that condition. I do not believe that the primary producers who are carrying on in industry, as I was during the two periods I have mentioned, would want to see the Canadian dollar seek its own level and be handled under the same conditions as it was in those times.

I now come to my explanation as to why I have supported and still support the foreign exchange control board. When war broke out in 1939 a Liberal government was sitting on this side of the house. They decided there must be no manipulation of funds, so far as they were concerned, and they pegged the American dollar at a 10 per cent premium. From 1940 until 1946, I believe it was, when the premium was taken off, I could walk into the same bank I spoke about earlier, pass in my American cheques and get back exactly the same premium as the Prime Minister of this country or anyone else.

To me that is democracy. That is why I have supported the foreign exchange control board, and that is why I maintain that the board has done a good job. There was no exporter or importer who could take any advantage from the situation, because each and every person was given exactly the same premium.

Mr. Hatfield: Was not that 10 per cent a help to your fishermen?

Mr. Stuart (Charlotte): I have not argued that it was not, and I have said they resent the fact that they are not getting it today. And I believe the hon. member for Victoria-Carleton (Mr. Hatfield) will admit he has made plenty from foreign exchange, as others have. I think that is one reason why many of them today are speaking as they do—because they were benefited by it. But, as I said before, they are taking a selfish attitude. You have to look at the general picture, and we should all be working for the benefit of the greatest number.

Another feature I might mention is this. Ninety per cent of the fuel oil and gasoline used in this country is being imported from the United States. If our Canadian dollar went down to 60 or 65 cents—and we do not know where it might go—where would those people be who are obliged to use this necessary commodity which we must import from the United States? There are two sides to the question.

Then, as to coal. We import great quantities of coal into Canada. I believe today that if we were obliged to pay a 20 or 30 per cent discount on the Canadian dollar we would find it difficult to bring in that coal with which to do our manufacturing. I believe that the man who should have been given some consideration is the primary producer, particularly the primary producer who is marketing his own products. That is the man I am fighting for. I have no worry about the man who is buying from him and selling again, but the primary producer who is selling his own product should be given some consideration.

Mr. Brooks: Would not the fisherman who is selling fish get the ten per cent under these circumstances? If you wish to support him would you not have to vote for that?

Mr. Stuart (Charlotte): No, I cannot see it. As I have explained, the United States importers can come over and deposit United States money in Canada. We would have no assurance that we would get the premium.

We did not get it under the Conservative government from 1930 to 1935.

Mr. Brooks: I understood the hon. member to say that the foreign exchange control board was controlling that at the present time. If it is, the fishermen would get the benefit of the ten per cent.

Mr. Stuart (Charlotte): That is what the hon. member believes. The hon. member is ready to discard the foreign exchange control board which would bring about the same conditions as those existing between 1930 and 1935. What guarantee would we have that we would get the premium on United States money? I can tell hon. members that I was paid hundreds of dollars for sardines which were sold in the United States, but that it was all paid in Canadian money. There was nothing we could do about it. I can assure hon. members that that statement is correct. As I have said, I support the foreign exchange control board for the reason that since it has come into existence each and every citizen of this country has been treated exactly the same. I for one would not want to see the day come again when one man will get 18 per cent premium for his United States dollar and another only 12 per cent. For that reason I will support this measure and I feel that I have the support of a good many people in Canada in making that statement.

Mr. William Irvine (Cariboo): Mr. Speaker, the bill before us for second reading merely provides that the Foreign Exchange Control Act shall remain in force and have effect until sixty days after the commencement of the first session of parliament commencing in the year one thousand nine hundred and fifty-one. I had hoped that the bill would pass its second reading before the noon hour, but after listening to the speech of the hon. member for Muskoka-Ontario (Mr. Macdonnell) I am moved to inflict another speech on this assembly.

That hon. gentleman is one whom we all respect most highly and who usually has something worth while to say. If I should strike fairly strongly at what he said today, I hope he will not regard it as being a personal matter. I assure him that I hold him in the very highest regard indeed—

An hon. Member: But.

Mr. Irvine: —but I listened—I know these "buts" are bound to come, but this is something human that I am trying to say. I shall try to be human about this. During the hon. member's speech I was reminded of the story that is told about Browning. Some friend quoted a verse of Browning to Browning and then asked Browning if Browning knew what it meant. He thought for a little while and then he said, "I have no doubt that when I wrote those lines I had something in mind, but what that was now God only knows". No doubt the hon. member for Muskoka-Ontario had something in mind, but what that was I know that most of us do not know; I do not know whether he knows and I shall not speculate as to what other powers may know.

The hon. member seemed rather ill at ease. He appeared to me as having been called upon to spearhead an attack in which he had no heart, which he felt he could not properly defend. He seemed to be performing a task perhaps for reasons of friendship or honour. He did not attempt to give whatever reason there was for objecting to the bill, if indeed there ever was a reason. If there was a reason for his opposition I still do not know what it was. It may have been that what he saw wrong in the bill was really something which he was unable to state. It may have been that he fully intended to say what was wrong, if anything was wrong, but that he failed to say what it was, or what he would do about the thing that was wrong.

Mr. MacInnis: If it was wrong.

Mrs. Strum: Or what it was.

Mr. Irvine: If it was wrong. He said that he was living in a dream world and I think it was hardly necessary for him to assure the house about that because I think he proved that to the hilt. He went on to say that it was so difficult to settle exchange problems that even the wisest man or the wisest group of men might blunder in doing it. Since it was so difficult to solve problems of exchange we were to leave it alone, not to touch it at all, as though there was some inherent, infallible intelligence in exchange itself which would guide it properly in its operations in the nation's business. Therefore, he said, leave it to settle itself.

But there seemed to be a great many differences even about what "settle" means to the official opposition. Some say it means to find its own level—it never had a level. Others say it is to find a realistic position in which it can rest—its position was always realistic. Others say it is to devalue the dollar. It is really not clear what it is that foreign exchange should be left alone to settle, but whatever it is I do not believe it can do it if it is left alone.

The hon. member for Muskoka-Ontario wants to have it crystallized. I have no objection to crystallizing it. He wants a restoration of reality. I will tell him that reality needs no restoration. Reality will always be able to restore itself. He can be absolutely sure about that, and need not worry further about it. Finally, at the close

of his speech, in apparent desperation he said, "Mr. Speaker, let's do something." It seems to me that when he said, "let's do something" what he really meant was, "let's do nothing", just as when his associates moved that the question be now put they moved that in order that the question should not be now put. Here is a case where he cries out to do something, meaning that they do not want to do anything; and to do something means that you kill the only bill that proposes to do anything.

Mr. Knowles: Explain.

Mr. Irvine: As I saw him in this dream world in which he was living, I had to come to the conclusion that he was unwittingly making a speech in defence of the return of gambling with the exchange problems of the country. As I saw him in that dreamland I saw him with one leg over the bull and another leg over the bear. They were racing together towards the grand horizon of restored reality to do something, but neither the bull nor the bear nor the hon. member for Muskoka-Ontario (Mr. Macdonnell) knew what it was they were going to do.

An hon. Member: That is a bad dream.

Mr. Irvine: So much for the argument of my hon. friend. I want to come now to the question itself. I ask, why was exchange control instituted in the first place? Those who have been interested in the question know very well that it was brought into being by order in council on September 15, 1939, under the provisions of the War Measures Act. It was brought into force for sufficient reasons, which were stated by the then Minister of Finance. Roughly those reasons were that in the first place there was danger of a shortage of United States dollars which, if such shortage developed during the war, would inevitably interfere with Canada's war effort. One of the things which the Minister of Finance feared at that time was the unloading of securities held by foreign owners in Canada. The United States then as now was a foreign country, and she was not at war at that time. Those individuals who owned securities in Canada might easily have panicked, sold their securities on the Canadian market, and taken out the proceeds in the form of United States dollars, which action would have impaired very greatly the war economy of the country.

The second reason was to prevent fluctuation in exchange, and my hon. friends to the right, the official opposition—speaking for *Hansard* "my hon. friends to the right" will mean nothing there, and as my hon. friend, the member for Muskoka-Ontario spoke to *Hansard* I am, of course, speaking to *Hansard* too—I therefore say the official opposition are now arguing that foreign exchange should be permitted to fluctuate. The Minister of Finance of that day, however, thought that two things would happen if that were permitted. One would be that the cost of living of the Canadian people would be affected by fluctuations in foreign exchange rates, and secondly that ordinary business in a general way would be disrupted by the fluctuations. There can be no doubt as to both of those views. These things happen all the time, and have happened in Canada constantly throughout its history, because we never had control before the birth of this measure. If we kill it now we will go back to lack of control again, and money and exchange should not be left to be gambling instruments for anybody. I think the best thing that can be done with any kind of currency is to maintain it as stable as possible so that the people may be able to depend upon it in doing business, so that it will always buy what it buys now, and so that people can deal with confidence.

The third reason for bringing this measure into effect was that panicky sales of securities, which might easily have happened in wartime, would have greatly hindered the financing of the war.

The second thing I ask, Mr. Speaker, is whether any of these reasons remain today. It has been argued that all the emergencies which were associated with the war have passed. It is true that the war is ended, but there were things begun in the war that will never end. The effects of the war on almost every institution of the country, on the economy of the world, and on the interrelations of nations, may never be ended. These effects go on perhaps forever, and some of the emergent conditions to which the war gave birth are just as strong today as they were then.

Let me deal with one, and this is one of the realities which I want to reconstruct. The fact is that we are now selling more to Great Britain than they can sell to us. That applies equally to Europe. We are buying more from the United States than we are able to sell to them. Those are realities. I need not go into what happened to Great Britain which brought about those conditions. They were caused directly by the war, and the inability of Great Britain now to meet her accounts with us is a post-war emergency of the greatest gravity, not only to Great Britain but to us, and to the United States as well. Everyone knows that before the war Great Britain was able to pay for her extra imports of Canadian goods by her income from her foreign investments. We

were paid in United States dollars which made up our deficit with the United States of America. Things ran along fairly smoothly then, but now things have changed. Great Britain lost all her foreign investments which, if they existed as they were before the war, at present prices would purchase one and a half billion dollars' worth of goods. Surely the wiping out of that fund is an emergency and one which is not, as I say, confined to Britain. It is one which affects all nations, particularly and directly Canada.

The next question I want to ask is, would the abandonment of exchange controls help Britain or Europe to sell more goods to Canada? Primarily, that is the question. As everyone knows, this is not essentially a financial question; it is the question of exchange of goods. It is true that stupidity in matters of finance can hinder the exchange of goods, but even perfect financial arrangements alone will not solve the problem. I am asking those who wish to kill this bill if they are sure—I do not want any guessing about it—that if we leave the dollar to find its level, if we reduce it by ten per cent, if we allow our exchange to crystallize, if we turn it into a restored reality, or whichever of these proposals they want to adopt, it will help to sell more British goods in this market. I believe that is the issue. We need to be certain that any or all of their proposals will do that. We cannot guess about it.

The next question is, would the devaluation of the Canadian dollar help? Again I say we should be certain about it. I think the real certainty is that it would not. The real certainty is that it would mean ultimately that Britain would sell less to Canada than she is selling today. This question was dealt with by the Minister of Finance and I do not wish to deal with the technicalities involved, but I shall if anyone questions what I am saying. I say that the devaluation of the Canadian dollar at the present time would inevitably mean greater difficulty for the British to find a market for their goods in Canada.

I am supporting this bill, therefore, Mr. Speaker. I notice that those who are opposing it are opposed to all kinds of controls. I am quite sure that, as the days and years go by, more and more controls will be necessary. The member for Rosedale (Mr. Jackman) said something about following the natural economic laws. Sometimes, sir, that means following unnatural economic blunders. In this case, that is exactly what it would be. I conclude, sir, by hoping that these few enlightening remarks of mine will convince the member for Muskoka-Ontario (Mr. Macdonnell) and that we shall be unanimous on this bill.

[Mr. Irvine.]

Mr. Victor Quelch (Acadia): I did not intend to speak on this measure again, but after listening to some of the speeches that have been made today I feel like making a few comments. I listened with great interest to the remarks of the last speaker, and I agree wholeheartedly with the latter part of his speech. I tried to follow the first part of his speech through the maze of reasoning of the member for Muskoka-Ontario (Mr. Macdonnell) which seemed to lead to a policy of despair. I was myself beginning to despair, because I also listened with a great deal of interest to the member from Muskoka-Ontario and other members in that party. It does seem to me they are very good at criticizing the government, but they are not prepared to put forward any constructive proposals. They finish by saying, we must do something. If the government is going to do something, we should tell the government what to do; otherwise the thing it does may be the opposite of what we want. I am not prepared, therefore, to follow that type of reasoning.

As I said during the debate on the resolution stage, we in this group are supporting the measure because we believe it is in the interest of the country to have a foreign exchange control board continue in operation. I am satisfied that with the world in the state it is in at the present time, and the state in which it is likely to be for many years, we shall need a foreign exchange control board for more than two years. I quite realize that the import restrictions that were placed in operation last year were not popular. On the other hand, I think any fairminded person, realizing the situation that existed, will agree that some of those restrictions on imports from the United States were essential unless we were to go heavily into debt to that country. Therefore, I do not think any member should try to make political capital out of that situation.

I noticed several members of this house have spoken outside the house from time to time in an attempt to link the Social Credit group with the Conservative party. I would say that the gap between this group and the Conservative party on the question of financial policy is so wide that the greatest engineer in this country could not possibly bridge it.

I have listened to a lot of this talk about letting the dollar find its own value. Put quite frankly, what does it mean? It means that we should make the value of the dollar the subject of speculation. I recall that in 1938 I went over to England. I was only there for two weeks, and yet, in that short time, the value of the pound dropped twenty cents. Why? Because people became frightened of the situation and started to buy United States securities. Consequently, when

I went to the bank to change my balance of sterling back into Canadian dollars, I found that the value of it had dropped twenty cents on the pound owing to speculation.

I have noticed that the Conservative party is very keen about multilateral trade based upon the convertibility of currencies. I would say it is not possible to have multilateral trade based upon the convertibility of currencies so long as you have a situation in which there is a large unbalance of trade in the world. That situation exists today and, according to the report of the organization for European economic co-operation, there will still be a large unbalance even by 1952. It had been hoped that through Marshall-plan aid a balance would be arrived at before that date. Today, even the most optimistic believe there will be an unbalance of at least one billion and probably three billion by 1952.

The nations have therefore been turning to the system of bilateral trade agreements and the imposition of restrictions on imports for the purpose of attempting to establish a greater degree of balance. Under that policy perhaps we shall be able to bring about a greater degree of balance. If international trade were successfully balanced throughout the world, then it would be possible to have multilateral trade based upon the convertibility of currencies. How long would it be possible to remain on that basis? I would say that as soon as we adopted that system, unless the great exporting nations were willing to balance their trade, we would very soon find ourselves in a position of unbalance once more.

Then, once again, the nations would have to return to bilateral trade agreements. For example, if we exported goods to Britain and demanded payment in dollars instead of accepting goods in payment, then naturally Great Britain would have an unbalance with this country unless we accepted the responsibility of finding some alternative dollar market for Britain. There would be an unbalance of trade that would grow from year to year.

It is true that the international monetary fund was supposed to take care of that situation. This fund could only take care of that situation so long as it was a temporary condition of small degree. When the international monetary fund was set up, it was never stated that it could rectify a chronic situation. So far as Europe is concerned, this unbalance of payments is a chronic one, a condition that has been growing ever since 1913. The quicker we realize that it is a chronic condition and not merely one resulting from the war, the quicker we will be in finding some solution to this problem.

We never believe in criticizing unless we are prepared to make certain constructive proposals. That is why we have insisted time and again that what the world needs today is multilateral trade on a goods basis instead of a convertibility of currencies basis. In other words, let us accept blocked credits in Europe for our goods, and then trade any surplus blocked credits with other European nations through an international exchange. In that way you could maintain a balance of trade and you would not have to have convertibility of currencies.

When I spoke at the resolution stage, I stressed the fact that the shortage of dollars in Europe was making it almost impossible for Canada to maintain food contracts at the present level. Instead of dealing with that question himself, the Minister of Finance (Mr. Abbott) said that he would let the Minister of Agriculture (Mr. Gardiner) deal with it. I just want to quote what the Minister of Agriculture said, because I want to prove that the statement I made was absolutely correct, and that the statement the Minister of Agriculture made in this house was not in line with the statement he made when he was in England. The Minister of Agriculture, as reported at page 1638 of *Hansard*, said this:

> I want to agree with what the Minister of Finance has said, namely, that so far as the main agricultural products for which we expect to have a market in Great Britain are concerned, we have made arrangements which are satisfactory . . .
>
> Having figured the quantities which we had, and having determined that we could sell certain quantities in other countries, we made agreements with Britain which are taking all the surplus products that we have for sale to Britain.

He suggests there that the agreements are satisfactory. But what did he say when he was speaking to the Canadian chamber of commerce in England after the agreement had been made? I quote—

Mr. Hlynka: From what?

Mr. Quelch: From the speech that he made to the Canadian chamber of commerce on December 17, 1948. I would ask hon. members to bear in mind that in the house here he has just told us that the agreements are satisfactory. This is what he said then:

> It is difficult for us to understand why anyone should expect us to be other than disappointed with the 1949 contracts. They provide for 160 million pounds of bacon, for 50 million pounds of cheese, and no cattle or beef.

Then later he goes on:

> There are no dollars available in the United Kingdom with which to purchase Canadian apples. Partly because of this we have financed the pulling-out of 240,000 apple trees in Nova Scotia. There are no dollars available with which to purchase Canadian fish.

And then later:

All of our discussions on food bulk contracts were proceeding satisfactorily until difficulties arose in adjusting the relationship between dollars and sterling. We were aiming at being able to provide the United Kingdom with 350 million pounds of bacon, 125 million pounds of cheese, 75 million dozens of eggs and having 400,000 head of cattle which we could dispose of either to the United States or the United Kingdom.

Then again:

Our hopes were dashed to the ground when the United Kingdom traders came over one year ago and said they were grieved to find themselves without the dollars to be certain they could buy any of our food excepting wheat.

Then again:

In the light of these circumstances we entered into agreements to deliver to the United Kingdom 87,000 tons, or 195 million pounds, of bacon—

Again remember that he said that we were all set to sell Britain 350 million pounds of bacon. Finally they had to agree to selling them just 195 million pounds of bacon.

—120 million pounds of beef, 80 million dozens of eggs, and 50 million pounds of cheese.

Whereas he stated that they were all ready to make an agreement for selling 125 million pounds of cheese.

Mr. Knight: We did not fulfil our previous contract.

Mr. Quelch: An hon. member interjects that we could not fill the last agreement. But apparently the Minister of Agriculture hoped that under Liberal policies we could expand our production and fill a larger quota. The point I want to make is that, when I made this statement that our contracts had been reduced owing to the fact that Britain lacked dollars with which to take a larger quantity of food from us, I was basing that statement upon the statement made by the Minister of Agriculture himself. He was so concerned about the situation that he suggested drastic action. Further on he stated:

. . . I am convinced that the world is not in any state of mind where it can be expected to agree that the manipulation of any system or systems of currency is going to be allowed to interfere with getting surplus food to those who have empty stomachs. It might be a good thing for everybody if the United Nations meetings were closed down long enough to permit of the United Kingdom, United States and Canadian experts getting together and settling some basis upon which dollars and sterling can be converted to allow nations like Canada to produce and distribute food to feed the starving millions.

I think that statement fully justifies the remark I made to the effect that we were having difficulties in establishing contracts with Britain at the former level owing to the fact that Britain had a shortage of dollars. Again I suggest that the most logical way in which to deal with that situation would be for us to accept blocked sterling in Britain and then trade any surplus of blocked sterling we might have in Britain with any other European country that was willing to supply us with goods and take goods from Britain in payment.

Mr. E. D. Fulton (Kamloops): We should remember, Mr. Speaker, in dealing with this bill now before the house, that it completes the trio of so-called emergency measures which are being submitted at this session and completes the network of controls over the Canadian economy. The other two measures are the emergency powers act and the Agricultural Products Act. With the addition of the control over foreign exchange, the system of potential control over the whole economy is complete. Under those circumstances it is not surprising to find my hon. friends of the socialist party in this house entirely in agreement with what the government is doing in seeking to continue this measure of foreign exchange control for another two years.

We have heard it said frequently in this debate, particularly this afternoon, that the official opposition does not know what it would do about foreign exchange or about the Canadian exchange. That statement, of course, is not correct. I do not think it is so necessary to justify our position as it is to expose the weaknesses of the government. But since the two are the concomitant stages of the same picture, I would again refer to what we said we would do and what was the core of our amendment which, unfortunately, has been ruled out of order. I must say, Mr. Speaker, that I do not agree with your ruling; but as it has been given, I will not question its merits. Our intention is perfectly clear if one takes the trouble—which I take it my hon. friends criticizing it have not done—to study the amendment offered by this party. What we wanted to do was, first, to insist that the rate of exchange on the Canadian dollar be allowed to seek its own level, whatever that might be, within the terms of the present Bretton Woods agreement. Since, under the Bretton Woods agreement, exchange rates can only be varied by ten per cent, it becomes obvious that it would be necessary to put a floor of ninety cents or a ceiling of $1.10 on the dollar for the time being. That was the first step, to allow the dollar to find its natural level within those limits. Secondly, we felt that exchange control would be necessary for a limited period, which the government would need in order to consult with the international monetary fund with a view to finding some method by which all exchanges could be readjusted to a more realistic level. I do not see that there is any mystery or secret or anything incomprehensible about that. My hon. friends opposite, and of the socialist party, who profess to be such great experts in

exchange matters, should surely not find that a policy difficult to analyse or understand. No, Mr. Speaker; their opposition to our suggestions is not because they do not understand them. Their opposition to our suggestions is because we are seeking to restore a measure of freedom to the Canadian economy, and that is not consonant with their policy of seeking complete control over every aspect of the national life.

That being said, it still remains a fact that, nevertheless, the government has refused to accept our suggestion of prolonging the life of this measure for only one year. They insist upon prolonging it in its present form for two years, and they give no indication that they will make any real effort during that time to adjust the facts of the situation which at present make foreign exchange control necessary. Therefore, it would be inconsistent if we did not oppose continuation of this measure on these terms. We want to see those steps taken which will make control of exchange unnecessary. We see no signs that the government propose to take these steps, and we are therefore opposed to allowing them carte blanche to continue exchange control for a further period of two years without any assurance that they will take the steps within that time to make further continuation unnecessary.

I should like to give some reasons why we are opposed to the present system of control of our exchange. In the first place, the controls are arbitrary and absolute, and give opportunity for the irresponsible exercise of power to the detriment of the whole of the Canadian economy and to every one of the Canadian people. They absolutely prevent convertibility of exchange. So long as this act and regulations remain in force in their present form, convertibility of exchange is an impossibility.

I shall just refer to one or two examples of that absolutism and one or two of the sections which prevent convertibility of exchange. Section 15 of the present act, which is sought to be extended into force for two years, turns every customs officer and every postmaster in Canada into agents of the foreign exchange control board, requires them to snoop, and to inquire and to investigate into the activities of ordinary Canadian citizens; and every customs officer and postmaster in Canada is thus drafted into the army of snoopers from which this country already suffers. I suggest it is an improper use to make of these civil servants.

Section 18 gives the governor in council unlimited powers to set exchange rates, and even to vary exchange rates from one specific transaction to another. It places in the hands of the governor in council the most arbitrary, irresponsible power to exercise control and to discriminate between one Canadian citizen and another, even from one transaction to another.

Finally, in sections 21, 22, 23 and particularly 25, we find the absolute denial of any right of ownership of money to the individual in the first place; and secondly, an absolute barrier to free convertibility. These are not powers which we are willing to see continued in the hands of any government. This act contains the denial of the principle, and the power to give effect to that denial of the principle, of an individual's ownership of his own money.

Furthermore, as I have said, we believe that the problem confronting the world today with respect to trade is the problem of convertibility of currency, and the Foreign Exchange Control Act makes impossible the convertibility of currency. We are therefore opposed to the continuation of the act in force for another two years.

The second general reason why we are opposed to this measure is because it gives sweeping powers to this government and I have no hesitation in saying that we do not regard this government as a fit custodian of those powers. I shall give one or two concrete examples of why I feel that way, and a reference to an indication of the frame of mind of this government in respect to powers which reinforce that belief. You will remember, Mr. Speaker, that when the foreign exchange bill was before the house in 1946 the Minister of Finance, who sponsored it, stated in clear and categorical terms that it was not intended to use the bill except with respect to exchange and with respect to certain capital transactions. He indicated clearly and unmistakably that it was not intended to use the bill to control the movement of goods, to impose embargoes or any other form of tariff structure. That clear and unmistakable statement was made in 1946, on the strength of which the bill became law. In 1947, about fifteen or sixteen months later, we found, however, that the act was put to the very use which we were assured it would never be put to, in that under the authority of the Foreign Exchange Control Act embargoes and quotas were imposed against the importation of goods into Canada. That was defined then, Mr. Speaker, and it still stands, as a breach of faith by this government. To take an act which they had said would never be used for a specific purpose, and sixteen months later to use it for that purpose, can only be described as a breach of faith.

With respect to this type of control, this type of unusual invasion of the sphere of private rights, we find that when we criticize

these methods, when we criticize, for instance, what are in effect breaches of the constitution, when we point out that what is being done is a denial to the individual of what had previously been accepted as his fundamental liberties, and when, because of the importance of the issue, we take a stand on these matters in the house and criticize the government as it should be criticized, we are told that we are indulging in a futile discussion on procedure. We are told that by the Prime Minister (Mr. St. Laurent). Yet I would remind you, Mr. Speaker, that only seven years ago that right hon. gentleman was one of the leading lawyers in this country. It was his duty to his clients to insist upon proper procedure. The Prime Minister knew then very well the importance of proper procedure. As a constitutional lawyer and as one who appeared before the privy council in matters involving the constitution, no one knew better than he, or represented better than he, the importance of constitutional and procedural propriety, and the importance of following and observing the constitution of the country, or of a corporation which might happen to be his client.

Seven years ago that was the attitude of the Prime Minister. Now, only seven years later, and within only a few short months of his becoming Prime Minister, he characterizes discussions of constitutional procedure as "futile", and works himself up into a high state of indignation. He describes this whole question as "a futile discussion of procedure." Thus we saw another example of how power corrupts, and how absolute power corrupts absolutely.

I give those two examples as only two of the many which could be advanced as to why we should not trust the government with sweeping powers over our economy such as they have had under the Foreign Exchange Control Act, and as a second reason why we should refuse to allow the extension of that act for a further two years.

The third general reason is that the Foreign Exchange Control Act has not worked. It has not given us any freedom of trade. It has, in fact, prevented and continues to prevent the convertibility of currency. Not only does it not in fact gain for Canada new fields of trade, new sources of currency and new sources of American dollars, but this act, along with the foreign exchange control regulations and the import restrictions with which it is coupled, in many instances prevents our earning American dollars.

Let me give the house one example of the ridiculous, far-fetched and almost impossible results which flow from the application of these exchange and trade restrictions. We have in my constituency a company incorporated for the purpose of operating a number of tourist camps. As the house knows, and as you know, Mr. Speaker, the tourist business is one of the most fruitful sources of American dollars. It will be recalled that under the Foreign Exchange Control Act, and kindred legislation, last year certain restrictions were placed upon imports of goods from the United States, because it was said that we lacked the reserves of American dollars to buy those goods.

It so happens that one of the officials of this company has access to American sources of materials, without the expenditure of a single Canadian dollar, and without in any way depleting our reserves of American dollars.

Mr. Howe: Do you mean without creating a debt?

Mr. Fulton: I mean without creating a debt. What he wants to do, and what he could do, is to bring into Canada equipment from the United States which would enable him the better to operate and the better to enlarge the facilities of his camp. That, in turn, would enable him to offer greater facilities and thus bring in more American tourists, increasing the supply of United States dollars in Canada.

However, Mr. Speaker, there is now in Canada a regulation which says that no one can import this type of equipment or supply from the United States. We know the purpose for which this regulation is said to have been imposed; but it applies to this individual in the same way that it applies to everyone else.

So we have the ridiculous situation of regulations which, in their inception, were said to be designed to save us United States dollars, operating, in fact, not so as to save us United States dollars but to deny us the possibility of procuring more of them. It is that type of impossible and ridiculous situation which could not be foreseen when these measures were first put into effect, but which we find more and more resulting from them, which gives us concern.

This is only one small example. I mention it because only recently I placed the matter before officials of the department. I did so last year, and they would not change their ruling. I have had it reviewed this year, and in their letter to me of March 17, only four days ago, they again refused to change their ruling, despite the fact that they agree with me that the proposal of this gentleman would not deplete our reserves of American dollars, but in fact would add considerably to our potential supply of those funds.

Because of conditions of that kind, and because we find Canadian trade throughout the world reaching a more difficult state, I say we should not continue this restrictive measure for a further period of two years. There are other examples which make it abundantly clear that, far from helping Canada's trade, the exchange restrictions are in fact hindering it.

One of the clearest examples is found in the speech of the Minister of Finance (Mr. Abbott) himself. Speaking in the house when the resolution was under discussion, the minister first sought to give the impression that the restrictions imposed in the fall of 1947 under the Foreign Exchange Control Act, and applied since, have in fact been largely responsible for the great improvement in our American reserve position.

The minister went on to paint a picture of tremendous improvement. While he stated modestly at one point in his speech that he did not claim that all credit for this condition was due to the government's action, he made it clear that he claimed a large part of the credit as being due to the restrictions imposed and to the policy administered under the Foreign Exchange Control Act. Very shortly after that, however, he concluded his remarks by showing that the position with respect to the reserve of United States dollars is not nearly as satisfactory as at first he would have led us to assume. He told us that in 1939, the first year of the war, when foreign exchange control first came into operation, we had in reserve more than enough American dollars to pay for over half a year's imports from the United States. On the other hand, after ten years of foreign exchange control, and after a year and a half of embargoes, restrictions, and the most stringent measures of exchange conservation, we had hardly enough American reserves on hand to pay for four months' normal imports at the current rate.

Not only has the exchange control policy not enlarged our trade, and not sufficiently increased our reserves of American dollars, but it is the exchange control policy itself, coupled with the government's action in July of 1946 of restoring the dollar to parity, which resulted in the depletion of our official reserves of American dollars. Because if one brings about a situation where no Canadian can obtain an American dollar except through the foreign exchange control board, through its being made available from our official reserves, it means that the government and the board have to stand back of every Canadian who wishes to buy and who receives consent to buy an American dollar. Thus the government entered into the foreign exchange business in a large way. Then when you have coupled with that the fact that they restored our dollar to parity, thus making it easier and more attractive for Canadians to buy United States dollars, one can see that a greatly increased demand for United States dollars would be created. That is exactly what the government did. They got into the foreign exchange control business and then made it easier and more desirable—more tempting, if I may use those words—for Canadians to get United States dollars. Naturally they found a tremendously increased demand and they found their reserves of United States exchange rushing down the drain at an alarming rate. As a result they had to put into effect the restrictive policies of November, 1947.

While no one perhaps can go so far as to say that the government's action was entirely to blame, nevertheless the minister cannot laugh it off and say that his policies did not have any effect on that matter. His policies had more effect in creating the difficult exchange reserve position than they had in curing it. His policies will not cure the situation from which Canada suffers. They are restrictive and the situation in which Canadian trade finds itself today will not be cured until we restore the convertibility of exchange. That will not be done so long as this act is maintained on the statute books and is in effect in this country.

Then the minister dealt with the situation with regard to gold. I must say that it is difficult to speak with any degree of reasonableness when one bears in mind the things which have been said, and more than that the things which have been suggested by hon. members opposite and hon. members of the socialist party with respect to the motives of hon. members of the official opposition in saying that the gold mining industry of Canada is entitled to some consideration. When one sees the dangerous situation that is developing for the whole Canadian economy, when one sees one example of that situation in the gold mining industry, and then puts forward the position of that industry as an example of what government policies are doing to the economy of the country, one finds it strange that there should be members irresponsible enough to suggest that we are speaking solely for the gold mining interests.

I find it particularly interesting that the hon. member for Spadina (Mr. Croll) should weep such tears, such readily summoned tears, about the workmen in his riding, who he says benefit from the present policies, and should be completely indifferent to the situation of the workmen in the gold mines of Canada—who far outnumber the workmen in the riding of Spadina. I find it extremely

interesting to note that the socialist party are so ready to make political capital out of their old policy of saying that the Conservatives represent special interests that they completely disregard the welfare of the workers in the gold mines.

Some hon. Members: Oh, oh.

Mr. Fulton: My hon. friends laugh, but I am not glad to find that my thought is borne out by their cynical and callous laughter. Apparently many of the hon. members of the socialist party come from the cities and do not know anything about the gold mines. For instance, apparently they do not know that the gold mining industry is virtually the only industry which, since before the war, has not had an increase in the price of what it sells. In fact, it is the only industry which has had a decrease in the price of its product. One result of that situation is that the men in the gold mining industry have not been able to obtain those increases in wages to which they are entitled and which the management of the mines agree they are entitled to.

My hon. friends, as I said, come from the cities and they do not know much about these problems. Their remarks and laughter show that they do not know that in British Columbia two of the gold mines which give employment to a substantial number of men have had to cease operations as a result of the present price of gold and the revaluation of the Canadian dollar which had the effect of reducing the price of gold by $3.50 per ounce. I know my hon. friends would like to laugh that off. I know my hon. friends like to pose as the friends of all workingmen, but when one points out that workingmen are suffering, that men are out of work as a result of government policy, one finds that the socialists laugh.

Not only were two mines in British Columbia closed down and men thrown out of work as a result of this situation; I have a list here of fifty-two other gold mines which had reached the development stage to the extent of sinking shafts, which were ready to extend their operations by continuing mining at new levels, thus giving further employment, but which have suspended underground operations since mid-1946 when the Canadian dollar was revalued and placed on a par with the United States dollar.

I do not suggest, any more than the Minister of Finance (Mr. Abbott) suggests, that the whole Canadian economy be drafted to suit the interests of this particular industry even though the welfare of a large number of workers is affected, but I do suggest, and I am glad to find that the minister agreed apparently for the first time last Thursday, that the gold mining industry and the men whom it employs are entitled to consideration. Their problem, which was created by the restoration of parity in 1946, is a problem which properly concerns the Canadian House of Commons and the Canadian people.

This is not a problem about which hon. members are entitled to take the attitude of saying that other hon. members represent special interests, that they are trying to obtain special advantage or profit to themselves and their friends—

Mr. Williams: The hon. member's innocence is most touching.

Mr. Fulton: It may be that my innocence is touching but I am sure that the hon. member who makes that remark—

Mr. Williams: I am crying my heart out for you.

Mr. Fulton: I am sure that the hon. member who makes that remark has occasion to differentiate between innocence and guilt. It is also significant that the attitude of the hon. member, and of those who sit around him and of the rest of his party, is one of such complete cynicism that they see nothing but the worst of every situation. They see nothing but sinister motives wherever they look. They see nothing but dark capitalists hiding under the bed. That is all the meaning they are capable of taking out of the speeches of other hon. members. I know that my hon. friends opposite have had occasion to remark in the past how the members of the socialist party take unto themselves the right of being the only ones who are concerned with the welfare of the Canadian people.

An hon. Member: Hear, hear.

Mr. Fulton: One hears the words of approval. Such conceit, Mr. Speaker—

Mr. Williams: Listen to who is talking.

Mr. Fulton: Such conceit and such shallow hypocrisy provide their own answer.

I have given three reasons why we cannot support the continuation of this act without some assurance of steps being taken to free exchange. As I have said, the problem is convertibility and not control, but the continuation of controls under the Foreign Exchange Control Act makes it so easy to avoid grappling with the problem of convertibility. Yet until we have grappled with that problem we shall not be able to remove controls from exchange.

As an example of what is happening as a result of lack of convertibility, one should examine the picture in so far as trade with the sterling area is concerned. In discussing this matter the other day, the minister went at some length into figures which he said showed that our trade had expanded under

the control policy of the government. As a matter of fact, however, the report of the foreign exchange control board shows that our over-all balance of trade with the sterling area in fact declined in 1948 as against 1947. I should like to read from pages 2 and 3 of the report of the foreign exchange control board, as follows:

> Canada's current account surplus with countries other than the United States was $873 million in 1948. Although still very large, this surplus was $347 million smaller than in 1947.

Further down the page there is the following:

> This general summary of the main factors affecting Canada's foreign exchange position in 1948 would be incomplete without specific reference to the important and helpful part played by the European recovery program . . .

The fact is, Mr. Speaker, that in spite of the tremendous volume of dollars and assistance made available under the European recovery program, Canada's balance with the United Kingdom, with the sterling countries, shrank by $347 million in the year 1948. That is a tremendously significant development. It has been referred to in some detail by speakers who have preceded me, and therefore I will not dwell on it. It does mean, however, that we cannot take that rosy assurance from the minister's speech as to the beneficial results of his policies which he would like us to take, because, while we increased our exports to the United States, our flow of trade with the sterling countries has declined by $347 million.

I have here a clipping which indicates to me that we are not the only ones who are concerned with the shrinking of trade in the sterling area. This report appeared in the Montreal *Gazette* of the 18th of March and concerns a statement made by a Canadian, Mr. Elliott M. Little, member of the executive board of the Canadian Pulp and Paper Association in London, England, on March 17. Mr. Little was discussing the question of the shrinkage of trade, and he said to his British audience:

> We are not satisfied that everything possible is being done by you or by ourselves to overcome this dollar problem. It is not only Canada's pulp and paper trade with Britain which has been affected by the exchange problem. In the past year one traditional market after another has been reduced or has disappeared, and old customers for Canadian pulp and paper products have turned to other countries at much higher prices, or have gone without supplies they wished to have.
>
> It is difficult to reconcile oneself to the fact that a country like Australia, with a long tradition of trade with North America, particularly in pulp and paper products, must now buy at inflated prices from Italy, Germany, Finland, and even a little from Japan—all of them recent enemies—and from Sweden, which was neutral, and cannot buy from Canada, a sister dominion and old commercial friend, or from the United States.

That is a statement of the facts of the situation under which Canadian trade is now being carried on. On account of the lack of convertibility, countries which previously had been free to trade with one another, and which desire to trade with one another because of their economic and political affinity, can no longer trade. They are forced to buy at higher prices from countries with whom they have nothing in common simply because the currency of those countries is available whereas Canadian dollars are not available to sterling countries, and sterling is increasingly less available to dollar countries. Sterling will be less available to dollar countries if trade between the two shrinks much more; because, if we do not sell to the United Kingdom and to sterling countries and get supplies of sterling, not only will they be unable to buy from us but in the long run we shall be less able to buy from them.

The fourth reason why we cannot support the continuation of this act is its great cost to the Canadian people, not only its cost in terms of trade and what it is doing to lose trade, but the cost of administering it. In answer to a question recently as to the cost to Canada of carrying on her foreign exchange transactions, I received figures showing that the excess of expenditure for gold, United States and other currencies over receipts from those currencies has been $981 million since 1939. That is over $100 million a year for the nine-year period up to 1948. There is only one place which that money can come from and that is out of the pockets of the Canadian taxpayers. Nearly $100 million a year has had to be raised in taxes from the Canadian people in order to keep the government in the business of foreign exchange where it should not be, certainly not so long as its policies are restrictive rather than making for expansion.

For that fourth reason, because of the tremendous cost to the Canadian people, a cost which we can ill afford to bear with the present rates of taxation, we can not allow this measure to be continued. It would be different if the government showed any signs of really trying to get out of the business of control, but it does not. It restricts our trade, it taxes us to carry on control measures, and it asks for a continuation of this measure for two years without at any time showing any sign of realism, or any willingness to enter into negotiations which would result in the final elimination of these controls which are so expensive, and which so hamper and thwart the Canadian economy.

Mr. Rodney Adamson (York West): Mr. Speaker, I am speaking again on this bill because, although the debate on this measure has been a good one, we are placed in this

position, that the government and the house realize the impasse into which we are getting through the inconvertibility of currencies. We are approaching a trade climacteric. We are moving from a sellers' to a buyers' market. Everything has gone well because a market could be found for everything that has been produced. Further, we have been doing well because of the tremendous volume of Marshall-plan offshore purchases made in Canada. We cannot look for a continuation of this sellers' market, nor can we look for a continuation of the great volume of Marshall-plan offshore purchases.

There is a specific danger with regard to wheat. At any moment, wheat may be declared a surplus commodity in the United States. Such a move would cut off approximately $300 million of the annual offshore purchases made in Canada. Therefore, Mr. Speaker, this problem of exchange control and convertibility is vitally important. I realize that no one appreciates that more than the minister, and no one appreciates it more than the members of this house. It is because we in this house see the lack of any specific action contemplated by the government that I wish to put forward certain suggestions.

An exchange rate cannot be fixed by edict; it can only be fixed by convertibility into gold at a fixed rate of redemption into gold. A fixed rate without redemption into gold is meaningless. A flexible but convertible rate can only be arrived at through the use of a common denominator and that common denominator has always been gold. There is no evidence to indicate that is not now the case.

We have suggested the freeing of the Canadian dollar. There are certain risks in that course, and they are risks which must be considered. The first risk is: would the Canadian dollar, if exchange control were abandoned, sink to a great discount in the United States? I think, Mr. Speaker, we have evidence that it would not in the operation of what is known as the unofficial market for Canadian dollars in New York. While that unofficial market represents only about five or six per cent of our entire trade, nevertheless it does account for, according to the best figures I could get from New York, between $135 million and $300 million. Mr. Speaker, that is no hole-in-the-wall market. It does give an indication of what would happen to our dollar if controls were removed.

When the parity move was made, the unofficial market was around ten per cent. At one time it went down to a little over twelve, but today I believe it is around six and a half per cent and seven per cent. This illustrates what has happened to our dollar on this free market on which our currency is sold in terms of United States dollars. It has improved from twelve per cent to about six per cent in approximately a year's time. This shows that the position of the Canadian dollar, vis-à-vis the United States dollar, is strong. I submit that if we had no foreign exchange control, the dollar would not sell at a great discount, and my evidence is the operation of the unofficial market in Canadian dollars.

The second point which we must consider is: would there be a drain of capital from Canada? Here again our fears are groundless because the history of capital shows that capital has always flowed into a country with a free economy. Capital has always been attracted to a country in which it is given the greatest freedom. The removal of exchange control would be giving capital that freedom. I submit that, far from being a drain on capital, there would be a tremendous increase of capital in Canada.

Furthermore, I submit that this capital, by and large, would be what the minister termed desirable capital. He called it the bricks and mortar capital. I believe it would flow into the development of oil, the development of base metals, the development of our potential iron deposits, and for a dozen and one other purposes for which capital is needed. The situation that obtained in 1929 does not apply today, and I will give you the reason for that at a later stage.

The third question is: would our economy be subject to gambling under pressure of what is known as "hot money"? I submit that is not likely because, first of all, there is very little so-called hot money in Canadian currency outstanding. Our savings accounts, the position of our financial institutions, have never been as strong nor as resilient as they are at the present time. The credit situation is very good. There are no extended loans for security purchases. The exchanges have tightened up the margin requirements and have accomplished a lot of other worth-while things which have made practically impossible speculation and gambling of the type that occurred in 1929. Therefore, I think that the existence of "hot money", the existence of gambling in Canadian funds, is not a risk which we have to run.

Would there be an increase in United States investments in Canada? I think the answer to that question is obvious. We have shown—and I think it is a matter of some national pride—that despite the restrictions of the FECB we have had an inflow of capital into

Canada. There was a time immediately after the parity action of 1946 when the movement was very much the other way. But today there are literally billions available for investment in the United States and these billions are looking for adequate employment in the development of natural resources. With the possible exception of Brazil, Canada is the only country left in the world that has a stable government and tremendous untapped natural resources. I think we would have a great increase in United States funds coming into Canada for investment purposes, and those purposes would not be for investment in the stock market. If they want to, the Americans can buy or sell Canadian stocks at the present time, particularly interlisted stocks. As I have said, the restrictive operations of the major stock markets make this sort of speculation much more difficult. The volume and the impact of hot money is now tremendously cushioned. This investment money would not be frightened money. It would be money coming in for long-term purposes.

I want to mention briefly two authorities, both of them British, and what they say with regard to what our present situation is doing to our international trade. The first authority is Sir Stafford Cripps, in an interview which is quoted by *The Economist* of London of February 26:

> He also stressed the difficulties that are being met in expanding British exports to Canada, saying that Britain could not sell all the steel Canada needed because it had to reserve certain quantities of scarce materials for use in bilateral negotiations with other countries.

I skip about eight lines, but I am not taking the statement out of its context at all:

> There can be no doubt that the main obstacle to the British export drive to Canada is to be found in the fact that British prices are, by and large, too high for the Canadian market. That fact is likely to be increasingly impressed upon all concerned if the trend of prices in the United States continues to be downward. This disparity in dollar and sterling prices is beginning to call into question the basic effect which the Marshall plan may be having on the relative price and cost structures of Europe and the dollar area. The way in which aid is being applied, and the extent to which the countries of Europe are being encouraged to divert their imports from dollar to non-dollar sources even if the latter are more expensive, is creating a disequilibrium which may call for the most drastic remedial measures, involving exchange adjustments, if the dollar solvency of Marshall Europe is to be restored by 1952.
>
> At the same time, it cannot be said that Canada has chosen the happiest moment from its or Britain's point of view to announce the reimposition of the import duties on British textiles which were suspended in 1947. Overtopping all other issues affecting Anglo-Canadian trade is the possibility of wheat being declared a surplus commodity in the United States, a move which would prohibit the economic co-operation administration from allocating Marshall dollars for offshore purchases of wheat in Canada. If any such misfortune were to happen it would face both Canada and Great Britain with a problem the urgency of which would relegate the longer term issues to relative insignificance.

That is from *The Economist* of last month. I do not think the seriousness of the problem can possibly be overestimated. I want to quote also from *The Banker* of London, England, an article by C. Gordon Tether, who has been an adviser to some of the big five banks in Great Britain, and what he has to say on what he calls the Canadian dilemma:

> There is general concern at the apparent paradox that in the past year or so the Canadian price level has shown a bigger rise than occurred during the preceding eight years of war finance and post-war adjustment . . . the dominion is beginning to suffer from a money-goods gap of the type familiar in European countries during the past few years . . . To begin with, there is no certainty, even in the short run, that the indirect "Marshall" relief for the dominion's United States dollar position will continue on the present scale beyond the middle of 1949.

Then I skip a paragraph and continue:

> Mr. Gardiner, dominion Minister of Agriculture, pointed out in a recent speech that the ban on the use of E.C.A. dollars for "offshore" purchases has already made it impossible for Canadian farmers to sell their linseed, beans and other products, although consumers elsewhere are paying prices fifty per cent above those ruling in Canada.
>
> It would seem, therefore, that Canada must resign herself, even during the currency of the Marshall plan, to the need to resume unrequited exports and, in all probability, to a decline in the amount of convertible exchange she can derive from her favourable trade balance with Europe. The post-Marshall prospect is even more disturbing . . . Imports from Canada may be small in relation to total United States production, but resistance to them tends to become intense in times of surplus and falling prices. Canada is therefore liable to find this outlet for her produce blocked just when she most needs it.
>
> It is, in short, unfortunately all too clear that the dominion's external economic prospect is, on a short view no less than on the long, as obscure and as fraught with peril as ever. This being so, the present dilemma of the Canadian government is readily apparent. . . Whatever success attends the drive to obtain permanent markets in the United States, however great the expansion in import-saving production within Canada, markets for the bulk of the dominion's primary produce, readily accessible in bad times as well as in good, will remain in Europe. If those markets are lost, Canada's prosperity will inevitably suffer.

There we have two British authorities who, I think, may be considered to have a sympathetic desire for the mutual well-being of the United Kingdom and of Canada; yet they state in definite and specific terms that under the present situation nothing but a chaotic impasse will happen if convertibility cannot in some way be arranged. That is a pretty serious situation. Because we had record exports in 1948, because we had record purchases by the Marshall plan, because our situation last year was so good, let us not fool ourselves into thinking that we are going to live in this paradise with happy exports for everything we produce, either to the United

States or to Europe—certainly not Europe. Let us not fool ourselves that we are going to be able to export either our raw materials or our manufactured articles when we see that in terms of barter these countries on a barter economy are willing to pay for the goods that we produce 50 per cent more than they can get them for from us. We cannot sit idly by and say that there is nothing we can do; we cannot sit idly by and say, here is a situation which stumps us. There must be something we can do. There has to be something that we can do. It reminds me of a young officer who was training recruits for the first time on the square. He became frightened and the squad started marching off. The sergeant major said to him: "For God's sake say something, even though it is only good-bye". Our export markets are in that position. I suggest to the government that for God's sake they do something, even though it is only to say good-bye. I am sure that they can do something. I am sure that there are measures which they can take which will at least explore the impossible situation into which we have got ourselves.

The problem is one of convertibility. These European countries have imposed the same sort of restrictions as we have. They have imposed them, as they think, in order to safeguard their own economy. They are neither safeguarding their own economy nor assisting world trade. In fact, they are doing absolutely the reverse.

Of course we cannot go to any other sovereign state and say to it, your laws and your exchange control are bad. We want you to change them. The minister was perfectly right when he said that it would be considered as a gratuitous insult for Canada to suggest to the United Kingdom, or to any other country, that their currency was overvalued or undervalued in terms of the United States dollar. But I do suggest that there is a way in which we can start. The problem is that we have two unknowns, two currencies, and the only way to indicate the relationship of a currency is to relate it to something that is known. It is a sample of what we were taught in school. It is the simple simultaneous equation.

The only known thing to which currencies are eventually related is gold; and I suggest again that in order to obtain this denominator, this relationship, we should allow the operation of a free gold market so that we should get a true relationship of one currency to gold and another currency to gold. By so doing we would be able to obtain a relationship between these currencies, and if they could be converted, one or another, into gold through the operation of the free market, surely we would be taking the first step toward convertibility of one currency into another. It is going to be difficult. A great deal of opinion in the United States is against it, but I suggest in all sincerity, Mr. Speaker, that they are against it for selfish reasons. Let us see who are opposing it. A most vehement opponent of the operation or the establishment of a free gold market is—and I think he is one authority whom we must consider—a man called Leffingwell. He is the chairman of the board of J. P. Morgan and Company, international bankers. What are the reasons which he gave for opposing the operation of a free market? They were simply these. He said that today the United States dollar is a world currency, and that the United States gold reserves are world gold reserves. If I were the chairman of J. P. Morgan I would take precisely those views, and I would do it for precisely the same reason. If I were a great United States banker I would like to have my dollar and my gold reserves known as the world gold reserve. It would be a tremendous advantage to me. It was the happy position that the pound had at one time, only never in so great a degree. But here the Americans, quite frankly, want to make the United States dollar the only international currency, and the United States gold reserves the world gold reserve. He admitted it.

Let us go a little further. Mr. Walter E. Spahr opposes a free gold market, but he wants the United States dollar to be returned to the gold standard at $35 an ounce. He wishes convertibility of the United States dollar, the one freedom which the United States dollar does not possess at the present time. He wishes it to be restored. In other words, he wishes that you should go to the mint or to Fort Knox with $35 and buy an ounce of gold. I suggest, Mr. Speaker, that if that were done, even with the tremendous reserves of gold today, Gresham's law would become effective immediately, and there would be a run on the gold reserves of the United States.

We like to think that the United States currency, in regard to gold, is in a happy position. So it is; but let us remember that there are $141 billion worth of United States government obligations outstanding, and these obligations are a prime responsibility of the United States government. There are two other authorities, the economists national committee and the New York board of trade. They have opposed the operation of a free gold market, and have opposed it for these reasons. Therefore unquestionably we would meet great opposition. Not only that, but we

would meet opposition from the United States treasury and the international monetary fund.

I suppose, however, there is a great and growing body of opinion that this is the only method by which we can obtain a norm by which currency can be judged. And unless some norm is found, some agent of convertibility, bilateralism and restraint of trade through monetary restrictions are going to be increased and intensified. We Canadians, because of our erstwhile happy position between the United States and Great Britain, are going to find that we are the supreme sufferers in this impossible situation; and instead of being, as I believe, the greatest per capita exporter, we shall find ourselves in a position in which we cannot export.

Immediately a surplus is built up in the United States, immediately they have a surplus of manufactured goods and of wheat, where are we going to sell our wheat? Where are we going to sell our surplus goods? Immediately that happens we are going to be in an impossible position.

I suggest that certain action should be taken. I am sure the permanent officers of the international monetary fund are as perturbed as any of us about this situation. I have no doubt they are as anxious as we are to find some method of convertibility. The whole reason for the international monetary fund, the whole hopeful theory behind Bretton Woods, was to prevent the international banditry of jockeying with currencies, and doing all the things which shocked Europe and the world in the late twenties and all through the thirties. Had it worked, possibly no one in the world would have condemned it. It has developed however an entirely new sort of international banditry, the international banditry of bilateralism. That is, two countries get together and one says, "We will sell you this commodity at an entirely fictitious price, in terms of a paper currency. We will sell it to you, not in terms of currency but in terms of something else which you sell us at a far higher price than it would bring in terms of international currency." They price themselves out of the world market.

That is the international banditry that is going on today, and it is a type of trade banditry and unrest which we cannot stand. Until some method is found to overcome this impossible position, we are going to suffer—and to suffer most acutely.

I suggest we should go immediately to the international monetary fund and ask for a plenary session. We would make our claim as one of the great suppliers of food, one of the great creditor nations in terms of foodstuffs, metals and materials required in world recovery. On a per capita basis we are probably the greatest supplier of those materials, whether they be food, metals or anything else.

I suggest we should go to the international monetary fund, ask for that plenary session, and put our case on the table before all the countries, saying, "We do not want to take unilateral action in this matter. But unless, through the agency of this fund, we can obtain convertibility of exchange, not at the behest and requests of the national treasuries of the various countries at the pegged rates, but at free rates and rates in terms of gold, our exports are liable to be cut off, and our import position becomes impossible because the countries have priced themselves out of our markets. Therefore our export trade upon which, more than any other country in the world, we depend, is being destroyed. If our export trade is destroyed, our national sovereignty is threatened, because our economy is so desperately bound up with that export trade."

I say that unless we can get some agreement with the other nations of the fund we must be prepared to protect ourselves by unilateral action and enter into what I believe to be the unfortunate business of barter. Even though it was mentioned by the foreign exchange control board, I consider it a retrograde step. But we should strain our efforts first toward obtaining convertibility of currencies through the operation of the free gold market.

Mr. T. L. Church (Broadview): Mr. Speaker, I cannot well understand why some hon. members who supported the Bretton Woods agreement now take the stand which some on this side of the house have taken. I am one who believes that we must look into the cause and effect of all the trouble we have got into. I am not one of those who criticize the ministers of the crown because I think they are doing their best under a very heavy burden. I have always tried to show ordinary Christian charity toward my political opponents of all kinds. I have always tried to get on with people. Mind you, some of them are hard to get on with, but I get on with them anyway. The present Minister of Finance (Mr. Abbott) has been carrying a heavy burden, both as assistant to the former respected Minister of Finance and in connection with his other duties. He has worked very hard.

I was one of those on this side of the house who opposed the principles of Bretton Woods and Dumbarton Oaks because I realized the trouble into which the government would be led. I know I was right at that time. So far as Bretton Woods and Dumbarton Oaks are concerned, they got us into this trouble. A great mistake was made by hon. members on this side of the house in agreeing to that, although I was the exception. The govern-

ment have been driven into making mistakes along that line.

I am going to speak for only a few minutes; I was down to follow the hon. member for Kamloops (Mr. Fulton). When I opposed Dumbarton Oaks and Bretton Woods I did it for many reasons. I did not like the international monetary fund and international bank features of the agreements; which have had a great effect upon the bill now before the house. They led us into our present imbroglio. I was against the international bank and the international fund which are the basis for the present exchange control bill. I did not believe in the international monetary fund at that time. I said that some pay in and some do not, that some take out and some do not. I referred to the man who broke the bank at Monte Carlo. Tennyson said about this particular matter:

> Our little systems have their day;
> They have their day and cease to be;
> They are but broken lights of thee,
> And thou, O Lord, art more than they.

That is what he said in "In Memoriam". Public finance is different from private finance, and when I have completed the few remarks I want to make in this connection I shall have said what I want to say on the motion. I have had some experience with public finance in connection with city government and I know some of the mistakes that can be made. I was a member of the treasury board from 1909 to 1914. In 1915, the second year of the war, we called for quotations, like the present Minister of Finance, from some of the chartered banks, for a loan of $8 million or $9 million on treasury notes signed by the mayor and treasurer of the city. We received quotations of four and a half, four and three-quarters, four and seven-eighths and five for those treasury notes.

I decided to telephone Chicago and New York and I was able to obtain a loan of $9 million from the Chase and National City banks at one and a half, one and a quarter and one and three-quarters. On January 5, 1915, we had $28 million of a sinking fund with which to pay that debt. I suggested to the legislature that there should be an amendment in the city act to permit the city to use that sinking fund for the payment of treasury notes at the current rates.

After that it was decided that instead of the various civic boards handling their own sales of bonds, boards such as the Toronto harbour board and the transportation board and so on, the city would handle everything. At that time there was not a public utility paying its own way. I brought in the late Thomas Bradshaw to act as finance commissioner and from then on we had public discussions of the estimates at open board meetings. A pay-as-you-go system was adopted and there was no inflation of revenues but there was a reduction in the tax rate. In 1915, 1916 and 1917 the expenditures totaled $8 million.

In 1916 I advised the city to apply for legislation to substitute serial bonds for sinking fund bonds and the result was that we were able to refund all our securities and pay something off each year. This was a blessing to civic finances in that we were able to secure loans for debentures at the highest possible rates of any other municipality in the province.

In conclusion I want to say that I was one of those who opposed Dumbarton Oaks and Bretton Woods. We on this side of the house are just as much to blame as the government for the mistakes that have been made. I am willing to admit that. There are also the Geneva and Havana agreements. I was the only one on this side of the house who objected. We should have told our friends in Washington that preferential trade is a family matter and beyond discussion outside the empire.

I am glad I took the stand I did with regard to Bretton Woods and Dumbarton Oaks because they proved to be wrong. They have destroyed preferential trade and they have made us dependent on Washington for many things. They have placed us beyond hope. I am glad I was the only Conservative on these benches who opposed those notorious agreements which have ruined Canada and brought us to disaster. We cannot blame the government entirely for we on this side of the house are just as much to blame. My hon. friends to the left, except those to my far left in the corner, were in exactly the same boat.

Mr. H. H. Hatfield (Victoria-Carleton): Mr. Speaker, I should like to say a few words against the extension of this act and will have to disagree with the hon. member for Charlotte (Mr. Stuart). The premium on United States currency was a great help to all farmers, lumbermen, fishermen and exporters of goods in the maritime provinces. The member for Charlotte went back to 1918 and 1919 and said that the banks paid a different rate on United States currency at that time. They paid a different rate, but it never varied over one per cent in all that time. He said that the Americans came over, put their currency in the bank and received the premium, and that the fishermen received no advantage. That is not correct because when the American buyers put their currency in the bank and received the premium they had to pay out the premium to the fishermen, lumbermen, pulpwood sellers and farmers.

During the years 1918 and 1919 I shipped hundreds of cars of potatoes to the United States and Cuba, and for every one of those carloads I paid the farmer from $100 to $300 per car more than I received for them in United States funds. But everyone made a good profit that year. That shows that the premium was a blessing to our farmers, fishermen and lumbermen of the maritime provinces, and of all Canada, the gold miner and everyone else. It was a great mistake when the Canadian dollar was raised to parity.

The member for Charlotte said that he sold fish and received Canadian currency for it in accordance with the foreign exchange control order of 1939. That order reads:

> No person shall, without a licence from the board, accept payment in Canadian dollars for any property exported, or to be exported, to the United States.

Therefore if he sold fish for export to the United States it was contrary to the act.

As I said before, the 10 per cent premium was a great blessing to the farmers, fishermen and lumbermen of the maritime provinces, and of all Canada. It brought more United States dollars into Canada than the austerity program has. We would have plenty of United States dollars today if we had only retained the premium.

The Liberal policy has always been free trade. On November 17 over the radio they put embargoes against United States goods. They did not increase the duty; they placed an embargo against United States goods. That was a great detriment to our export trade. The premium increased our export trade; the premium brought millions of dollars into Canada by way of investment. Now the foreigner is scared to bring his money into Canada because he is afraid that he will never get it back again. The government is today allowing the manufacturers of Canada hundreds of thousands of dollars of United States currency to send over to the United States and other countries to buy potato starch and cornstarch to bring into Canada. At the same time the government is buying in the maritime provinces potatoes which they will dump. Those potatoes should be put into starch to take the place of the starch they are importing, and for which they are using United States currency. The imported starch is in competition with our own starch and is driving the price of our own starch down to the extent of hundreds of dollars per carload. This spring we will be dumping potatoes in the maritime provinces because of the bringing in of corn and potato starch.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Some hon. Members: On division.

Motion agreed to on division, bill read the second time, and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

BUSINESS OF THE HOUSE

Mr. Abbott: This evening I have to devote some time to a matter of some importance.

Mr. Knowles: What would it be?

Mr. Graydon: Are you still open to suggestions?

Mr. Abbott: I thought we might carry on this discussion for half an hour or so after the dinner recess, but if it is not possible to complete proceedings by that time I shall have to ask that the debate be adjourned, and that we go on with something else for the rest of the evening.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at seven-thirty o'clock.

The Deputy Chairman: Shall clause one carry?

Mr. Diefenbaker: There is just one matter I should like to take up with the minister through you, Mr. Chairman, and that is the enforcement of these regulations. During the past year and a half a number of complaints have been made to me about the enforcement of these regulations and the failure of the officials to respect the spirit rather than the letter of the law. I want to make it immediately clear that what I am about to say is not a criticism of the customs officers connected with the enforcement of this legislation. They have the regulations and they have to go by them. I would be the last person to make uncalled for allegations of injustice against customs officers in the administration of these regulations, for personal reasons.

I suppose I have to explain that statement. It is simply this, that for years my father was in the customs service and I know something of the work in connection with enforcement. What I wish to bring to the attention of the committee, and the minister particularly, is this. In the application of this legislation care should be taken to see that it is administered with discretion and with the avowed purpose of preventing anything of an unjust or tyrannical nature.

I realize that some found contravening these regulations will raise the defence that they were unacquainted with the regulations. That defence, of itself, should not be sufficient to

guarantee the return to them of the moneys forfeited to the crown. Recently I was in one of the maritime provinces and was informed that on a number of occasions refunds of such moneys were made.

I am going to bring to the attention of the committee two cases that I brought before the foreign exchange control board, as examples of cases where refunds were improperly denied. In the one case, a resident of the province of Saskatchewan was crossing the line at Windsor. When he came to the line he was asked if he had any United States money in his possession. He said "Yes, I have $86 in my possession". He was then asked if he had the necessary travel permit and he said, in effect, "No, I have not. I endeavoured to deposit this money before coming here, but this is a holiday and I have not been able to do so. I am not concealing it in any way". The order was made that the money be forfeited, the wording of the order being as follows:

that the currency so seized shall remain forfeited in view of and on your failure to declare and offer same for sale to an authorized dealer of the board as required by section 22 of the Foreign Exchange Control Act.

There was no concealment. There was an immediate answer to the questions asked. That this man was in no way deceptive in his answers was admitted by the control board when application was made for the return of the money. I personally communicated with the control board, and I shall read in part from the answer I received.

When leaving Canada at Windsor in July, Mr. Boruff, when questioned by a customs officer, declared having $86 in U.S. currency in his possession but was not in possession of the necessary travel permit and $76 was accordingly seized under the provisions of the Foreign Exchange Control Act. The reason for the seizure was not because of any attempt to conceal from the customs officer that he was carrying the currency but because of his illegal possession of it.

I think that is going too far, sir. There was no concealment, not even an endeavour to conceal. As soon as he was approached by the customs officer, he gave him the facts. In my opinion, that is a tyrannical exercise of discretion on the part of the board in refusing to permit this man to have his money. He established his bona fides and his honesty, which was admitted by the board, and it was tyrannical for them to continue to uphold the order of forfeiture.

Mr. Jackman: The money was never returned?

Mr. Diefenbaker: It was not returned.

Mr. Abbott: Does my hon. friend know how long this man had had the $86 in his possession?

[Mr. Diefenbaker.]

Mr. Diefenbaker: I cannot give the minister that information. No question of that kind was raised by the foreign exchange control board.

Mr. Abbott: I trust my friend appreciates the reason for my question. Anyone who has more than $10 in United States currency is supposed to turn it in.

Mr. Diefenbaker: I realize that. It was a matter of a few days prior to the date in question, when he crossed the line, that he obtained this money.

The next case I should like to mention, and I mention these cases because they illustrate a lack of the exercise of proper discretion on the part of the board, is a case from my constituency. A man received word that a relative had died in Minnesota. The word was received on a Saturday in a small town in Saskatchewan. He obtained a few United States dollars so that he could cross the line to attend the funeral on the Monday. He crossed the line on Sunday and admitted that he possessed $22 in United States funds. Forfeiture of the money was ordered and that order was upheld by the foreign exchange control board.

It is that type of thing, sir, that arouses people to a realization of the injustice that follows bureaucratic interpretation of the law by the board. Parliament does not want to place honest Canadians in a position of having their money forfeited under circumstances such as those. If there were an appeal to the courts, sir, and the appeal were not from the hired man to the hired man's employer, persons such as those I have mentioned would be assured of justice. There being no appeal to the courts, I make an appeal to the minister.

I ask him whether, in his opinion, it was ever intended that this emergency legislation should be used in a manner that can only have the effect of diminishing the respect for law in the minds of the people and increasing their contempt for bureaucratic power thus exercised and above the law. Parliament is asked to place emergency powers in the hands of this board, and above the courts. Certainly, sir, my opinion is, and I think I am expressing the viewpoint of members in all parts of this house, that the board should endeavour at all times to exercise its discretion for the benefit of the citizen when that citizen has clearly shown the absence of any intent to defraud, defeat or in any way hinder the administration of this legislation.

The minister who is in charge of the administration of these regulations should be in a position to assure parliament that harsh, rigorous, unbending and tyrannical interpretation of these regulations will be reduced to the minimum.

I know that there have been occasions when members of the house have felt that my stand on behalf of the need of preserving appeals to the courts has been advanced to too great an extent. I make no apologies for taking that stand. Following criticism that those who administer this legislation were being placed above the law, finally a year ago provision was made to enable a person who was illegally dealt with or tyrannically treated to take proceedings in the courts. But action is made subject to one condition. No matter what his damage, no matter what his loss, no matter how unjust the conduct of the official might be, the person who is wronged is restricted to nominal damages, which means one dollar, but with no costs of action. The only satisfaction that a law-abiding Canadian citizen has, if he takes proceedings, is that if he is the first he may find his name in the law reports. In return for being perpetuated in that way, he is obliged to submit himself to payment of the costs of action and is denied damages.

Now when this legislation is being reconsidered, provision should be made to assure to the individual who is wronged the right that Canadians should have as against officers of the state who act beyond the powers of the legislation under which they purport to act: a right of action without the necessity of leave for a petition of right being granted by the crown.

In Great Britain there are many such bureaucratic regulations and orders. I think there are ten thousand different cases in which an individual may be searched without a search warrant, under legislation now in effect. But the individual has certain rights which are denied under this legislation. Where he is wronged, he may take proceedings in the court without being required to secure the permission or the consent of the crown. I think that we in this parliament, now that we have accepted the principle of this legislation, should make it a point to do three things. First, we should assure that the law be administered with equality to all. Second, we should assure that no one shall be penalized who, through innocence or ignorance, has committed a contravention of the legislation. Finally, we should insist on the preservation for the individual of right of action against the crown; providing that the crown, in the event of its officials acting illegally, in administering this act, shall be liable for damages to the extent of the damage sustained by the citizen.

Mr. Langlois: Many hon. members of the official opposition have endeavoured since the opening of this debate to prove that the measure under study, if again put into effect, will destroy Canadian trade with other countries of the world—specifically our trade with countries of the sterling area.

They seem to have been completely blind to the fact that, though this measure has been in force for some time, our numerous efforts to maintain and increase this special trade have met with a large degree of success. The Minister of Finance the other day gave many examples of this fact, and outlined our various and worthy endeavours in this particular sphere of our international trade relations. I wish to go on record and give this house another striking example of the numerous achievements of our present trade policy in this respect.

The Deputy Chairman: Order. What the hon. member is doing now is making a second-reading speech.

Mr. Knowles: It is too late for that.

The Deputy Chairman: It is too late to do that now. We are now dealing with clause 1 of the bill. Any speech in committee must be directly relevant to the clause before the committee. The clause has reference simply to the continuance of these regulations.

Mr. Langlois: We are still on the general item, Mr. Chairman. Having made these few introductory remarks, I was just coming to the specific points. The hon. member for Lake Centre just gave certain specific examples of a situation which, to his mind, should be corrected. I think it is my privilege, as it is the privilege of any other hon. member, to point out whatever good came about when this measure was in force. Maybe my remarks were too general in the beginning, but I am just coming to the specific point. May I be allowed to continue my remarks?

Some hon. Members: Go ahead.

Mr. Langlois: I wish to draw your attention briefly to what this government, especially the Department of Trade and Commerce under the clever direction of its present minister, has done to relieve the situation created last year in eastern Quebec and the maritimes owing to the lack of European markets for our lumber production.

Last fall advice received from the lumber industry in the maritimes and eastern Quebec indicated that lack of orders from the United Kingdom would seriously affect lumber production in this area.

Some hon. Members: Order.

Mr. Langlois: A reduction of twenty-five per cent below the 1948 cut was predicted. The industry, however, continued its efforts to develop trade with the United Kingdom, and has now met with considerable success.

It is now expected that a large summer cut in the maritimes and Quebec will make up for the reduced production of the past four months.

The Deputy Chairman: Order.

Mr. Knowles: Order, order.

Mr. Richard (Ottawa East): Why do you not let him go on? He is in order.

Mr. Knowles: Listen to the Chairman.

The Deputy Chairman: Order. It is not in order now to deal with the principle of this legislation. The principle was adopted on second reading. We must now deal specifically with the clause that is before the committee. If I permit the hon. gentleman to make a second-reading speech at the present time, there is no reason why other members should not do the same. We do not make much progress if we do that.

Mr. Langlois: If the committee will give me two minutes I shall conclude my remarks.

Mr. Knowles: Second reading was given to the bill at six o'clock.

Mr. Langlois: Although officials of the Department of Trade and Commerce, in both Ottawa and London, have assisted in the complicated negotiations, it is true that the maritimes and eastern Quebec lumber industry deserve much credit for having successfully developed this business.

We have just been informed of contracts with the United Kingdom and Ireland which will considerably aid our lumber industry of eastern Canada. The details of some of these contracts are as follows: Of Eastern Canadian spruce: the original requirement by the British timber control was 90 million feet, 30 million feet more than purchased in 1948.

It is my information that 80 million feet has been placed, and that additional contracts are being negotiated which, if successfully concluded, will bring the total volume for shipment in 1949 up to approximately 125 million feet instead of the 90 million originally indicated. The value of these contracts would be approximately $8 million.

Pit props: the United Kingdom has contracted for approximately 225,000 cords of pit props for her mines.

Some hon. Members: Order.

The Deputy Chairman: Order. Once more I ask the hon. member to deal specifically with the clause under discussion.

Mr. Langlois: I shall conclude my remarks—

Some hon. Members: Oh, oh.

Mr. Langlois: I have not abused the time of the house to such an extent that I should not be allowed a few minutes.

[Mr. Langlois.]

Mr. Knowles: That is not the point.

Mr. Langlois: These pit props are produced mostly from spruce and jack pine, and shipments are made from the maritime provinces and Quebec. The value of these contracts amounts to approximately five and a half million dollars.

Hardwood: I have also been informed that the United Kingdom is expected to purchase approximately 10 million feet of hardwood lumber from eastern Canada. This contract is, however, yet to be confirmed.

The authorities in Ireland had placed orders for approximately 20 million feet of Canadian spruce with eastern companies, subject to confirmation and release of funds by ECA authorities. Approximately 6 million feet of the total was confirmed, but difficulty was encountered in obtaining release of the remaining quantity.

Representations were made by Ottawa and Washington officials of our Department of Trade and Commerce on behalf of the Canadian companies holding these contracts. Confirmation has now been received from Washington which indicates that release has been approved for a further quantity of 7,400,000 feet for shipment during the second quarter of 1949. These Irish contracts will amount to approximately $1 million.

Some hon. Members: Order.

Mr. Langlois: In conclusion, Mr. Chairman, I thank the Minister of Trade and Commerce for having so effectively given his best attention to my representations and to the representations made by members of our sister provinces to the east. Our lumber producers, and all those who make a living in our lumber industry, will receive the news of these new contracts with great relief and satisfaction.

The Progressive Conservatives may shout their opposition to their heart's content; they will not prevent the public from appreciating the good effects of our policy, which has proven to be in the best interest of the Canadian people.

Mr. Diefenbaker: Now that my hon. friend has raced through his remarks I wonder whether I can get an answer from the minister. I should also like to ask this question. How many seizures of money took place in 1947 and 1948 by provinces, and in how many cases were the seizures released and the money returned to the applicants?

Mr. Abbott: I completely agree with the point made by my hon. friend in his initial remarks that officials of the board, or the customs officers who act for them, should in no case be harsh and tyrannical, as he put it. I suppose that all of us who are members of parliament have had some of these cases

brought to our attention. I know that I have had them and I have taken them up with the board. I do not think that the actions that have been brought to my attention have been harsh or tyrannical. I am free to confess that in some cases it seemed to me that the customs officers might have used a little more discretion and given the person the benefit of the doubt as to his bona fides. However, no one will realize better than my hon. friend the difficulty of giving wide discretionary powers in cases of this kind because it is so easy to play favourites. If there is a breach of the law, in the absence of very special extenuating circumstances, certain conclusions must flow. However, I do not differ with him, or with other hon. members with whom I have discussed this question, that judgment should be exercised by people who are in charge of enforcing these regulations, but favouritism should not be shown.

As to the number of seizures, I have not the breakdown by provinces, but I have them for the country as a whole. I shall give the seizures in total, and perhaps I can obtain the breakdown later. In 1947, 347 seizures were maintained and 321 released. The seizures maintained involved a total of 10,991 United States dollars. The seizures released involved 17,807 United States dollars. These are seizures of $100 and under. In 1948, the number of seizures maintained amounted to 1,501, involving 30,768 United States dollars, and 13,668 Canadian dollars. The seizures released in 1948 amounted to 975, totalling 27,003 United States dollars and 1,770 Canadian dollars. At the end of 1948 there were 228 seizures still pending, involving 5,961 United States dollars and 1,768 Canadian dollars.

Only one case was referred to a court for final decision in 1947. In 1948 there were five cases referred to the courts. Seizure was maintained in three and the board's decision was reversed in the other two. I shall try to get the breakdown by provinces.

Mr. Diefenbaker: The minister says that he agrees the action of the officials should not be tyrannical. Does he not also agree that, in circumstances such as those that I referred to him, the facts were such that the exchange board, in the exercise of its discretion, and having regard to the rights of the individual, might have released the moneys held, since in both cases there was no intent nor was any subterfuge perpetrated with a view to undermining the law? I feel, sir, that these two cases were proper ones for consideration.

The minister has not answered the question that I asked him as to whether or not he thinks the time has come, in the granting of these extraordinary powers, that any individual wronged by the illegal exercise of powers by any of the officials, or by the usurpation of powers by them in the discharge of their duties, should have a right of action against such officials and not be limited to the sum of one dollar as nominal damages, irrespective of the enormity of the offence and the interference with his rights and the damage suffered by him.

Mr. Abbott: On the first point my hon. friend has made quite an appealing case, as he has presented it. My own experience has been—and similar cases have been brought to my attention by my own constituents and others—that there is nearly always some difference of opinion, or some conflict between the statement of facts put forward by the person who is complaining and the report we get from the customs officers.

Mr. Diefenbaker: I was quoting from the report.

Mr. Abbott: It is sometimes difficult to judge as between the two conflicting stories.

The hon. member raises the point that there should be some recourse against the public officers in the performance of their duties. I do not think I can agree with that. My understanding is that in the Customs Act and the Excise Act for years there have been provisions analogous to that contained in the Foreign Exchange Control Act, protecting officers in the performance of their duties from being exposed to actions for damages. I was informed at the time the act was brought in that the provisions put in the Foreign Exchange Control Act were, with of course the appropriate changes, identical in their terms with those in the Customs Act and the Excise Act and other revenue acts for years.

I should not think there would be any special reason for removing that protection from customs officers exercising their functions in this instance, or that it should be any different from the protection they are afforded in exercising their duties as customs officers proper.

Mr. Kidd: I have another point I should like to bring up—this is not the first time I have mentioned foreign exchange to the minister. We are really dealing with an act known as the Foreign Exchange Control Act. And I might say to you, sir, that I think a lot of this difficulty rests with the minister —and I am sincere about that.

There was an error in judgment on the minister's part, and I am going to point it out. I will point it out now, because I think there should not be any recurrence of it.

I know that we have complaints where constituents are dealt with unjustly, and they do not receive the compensation due to them. I think it is the duty of a member to bring this to the minister's attention, because the fault lies with him.

He carried out the same, perhaps I should not use the word tactics, when he was minister of militia. It was most difficult to get the present minister to bring down legislation in the house. I remember that one time when he was minister of militia he made a speech which should have been made here in the House of Commons. We asked him about that speech the same afternoon and in a jocular way he said that it was a political speech, and that we would not wish to hear a political speech. Having said that, he was not very serious about it.

That happened on Friday, May 23, 1947. I hold in my hand an amendment to the Foreign Exchange Control Act, as it is set out in P.C. 2045, and it is that issue I wish to take up this evening. What happened on that afternoon? The house was in session at that time. I might say that the amending order in council was here. I say the minister should have come to the house, as has been done many times by ministers of the crown, and should have informed the house of the amendment. He should have given us the same information as to the amendment. But instead of that he went on the air at night.

We have a press gallery up here, and they could have given the country the information, but the minister thought better to give it out as a broadcast. What happened? The public did not know anything about it. And that was the condition in May, 1947.

The months of May, June and July passed. Then what happened? Enforcement officers were appointed. I say that the administration is wrong and that the minister was wrong. First we have the Minister of Finance dealing with the Foreign Exchange Control Act, and then the administration comes through the Minister of National Revenue.

Two citizens in my constituency were picked up by officers at the international bridge at Lansdowne in 1947. Naturally I wrote to the minister responsible, in that instance the Minister of National Revenue. He washed his hands of it, and said that this was a matter for the foreign exchange control board.

I immediately brought the matter to the attention of the Minister of Finance. Well, I did not get very much information there, except to find out who was carrying out the enforcement. What did I find? In the course of a short time in the following session the minister placed hundreds of these enforcement officers all across Canada. These were not trained. And I should like to place myself on record as saying that if this had been left in the hands of the inland revenue branch I believe all of these people would have been justly dealt with. I say that because the enforcement officers with the inland revenue branch are well established officials who have chosen that branch of the service for their life's work. Many of them are returned soldiers, and veterans of the first world war. They know how to deal with these infractions.

However, as soon as the apprehension is made these people are passed on to Ottawa, with the result that the work of the enforcement officers here overlaps. First there is the Minister of Finance, then the foreign exchange control board, and then the Minister of National Revenue.

I am now going to ask my question. What happened? A form was sent out by an enforcement officer over here in the foreign exchange control board. I would like to know who Mr. C. A. Rowe is. This officer was appointed on June 2, 1947. Then, who is J. E. Rowe, appointed on September 22, 1947?

In order to obtain the information I wanted I had to ask these questions:

1. How many enforcement officers are employed by the foreign exchange control board?
2. Who are they?
3. What date were they appointed?
4. Where are they located?
5. What salary does each receive?

Naturally one would think that an official who is acting as part of a government organization would be recorded. I wanted to know if this was an honorary appointment. So what did I find? The answer was:

As the officers provided to the board are employees of the Bank of Canada, their salaries are not a matter of government record.

Here we have this document signed by C. A. Rowe. At that time the present Secretary of State for External Affairs was his chief. I did not know that; perhaps I should have directed my question to him.

This is where the administration is wrong. This letter was sent out, and let me point out where it is not quite fair. It is dated September 5, 1947, and, refers to the minister's statement:

In his statement of May 6, 1947, which was given wide publicity in the daily newspapers and over the radio the Minister of Finance announced that customs officials would be instructed to enforce the new permit regulations strictly and that prosecutions would be instituted in cases where Canadians have unlawfully accumulated United States funds or have attempted to export them without permit.

That letter was sent out on September 5, 1947. It was more or less protecting the

minister, and intimated that he had done the proper thing. I can only say again that the Minister of Finance did not do the proper thing.

I am sorry the Prime Minister is not here tonight, but even in his absence there is a recommendation I should like to make. It took me all last year to get this return of 168 pages. No one can tell me that an injustice has not been done. According to the figures given to the hon. member for Lake Centre a moment ago, in 1947 there were 347 cases, the collections were $10,991. This was retained. But they returned $17,000 in 321 cases. I have every one of those names on the list, and not many of them exceeded $50. That money should be returned on the ground that the minister erred in his judgment.

I say that because in December 1947, when Bill No. 3 was before the house, he saw his mistake. Why did he see it? Because he knew then what had happened. In January of 1948 he saw fit to advertise in newspapers across Canada. This is what he should have done the morning after he went on the air on May 26, 1947. The minister will find the details of the Renaud case on file. I do not know why he did not return the money. That woman was just as innocent as she could be. Can the minister tell me why the money was not returned? After he answers that, I should like to put another question. Can you answer my question first?

Mr. Abbott: Why does not my hon. friend address the Chair?

Mr. Kidd: It is all right, I will address the Chair.

Mr. Abbott: The hon. member was a Speaker in a legislature for years.

Mr. Kidd: I want to ask the minister, through you, Mr. Chairman, why he has not returned this money. There is another case that I read of only yesterday in the *Financial Times*. This case was not correctly stated by the foreign exchange control board. This man is a French Canadian, Mr. Peter Brunet, and when he was crossing the bridge en route to Ormstown, Quebec, the English-speaking officer asked him—he works in my constituency—what money he had. He told them he had $5. He thought they were asking him about United States money. They asked for his purse, and when he gave it to them they found $68 Canadian funds in it. They took $43 from him. That man was innocent.

That is why I find fault with the administration of the act. If we had the old trusted inland revenue men they would have told the man to leave the money there because they would know he was coming back on Monday morning. But what was done? These other officers put it in an envelope and sent it behind the iron curtain to the foreign exchange control board. The man was penalized and the money has not been returned. The minister knows both these cases and I am glad of this opportunity to bring them before him again. Will the minister state why these moneys have not been returned to Miss Renaud and Mr. Brunet.

Mr. Abbott: The details of these particular cases have gone out of my head at the moment. Many of these cases are brought to my attention, but I do recall my hon. friend took up with me these two particular cases. From the reports which I got from the officials of the board I came to the conclusion that there was no greater justification in these two cases for returning the money than there would be in several hundred others, and consequently the money was not returned.

Mr. Kidd: Who is Mr. Rowe and how long has he been appointed?

Mr. Abbott: I am afraid that I cannot give an answer offhand, although I can get the information. I cannot keep track of hundreds of employees in the Department of Finance and the Bank of Canada.

Mr. Cruickshank: Mr. Chairman, I have only been in the chamber a few minutes because I do not believe in sitting at seven-thirty. I think it is a lot of nonsense because no one is here. I heard what the hon. member for Lake Centre had to say and I agree with everything he said because he talks common sense. But I cannot go as far with the last speaker. If we are going to talk about each individual case involving $10 here and $10 there the bill will never get through. There are one or two ways in which I do not approve of the foreign exchange control. I do not know much about foreign or any other kind of exchange because I have never had any money except what I could borrow.

The other day the Minister of Agriculture said that he always spoke as a politician. I do not, because I do not know anything about politics. My riding borders on the United States and many of my people have to cross the line. There are one or two instances that I want to bring to the attention of the minister. Some of us in British Columbia are honest; we do not all come from the maritimes.

An hon. Member: Those are the ones from Saskatchewan.

Mr. Cruickshank: We are allowed $150 United States to cross the line. We may cross the line and being conservative, in the economic rather than the political sense, we save our money and bring back $75. Being honest people in British Columbia, particu-

larly in the Fraser valley, we turn in $75. Then when we want to go across the line later in the year we cannot get any money. The minister knows that that is the fact. We are not complaining about being allowed only $150 a year, but when we bring back $75—I never do because I happen to be married—we should be given credit. Unlike the Minister of Agriculture, I am not a politician but my riding borders on the United States and these regulations affect my constituents most unfairly.

Mr. Hatfield: An act was passed in 1946 permitting a person to have $100 United States currency in his possession; is that still in effect?

Mr. Abbott: It is $10.

Mr. Hatfield: When was the act amended?

Mr. Abbott: I do not remember the exact date, but I think it was the date referred to by the hon. member for Kingston City. I do not want to interrupt, but I indicated before dinner that unfortunately I can be here only for a short time this evening. I gather that the committee wants to discuss this measure for some considerable time. If we could finish in ten or fifteen minutes I could stay, but if not I should like to adjourn the debate and have the house go on to something else.

Mr. Fleming: I shall not be long as I am not going to go into details of cases, but there are one or two things I should like to say with regard to the administration of the Foreign Exchange Control Act.

I think there is on the part of the foreign exchange control board far too much of an attitude of distrust toward people in business. I am perfectly satisfied from what I have seen that there is too great a readiness to prosecute. There are many transactions where the regulations have been technically broken but where there has not been the slightest intent on the part of the individual involved to commit an infraction. I feel that there is far too great readiness to distrust the people involved instead of a willingness to sit down with them to discuss the problem.

In connection with the second aspect of the matter that I should like to discuss, I offer this illustration. This particular case involved a substantial amount and it actually resulted in the saving of considerable United States exchange. But the officers of the board considered there had been an infraction. I am satisfied that if there had been one it was purely a technical one. The officers and accountants and auditors of the board went into this place of business in Toronto and asked to see their books and vouchers. The head of the business readily agreed. He said: "You may make yourselves comfortable here. We will produce anything you want to see." The officers were not satisfied. They said: "We would like to take your books away. Have you any objection?" He said: "Certainly I have objection. You can take copies of anything you want. You can photostat anything that is here, but I am not going to have my books taken out of my place of business." They were not satisfied with that. Nothing was heard of them for several months, and then like a bolt from the blue in walked the R.C.M.P. with a warrant, seized the books, and a prosecution was launched. It seems to me, Mr. Chairman, that reveals a very high-handed attitude. If foreign exchange control must continue then I put the responsibility on the Minister of Finance to see that this high-handed attitude ceases on the part of the officials concerned.

In saying that, I am not going to underestimate the size of the task they have to perform. If we are going to have foreign exchange control, then of course there must be administration, and there must be enforcement, but I think just as important as the letter of the law is the spirit that is instilled into the officials responsible for the administration and enforcement. In that respect it seems to me, with deference, that the Minister of Finance and the chairman of the board could have a beneficial influence.

There is one other matter. I am still concerned about the possibility of the use of this measure for the purpose of regulating or prohibiting in some way or other the movement of goods. I do not wish to thresh old straw. We recall the assurance given to the house on this subject by the Minister of Finance on June 17, 1946, when he said, at page 2547 of *Hansard*:

> We have no intention of using this exchange control legislation to restrict anything but certain types of capital movement.

On that assurance the bill went to the banking and commerce committee of the house. A good deal has been said about what occurred before the banking and commerce committee of the other place, but some things of importance transpired in the banking and commerce committee of this house. I wish to mention briefly two passages in the evidence given by Mr. Rasminsky to the banking and commerce committee of this house on July 15, 1946. At page 55 of the record this question was put to him:

> There is one remark of Mr. Rasminsky's that I should like to ask a question about.

Then reference is made to it, and reference is made to sections 25, 26 and 27 of the act. Then this statement is made in the question:

> Surely it is not a complete answer to say that protection is provided in what are apparently intended to be the saving or reassuring clauses, section 25, subsection 2, section 26, subsection 2, and section

27, subsection 3. They do not go so far as to remove from the foreign exchange control board all regulatory power with reference to the movement of goods, currency and securities.

Then follows Mr. Rasminsky's answer:

I do think that the subsections to which you have just referred very definitely have this effect, that they make it impossible for the board to withhold permits for the import or export of goods except on two grounds, one, that the payment is not in a currency which has been specified as the appropriate currency for that transaction; and two, on the ground that there is an improper valuation placed on the transaction.

Mr. Rasminsky, the alternate chairman of the foreign exchange control board, said there were only two grounds on which freedom for the movement of goods could be refused under the provisions of the act. Again at page 57 there is this question:

In other words, the suggestion there is no regulatory power vested in the board with reference to imports at the expense of any power parliament now has in that regard, Mr. Rasminsky, was referring to the export and import of goods rather than securities and currency?

Mr. Rasminsky answered:

That is right.

We know what happened in November, 1947. This house is entitled to the assurance that the act is not going to be used again—or, more accurately, abused again—for a purpose that was specifically disclaimed by the Minister of Finance in introducing the measure, and by the alternate chairman of the board in giving his evidence in the passages to which I have referred. Before the bill is reported to the house I think the minister should be prepared to give assurance that, except in the two cases referred to by Mr. Rasminsky which are clearly within the terms of the act, the act will not be used again to restrict the movement of goods across the border.

It is unfortunate that there is not an opportunity provided now for a review of the whole administration of the act, and a review of the provisions of the act, as there was three years ago when the bill was before us. It is a great pity, because the provisions of this act ought to be very carefully scrutinized by the banking and commerce committee of the house in the light of nearly three years' experience under the terms of this statute. I think the banking and commerce committee would insist on a goodly number of amendments being made if the committee had the opportunity to make that review.

Finally, Mr. Chairman, the minister should give the house some statement as to his objective. It is not good enough to go on saying, "We believe that a need exists for the continuation of the measure; we are not prepared to say when the act should come to an end, and we are asking in the meantime for a two-year extension." We had statements of a similar nature when the bill was previously before the house, and I think the house ought to have a clear statement from the minister as to specifically what he is aiming at in that regard. His predecessor as Minister of Finance had this to say on June 17, 1946, in introducing the measure, at page 2547 of *Hansard*:

We hope—

He is speaking now of the character of the financial relations between nations.

—that it will be one which does not call for restrictive controls and we shall do everything in our power to bring this about.

Again on page 2547 of *Hansard* he said, following the passage I read earlier disclaiming any intention to restrict anything but certain types of capital movement:

We expect to be able to avoid any interference with current account transactions.

Will the minister give the house some statement as to what his objectives are? Surely the minister must be prepared to subscribe to freedom in this matter as the objective to which the house should be bending its efforts, to which the administration ought to be bending its efforts, and to which the whole purpose of the administration of this measure ought now to be directed.

Mr. Abbott: I think the latter part of my hon. friend's speech was directed rather more to the principles of the bill than to the details of the sections. I do not know that I can add very much to what I said in my rather lengthy speech last Thursday. As to what the government has in mind in asking for the continuation of this measure, in the disturbed condition in which we find ourselves today in the world I look on it as a sort of measure of national defence. I am firmly convinced that we need exchange control, and that we shall continue to need it for some little time yet; but as I have had occasion to say numerous other times when this legislation has been before the house, it is open to the government of the day or to parliament at any time to repeal this measure. It does not have to wait until it lapses by mere passage of time. There is not much, if anything, that I can add to what I said in my speech last Thursday as to the reasons why the government feels that it must ask for the continuation of this measure.

Mr. Fleming: Will the minister give assurance against the use of the act to limit the movement of goods across international boundaries?

Mr. Abbott: I am not going to give formal assurance as to anything. As the committee will recall, the foreign exchange control

order was used in November of 1947 to control the importation of goods into the country. As I stated frankly at that time, it had never been contemplated that power was contained in the act. In those circumstances I think it was very fortunate that it was there. Concurrently with the use of those powers we introduced into the house a specific bill which is now the Emergency Exchange Conservation Act, in which we put in statutory form the prohibitions and quotas on the importation of goods. I can certainly say, however, that the government has no intention at this moment of using the Foreign Exchange Control Act in that way. The committee will recall that in the Emergency Exchange Conservation Act there is a specific provision that its prohibitions and quotas cannot be increased except by a statute of this house. We can relax, but we cannot increase the prohibitions; I think the law will have to speak for itself.

Mr. Herridge: I intend to support this measure, but I should also like to express my support for the suggestion put forward by the member for Fraser Valley. I think it was a practical and reasonable suggestion. I also represent a border constituency in which there are a number of people who go back and forth to the United States. Under the present regulations the United States currency they have when they return to Canada is turned into the bank but is not credited to the $150 total United States funds they are allowed per year. If a person returns the unspent balance of this United States money to the bank, in my opinion it should be credited to the total of $150 a person is allowed. I ask the minister if it would be possible to change the regulations in this respect to give effect to that suggestion.

Mr. Abbott: I would be very glad to discuss it with the board. I do not see why it should not be done, but there may be good reasons for not doing it. I will certainly explore the matter. I am sorry, but I cannot stay any longer this evening. If the committee is not ready to report the bill, I shall have to adjourn the debate.

Mr. Kidd: Will the minister inform the house who this Mr. C. A. Rowe is, who was appointed—

Mr. Abbott: I will have to get some information as to that. All I can say at the moment is that he is an employee of the board. I do not know what his particular duties are or from where he comes.

Mr. Kidd: As long as the minister says he will inform the house—

[Mr. Abbott.]

Mr. Abbott: I will obtain the information and inform the house.

Mr. Smith (Calgary West): I think the minister should be allowed to leave, since he has an important engagement, and we can go on with something else.

Progress reported.

TRANSITIONAL MEASURES ACT, 1947

CONTINUATION OF CERTAIN ORDERS AND REGULATIONS

Hon. Stuart S. Garson (Minister of Justice) moved the second reading of Bill No. 86, to amend the Continuation or Transitional Measures Act, 1947.

He said: Mr. Speaker, in moving the second reading of this bill, an act to amend the Continuation of Transitional Measures Act, 1947, I should like to review and, if I can, to clarify some of the issues which have emerged in relation to it. Whatever he may think as to the continuance of the emergency up to the present time, no member will deny that during world war II a national emergency arose.

To deal with the problems created by this national emergency, the government introduced a number of economic and financial controls in respect to matters which it was admitted under normal peacetime conditions would fall within section 92 of the British North America Act and within the jurisdiction of the provinces. The government's authority to deal with these matters was not established by this parliament. It was established by the War Measures Act which was passed in 1914 to deal with a similar emergency created by world war I.

Section 2 of the War Measures Act, 1914, provides that the issue of a proclamation by His Majesty or under the authority of the governor in council shall be conclusive evidence that the war exists and of its continuance, until by the issue of a further proclamation it is declared that the war no longer exists. At the end of world war I the War Measures Act was not repealed and therefore, when world war II began, the government had only to proclaim on September 1, 1939, the War Measures Act of 1914 in order to eliminate all conflicts of jurisdiction between the provinces and dominion. This granted supremacy to the federal parliament to the extent that it was necessary to deal with the emergency of world war II.

Many harsh things have been said by our Progressive Conservative friends in this house concerning the orders in council now under

discussion and the alleged bureaucrats who administered them, including the alleged No. 1 and No. 2 bureaucrats, the Prime Minister (Mr. St. Laurent) and the Minister of Trade and Commerce (Mr. Howe). The leader of the opposition alleges that the present Liberal administration in connection with these orders in council has been guilty of centralization, dictatorial bureaucracy, and invasion of provincial rights, and I believe also of incipient totalitarianism.

Characteristically, he has not at any time taken the trouble to prove these serious charges. We of course emphatically deny them. Most of the orders in council complained about, which authorize all of this alleged bureaucracy, were passed under this War Measures Act of 1914, introduced by a Conservative government under the leadership of Sir Robert Borden and left on the statute books at the end of world war I by the Union government presided over by a Conservative. Order in council P.C. 8528, which is the key order, was drafted as a copy of an order passed during world war I under the War Measures Act, and the words, "unreasonable and unjust", stood the test of time from 1914 until they were somewhat disturbed by the decision in the McGinn case just a few weeks ago.

In saying this, sir, I am implying no criticism whatever of Sir Robert Borden or of the Conservative government in 1914. On the contrary, I say he was right in passing the War Measures Act and we have been right in invoking that act. It is the leader of the opposition and his colleagues in this house now who are wrong in criticizing us for invoking the act passed at that time.

At the end of world war II, the present government did not continue to act under the War Measures Act. As soon as the war ended, this government, which is now charged by the leader of the opposition with flouting the authority of parliament, came back to this parliament for authority for the transitional powers it required to carry on in the post-war years. This authority took the form of the National Emergency Transitional Powers Act, 1945, the preamble to which recites, among other things, the following:

> And whereas the national emergency arising out of the war has continued since the unconditional surrender of Germany and Japan and is still continuing;
>
> And whereas it is essential in the national interest that certain transitional powers continue to be exercisable by the governor in council during the continuation of the exceptional conditions brought about by war—
>
> —and it is preferable that such transitional powers be exercised hereafter under special authority in that behalf conferred by parliament instead of being exercised under the War Measures Act.

This is a very pregnant statement—

In other words, sir, the moment the war was over, instead of this government in any way disregarding the rights and powers of parliament, it ceased to invoke the War Measures Act and came back to parliament for authority to carry on during the post-war period. Thus when our Conservative friends rant in this house about restoring to parliament the powers of parliament, they completely ignore the fact that as soon as the war was over this Liberal government, true to its traditions of acknowledging at all times the supremacy of parliament, came back to this house for the National Emergency Transitional Powers Act, just as we now seek the passage of the bill which is now before the house. But what our friends of the Conservative party must not forget, I suggest with all deference, is that it is the majority of parliament which determines these matters and not the minority, no matter how noisy and truculent it may be.

After 1945, having secured the authority to carry on in the post-war period, this government came back in 1946 to call for an amendment to the National Emergency Transitional Powers Act of 1945. Then, in the further development of this policy of consulting parliament at all times for authority for each new phase of decontrol, in 1947 this government came back to parliament seeking the passage of the Continuation of Transitional Measures Act, 1947. To this act at that time was attached a schedule which, as it was originally presented—as the hon. member for Vancouver South (Mr. Green) said the other day—contained fifty-seven orders in council; but those had been whittled down to fifty before the bill got through the house. These orders in council —that is, the exact text of the orders in council themselves—were laid before the house in their entirety. Then, order by order and section by section, they were gone over by this parliament; and they will appear in the schedule to that act, with the amendments which were made by parliament to those orders in council indicated as part of the schedule. In other words, parliament approved these orders in precisely the same way that it would approve the sections of a statute. Any suggestion that the procedure followed was a secret procedure or a flouting of parliament is not in any way supported by the facts. More than that, by section 4 of this 1947 act, it was provided that in addition to these orders in council

set out in the schedule to this act of 1947—the terms of which orders in council had been approved of by parliament—the governor in council might revoke in whole or in part any order or regulation, but he could not amend any order or regulation. That means that far from parliament having delegated—as it has done on a number of occasions and as it is quite proper for parliament to do—legislative power to the governor in council, parliament in that bill did no such thing. It undertook itself to go over the exact terms of the orders in council; and by the terms of the act which this government introduced the governor in council was limited to the revocation of the orders but had no authority to amend them in any way.

Was this procedure a flouting of parliamentary authority? Did the consultation of parliament, year by year, take away from parliament's powers? Did the prohibition under section 4, which prevented the governor in council from amending the orders in council which parliament had approved and placed in the schedule to this act, give unto the governor in council any dictatorial, bureaucratic powers, as those words are used by the leader of the opposition? Did the duration of the act until not later than March 31, 1948, as provided in section 7 of that act—thus necessitating the government's coming back to parliament within approximately one year—indicate upon the part of this government a desire to destroy or prejudice parliamentary authority? Surely, Mr. Speaker, the answer to each of these questions is a resounding no.

Some hon. Members: Oh, oh.

Mr. Jackman: You will lose the C.C.F. support.

Mr. Garson: The leader of the opposition, this great John Hampden of Bay Street—

Mr. Smith (Calgary West): That is one for the book.

Mr. Garson: —in language reminiscent of—

Mr. Smith (Calgary West): Young Lochinvar came out of the west.

Mr. Garson: —the battlements—as a matter of fact he used the word "battlements". He was speeding to the battlements to protect parliament.

Mr. Green: That was the hon. member for Quebec South (Mr. Power).

Mr. Garson: No, no. In language reminiscent of the French revolution, tumbrils, barricades and battlements, he talked about restoring the powers of parliament. What powers, Mr. Speaker? What powers does he want to restore?

Mr. Graydon: Chubby Power.

[Mr. Garson.]

Some hon. Members: Hear, hear.

Mr. Garson: It is a great thing, Mr. Speaker, to have a sense of humour.

Mr. Speaker: Order.

Mr. Garson: However, my hon. friend may not have noticed that I was speaking in the plural. My hon. friend's interjection was in the singular.

Mr. Smith (Calgary West): Is that the best you can do with that one?

Mr. Garson: In reference to these matters, what powers during the last five years has parliament failed to exercise that it should have exercised?

Mr. MacNicol: Chubby Power again.

Mr. Garson: "Chubby Power" would be about as good an answer as my hon. friend could give to that question. Chubby Power is the answer. That is the only power that was not exercised. Certainly parliament did not fail to exercise legislative powers. In 1947, as I am informed, and as the leader of the opposition seems not to have been informed, this parliament went over not only the sections of the act but the provisions of the orders in council with more care than it takes with the average statute. As I have pointed out, having done so it prohibited the governor in council from amending these orders in council in any way. Although it is a commonplace thing for parliament to delegate to the governor in council legislative powers, the government on this occasion did not ask for that delegation and it was not granted. The orders in council were passed by parliament and they stayed as parliament had passed them, and were so administered and enforced.

Parliament delegated to the executive nothing but executive powers. Is it, perchance, the executive power that our hon. friends of the Conservative opposition want restored to parliament? If so, surely they have enough experience in public life to know that it is nonsense to suggest that parliament hires the administrators, accountants, and clerks to administer this law. Far from having ignored parliament, this government has gone back to parliament every year and not only has submitted to it, but the government itself has suggested, these limitations upon its own authority.

This, sir, is by no means all that this government has done to respect parliamentary authority and to accomplish orderly control.

From 1947 onward the government in its requests to parliament voluntarily has limited itself to the continuation of orders in council which parliament has seen and approved. From 1947 on, the government has been

deprived of any rights there might have been under the War Measures Act to pass any orders in council to deal with any other subject matters. Under the provisions of this War Measures Act, put on the statute books by the Borden administration, all that the government had to do was to carry on and invoke its powers in almost any direction. As soon as the war was over it came to this parliament and limited itself voluntarily to powers actually delegated by this parliament.

From 1947 until the present time this government has revoked thirty-eight of the fifty orders in council that appear in the schedule to the 1947 act. More than that, the ministers of this government have stated time and time again that the remaining controls will be lifted at the earliest time that it is safe to do so. In connection with at least one of these controls, namely, rent controls, a sincere effort was made in good faith to get the provincial governments, some of whom had been very jealous of their provincial rights, to exercise their provincial rights in relation to the subject of rent control. But strangely enough, when it came to doing something rather than merely talking about provincial rights, there was not the same amount of zeal about the exercise of them.

Mr. Zaplitny: What can you expect from a coalition?

Mr. Smith (Calgary West): The minister was running Manitoba at that time.

Mr. Garson: No, I was just ceasing to run it.

Mr. Knowles: You left it and several other things for Campbell.

Mr. Garson: To listen to my hon. friends of the Progressive Conservative party—

Mr. Smith (Calgary West): The socialists were talking to you just now. Do not mix us up with them.

Mr. Garson: There is not much danger of my doing so. Judging by the remarks of the hon. members of the official opposition one would think that the passage of this bill—indeed, this charge has been made—is for the purpose of continuing unlimited bureaucratic dictatorship which we have been exercising during the past several years.

Some hon. Members: Hear, hear.

Mr. Garson: They still think so—in order that we may centralize all the power in Canada in this government, in order that we may destroy provincial rights. Well, sir, under this bill we cannot invoke this continuing emergency to deal with any matter whatsoever, except those relating to the very narrow list now of goods and services, in respect of which an order of the wartime prices and trade board is in force at the time the bill becomes law. In other words, if we wish to exercise these wide, bureaucratic, dictatorial powers with which we are charged, the only way in which we can legally do so is to come back to this parliament, not by any of the bills which are before us, but by an entirely new bill, asking parliament specifically to grant us that power. Having regard to the fact that we have already brought down this bill, invoking for that purpose the continuing emergency, we would be in a very parlous condition to do so, and I should think it would be at least politically embarrassing, if not legally impossible, to invoke the same emergency the second time for other powers. Therefore, our powers are very narrowly limited, and any suggestion about widespread totalitarian dictatorial powers which flout parliament is just so much nonsense.

Mr. Jackman: Put it in statute form, then.

Mr. Garson: These are the facts upon which the leader of the official opposition relies, because they are the only facts upon which he can rely, to launch his hysterical charges of dictatorship against the Prime Minister and against this government, and his charges of servility upon all those hon. members who support the government's control measures. He says that the members of this government are "drunk with power". Drunk with power on the basis of what I have stated, of a very narrow limit of authority which is deliberately asked for and has been granted by this parliament from year to year.

Mr. Smith (Calgary West): That is the second best way to get drunk that I know of.

Mr. Adamson: They get drunk easily.

Mr. Gibson (Hamilton West): But not often.

Mr. Garson: I say this quite seriously to my hon. friends, who have a sense of humour which functions at times. I say seriously that charges, language and arguments of this kind are not such as to advance the prudent progress of public business or to develop good public policy or properly to care for and discharge the public affairs of this country.

In his remarks the other day the leader of the opposition said—and I quote his exact words so as not to misrepresent what he said—that he:

> . . . would be under the necessity of applying a short and harsh word to any of those who said that because his party had voted against this resolution that it was not in favour of rental control.

Well, sir, he and his colleagues in the official opposition have been at very great pains in

this house to establish upon the one hand that they are in favour of rental control, yet, sir, they vote against a resolution to introduce a measure to continue that rent control.

Mr. Cockeram: We want it by statute.

Mr. Garson: They have a perfect right to do that. But within half an hour of the taking of that vote, before a single hon. member could have emerged from this house to talk to any person as to what that party had done or what it had not done, the leader of the opposition was on his feet uttering threats that he was going to brand, presumably as a liar—I imagine that is the short and descriptive word—any person who had sense enough to draw from the vote the only possible deduction that could be drawn from it, namely, that the Conservative party was opposed to the continuance of rent control; for surely, sir, it must be obvious to the meanest intelligence that if all of the hon. members had followed the example of the Conservative party in the vote on this resolution we would not have had any continuance of rent control. That is the answer.

Mr. Graydon: You would have had to bring in a statute.

Mr. Garson: I suggest, sir, that such a worry, such a perturbation upon the part of the leader of the opposition within minutes after the vote had been cast, betokens a rather troubled conscience. Methinks, Mr. Speaker, the lady doth protest too much.

Mr. Knowles: He is no lady.

Mr. Garson: And, sir, my hon. friend's protests impress, and I suggest that his threats frighten, no one. He has used this short and descriptive word with regard to so many honourable, decent and often distinguished citizens, that it is almost a mark of distinction for him to admit others to their company. It is getting to be that no man in public life today can really claim to have arrived unless he has been called names by the hon. gentleman. It is like a picture by Karsh in reverse. The Karsh picture flatters, and the harsh names of my hon. friend offend, but they are both, with apologies to Mr. Karsh, the hallmarks of arrival.

Mr. Graydon: What section of the bill is the minister speaking on now?

Mr. Garson: I shall be very glad to answer my hon. friend. I am speaking on the statement of his leader that he would apply a short and descriptive word to any person who commented upon the vote that was cast by my hon. friend's party on this bill.

Mr. Graydon: What has Karsh got to do with that?

An hon. Member: The minister had his picture taken by Karsh.

Mr. Garson: My hon. friend the other day issued an invitation to the members of this house. He invited us to listen so that we might learn something about constitutional matters in Canada by no more complicated a device than listening to him.

Well, sir, I must say that for a man who professes to be such an expert in this field he portrays, in my opinion, on every occasion on which he speaks concerning it, a most superficial grasp of the principles involved. And as compared with those of the hon. member for Eglinton (Mr. Fleming), for example, or the hon. member for Stanstead (Mr. Hackett), or the hon. member for Lake Centre (Mr. Diefenbaker), his legal arguments upon it neither merit nor warrant a reply. His statements do not make sense even as to the facts. He says, for example, that if there be such an emergency as we allege, then that emergency could be invoked for the purpose of a wholesale invasion of provincial rights.

Mr. Jackman: Hear, hear.

Mr. Garson: And the hon. member says "hear, hear." What are the facts? With these powers which he says we have taken unto ourselves, what have we done? Over a period of years, since the Transitional Measures Act was passed in 1947, and even before that, we have followed a policy of continuous and orderly decontrol practised by this government, which is the very antithesis of any invasion of provincial rights. So that any suggestion such as the one that has been made, that this general emergency which we invoke as the basis for our law, is going to be seized upon for a wholesale invasion of provincial rights, is quite without foundation.

Even the very control which he says he is in favour of, namely rental control, has not been continued by this government until sincere attempts had been made to have the provinces take over this field, if they were prepared to do so. Does this look like an invasion of provincial rights? Does it support any of the extravagant language and the extravagant charges and accusations which my hon. friend has been making so freely at every stage of the debate on this bill? Certainly not.

He drags in, as he has dragged in on every possible occasion, whether it was relevant or not, the old chestnut which is just as incorrect this time as on every other occasion on which he has repeated it, to the effect that after the war the dominion government did not return to the provinces their taxing

powers. This, sir, I suggest is a statement and argument which is intended for consumption by the uninformed; because no one else would pay any attention to it. The constitution, of which my hon. friends are the stout defenders, gave to the dominion government from the very beginning, in 1867, completely unlimited taxing powers. The dominion government does not have to ask any provincial consent to impose any form of taxation.

Mr. Smith (Calgary West): What section is that?

Mr. Garson: May I tell my hon. friend that I am replying to the argument which the leader of the opposition (Mr. Drew) considered so relevant to this matter, which he introduced in the house, and which hon. members and Mr. Speaker permitted him to speak upon, and to which they listened.

Mr. Knowles: You are both out of order.

Mr. Garson: If that could be done, then surely we are at liberty to correct a record which has been left in the state in which he left it.

The facts are that during the war the dominion purchased from the provinces exclusive powers in the fields of income and corporation taxes by paying to the provinces good and valuable consideration fixed in freely negotiated agreements between the provinces and the dominion. During the period of the agreement the Drew government in Ontario accumulated an aggregate surplus on current account of over $46,800,000.

At the expiration of this agreement the provinces were offered a generous substitute for it, which substitute recognized and affirmed the provinces' constitutional rights to impose all these taxes if they chose to do so. Again, the provinces were free to accept or not to accept. Two of them, Ontario and Quebec, in point of fact did not accept. The wartime tax suspension agreements had been complied with to the letter, and any statement that the dominion failed to return to the provinces their taxing powers, Mr. Speaker, is just not true.

My hon. friend and members of his party are quite within their rights in a free country and in a free parliament to get up in their places and say that it was his—

—declared desire that the dominion-provincial conference of 1945-46 should succeed.

And in this he is precisely correct. It was his "declared" desire. The record is larded with pious statements to this effect. And he is also quite within his rights in the closing hours of the conference to demand as the price of its success $50 million more than all the provincial revenues, including dominion subsidies, before the war.

My hon. friend is quite entitled in a free country to say that he is entirely in favour of Newfoundland entering Canada; and his party, as he claims, in order to save the Canadian constitution, is entirely at liberty to vote against Newfoundland entering Canada.

Mr. Smith (Calgary West): Order, order.

Mr. Garson: He is entirely free in this issue—

Mr. Smith (Calgary West): I rise to a point of order. Surely this is not only irrelevant but it is miles and miles from anything connected with the bill we are talking about at the present time—as is 90 per cent of what the minister has said.

Mr. Garson: In some respects I quite agree with the hon. member for Calgary West (Mr. Smith). But I am replying to the arguments made by his leader in this debate, and the hon. member for Calgary West should have been more assiduous when the subjects were first introduced in calling the house to order.

As I was saying when I was interrupted by my hon. friend—

Mr. Smith (Calgary West): I want a ruling on my point of order.

Mr. Speaker: Order. I am listening to the minister. If I thought he was out of order it would be my duty to intervene, and I would intervene.

Mr. Garson: I say that it is—

Mr. Smith (Calgary West): You are in order. Mr. Speaker said so. Everything is all right.

Mr. Garson: My hon. friend the leader of the opposition is entirely free in this issue now before us to say that he and his party favour rent control, and he is entirely free to vote against the resolution which would continue it.

But, sir, I think he will find as time goes on, before he gets finished with these manoeuvres, that the Canadian citizens are too intelligent to be taken in by these conflicts between his words and his deeds.

An hon. Member: Give them a chance.

Mr. Garson: And, this being a free country, they will not be deterred from saying what they think about it by any threats about the use of a short and descriptive word. They will be more disposed to consider his opposition in the light of the fact that the authority which this government has exercised under the War Measures Act of the Borden government has been exercised at all times with a

scrupulous regard for the rights and privileges of parliament.

An hon. Member: No.

Mr. Garson: My hon. friend says that is not true. Thank goodness in a free parliament he will have the opportunity shortly to get up and prove that it is not true, if he can.

Immediately after the fall of Japan this country went to parliament and secured the National Emergency Transitional Powers Act, which has been subject ever since to annual review by parliament.

As I have pointed out, not only has parliament determined the text of the orders in council under which the governor in council has acted since 1947, but the government in acting under those orders in council has carried on an orderly, and latterly an accelerated, decontrol which is still continuing. This government is committed to decontrol, even in respect of the residual controls that are being maintained, as soon as it is safe to do so.

Finally, the fact that two of the opposition parties in this house have supported this bill in its different stages is eloquent tribute to the rightness of the government's action in asking parliament to pass it.

Mr. A. L. Smith (Calgary West): Mr. Speaker, I had not intended to take part in this debate and I would not have done so except for the splendid schoolboy essay just read by the Minister of Justice (Mr. Garson).

Some hon. Members: Oh, oh.

An hon. Member: His master's voice.

Mr. Smith (Calgary West): I would like to hear you all, so I would ask you to speak one at a time. That would be much better. I do want to compliment the minister upon the splendid reading he has just given us. I intend to deal with just two or three things, and I shall deal with the major one first.

The minister has told us that this government has been so generous and kind to us in the opposition and so careful of the interests of the people of the country that they brought this thing back year after year in order to get parliament's support. Of course the answer to that is that the legislation within itself contains the provision that it is only for one year. Therefore they had to come back under the legislation and not through the great kindness that lies in the hearts of members of the cabinet. In fact, in times gone by, it was urged that it should be passed as it was only for a year, that at the end of that time it would probably die a natural death. That takes care of that part.

[Mr. Garson.]

Then the minister says that they have eliminated these various things. I ask this simple question even of my impatient brethren across the road, and I assure them that I will not be very long: After the government control over steel, lumber and farm products, what is there left? That takes in the total economy of this country. It may be that there are other industries, other efforts and other energies expended in dealing with other things, but without those three your economy stops dead. A year or so ago we learned that you do not need a general strike in Canada to stop our economy, that all that was needed was a strike in a basic industry.

Dealing now with this matter of rent control, short words and that sort of thing, I suppose the minister was referring to what we usually term as being short, ugly four-letter words or something of that kind. What does it amount to? On the occasion when there were fifty-seven varieties it was put up to this parliament, as it is put up now with the twelve varieties, that we must accept the whole package or go without. We on this side do not and will not accept that sort of judgment. We will not compromise with ourselves or with our people and say that because A, B and C are good, D, E, F, G and so on are bad; that we are going to compromise and vote for all things because there are two or three good ones wrapped up in the package. That is exactly the position that we are taking at the present time and in so far as I know will continue to take as long as we are here.

Mr. Garson: Could the hon. member inform the house what the bad things are?

Mr. Smith (Calgary West): I shall answer the minister's question and deal immediately with two of the things which are bad. I shall read from the orders in council dealing with steel and lumber and then I shall ask the minister if in his judgment and wide experience he thinks that the government needs the powers given in those orders in order to carry out the things the Minister of Trade and Commerce (Mr. Howe) has in his mind. I think that is a fair suggestion. I brought down these books thinking that we might be in committee, when I intended to ask the Minister of Trade and Commerce about this. But since we have this volunteer across the road perhaps I might mention them to him.

I am reading from the statutory orders and regulations, volume 1, 1946, beginning at page 131. I do not want to read all the order in council, but later on I shall read from page 133. Paragraph (c) reads:

To enter on, take possession of, and utilize any mine, land, plant, factory, mill, refinery, smelter,

foundry, warehouse, building, or place or any equipment used or capable of being used for the purpose of producing or dealing in or with steel and to deal in or with or take possession of any vehicles, cars, ships, locomotives, or other equipment deemed by the steel controller to be required or useful for the operation of any such mine, plant, factory, mill, refinery, smelter, foundry, warehouse, building, or place and/or for producing or dealing in or with steel or equipment; provided that any order of the steel controller made under the powers vested in him by this paragraph (c) shall be subject to any conflicting valid order of the transport controller appointed by the governor in council on the recommendation of the Minister of Transport.

That is only one paragraph of about twenty. Then the definition of "dealing in or with" is given in paragraph (d), which reads:

"dealing in or with" shall include buying, selling, leasing, hiring, exchanging, acquiring, importing, exporting, storing, supplying, delivering, operating, transporting, distributing, shipping, conveying, installing, allocating, consuming or using and "deal in or with" and "dealt in or with" shall have corresponding and similarly extended meanings.

I will not read the definition of steel, but it covers everything that has any ferrous metal in it. My recollection is that ferrous means "pertaining to or derived from iron", so it would mean anything with a component part containing some iron. Under this the government could go and take a farmer's tractor away from him if it was thought it were needed in some little business engaged in dealing in or with steel. There are many more paragraphs. I am going to stop and ask the minister now whether he thinks that, with regard to the present emergency as to steel, the government needs the powers I have read in that one paragraph. Does he think so?

Mr. Garson: I have no hesitation whatever in saying that I think none of my hon. friend's remarks are substantially relevant to the matter under discussion.

Some hon. Members: Oh, oh.

Mr. Garson: They are not substantially relevant to the matter under discussion, and when I close the debate I will take the occasion to deal with them.

Mr. Graydon: You are running out on him.

Mr. Smith (Calgary West): May I thank the minister for his great generosity in telling me that he will put his boys to work and probably find an answer to what I have said, and that he will let me know what the answer is when that time arrives. May I say that under that order there is a steel controller, an associate steel controller, a deputy steel controller, all of whom may depute other persons who may do all of these things. Discretion is completely given to these individuals to do all the things that the controller himself is entitled to do, and the only appeal is to the controller himself. Then again all these individuals have the most complete protection from actions, and so on; no matter how wrongful their acts may be they have complete protection under this statute. When the minister is boning up on his reply I wonder if he would include that part of it in the answer he is going to make.

Mr. Garson: I shall be very glad to do so.

Mr. Smith (Calgary West): Then I will say a word or two about lumber. I think the difference between lumber and steel is that there is no associate controller. There is only a timber controller and a deputy controller. I said that I was not going to be long, and I mean that. Therefore, without going into all the various regulations, and under one paragraph they run from "a" to "s", I think it fair to say as to the lumber situation—and I hope you will correct me if I am wrong—that the powers are practically the same as those with respect to steel.

Why have I put that forward, Mr. Speaker? Because it seems to me that we have argued, and I think validly argued, that if there be an emergency requiring certain things these matters should be dealt with differently. As I understood it, the explanation of the Minister of Trade and Commerce (Mr. Howe) had to do largely with priorities, and had to do largely with saying that we need this type of manufactured steel rather than that. I think I am correctly stating what the Minister of Trade and Commerce said. Therefore I come back to what the Minister of Justice said, which was that they brought this emergency business, these controls by order in council, before parliament each year, and I say to him, Why has he not studied these various controls to eliminate from the orders in council to which I have just referred the powers that they do not need to take care of present needs, even accepting their word for what those needs are?

Remember, Mr. Speaker, that in this same bill we have controls on certain products of agriculture. I mean prices of agricultural products. Let me repeat for the last time tonight, and if I have the strength I will continue to do so, that we are prepared to consider, to receive, and to support certain controls, rent control if you like, if it is brought to us as a bill, as a statute or as an order in council where the rights of landlord and tenant are clearly set out, and which is not subject to change every few weeks as rent control has been. Then we will support it with a good heart. But we will not under any circumstances, and I hope we never shall, take a great large package of twelve things running from butter through timber to steel, and support that or get nothing. As far as I am concerned, I intend to oppose the measure, and I have no hesitation in doing so.

Is it laziness? Is it inattention? What is it? The minister said a moment ago that this decontrol was progressive. Let it progress to the place where we may deal with those essential items in our economy one at a time. Let us find out the necessity in the particular case and vote on it accordingly, rather than have this grab box handed to us with a game of bingo to support it, because that is about the only reason that has been given by the minister up to this time.

Mr. Howe: Will my hon. friend permit a question?

Mr. Smith (Calgary West): Oh yes, indeed, but do not make it too long.

Mr. Howe: During the eight years in which these two orders in council have been in force has he ever heard anyone complain about the injustice of their operation?

Mr. Smith (Calgary West): Oh yes, many, many times.

Mr. Howe: Can he give me one instance?

Mr. Smith (Calgary West): I can give you many. May I congratulate the minister and say to him that he does not overstep the mark and does not intend to. But many of his officials who are enforcing these regulations do so.

Mr. Howe: You are quite mistaken about the latter.

Mr. W. Ross Thatcher (Moose Jaw): I listened tonight with a great deal of interest to the minister and to the hon. member for Calgary West (Mr. Smith). I think first of all, if I may say so, that the member for Calgary West, with his usual eloquence, was flogging a very dead horse. The bill before us today is a vital one, because it brings parliament face to face once again with what is probably Canada's thorniest domestic problem. As we begin this debate I think there are two significant facts which have developed. I think this may be remembered as a historical night. It will be remembered as such a night because, when the bill is passed, it means that Canada has virtually come to the end of the road as far as controls are concerned. We have been led down the last lap of the route leading to complete decontrol. This night will go down in the history of Canada secondly because George Drew, the hon. member for Carleton, has won his first major political victory, in making the government prematurely throw out all these controls.

The insidious—I do not know whether that word is parliamentary—pressure of the Conservative party has culminated tonight in forcing the government to sacrifice the interests of the average Canadian to the interests of a few privileged citizens. Those are the two significant points in this debate so far.

I hope that hon. members, even on the government side, will yet consider the matter very carefully before they pass the bill because I think they should keep in mind that in the last three and a half years the cost of living index has gone up forty points.

An hon. Member: What about wages?

Mr. Thatcher: I am talking about the cost of living index. I will come to wages in a moment. On August 1, 1945, the cost of living index stood at 119·6, and today, with pretty well all controls removed, it stands at 159·4. I am not going to go again over all that has been said on the resolution. All I want to say with increased emphasis is that the average Canadian has been hurt by decontrol, particularly those in the low-wage income groups, and more particularly pensioners. I think that the inflation I have mentioned indicates, beyond any reasonable doubt, to any reasonable man that parliament so far has failed to deal effectively with the cost of living problem. For a number of years the government has been content to drift along, to hope that something will turn up, to hope that prices will go down of their own volition. I think ultimately prices will come down, but in the meantime a great many people will have been hurt, and hurt unnecessarily. This very stubborn government attitude has benefited primarily only one segment of Canadian society and that is the business and commercial interests.

The other night the member for Rosetown-Biggar (Mr. Coldwell) pointed out that, in the period between 1945 and 1947, profits after taxes of 655 of Canada's largest corporations went up 64 per cent, while in the same period the cash income from farm produce went up only 17 per cent. The member for Comox-Alberni (Mr. Gibson) asked me about wages a moment ago, and I should like to tell him about wages. For instance, in the iron and steel industry—I am sorry I cannot tell him about the lumber industry—weekly wages rose in the period I have mentioned about 9 per cent while profits for that industry rose 66 per cent; in the pulp and paper industry wages went up 23 per cent but profits only 247 per cent. One could give other examples. In almost every case, profits rose much more rapidly than wages.

By means of Bill 86, which is before us tonight, the government is asking parliament for authority to continue certain controls and regulations for a limited period. I suppose we must take it that this is the government's 1949 answer to the cost of living problem. I remember that a year ago this

house was discussing the same problem and had before it a bill of a somewhat similar nature. I remember that even at that time the cost of living was causing concern throughout the country. Every hon. member will recall having received thousands of petitions from protesting citizens, labour unions and the like. All members will also recollect that, about a year ago, the Institute of Public Opinion conducted a poll, which revealed that the majority of Canadians desired the reimposition of some controls.

When Bill 136 was introduced a year ago, those were the circumstances. That bill was quite different from this bill, as the Minister of Justice (Mr. Garson) pointed out. The bill of a year ago gave parliament the power to reimpose controls over the whole broad field if it deemed it necessary. I think it would be fair to say that most hon. members expected, when they gave the government those very wide and comprehensive powers a year ago, that the government would use them to fight inflation. I recall the member for Bonaventure, I think it was, a government supporter, speaking in the debate. He said that drastic measures should be taken immediately in order to bring the cost of living index back to where it was in 1946. He said we could not rely upon time and laissez faire to solve this problem, and price ceilings should be reimposed immediately on timber and basic commodities. A Liberal member said that. I believe there was an indication a year ago that parliament and the country expected the government to use the powers it was given in Bill 136. The country expected some action from the government. But in the past twelve months the government has stubbornly refused to do anything about reimposing controls where it was necessary.

On the contrary, while still piously professing to follow a policy of orderly decontrol, the government has been removing subsidies and controls just as rapidly as they dared in the face of public opinion. Hundreds of controls have been eliminated in the past year and there are almost no subsidies left. In other words, instead of using the powers given in Bill 136 a year ago, the government has practically scuttled the whole system of controls and subsidies. The result, of course, has been a very substantial increase in the cost of living.

Rather than take any tangible action as they were empowered to do, to reimpose controls, in February, 1948, the government set up a parliamentary prices committee. The C.C.F. attitude towards that committee was very clearly expressed by the member for Rosetown-Biggar (Mr. Coldwell) at page 761 of *Hansard*, when he said:

> . . . we are of the opinion that, in the present crisis in Canada, the people demand not the establishment of a parliamentary committee, but rather some effective step to meet the situation.

When the government refused to take specific action, we did participate in the committee. We did our best to make that committee a reasonable success. Some of our members spent a good many hours on that committee. We knew in advance that the committee could not possibly succeed in lowering prices because its powers were so limited. The only power that the prices committee had was the power to talk. Even if it found acts which were anti-social, there was nothing it could do about them. Thus while the committee sat, prices continued to rise. The members of the committee sat back impotent and helpless; we were restrained from any concrete action by our limited terms of reference.

However, I am not going to say much more about the prices committee except that after sitting for months, and after having heard mountains of evidence, a report was finally brought down in this house. I think it would be fair to say that the Minister of National Health and Welfare (Mr. Martin) and his government supporters brought down those recommendations. We who were in opposition could agree or disagree with them as we saw fit, but they were brought down by the minister. I suppose those recommendations were made in the belief that, if the government implemented them, perhaps something could be done to bring down the cost of living. I think that was about nine months ago. If the government was sincere about wanting to do something to get prices down, surely ample time has elapsed.

I am not going to be very long, but I suggest we look at some of the recommendations of the prices committee for a moment. Recommendation one urged the setting up of a special commission to continue the work of the parliamentary committee. Before I pass along, I might say that that commission is still sitting. I understood it had finished its work before parliament opened this session, but it is still meeting, and I suppose the members are together drawing $100 or $200 per day of the taxpayers' money. I do not know why it is taking so long to bring in this report, and I think it is shameful that this debate should have to be carried on without benefit of the findings of that commission.

However, recommendation one called for the setting up of a royal commission. In setting up the commission, the government rendered that recommendation useless in advance because the only thing the royal commission could do was talk. If the report of

the commission is brought down, I hope something will be done about it; certainly the commission has not brought down prices.

Recommendations four and nine were really window dressing. Recommendation four concerned the relaxation of the ban on fruits and vegetables. Recommendation nine concerned the removal of the twenty-five per cent excise tax. Those measures would have been carried out whether or not the prices committee recommended them, and they were simply introduced to get the government out of a jackpot. They had imposed a ridiculous tax which the people resented and something had to be done about getting rid of it.

So far as I can ascertain, the remaining recommendations have been more or less ignored. Nothing has been done about them. For instance, recommendation number two is that the work of the combines investigation commissioner should be accelerated and extended and that he should be given more funds with which to work. In my opinion that is an excellent recommendation. Time and again we are finding that when the commissioner does bring in a report on a combine, whether it is a bread combine or a dental combine, the legislation is too weak to support the report and the court throws it out. The commissioner cannot do anything about it. If the government is sincere about reducing the cost of living, why does it not bring in effective legislation to make the combines act work, and accomplish something for the people of Canada? Recommendation three was also a good one, that existing legislation be amended—

so that immediate specific action can be taken where the evidence discloses flagrant cases of profiteering at the consumers' expense.

Nothing has been done to implement this recommendation, as far as I know.

I think recommendation five is a significant one, that the government should consider—

restricting price rises by special taxation of unreasonable profits.

Again, nothing has been done. I wonder why nothing has been done about that recommendation? I think of the Nicolet-Yamaska by-election and I think of the February 12 issue of *Time* magazine. I quote from that particular issue as follows:

The Liberals went all-out in support of lawyer Paul Trahan, 40, with $135,000.

That was campaign funds. I have always believed that it was my hon. friends to my right that were financed by the industrial interests of this country; but I am beginning to wonder whether the Liberal party also does not do too badly in that respect. If the statement of *Time* magazine is correct—and I have not heard it denied in this house—that $135,000 was spent in one constituency for campaign expenses, surely the Minister of Justice (Mr. Garson) should start some kind of investigation. I do not know how the Liberals could spend that kind of money unless they were handing gifts around in some manner. Mr. Power perhaps has a good idea how the sum was spent.

Mr. Mitchell: My hon. friend must believe in fairies and Christmas trees when he makes a statement like that.

An hon. Member: Santa Claus talking.

Mr. Thatcher: I am quoting from *Time* magazine. I may be wrong, but that is what it says. Maybe that is why recommendation five has not been implemented.

What about recommendation six, that the government should amend the Companies Act to institute a "uniform system of business accounting" so that excessive profits cannot be so easily concealed? That was a good recommendation, but again nothing has been done about it. And so one could go on down the list, but I will not take up the time of the house to do so. Hon. members can read for themselves the report of the prices committee.

In other words, Mr. Chairman, after this committee was set up; after hundreds of thousands of dollars of the taxpayers' money was spent, at least $200,000 between the two of them; after our leading businessmen were called down here from all over Canada and cross-examined; and after a great deal of the time of the members of parliament was wasted: the government pays absolutely no attention to the recommendations which were brought down by that committee. I say that fact must indicate to the people of Canada that the government cannot be particularly interested in taking concrete action which will bring prices down.

Early in the proceedings of the committee I remember the minister of health (Mr. Martin) making this statement. I know he will remember it.

Mr. Martin: I remember everything that the hon. member said.

Mr. Thatcher: I am sure the minister will remember this. He was speaking about the committee members and he said:

I am sure that they will not permit it to be used as a smoke screen. They will not permit it to be used as a means of delaying action.

I think it is fairly obvious to the people of Canada today that the committee was used as a smoke screen, and that it was used as a means of delaying action. Perhaps my time is much less valuable than that of many other members of this house. I will not attempt to deny that. Nevertheless, I am not

anxious to have that time completely wasted, as it apparently was on the prices committee.

I remember when I first came down here about two years ago the government set up a flag committee. I wasted about seventy or eighty hours on that committee. We finally chose a Canadian flag and we brought a report onto the floor of the house. That is the last I have heard of that Canadian flag.

My friend the hon. member for Comox-Alberni (Mr. Gibson) and certain other members have been sitting on the Indian committee for about three years. That Indian committee in my opinion should be now ready to do something for the Indians. But we find that little has been done. I say to you, Mr. Speaker, and through you to the government, that the government is far too prone to use committees and royal commissions or something of that kind to divert public attention from the fact that it has not done anything about a particular problem, or that it does not want to do anything. I suggest that is what has been done with the parliamentary prices committee.

The bill which is before us, namely Bill No. 86, has been called a "control bill" by some of my hon. friends. I suggest that actually it is nothing of the sort but is a "decontrol bill". As I said a moment ago, it is a bill which is leading the Canadian people prematurely down the last lap of the road leading to complete decontrol. I say that this bill is one which virtually abandons any degree of economic planning in Canada.

I have been much surprised to hear the Minister of Justice speak as he has in the last few days. He has been arguing with my Tory friends that a great emergency exists. He says we must have these controls because the war emergency is still on. If the war emergency is still on, I ask this question: Why on earth is he taking off all the controls?

Neither can I understand the attitude of my hon. friends to my right. Tonight they have won a victory. Tonight I say that 99·9 per cent of the controls have gone down the drain; still they are complaining to the government that not enough controls have been taken off. The once great Liberal party used to be known as the party of reform. It used to be known as a party which, generally speaking, would try to legislate for the benefit of the greatest number of individuals in Canada. But, Mr. Speaker, it looks to me as though that is no longer true. More and more often we are finding the Liberal party legislating for a small group or for certain interests in Canada.

Mr. Knowles: Taking a cue from the Tories.

Mr. Thatcher: I want to give my hon. friends a warning. I am sure the Minister of Reconstruction and Supply (Mr. Winters) will take this warning in the vein in which it is given. I do not think that the people of Canada want the Liberal party to out-Tory the Tory party. If they try to continue to out-Tory the Tory party, as apparently they are trying to do in this bill, I think that in five years the Liberal party in Canada will have gone the same way as the Liberal party in England has gone; that is, into oblivion. In the opinion of this group, Bill No. 86 is wholly inadequate to cope with the high cost of living. Moreover, from our past experience, we doubt that the government is anxious to even continue the controls they have in this bill. Probably they will drop them in a few months. In our opinion this bill is a relatively empty gesture made to appease public opinion. I am sure the Minister of Justice tonight must feel somewhat like that Canadian murderer who, in one of our penitentiaries, was stepping up to the gallows. The murderer turned to the executioner just before the trap was to be sprung, and as the noose was being put over his neck said: "This is going to be a great lesson to me." I think the minister should bear that story in mind, because we have an election coming up, and I do not want to see him in the position of the man who was being hanged—having to tell the Canadian people that it is going to be a great lesson to him. This group does not want price controls or price ceilings for one minute longer than they are necessary. As soon as prices start to go down fairly well, we should like to throw out controls. But until that time arrives we think that price ceilings and controls should be reimposed where necessary, at least on basic commodities.

Mr. Donald M. Fleming (Eglinton): I should like to go back, Mr. Speaker, to the speech made this evening by the Minister of Justice (Mr. Garson). Only he could have made it. That speech could not have been made by anyone who had sat in this house during the four previous sessions in the life of this parliament, because the review of the history of legislation with which the minister introduced his speech, and which occupied much of the time of his speech, was very inaccurate history indeed. I wish to set the record right to begin with tonight, because it would be a great mistake if the record which was given to the house by the Minister of Justice (Mr. Garson) ever by any stretch of the imagination came to be regarded by anybody as an accurate account of what happened.

The minister began with the War Measures Act, and then he said the moment the war

was over the government ceased to operate under the War Measures Act. Mr. Speaker, that is not a statement of fact. That is a statement which is at variance with the fact. Then he went on to talk about the bill which was introduced in 1945. I want to go back to the fall session of 1945. The bill which eventually became law in 1945 was not the bill which was originally introduced by the government. The bill which was originally introduced by the government was Bill No. 15, which was to be known as the National Emergency Powers Act, 1945. The minister completely glossed over this. Whoever wrote that speech for him had not told him about this essential feature of the history of the legislation because, Mr. Speaker, this legislation was so shocking in the powers that the government sought thereby to usurp at the expense of parliament that an outcry arose from one end of this country to the other. The powers that the government sought in this measure exceeded those which the government possessed under the War Measures Act. It is high time that the Minister of Justice made himself acquainted with the terms of Bill 15, a shocking bill, because by that bill the government sought at the hands of parliament powers as broad as these:

3. (1) The governor in council may do and authorize such acts and things, and make from time to time such orders and regulations, as he may, by reason of the existence of the national emergency . . . deem necessary or advisable for the security, defence, peace, order and welfare of Canada.

Then it goes on:

And for greater certainty, but not so as to restrict the generality of the foregoing terms, it is hereby declared that the powers of the governor in council extend to all matters coming within the classes of subjects hereinafter enumerated, that is to say:...

Bear in mind, Mr. Speaker, they are given power to do everything that was considered necessary or advisable arising out of the national emergency. What follows is not exhaustive; it is exemplary:

(a) production, manufacture, trading, exportation and importation;

(b) foreign exchange;

(c) transportation by air, road, rail or water;

(d) supply and distribution of goods and services, including the fixing of prices;

(e) employment, including salaries and wages;

(f) appropriation, control, forfeiture and disposition of property and of the use thereof, including the control of rentals and occupation;

(g) entry into Canada, exclusion and deportation, and revocation of nationality;

(h) imposition and recovery, in connection with any scheme of control contained in or authorized by orders and regulations, of charges payable to the Receiver General of Canada or into such fund or account as may be ordered.

That bill did not pass, Mr. Speaker, but it was a measure of the mind of the government.

[Mr. Fleming.]

Mr. Garson: What bill is my hon. friend quoting from?

Mr. Fleming: Bill No. 15.

Mr. Garson: What book is my hon. friend reading from?

Mr. Fleming: The bills of the second session of 1945. That bill, Mr. Speaker, contained the mentality of the government with reference to the powers that it sought to take from parliament in 1945. The hue and cry was such in this house and elsewhere that it found its place into the deliberations of the dominion-provincial conference then in session. It may have escaped the recollection of the hon. gentleman, but the premiers of the provinces then assembled made it quite clear to the Prime Minister of that time that they would not consent, that they would not continue to deliberate with the federal government, if the federal government, by a measure of that kind, was going to trample underfoot the constitution of this country and usurp powers, not only powers which belonged to parliament, but powers which are reposed by the constitution of this country in the legislatures of the provinces. It was under a stream of protest, Mr. Speaker, that the government had to yield and withdraw that iniquitous Bill 15.

Such was the mind of this government, Mr. Speaker, that they were determined to usurp everything that they could, and with a submissive majority in this house they were able to take from parliament in a bill which did become law, and is chapter 25 of the statutes of the second session of 1945, the following powers as enumerated in section 2, which reads as follows:

2. (1) The governor in council may do and authorize such acts and things, and make from time to time such orders and regulations, as he may, by reason of the continued existence of the national emergency arising out of the war against Germany and Japan, deem necessary or advisable for the purpose of . . .

Then there is a series, and (c) reads thus:

(c) maintaining, controlling and regulating supplies and services, prices, transportation, use and occupation of property, rentals, employment, salaries and wages to ensure economic stability and an orderly transition to conditions of peace.

This government wanted absolute power, Mr. Speaker. It wanted all the powers that are reposed in parliament, and it wanted all the powers that are reposed by the constitution in the legislatures of the provinces. That is what this government wanted, and that is the shameful record that the Minister of Justice has the effrontery to stand up in this house tonight and defend, when he says to this house that the moment the war was over this government ceased to act under the War Measures Act, and that it came forward and

did things in a statutory way. What did it do, Mr. Speaker? It took from parliament powers that no government that has any sense of responsibility to the constitution or to the people has any right to demand in time of peace.

That was 1945, Mr. Speaker, and the minister has said that the government came back to parliament in connection with each phase of decontrol. It is too bad that whoever wrote the minister's speech did not take the trouble to give the minister the facts, because the next time that the government came back to parliament was in 1947. And what a proposition it put up to parliament on that occasion! It said: Here are fifty-seven orders in council. It is too much trouble for us to bring in proper bills. We like these orders in council. We have been operating under them, and we have our boards and commissions set up to operate under them. We do not like to make any change. Therefore, parliament, will you be good enough to give statutory effect to these fifty-seven orders in council?

I am going to suggest to the Minister of Justice, Mr. Speaker, that he go back and read that bill, because he told the house tonight that these orders in council were set out in the schedule to the bill. That is not the fact. All that the Minister of Justice, or anybody else, can find in the schedule to the bill is a series of numbers and dates. This house has not yet put its imprimatur upon any official version of the orders in council to which it was called upon to give statutory approval in 1945. All that the house was given, all that you will find in the bill, Mr. Speaker, is the numbers of the orders in council and the dates, and then there are—

Mr. Garson: Will my hon. friend permit a question?

Mr. Fleming: I have not much time.

Mr. Garson: I shall make it as brief as possible. If what the hon. member says is correct, how does he explain the fact that in the schedule to this bill of which he is speaking, as it was passed, there are indications that the wartime prices and trade board orders in council were amended in many particulars, with the regulations of the corporation and so on?

Mr. Fleming: Surely to goodness the Minister of Justice could not have been paying very close attention to what I was saying. I have just said that the text of these orders in council is not set forth in the schedule to the bill, and all that the Minister of Justice, or anyone else, can find by way of text in the schedule of that bill is the text of half a dozen amendments. This house was not given—

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

Mr. Fleming: —an opportunity to put the text of the orders in council in the bill. I asked the Minister of Justice at that time to put the orders in council in the bill as a schedule. He said: Oh, no; we will do nothing but put the numbers in. And, Mr. Speaker, no one who wants to know the law today, whether about the fifty orders in council that became law under that bill, or about the twelve orders in council that exist today, will find it in the statute books. He will not find in this enactment of the parliament of Canada the text of the law that parliament was then enacting. He must go to the privy council office and try to find there what are the orders in council which are referred to by number and date in this legislation, and that act of 1947 is to be continued today. It is too much trouble, Mr. Speaker, for this government to act in the sensible, proper legislative way. It is too much trouble for a government that has become accustomed to ruling by order in council to bring forward measures and to show parliament the courtesy, or at any rate to do parliament the justice, of putting before it the text of what it is being asked to legislate.

And that same situation prevails today. The Minister of Justice (Mr. Garson) has referred to my leader, shamefully, as the John Hampden of Bay Street. Who is his leader? Surely, Mr. Speaker, in the record I have given you tonight you have the mentality of those who occupy the treasury benches and wielded this omnipotence during the war. And it is to that company that the hon. gentleman has now succeeded.

Let me tell him, if he is talking about people on Bay street, that he had better make sure he has first cleared up or cleaned out the nest of the government. He had better start with the Prime Minister (Mr. St. Laurent). When he is talking about big interests he need not look at my leader, because my leader was never part and parcel of big interests. He never was.

Some hon. Members: Oh, oh.

Mr. Fleming: He never was a bank director, he never was a director of a trust company, or of companies, like the right hon. gentleman who leads the government today. And if you are looking for representatives of big business or those in this House of Commons who represented big business before they came here, then let the Minister of Justice

page the Prime Minister. There is where he will find his man.

And bear this in mind, that the fact that the Prime Minister had had that kind of experience was put forward by those who brought him to this chamber in the first place, and those who brought about his election as Liberal leader last August, as one of the reasons he should be leader—because he had had all that experience.

Mr. Speaker, I should think that by this time, if the Minister of Justice knows the record a little better by now, he and his ilk in the government ought to be the last to talk about representatives of big interests.

I am surprised to know that the Minister of Justice, who himself was present at that Liberal convention, that cut-and-dried affair, and heard—at least I hope he heard—all the speeches of the candidates for leadership, did not recognize the words quoted in the house by my leader, reference to which was made by the minister in his speech tonight. So there can be no mistake about the source of those historic words I shall now read, for the benefit of the Minister of Justice, the words which were uttered by the hon. member for Quebec South (Mr. Power) on that occasion on August 7, 1948, when he made a speech as a candidate before the Liberal national convention. And at that time he was speaking of those who sat on the platform. He was speaking of those at whom he was looking when he spoke. This is what he said:

> I may be leading a forlorn hope, but I am leading it up to the very battlements of autocracy, complacency and inertia.

He looked straight at the Prime Minister of the day as he spoke. And, Mr. Speaker, that is the mantle which the new Minister of Justice has come forward with great alacrity to wear.

I wish to put him right on one other thing. He says that if the resolution preceding this bill had not passed on Friday night we would not have rent control. That is utterly nonsensical, as every member in this House of Commons must know. It would mean that the government would have an opportunity and that the government would have a duty to introduce a proper measure to bring about a continuation of rent control, and to do it in proper legislative form, and in a form which would recognize the responsibility of the government to parliament.

There has been so much misrepresentation on the subject of the position of this party with respect to the emergency and rent control that I should like briefly to say one or two things on the subject. One finds in the bill today no reference whatever to a national emergency. If the government is so convinced that there is today what the Minister of Justice contended in his speech on Friday last, namely, a general emergency, a general national emergency—and note the word "general"—then one would have thought that the government would have invited the house to make a clear declaration on the point, or that at the very least there would be in the bill a recital of the continuance of the national emergency. But, no; the Minister of Justice does not like to bring that subject too directly before the House of Commons. So he simply relies upon a continuance of the recital in the preamble to the 1947 bill. That is as close as he wants to bring this subject before the house, and into the discussion on the bill.

My leader made it perfectly clear, and the house can see it at pages 1446 and 1448 of *Hansard*, that this Progressive Conservative party did not oppose rent control. The Progressive Conservative leader and those associated with him say that we are quite prepared and ready to support a proper measure of rent control. But we do not wish to see it done in this form. We wish to see it done in proper legislative form. And that is the position every member in the House of Commons ought to take, if he has any respect for his responsibility as a member of the House of Commons.

Mr. Howe: So you are for controls, eh? Running back and forth.

Mr. Fleming: We are for controls, but in proper form—not the kind of form to which the Minister of Trade and Commerce (Mr. Howe) has been so long accustomed—a man who, however sound his mind may have been when he entered parliament, has wielded such extraordinary powers for so long that one can see in him the truth of the famous statement of Lord Acton that all power corrupts, and absolute power corrupts absolutely.

Mr. Speaker, the house must make up its mind whether it proposes to proceed by a proper legislative and responsible method, such as we have advocated, or by this omnibus holus-bolus method the government is asking parliament to accept.

Bear this in mind, that we of the Progressive Conservative party have shown how the matter of rent control can be handled. We have shown how it ought to be handled in this House of Commons by proper methods, by a proper legislative enactment which would be clear and which would give to members of the house an opportunity to do their duty, a duty they owe to their constituents, the duty of carefully reviewing legislation before it becomes law. This is impossible to do in connection with these orders in council.

There are some members in the house who have not very much patience with a

discussion about the constitution. That is the kind of mentality that is found in hon. members as a result of the doubtful example set by the government opposite. I wish to give ample warning to those who are prepared to heed warnings that the course that is being followed, in regard to this measure in its present form, is one which may well lead to a defeat of the whole scheme of rent control and of other controls, if this bill should be challenged in the courts.

We have given the House of Commons a clear statement as to how this matter could be handled without jeopardizing the whole system of controls, including rent controls, if the House of Commons would follow the legislative methods we propose.

The Minister of Justice has made it perfectly clear that in his judgment—and in this respect he is correct; that is the one place in his speech where he was right—there is no power in the subjects enumerated in section 91 of the British North America Act to legislate with reference to the matters dealt with in the twelve orders in council which are to be continued.

The minister justified the legislation on the strength of the existence of a general national emergency—not a specific emergency, but a general one. Let me say to the house, and to those who are not interested in the verities of the constitution, and who are not interested in warnings about what may be the fate of democracy if this house does not rise to its responsibilities, that they are jeopardizing everything in these orders in council today by their acceptance of the course the government is pursuing. They are jeopardizing everything.

If the government will bring in individual measures, as it ought to do, it may save the controls believed by the House of Commons to be necessary. But if this measure goes to the courts—this omnibus measure dealing with twelve orders in council on a wide variety of subjects—and if the courts are not satisfied that a national emergency exists with respect to each of these subjects, let us bear in mind the fact that the courts will not sit down and say, "Well, we will recognize the validity of the measure with respect to this control, but not with respect to that control or the other control". The courts are not going to sit down and separate the wheat from the chaff, separate what is ultra vires from what is intra vires.

May I remind the house of what the privy council did in 1937 when they had before them a reference with respect to the validity of the Employment and Social Insurance Act, 1935. The government asked the courts on that occasion to say whether that act or any part of it was within the legislative competence of the parliament of Canada. They expressly asked the courts in case they found the whole measure was not intra vires of parliament to say what parts of it were. The reasons of the privy council will be found in 1937 Appeal Cases, page 355. In effect they said that they were not going to sit down to try to sift out the wheat from the chaff. Here is the concluding paragraph of the privy council's decision:

> The other parts of the act are so inextricably mixed up with the insurance provisions of part III that it is impossible to sever them. It seems obvious, also, that in its truncated form, apart from part III, the act would never have come into existence. It follows that the whole act must be pronounced *ultra vires*.

The privy council were there dealing with only one statute and they were not prepared to say that part III might be intra vires while the rest of the act might be ultra vires. They said that they would not sit down and try to separate the parts that were intra vires from those that were ultra vires. Today we have a measure which cannot be compared as to clarity and specific directness with the statute under review in 1937; here we have an omnibus measure that simply scoops up the twelve remaining orders in council and says that they shall be law for another year. If this measure should go before the courts and it should be found that any part of it is ultra vires by reason of the general national emergency referred to by the Minister of Justice (Mr. Garson) not extending to that particular aspect of it, you may be sure that the whole bill will be ruled ultra vires. Think what a calamity there would be if the whole measure should be thrown out at a time when perhaps parliament was not in session. Would it not be the part of wisdom and common sense to divide up these various subjects and treat them individually, as they ought to be treated, and pass the proper legislative enactments with respect to each? That humble warning may fall on deaf ears, but if this measure is ruled ultra vires those words are on the record.

I wish to comment upon the proposition propounded in this house by the Minister of Justice in support of what he has had to say about the existence of no specific national emergency, if you please, but a general national emergency. He has put the validity of this measure on the basis of the existence of a general national emergency. The word "general" is his. If that general national emergency exists, as contended by the spokesman for the government, it is crystal clear that whether parliament occupies any field of legislative jurisdiction throughout the

whole ambit of self-government in this country is simply a question of expediency or choice on the part of the government. So far as the constitutional argument is concerned, it goes this far: there is no field of legislative jurisdiction in Canada today into which this parliament may not enter by reason of the alleged existence of a general national emergency.

Some hon. Members: Oh, oh.

Mr. Fleming: Any Quebec member may well say, "Oh, oh", but the fact is that the Minister of Justice has propounded that very proposition. He was asked the other evening by the hon. member for Moose Jaw (Mr. Thatcher) what he had to say on this subject. The question asked by the hon. member was not an unreasonable one. First of all I shall refer to what the Minister of Justice said, before he was asked the question, as reported on page 1650 of *Hansard*. He said:

> I apprehend that, once a national emergency has been established, then, on the basis of that national emergency, parliament can legislate with regard to any of those matters if it so chooses.

That closing phrase referred to a long enumeration taken out of the general wartime prices and trade board order. The Minister of Justice was saying that today parliament can legislate with regard to all those subjects because a national emergency exists. Then to make the matter crystal clear, the hon. member for Moose Jaw asked this question, as reported on page 1652 of *Hansard*:

> Will the minister permit a question from this corner of the house? If he says that there is a general emergency, as he is arguing, why are we dropping so many controls as he proposes to do?

That was quite a reasonable question from the point of view of the hon. member asking it. The spokesman for the government on everything pertaining to the law and constitution of this country replied:

> That is a very easy question to answer, Mr. Chairman. While the general emergency is the foundation for the jurisdiction that we propose to exercise here, it is a matter of judgment in dealing with the general emergency as to how we should carry on controls or dispense with them.

The position of the government is that they say there is a national emergency and everything that belongs to the field of legislative jurisdiction in Canada lies within the power of this parliament, that this parliament can exercise all its rights in view of the existence of that national emergency. There is no limit. That is the argument of the government. It becomes simply a matter of choice on the part of the government whether it invades the whole provincial field or only part of it. This government has assassinated the constitution.

Some hon. Members: Oh, oh.

[Mr. Fleming.]

Mr. St. Laurent: Even members of the hon. member's party laugh at that.

Mr. Fleming: Whoever is ready to support the government in this monstrous argument may accept for himself whatever glory he can find in being the assassin of the Canadian constitution. The proper and sensible method that a parliament at all responsible to the Canadian people should follow nearly four years after V-E day is the course that has been proposed in this house by my hon. leader.

I have asked this question: where will the reader of the statutes find the law we are continuing today? He will not find it in the statute books of Canada. He will have to go to the privy council office to learn the law which parliament has enacted.

We are told in this bill that they are going to confine their power to the orders and regulations in existence today, but where do we find those? We will have to go to the privy council office, we will have to go to the office of the wartime prices and trade board, we will have to go to all the other factories where orders and regulations are turned out.

Mr. Cockeram: A slot machine.

Mr. Fleming: Slot machine is right. There is a great multitude of slot machines turning out the law, and this parliament is being asked to become a mere rubber stamp to give parliamentary authority to all kinds of order in council and regulation procedure.

We are told of amendments, but how on earth are we going to amend the orders in council when they do not appear before us in the text of this bill or in any statute of this parliament?

I am not going to go into the subject of surplus powers at any great length, but the twelve orders we are being asked to continue are just filled with powers that cannot by any possible stretch of the imagination be said to be necessary. Let any member of the government stand up and try to defend the necessity for the continuance of some of these orders in council. I will not go over the ground covered by the hon. member for Calgary West (Mr. Smith), but I just ask in passing if any hon. member of this house will stand up in his place and say, having regard to what may be suggested by hon. members opposite to be a national emergency, that it is essential in order to meet that national emergency that the priorities officer shall have power to prohibit the making of or dealing in construction materials, because that is what order in council P.C. 1609 says. It provides that the priorities officer shall have power to prohibit as well as to control and regulate the making of or dealing in construction materials. That is not an isolated

case; that is an example, and examples of the same kind can be multiplied by the score in these orders, containing as they do surplus and unnecessary powers that cannot be justified by the existence of anything that has been said at any time in this debate in relation to the alleged national emergency.

By continuing these powers in their present form this bill projects forward for another year the vice of delegation of power, the continuation of irresponsibility. Surely this House of Commons, Mr. Speaker, is not going to turn its back upon its clear responsibility in the matter.

It would be interesting to hear from the Minister of Justice (Mr. Garson) what he, as premier of one of the provinces, had to say in 1945 when Bill 15 first came to the attention of the provincial premiers. Did he say, "Oh, you can trust this government with all power. Let us go right ahead. The war is over, but we will trust this government." Did he say that? If that was the position he took as a provincial premier in the fall of 1945 when the premiers of the provinces were meeting in conference in Ottawa, I would invite the Minister of Justice to stand up and say that he approved that bill. If, on the other hand, like the premiers of the other provinces, in obedience to their responsibility to the constitution, and to the people of their provinces, he stood up and protested, as did the premiers of the other provinces, against this high-handed, arbitrary usurpation of the powers of parliament and of the provinces, and joined them in protest, I think the house would like to know, because the house would like to have the opportunity of testing the glowing words that fell from the lips of the hon. gentleman tonight in relation to the stand he took with reference to that iniquitous Bill 15.

Would it not be comforting at least if the house and the people of the country had some assurance that the government was taking energetic measures to eliminate and to cure the conditions which constitute the national emergency that has been referred to? Would it not be comforting to know that they have some objective for meeting the critical national emergency that exists as to housing, and which justifies and makes necessary a proper measure of rent control today? Would that not have been of some comfort to the house in continuing these broad powers? Would it not have been of some comfort to the house on the other branch of the argument of the Minister of Justice? You will remember he said he supported his argument as to the national emergency on two grounds, first the housing emergency, which everybody on this side of the house knows more about than the government, and secondly, inflation? Would it not have been comforting if the minister had been able to tell us that the government was doing something to cure inflation, that this inflationary spiral, with which apparently they have been powerless to cope in recent years, was going to be cured by sensible government measures, and that the people of the country were going to be given an opportunity to meet the rising spiral of inflation, the rising cost of living, by reductions in income tax, by reductions in the burden of indirect taxes, all those consumer taxes that have weighed so oppressively upon the backs of the Canadian people?

My time is almost up, but before I conclude my remarks I wish to put forward an amendment which will give the house the opportunity that the government has not seen fit to give it, namely, to proceed with regard to this subject of rent control, and the other subject matters referred to in these twelve orders, by a proper legislative method. Therefore I move, seconded by the hon. member for Peel (Mr. Graydon):

> That the said bill be not now read the second time but that the subject matter thereof be referred to the standing committee on banking and commerce with instructions that they have power to recommend a specific measure relating to rent control, and other specific measures relating respectively to other matters provided for in the said bill.

This amendment will give the house an opportunity to break down the measure. It will go to a committee; it will not now be read a second time. It will go to the banking and commerce committee, and the committee will have the opportunity of breaking down the subject matters that are dealt with today in the twelve orders in council. The committee will be able to bring in a proper specific measure with respect to rent control, a proper specific measure with regard to each of the other several matters dealt with in the twelve orders in council that are now under debate. That, Mr. Speaker, is a healthy and sensible procedure. It is the procedure that was followed in the house in 1946 when the government brought in a measure of a similar nature. It is true there was only one order in council involved, but it was a measure—

Some hon. Members: Time.

Mr. Fleming: My time is not up. It was a measure to extend the life of an order in council, and the house decided it would not proceed by that method, that it would insist that a bill in proper legislative form be brought in, and therefore the house referred the government measure before second reading to the special committee on veterans affairs. That is the procedure that I offer the house in this amendment—a sensible, legislative and responsible method of dealing with the question.

Let it not be said that there is not time to deal with it. The banking and commerce committee can be called together to meet at once. If it be said that there is not now time to deal with the matter adequately, if the government has left the banking and commerce committee too little time to deal with it properly, then we are quite prepared to have a short interim extension to give the banking and commerce committee time to do what this government has not given parliament time to do, to deal with this matter in a responsible way.

On motion of Mr. Graydon the debate was adjourned.

Mr. Graydon: May I respectfully suggest that the amendment should be read?

Some hon. Members: The house is adjourning.

The Acting Speaker (Mr. Golding): The amendment can be dealt with tomorrow.

BUSINESS OF THE HOUSE

Mr. St. Laurent: Do hon. members wish to know what the business is for tomorrow? I was waiting for an inquiry to be made. Tomorrow we shall make an attempt at eleven o'clock to dispose in committee of the Foreign Exchange Control Act. If and when that is disposed of we will endeavour to give comfort to those hon. members who have been asking for it by disposing of the amendment made to the motion for second reading of this bill. As already announced, at seven-thirty the Minister of Finance intends to introduce his budget resolutions.

Mr. Knowles: And then we will return to whatever business was being considered prior to that time?

Mr. St. Laurent: Yes.

At ten-thirty the house adjourned, without question put, pursuant to the order of the house passed on March 14, 1949.

HOUSE OF COMMONS

Tuesday, March 22, 1949

The house met at eleven o'clock.

TRANS-CANADA AIR LINES

REFERENCE OF ANNUAL REPORT AND AUDITORS' REPORT TO RAILWAYS AND SHIPPING COMMITTEE

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I desire to table the following reports in English and in French: Annual report of Trans-Canada Air Lines for the year ended December 31, 1948, and the auditors' report to parliament for the year ended December 31, 1948, in respect of Trans-Canada Air Lines. These reports are being distributed today.

By leave of the house I move:

That the annual report of Trans-Canada Air Lines for the year ended December 31, 1948, and the auditors' report to parliament for the year ended December 31, 1948, in respect of Trans-Canada Air Lines tabled this day, be referred to the sessional committee on railways and shipping owned, operated and controlled by the government.

Motion agreed to.

CANADIAN NATIONAL RAILWAYS

TABLING OF BUDGET AND REPORT OF SECURITIES TRUST—REFERENCE TO SESSIONAL COMMITTEE

Hon. Lionel Chevrier (Minister of Transport): I desire to table the budget of the Canadian National Railways and the Canadian National (West Indies) Steamships Limited for the calendar year 1949; also the annual report of the Canadian National Railways Securities Trust, in English and French, for the year ended December 31, 1948.

By leave of the house, I wish to move:

That the budget of the Canadian National Railways and the Canadian National (West Indies) Steamships Limited for the calendar year 1949, and the annual report of the Canadian National Railways Securities Trust for 1948 tabled this day, be referred to the sessional committee on railways and shipping owned, operated and controlled by the government.

Motion agreed to.

REFERENCE OF ANNUAL REPORTS, BUDGET AND CERTAIN ESTIMATES TO RAILWAYS AND SHIPPING COMMITTEE

Hon. Lionel Chevrier (Minister of Transport): By leave of the house I desire to move:

That the annual reports for 1948 of the Canadian National Railways system, the Canadian National (West Indies) Steamships Limited, and the auditors' report to parliament in respect of the Canadian National Railways system and the Canadian National (West Indies) Steamships Limited, tabled on March 18, 1949, be referred to the sessional committee on railways and shipping owned, operated and controlled by the government, together with the following of estimates for 1949-50:

Vote *488*—Maritime Freight Rates Act, Canadian National Railways;

Vote *489*—Maritime Freight Rates Act, railways other than Canadian National;

Vote *556*—Prince Edward Island car ferry and terminals, deficit 1949;

And that the resolution passed by the house on March 14, 1949, referring certain estimates to the committee of supply, be rescinded in so far as the said resolution relates to votes Nos. 488, 489 and 556.

Mr. Case: I notice, Mr. Speaker, that in each case the ministers moved resolutions that certain reports be referred to the sessional committee "owned, operated and controlled by the government." I do not know whether that is the way they want it to read.

Mr. Chevrier: That is the name of the committee.

Mr. Case: Owned, operated and controlled by the government?

Mr. Chevrier: That is right.

Motion agreed to.

PRIVILEGE

REFERENCE TO NOTICE OF MOTION OF MR. LACROIX

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, I rise on a question of privilege. On March 21 the following resolution appeared on the order paper, in the name of the hon. member for Quebec-Montmorency (Mr. LaCroix):

That, in the opinion of this house, the government should seek the co-operation of the provinces with the view of the adoption by parliament of a new constitution for Canada and Canadians which would be a statute of Canada repealing the British North America Acts, 1867 to 1946, resulting in the making of Canada a truly sovereign and independent nation, a separate republic outside of the British commonwealth of nations, free of economic or other commitments, whether in peace or in war.

If that resolution had been called and debated it would have placed hon. members in the position of debating something which is contrary to the oath of allegiance which each member took before he entered the house. The resolution is changed on today's order paper. Where in the original resolution the word "co-operation" appears, the word "consent" is substituted, and where the words "a separate republic outside of the British

commonwealth of nations" appear in the original resolution, the words "a separate republic, free of economic or other commitments toward the British commonwealth of nations" are substituted.

My point of privilege is this, sir. Did you, in your position as Speaker, consent to the alteration of this resolution? Was it placed before the house, or was the alteration made at the request of the government?

Right Hon. L. S. St. Laurent (Prime Minister): Answering the last part of my hon. friend's question, I may say that the government had nothing whatsoever to do with it.

Mr. Diefenbaker: I was just wondering, because the hon. member is a supporter of the government.

Mr. Speaker: I shall take the remarks of the hon. member into consideration and give him an answer.

EXCHEQUER COURT ACT

AMENDMENTS WITH RESPECT TO APPEALS TO SUPREME COURT, ETC.

Hon. Stuart S. Garson (Minister of Justice) moved the first reading of Bill No. 87 (from the Senate) to amend the Exchequer Court Act.

Motion agreed to and bill read the first time.

PUBLIC ACCOUNTS

AUDITOR GENERAL'S REPORT—QUESTION OF REFERENCE TO STANDING COMMITTEE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): On March 14, as recorded in *Hansard* on page 1420, I asked the Prime Minister whether arrangements could be made to refer to the public accounts committee the public accounts for the year ended March 31, 1948, and the Auditor General's report attached thereto. The Prime Minister answered as follows:

> The matter will receive consideration, and an announcement will be made by the Minister of Finance.

My question is: now that the public accounts committee has been set up and organized under the chairmanship of the hon. member for Bellechasse (Mr. Picard), will the Minister of Finance move to refer the public accounts and the Auditor General's report to that committee?

Hon. Douglas Abbott (Minister of Finance): I shall be glad to propose such a motion tomorrow.

[Mr. St. Laurent.]

TRANS-CANADA HIGHWAY

AGREEMENT AS TO CHOICE OF ROUTE

On the orders of the day:

Mr. E. D. Fulton (Kamloops): I should like to direct a question to the Minister of Reconstruction and Supply. In his absence, perhaps I can put my question as notice and he can reply to it later. Can the minister inform the house whether an over-all agreement has yet been reached as to the route of the trans-Canada highway? If so, is he in a position to advise us when construction will begin?

BUTTER

FLOOR PRICE OF FIFTY-EIGHT CENTS

On the orders of the day:

Mr. R. E. Drope (Northumberland, Ont.): I should like to address a question to the Minister of Agriculture. Since he is not in his seat, perhaps his parliamentary assistant will answer it. It has to do with the announcement of the minister on Thursday last about a floor price on butter. There seems to be some confusion as to just what the announcement means—whether it is hoped that the floor price of fifty-eight cents will be held and all butter bought at that price, or whether a subsidy will be paid and the price of butter allowed to go below the floor. May we have a statement clarifying the position?

Mr. Robert McCubbin (Parliamentary Assistant to the Minister of Agriculture): It is my feeling that the government will be willing to buy all No. 1 butter when it drops to fifty-eight cents a pound. No subsidy will be paid.

VETERANS AFFAIRS

QUESTION WITH RESPECT TO M. J. CUMMINGS

On the orders of the day:

Mr. J. H. Blackmore (Lethbridge): I should like to put three questions to the Minister of Veterans Affairs. I did not send him a copy of these questions, therefore he may take them as notice and answer later.

My questions are: Is veteran M. J. Cummings, regimental number 142082, at the present time in care of the public trustee of Ontario,—

Mr. Speaker: Order.

Mr. Blackmore: —actually in bed suffering from haemorrhage from T.B.?

Mr. Speaker: Order. The hon. member knows—

Mr. Blackmore: Will Your Honour speak so that I can hear at this end of the chamber?

Mr. Speaker: Order. The hon. member knows the rules. A question which is put before the orders of the day are called should be urgent and brief.

Mr. Blackmore: Mr. Speaker, I find it extremely difficult to think of anything more urgent than the means of getting assistance to a man who is in bed suffering from bleeding T.B. That is why I have asked the question.

My second question is: If so, what is the department doing to ensure that veteran Cummings is receiving appropriate—

Mr. Speaker: Order. I would ask the hon. member to put his question on the order paper.

Mr. Blackmore: I was unable to hear what Your Honour said.

Mr. Speaker: I said—

Mr. Blackmore: I still cannot hear you because of the noise.

Mr. Speaker: I asked the hon. member to put his question on the order paper.

Mr. Blackmore: Then I shall do it on your responsibility, Mr. Speaker.

INQUIRY FOR RETURN

IMMIGRATION—REGULATIONS AND ORDERS IN COUNCIL

On the orders of the day:

Mr. Douglas G. Ross (St. Paul's): May I ask the Minister of Mines and Resources when I may expect the return which was passed on March 9?

Hon. J. A. MacKinnon (Minister of Mines and Resources): I believe that the information asked for was tabled by the Prime Minister some days ago.

FOREIGN EXCHANGE CONTROL ACT

CONTINUANCE IN FORCE UNTIL SIXTY DAYS AFTER OPENING OF FIRST SESSION OF PARLIAMENT IN 1951

The house resumed from Monday, March 21, consideration in committee of Bill No. 85, to amend the Foreign Exchange Control Act—Mr. Abbott—Mr. Golding in the chair.

Hon. Douglas Abbott (Minister of Finance): Yesterday afternoon the hon. member for Kingston City (Mr. Kidd) asked for some information about one C. A. Rowe, an employee of the foreign exchange control board. I have that information now and I should like to give it to him.

Mr. Rowe was born in Durham, Ontario in 1913. He attended the university of Western Ontario from 1931 to 1935 and Osgoode Hall from 1935 to 1938. He was called to the bar and practised law in Ontario until joining the army in 1944. Upon his discharge he joined the staff of the wartime prices and trade board in Ottawa, on October 31, 1946. On June 1, 1947, he was taken on the staff of the Bank of Canada and assigned to the enforcement section of the foreign exchange control board, where he dealt with seizures made under the provisions of the Foreign Exchange Control Act and general enforcement matters under the supervision and direction of senior officers of the board. On September 1, 1948, Mr. Rowe was transferred to the office of the board at Windsor, Ontario, where he has remained since that time.

Speaking generally, I believe that Mr. Rowe is a relatively junior employee of the board.

Mr. Fulton: Am I correct in my understanding that the difference between the cost of purchasing, let us say United States currency, and sales from time to time of United States currency, is a charge on the consolidated revenue fund; or is it taken from some special fund that is at the minister's disposal?

Mr. Abbott: I understand the foreign exchange control board charges a commission when it sells United States funds, and receives a similar commission when it buys them. That is the margin of profit, if I may so describe it, which is intended to cover the operating expenses of the board. Of course if there were an exchange loss it might wipe out that profit. Is that the hon. member's question?

Mr. Fulton: No; I did not have operating expenses in mind. I mean actual money used to purchase foreign exchange. The minister has referred from time to time to the building up of our foreign exchange reserves. That could only come out of the consolidated revenue fund.

Mr. Abbott: That is correct. The foreign exchange control board acts as the agent of the Minister of Finance, and the foreign exchange account is provided with money furnished by the Minister of Finance as Receiver General for Canada out of the consolidated revenue fund.

Mr. Fulton: The minister answered a question on February 28 in which I asked for the amount expended for the purchase of gold, United States currency and other foreign currencies since the enactment of the Foreign Exchange Control Act. The answer was given in the form of figures showing net purchases and net sales for each year, the net purchases indicated by a plus sign and the net sales by a minus sign. On setting the figures up and taking a rough total, one finds that the excess

of plus over minus under the three headings, namely purchase of gold, purchase of United States dollars, and purchase of other foreign currencies, is $981 million over a nine-year period. I should like to know if I am correct in assuming that the payments for the operation of foreign exchange control resulted in a charge upon the taxpayers of Canada of $981 million for the past nine years.

Mr. Abbott: I do not know that I would put it just that way. The result of course is that while the government of Canada has advanced to the foreign exchange control board or the foreign exchange account an amount such as the hon. member suggests, there is an asset there for the corresponding liability. It is included in our account as an active asset of the government.

Mr. Fulton: Presumably if control were to end tomorrow it would be represented by an amount in the consolidated revenue fund, so that perhaps we could operate without taxation for a year. But since the government has only two sources of obtaining funds, namely, taxation and borrowing, to finance the operations so far $981 million has been raised by taxes from the Canadian people.

Mr. Abbott: Or by borrowing.

Mr. Fulton: It is an asset standing to their credit. Nevertheless that asset can be raised only by taxation; is that not correct?

Mr. Abbott: No; it could be raised by borrowing.

Mr. Fulton: By taxation or borrowing?

Mr. Abbott: Yes.

Mr. Jackman: If the hon. member is correct in saying that there is an apparent cost of $981 million incurred by the foreign exchange control board, how much is the active asset carried against that cost? When we revalued the currency we lost the premium of ten per cent which we had paid out to acquire some of those assets. What was the profit when the foreign exchange control board took over all the gold holdings of the banks of Canada, and perhaps any private holdings as well? I think the take-over price was at the old rate of $20 an ounce, and then it was revalued upward. The board would have a fortuitous profit there at the expense of the banks and the holders of gold in Canada. Will the minister tell us what the active asset is against this $981 million exchange, and how much profit was made by the board when gold was taken over?

Mr. Abbott: As to the last part of the hon. member's question, I believe that figure has been brought out in previous reports of the foreign exchange control board. The so-called profit to which my hon. friend refers was of course realized some years ago. The assets the foreign exchange control board holds against the liabilities to which the hon. member for Kamloops referred are those holdings of gold and foreign currencies, principally United State currency; and they are shown in the annual report of the foreign exchange control board which I tabled a few days ago.

Mr. Hazen: I should like to ask a question with respect to section 35 (1) (e) of the Foreign Exchange Control Act, which reads:

> 35 (1) The governor in council may make regulations . . .
>
> (e) Notwithstanding anything to the contrary contained elsewhere in this act, exempting any person or any class of persons or any transaction or class of transactions from any provision of this act.

As I read it, this provision gives the governor in council the right in certain cases to overrule this act passed by parliament. Have any regulations been made under paragraph (e) exempting any person or any class of persons or any transaction or class of transactions from any provision of the act?

Mr. Abbott: Yes, there have been; and I should be glad to give my hon. friend an enumeration of those exemptions. Most of them relate to exemptions from various permit requirements of transactions between Canada and Newfoundland. Exemption from permit regulations has been provided under section 35 (1) of the act concerning the change of address of the owner of a bank account from Canada elsewhere.

Mr. Hazen: The minister is dealing with section 35?

Mr. Abbott: Yes, section 35 (1) (e), which provides for regulations exempting persons or transactions from the provisions of the act. The cases in which this power is exercised under the regulations are, first, exemptions from various permit requirements of transactions between Canada and Newfoundland—I have a long list of them here. They are technical, and perhaps the hon. member would be satisfied if I were to place them on *Hansard*. They are set out in detail, and would give him all the information he wants.

Mr. Hazen: Yes.

Mr. Abbott: There are six exemptions relating to Newfoundland. Then there is a second group which relates to exemption from declaration or permit forms for certain transactions, mainly those involving small amounts. There are twelve specific cases in this instance. Then there is a third category exempting from immediate declaration and sale of foreign exchange to authorized dealers. There are two other miscellaneous exemptions. Perhaps it would save time if I were to put them on the record:

> Subsection (1) (e) provides for regulations exempting persons or transactions from provisions

of the act. Cases where this power is exercised in the regulations are as follows:

1. Exemptions from various permit requirements of transactions between Canada and Newfoundland.

Permit requirement under act

Change of address of owner of bank account from Canada elsewhere—section 26 (3). Section of regulations exempting: Section 33 (1).

Export of goods—section 25 (1). Section of regulations exempting: Sections 40 (2) (a) and 41 (1).

Import of goods—section 26 (1). Section of regulations exempting: Section 46 (2) (a).

Export of currency—section 25 (1) (a). Section of regulations exempting: Sections 49 (2) (a) and 51 (2) (a) (i).

Export of securities—section 25 (1) (a). Section of regulations exempting: Section 52 (2) (a).

Transfers and changes of address of securities—section 28 (1). Section of regulations exempting: Sections 55 (2) (c) and 57 (1).

2. Exemptions from declaration or permit forms for certain transactions, mainly those involving small amounts.

Permit or declaration requirement under act

Declaration and sale of foreign exchange—section 22. Exemption under regulations: No form needed up to $1,000 United States or £250 except from export proceeds where $100 United States or £25—section 14 (2).

Purchase of foreign exchange—sections 19 and 21. Exemption under regulations: No form needed up to $25 United States or £25 in case of payments for imports and $10 United States or £25 in other cases—section 17 (2).

Payment of Canadian dollars to non-resident—section 23 (1). Exemption under regulations: No form needed to sterling area up to $100 in payment for imports and $100 per month in other cases; to non-sterling area up to $25 in payment for imports and $10 per month in other cases; payments of interest on publicly issued Canadian securities, cheques issued by comptroller of treasury, and trust and loan and life insurance companies appointed agents of the board by sections 7, 8 and 9 of regulations; etc.—section 28 (2) and (3).

Exports of goods—section 25 (1) (a). Exemption under regulations: No permit needed for gifts up to value of $25, other exports up to value of $5, travelers' baggage, tourist purchases, baggage and effects—section 40 (2).

Delivery of goods for export unless payment received—section 25 (1) (b) and (c). Exemption under regulations: Exports for no payment may be made for goods of no commercial value, travelers' samples, gifts up to a value of $100, etc.—section 41 (2).

Imports of goods—section 26 (1). Exemption under regulations: No permit needed for personal baggage of tourists and goods for which customs entry made otherwise than on forms B.1, B.5 or B.11—section 46 (2).

Export of currency by travelers—section 25 (1) (a). Exemption under regulations: No form needed up to $25 of which not more than $10 is foreign currency—section 49 (2).

Other exports of currency, etc.—section 25 (1) (a). Exemption under regulations: No form needed by authorized dealers, trust and loan and insurance companies in cases prescribed in instructions from board—section 51 (2).

Exports of securities—section 25 (1) (a). Exemption under regulations: Same as above—section 52 (2).

Sale, assignment, etc., of securities to non-residents—section 27 (1). Exemption under regulations: Same as above—section 53 (3).

Sale of securities in Canada by or for non-resident—section 27 (2). Exemption under regulations: No form needed by appointed security dealers in cases prescribed in instructions from board—section 54 (3).

Registration of transfer of securities to non-resident by registrar, transfer agent, etc.—section 28 (1). Exemption under regulations: No permit need be produced for securities received from outside Canada or presented by appointed security dealer—section 55 (2).

3. Exemption from immediate declaration and sale of foreign exchange to authorized dealer.

Section 21 of the regulations authorizes merchants, hotelkeepers, etc., to make change in United States currency for American tourists tendering that currency for purchases and for that purpose to retain reasonable amounts of United States currency in their tills.

See also notes under section 22 (1) (b) for provisions for the operation of foreign currency bank accounts by residents.

4. Other exemptions.

(a) By an exchange of notes between Canada and the United States on June 18, 1940, it was agreed that certain exemptions from foreign exchange control regulations would be available to United States citiens resident in Canada. Section 78 of the regulations provides for applications for, and granting of such exemptions which, in general, are from the obligation to sell to an authorized dealer United States funds derived from non-Canadian sources.

(b) Section 41 (1) of the act provides that every person carrying on business who engages in transactions to which the act applies shall keep records and books thereof at his place of business in Canada. In the bill as it was originally introduced into parliament, this provision was drafted to give the board discretion to authorize the keeping of books elsewhere but this discretion was deleted in the Senate. Some Canadian companies, notably International Nickel, keep all of their books and records in the United States and it is obviously impractical and undesirable to require them to comply with section 41 (1) of the act. In order to meet these cases, section 79 of the regulations exempts from the requirement under the act a company which satisfies the board that it is reasonable and proper to keep books and records outside Canada and undertakes to make them available for inspection if requested to do so.

Mr. Hazen: I should like to ask a question respecting section 36 of the act. The pertinent part reads:

36 (1) Subject to the provisions of this act and the regulations and under the control and direction of the minister, the board may . . .

(b) In particular cases or classes of cases, from time to time prescribed terms and conditions for permits additional to those prescribed by regulation or prescribed special forms of permits in cases where none is prescribed by regulation.

As I read that section it gives the board the power to make regulations that would override regulations made by the governor in council. It gives the board the right in particular cases to amend or add to regulations, and apparently the regulations that the board makes do not have to be published in the *Canada Gazette* as do those made by the governor in council under section 35. In what particular cases or classes of cases has this section been acted upon?

Mr. Abbott: Here again this is a provision inserted to give a reasonable degree of prac-

tical flexibility to the act, and the variations from the formal regulations are somewhat minor in character. Section 36, subsection 1(b), as my hon. friend has pointed out, authorizes the board to prescribe special forms of permits and terms and conditions of permits additional to those contained in the regulations. Under this provision, for example, special forms of permits have been introduced for the export of currency by travelers; these are issued in lieu of the normal permit on form H.

First, there is the special border permit issued to commuters and others having occasion to cross the border frequently, authorizing them to carry a specified amount on any one trip. The permit is exhibited to a customs officer on each trip but need not be surrendered. Then there is the special business travel permit which is issued to business firms whose employees frequently require to travel to the United States on short notice when banks may be closed.

Special terms and conditions are attached to permits in various circumstances, examples of which are as follows: First, foreign exchange is made available for any reasonable amount for genuine business travel. Businessmen obviously cannot, in many cases, estimate in advance what expenditures they will have to make, and where large amounts are asked for, they are normally made available on condition that on his return the traveler will furnish a statement of his expenditures so that the board can satisfy itself that they were in fact for business purposes.

Second, in certain cases of capital transfers from residents to nonresidents, payment is approved on condition that the nonresident reinvest the amount in certain classes of Canadian domestic securities. The effect is that the nonresident, while retaining his investment in Canada, is able to change its character if he wishes to do so. This procedure is applied principally in the case of capital payments between related parties.

Third, where a resident is authorized to make a new capital investment abroad to establish a business, it is normally made a condition of providing exchange for that purpose that earnings from the investment will be brought back to Canada.

I think these are fairly typical examples of the latitude given under that section to the administrative body to vary the formal conditions of the general applications which are set out in the regulations.

Mr. Hazen: Section 48 gives the board power to prevent a person from dealing with his own property. Has this power been exercised to any considerable extent?

[Mr. Abbott.]

Mr. Abbott: I am informed that this power has been authorized in a number of cases, in most of which the prohibition related to withdrawals from bank accounts or access to safety deposit boxes by owners who, the board had reason to believe, were exporting capital from Canada. In one case a railway company was prohibited from delivering a shipment of Christmas trees for a nonresident who had bought the trees for unofficial Canadian dollars, pending adjustment of the transactions so that United States dollars were provided.

Mr. Hazen: Have there been a number of cases?

Mr. Abbott: My information is that there have been a number of cases in which it was suspected that capital export was being attempted.

Mr. Hazen: May I ask two questions about another matter under the regulations? Suppose a farmer who is growing old has sold his farm, has liquidated his assets and proposes to go to the United States to live with a son or some other relative; how much will he be permitted to take with him from this country?

Mr. Abbott: I shall have to get that information and give it to my hon. friend in a few minutes. I have an idea, but I do not want to say positively.

Mr. Hazen: There is another question along the same line I should like to ask.

Mr. Abbott: It is an annual amount. If he cannot take the whole amount, we allow a certain amount annually.

Mr. Hazen: Take the case of a businessman whose health is bad and whose doctor tells him that if he wishes to live he must leave this country and go to a more favourable climate. If such a man liquidates his assets with the idea of moving to another country in order to go into business there, how much will he be permitted to take under the regulations?

Mr. Abbott: There again I shall have to get the information. I know that he would be allowed to take a reasonable amount, but he would not be allowed to take all his capital, particularly if it were a substantial amount. I hope to have that information in a few minutes.

Mr. Cockeram: I notice that there is an increase of fifty-two in the staff of the board, whereas the cost of operating the board has increased from $810,668 to $1,334,930 in 1948, an increase of over sixty-two per cent. It would not seem that that increase in administrative cost is justified. Will the minister explain it?

Mr. Abbott: I may have to inform myself a little more accurately on it. Certainly part of the increase in cost would be due to the general increase in salaries and expenses which occurred during the past year. Whether that would account for the entire amount to which my hon. friend refers, I would not want to say now. I shall try to give him a more specific answer later.

Mr. Cockeram: The increase is $524,262, while the increase in staff is only fifty-two.

Mr. Diefenbaker: Following the answers given by the minister last evening I should like to preface what I have to say in regard to refunds by asking the minister what recourse a person has who believes he has been unjustly deprived of his money under the provisions of the act and where forfeiture has been ordered?

Mr. Abbott: I am glad my hon. friend raised that question, because last evening I was not thoroughly familiar with the procedural steps which could be taken under the act. I have had it looked into, and here is the position. The only case in which the board can make a decision as to forfeiture is the case involving $100 or less. The procedure is provided in sections 61 and 62 of the act. Briefly it is that when the seizure is made the board notifies the owner of the reasons therefor, and calls on him to furnish within thirty days evidence relating to the seizure if he wishes to do so. If evidence is furnished it is considered by the board, and the owner is notified whether or not the seizure is to be maintained. The owner may, within thirty days thereafter, object to a decision to forfeit the funds, in which case the board is required, upon request of the owner, to refer the matter to a court. Does that answer my hon. friend's question?

Mr. Diefenbaker: The provisions of sections 61 and 62 are applicable only when there is a large amount in dispute. A person who has $20, $40 or $60 taken from him, irrespective of how unjust the circumstances may be, is in effect denied any recourse. I mentioned two cases last evening. I have at least another half dozen cases in which individuals, and properly so, resent the orders that were made. In effect they have no recourse. If they decide to go to court under the provisions of sections 61 or 62, the costs are out of proportion to the benefits that will come to them. At the end of a lawsuit, even if they are successful, they will have nothing to speak of as a result of the litigation, because the legislation does not provide for their costs to the extent that it should. I am going to make a suggestion to the minister. According to the records, those who get in touch with me, and through me communicate with the foreign exchange control board, are not nearly as successful as some others must be. During the last two or three years I have followed the course of not submitting cases that in my opinion are unjustifiable. With a number of them I have done nothing, because I felt that while the applicant resented having his money taken from him, in effect he had no proper cause for complaint. In the several cases I have brought to the attention of the board I have met nothing but a blank wall.

Mr. Kidd: Hear, hear; that is right.

Mr. Diefenbaker: When I read the records for 1947, which indicate that 347 seizures were maintained and 321 released, the failure of my advocacy on behalf of these people as their member becomes obvious. Apparently I have not the modus operandi, or the proper method of approach.

Mr. Abbott: Or bad cases.

Mr. Diefenbaker: Well, I am speaking about these cases. I mentioned two last night, and the minister was kind enough to say that, if the facts were as I had stated them, these were proper cases for review. When I put the cases before the house I quoted from the findings of the board in regard thereto. Then I find that in 1948, out of 1,501 seizures, the number of releases is again correspondingly large, namely, 975. I make an appeal to the minister that as to these cases, inasmuch as individuals are in effect denied their right of complaint because of the expense and the trouble, there should be a review.

I do not want to press individual cases. I do so merely by way of illustration. A man who lives in a small town in Saskatchewan gets word on Sunday of the funeral in the United States of a close relative. He picks up a few United States dollars that happen to be in the town, gets to the boundary, announces that he has them, and has no other means of getting to the United States. The money is taken from him. He appeals, but all he receives from the board is the answer that the forfeiture is upheld. That is not good enough. I have never made it a point to bring particular cases before the committee, but orders such as those are arbitrary, unjustifiable, and exactly in keeping with the manner in which certain persons in a position of bureaucratic power exercise that power irrespective of the will of the people.

Last evening the minister said with regard to one case that I brought to his attention—not the one to which I have just been referring—that if the facts were as I had stated them it was a case to which consideration should be given. There are more than those two cases; there are many. After all, one of the

reasons that we are in parliament is to bring before the executive any injustices that may be perpetrated by officialdom on Canadian citizens. These are not isolated cases. Again I urge upon the minister that, as to cases in which less than $100 has been taken from individuals, there should be some method of review that will not place upon the applicant for review the costs incidental to the taking of action.

Mr. Abbott: My hon. friend knows that there is that method of review now by the board.

Mr. Diefenbaker: Oh, yes; I have the statute here, but in effect you are appealing from the employee to the employer. In Great Britain this type of thing is bitterly criticized in a report made in 1932 when the Lord Chancellor's committee was set up on the question of the exercise of extraordinary powers by officials. One of the recommendations was that where the rights of the individual are interfered with, that individual should have his right freed from unnecessary expense in challenging or having reviewed any order that has been made.

Those who have had less than $100 taken from them are not criminals endeavouring to evade the law. I gave an instance last evening, that of a man who, on a Sunday, arrived at the boundary and did not have a form H with him. He was asked if he had any money, and he said that he had. He was then told that he must deposit it somewhere. I have the name of the official who told him that. The man who wanted to cross the border said, "Well, the banks are closed today, and I must go over the line." The officials said they would take his money and he would have his right to apply against forfeiture. These are not isolated cases; these are cases of Canadians who are law-abiding, and who are being treated unjustly. Even at this stage I ask the minister if he will not have a review made of these cases to the end that justice be done.

The figures given last night were for the little fellows. In how many cases were seizures made of over $100, and in how many of those cases were the moneys returned as a result of representations made?

There is a third question that I should like to ask the minister. Canadians are law-abiding. Some of them want to go to the United States as tourists, and they are restricted to $150. When one sees in his own locality people who are able to spend three or four or five months in Florida or California, I do not think they get very far on $150. I should like to know in how many cases persons desiring to spend the winter in another country have had special regulations made to the end that they may be provided with the necessary funds. Matters such as these arouse resentment and ill-feeling, and when coupled with obvious injustice in cases such as those to which I have referred, there is not only resentment against the government; there is resentment against parliament for permitting individuals to enjoy power almost unchallengeable by Canadians as a whole.

Mr. Abbott: Well, Mr. Chairman, as to the various points raised by my hon. friend, of course I shall look into the two cases he has cited, as I am continually looking into similar cases. Members on all sides of the house get in touch with me in connection with these seizures of United States dollars, and I look into each case to see if it is one in which the action of the customs officer, or whoever it may be, should be reversed.

As to the seizures in these larger cases, these have to be made under section 60 by proceedings in the exchequer court, and the figures show that in 1947 there were 91 prosecutions, with fines totaling $34,805. In 1948 there were 216 prosecutions, with fines totaling $75,032. In 1947 and 1948 there were five cases in which charges were laid where the accused were acquitted, and in seventeen other cases the charges laid were withdrawn before trial.

Mr. Diefenbaker: What were the largest penalties in each of those cases?

Mr. Abbott: The largest group penalties were nonresidents importing unofficial Canadian funds, mainly in the form of drafts, and acquiring United States dollars illegally in Canada. There the total fines were $26,720. Then in 1948, 53 prosecutions were still pending, and the breakdown shows attempts by resident travelers to export currency, 21; residents exceeding annual travel allotment, 7; residents failing to sell United States dollars to authorized dealers, 13; and under the category of "others", 12, making the total of 53.

As to the people who spend the winter in California or Florida, like my hon. friend I occasionally read the social and personal columns of the newspapers, and I do see that this is done. Perhaps I should say that in spite of the necessity for imposing fresh travel restrictions a little over a year ago, the board has been following as liberal a policy as possible with respect to health applications. So far as health travel is concerned, I am told anyone over sixty-five years of age can get permission almost as a matter of course to reside in a warmer climate during the winter.

Mr. Fleming: May I ask the minister when that policy became effective? It must have been just recently.

Mr. Abbott: It has been effective certainly for a year or more. Those of us who are somewhat younger must have a medical certificate to show that for health reasons it is necessary for us to reside in a climate other than that of Canada. As I say, speaking generally the board has endeavoured to follow a liberal policy with respect to health applications. I notice the hon. member for Eglinton shakes his head, and I have had some experiences myself in which it seemed to me they should have accepted the medical certificates. However, generally speaking that is the case.

While I am on my feet I think I should answer the hon. member for Saint John-Albert as to the export of capital by those who may wish to sell their property and move to the United States. Section 36, subsections 1 and 2, authorize the board to determine residential status for the purposes of the act, and that power is exercised principally in dealing with applications for change of status from resident to nonresident, made by persons who wish to move from Canada and take up permanent residence elsewhere. Where the move is to a United States dollar area country the emigrant is authorized to transfer a maximum of $12,500 during the first year, in Canadian dollars, through the unofficial market. Regulations have been issued with respect to that; and at the end of one year from the departure from Canada, and at annual intervals thereafter, depending of course upon how long the restrictions may continue, the owner may apply to the board for authority to make additional transfers from Canada from these resident assets. One addition I might make to that is that a United States citizen who has been resident in Canada and who desires to return to the United States to live is normally authorized to transfer his assets to the United States at the time of departure, provided that the excess over the amount authorized for transfer in Canadian dollars is invested in Canadian domestic securities having a term of maturity or authorized call date of not less than three years.

Mr. Hazen: What about the second year? What additional amounts can be transferred?

Mr. Abbott: I understand nothing is fixed as to the second year, but the same maximum of $12,500 would apply.

Mr. Hazen: Would the answer the minister has given apply to a man who for reasons of health had to give up his business here and go to the United States to live? Would it apply to a farmer who has sold out in Canada and is going to live with a relative in the United States?

Mr. Abbott: I think the same maximum would apply. Of course a man who moves down to the United States is entitled to take all his revenues there. If he is given a change of status for exchange control purposes he can take all his Canadian revenues down in United States dollars which he can acquire from the board at the official rate; but with respect to capital transfers he is limited to $12,500 the first year.

Mr. Hazen: I think that works a hardship on a man who is obliged to give up his business here for health reasons, who has a family to support and who wants to go to the United States and start up some kind of business or industry there. If he is allowed to take only $12,500 with him—

Mr. Abbott: The first year.

Mr. Hazen: —of course that will amount to less than $12,500 when exchanged into United States currency. He has to get a house to live in, and he needs capital to put into a plant or a farm, if he is going to run a farm. I am referring more particularly, however, to an industrialist who wants to go into business of one kind or another in the United States. It leaves him in a very difficult position. He cannot live here for reasons of health; he has to go to a drier climate, and when he gets there he is practically stranded because he is allowed to take only $12,500 with him, or its equivalent in United States funds, and is allowed an equivalent amount from year to year.

Mr. Abbott: No doubt my hon. friend is right, and a hardship may be involved in a case of that kind. The limitation prior to November, 1947, when we had to take further steps to conserve our exchange resources, was $25,000 the first year. That was cut in half. Perhaps as our position improves it may be possible to increase that again, but I must point out to the committee that our exchange difficulties have necessitated the imposition of the present prohibitions on the transfer of capital from this country. That is the main purpose of the restrictions, and of course there is inevitably some hardship incidental to that prohibition.

To answer the question of the hon. member for York West, the concluding paragraph of the report of the chairman of the foreign exchange control board states, in reference to the increase in costs:

> The increase was due to a continued rise in the volume of foreign exchange and other transactions coming under the board's review and added duties arising out of the exchange conservation measures introduced by the government in the latter part of 1947. These were reflected in an increase in the over-all cost of administration from $810,668 in 1947 to $1,334,930 in 1948.

That increase consisted entirely of increased expenditures for staff, premises, office supplies, equipment and traveling expenses. There were some minor expenses paid out of the parliamentary appropriations, such as telegrams, stationery, printing, enforcement and cost of coin shipments. But the main increase is in the items to which I have referred.

Mr. Cockeram: Can the minister get a breakdown of that figure, and also comparative figures for 1947? Can he also get a breakdown of the public information program, $99,957? There is an increase of fifty-two in the staff of the foreign exchange control board, which seems a good deal. The staff is increased by one-eighth. I think that increase is out of line. I should like to get a breakdown, and also the comparative figures for the previous year.

Mr. Abbott: I will see if I can get the information.

Mr. McMaster: I should like to ask a question arising out of an answer given to the hon. member for Kamloops. The minister said that the foreign exchange control board is in the market. Does the foreign exchange control board acquire any considerable sum of money except such funds as the people are bound to hand over to them of the United States dollars they receive?

Mr. Abbott: No. What I meant was that it acquires all the United States dollars that Canadian exporters receive from their customers.

Mr. McMaster: Do they go into the market?

Mr. Abbott: Perhaps I was inaccurate in using the word "market". It has a monopoly on foreign exchange.

Mr. Hansell: I should like to ask the minister what the policy of his department is with regard to goods coming into this country for charitable purposes. I have one case, which is no doubt one of quite a number, and three different government departments seem to be involved. I am at a loss to understand the extent of the co-ordination among these three departments. The position is this. Some goods were ordered to be brought into Canada to be used by a Lions Club for charitable purposes. The goods were not bought. The goods were coming in. No funds were exchanged between this country and the United States. Furthermore, the goods were to be used for charitable purposes. No money was to be made from the sale of the goods. There was no transfer of title of the goods. Yet now, because those who were bringing the goods into Canada were not aware that they had to get the proper permits, the goods are held up at the border. They have been held up for some time while correspondence has been going on between the Department of Finance and the Department of Trade and Commerce; now the Department of National Revenue comes on the scene and wants its cut from the duties that would be imposed upon the goods, in spite of the fact that there is no transfer of funds, and the goods are not bought.

I am not now making any criticism. I am taking the case up with the department, but I cannot quite unravel it. Two or three departments are all mixed up in it. If I could get a picture of the government policy with respect to such a matter, I think I could perhaps unravel it in my own mind.

Mr. Abbott: If my hon. friend will give me the name and the particulars, I shall be glad to have the matter looked into. It sounds to me as though it were a case in which the emergency import restrictions were involved, and not foreign exchange control. The only interest I have as Minister of Finance, or which my agent the foreign exchange control board has, in imports, is to see that they do not constitute a concealed export of capital from this country. But the case that my hon. friend appears to have in mind would likely be in relation to a commodity which is on either the prohibited list or the quota list under the Emergency Exchange Conservation Act. In those cases the Department of National Revenue acts as agent for the emergency import control division of the Department of Finance. But without knowing the exact circumstances and the parties involved, it is difficult to give a specific answer. I shall be glad to look into the case.

Mr. Green: I should like to ask the minister to give us some further clarification of the policy of the foreign exchange control board with regard to the export of goods from Canada. He will find at page 24 of the annual report for the year 1948 an interesting outline of that situation. It begins:

> Under the Foreign Exchange Control Act a permit from the board is required for the sale of goods for export from Canada otherwise than on terms providing for payment of the fair value within six months in a currency designated as acceptable therefor. In general the currencies designated by the regulations are as follows:

Then it sets out the ordinary method in which these deals are financed.

> 1. Exports to any destination—United States dollars or foreign currencies which are freely convertible into United States dollars;
>
> 2. Exports to sterling area countries—sterling, other sterling area currencies which are freely convertible into sterling, or Canadian dollars paid from sterling area accounts;
>
> 3. Exports to special arrangement countries (e.g. France, Belgium, Luxembourg, The Netherlands,

Norway, Czechoslovakia, Egypt and Palestine)—Canadian dollars paid from special arrangement country accounts.

We all agree, of course, that that is the way in which we should like to see Canadian export business financed. But the board is obviously concerned whether it will be possible to carry on in any one of those three ways, because the report goes on as follows:

Until recently there was little occasion for Canadian exporters to seek to export on terms other than those specified above. With the growing severity of import restrictions imposed by many countries, however, an increasing number of cases have arisen where Canadian exporters find it impossible to sell goods on the prescribed terms of payment. In these cases alternative proposals for payment are sometimes made by foreign buyers and where they are acceptable to the Canadian exporters, the board has indicated its readiness to consider applications for the necessary permits. The following appear to be the main types of case which warrant consideration:

I would emphasize there that the board itself says that these particular types warrant consideration. That is becoming increasingly true as the days go by. Of course it is particularly important to British Columbia, because we have the greatest difficulty in keeping up our exports to the sterling area countries.

These are the types of cases warranting consideration:

1. Exports for payment in the appropriate currencies but where payment is to be deferred beyond the normal six-month period.

We have had an example of that in the canned salmon trade. I hold in my hand a press dispatch of January 21 of this year, which reads as follows: "Salmon get last chance."

The Deputy Chairman: Order. I question whether the hon. member is in order in reviewing the whole act. What is now before the committee is an extension of the time of operation of the act. Section 1 of the bill extends the time of operation of the act. I hope the hon. member will try to confine his remarks to the simple amendment which is now before the committee. The principle of the measure was agreed to on second reading. These matters could have been discussed at that time. Hon. members should confine their remarks to the clause before the committee.

Mr. Green: The question I am raising involves a good many millions of dollars to the people of British Columbia. The whole thing is tied up with the policy of the foreign exchange control board.

The Deputy Chairman: Order.

Mr. Green: I have not finished my statement.

The Deputy Chairman: Order. I agree with the hon. member that it is all involved in this act, but that is not now before the committee. What is before the committee is an extension of the time.

Mr. Green: This question is becoming of great importance. It is in the coming year, during which this act is to be extended, that the question will be of far more importance than it was last year. Surely I am entitled to ask what the policy of the board is on these particular points.

Mr. Abbott: I think my hon. friend wants to ask me what the policy of the board or of the government is with respect to payments on exports in sterling, let us say. I imagine that is what he was leading up to, was it not? If so, it is a relevant question, certainly as relevant as any other questions which have been asked me this morning. I do not think we should go into a discussion of the plight of industries. I do not suppose the hon. member intended to do that.

Mr. Green: I am asking the minister first of all about the first type of cases which the board thinks warrants further consideration. My submission is that some much more definite policy should be adopted with regard to this type, which is:

Exports for payment in the appropriate currencies but where payment is to be deferred beyond the normal six-month period.

Before the war British Columbia sold to Great Britain over a million cases of canned salmon a year. Hon. members will recall that during the war there was no canned salmon available in Canada because it was all being sent overseas. Sales have now been cut off completely. The press dispatch to which I referred reads:

Fisheries Minister R. W. Mayhew has begun last-chance negotiations toward agreement for sale of B.C. canned salmon to the United Kingdom, and upon his success or failure will depend to great extent the prosperity of this province's fishermen in 1949.

This was announced today as British food minister Strachey declared in London his ministry had turned down a Canadian offer of tinned salmon on a deferred payment basis.

I presume that is the basis mentioned by the board as type one. The dispatch goes on:

Reason: "It is not known when Britain will have enough dollars to pay.

"If they would agree to payment in sterling we could do business. We must keep our dollars for more essential food, like wheat."

Is there not some way in which deferred payments can be arranged for canned salmon?

My second question has to do with the fourth type of case to which the foreign exchange control board refers. It reads:

Exports to be paid for by the acceptance of goods of equivalent value.

The other day the Minister of Trade and Commerce explained that there had been one such arrangement of which he knew, and that was an exchange of apples for oranges between Brazil and Canada.

The Deputy Chairman: Order. Under this amendment it is not in order for the hon. member to review the whole act. It is entirely out of order. If the hon. member wishes to put a question, he can do so without going into the whole act.

Mr. Green: In order to put my question I have to make certain explanations. I have asked one question. I wish to ask the minister another question with respect to the fourth type of case in which lumber is involved. Obviously the British have made a deal—

Mr. Williams: Can you not ask a question without making a speech?

Mr. Green: If you will just keep quiet.

Mr. Williams: Bless your little soul. You have been fifteen minutes trying to ask three questions.

Mr. Green: The British have made deals for timber with Yugoslavia and Sweden, and apparently they are now dealing with Finland and Russia. Is there not some way in which a similar deal for timber can be made between Great Britain and Canada? Just last week in Vancouver Mr. Graham Towers said—

The Deputy Chairman: Order. I must call the hon. member's attention to the fact that he must deal with the amendment and not review the whole act. I think hon. members will agree with me that it is not in order to review the whole act.

Mr. Green: The bill before the committee is a provision to continue the whole act for a year.

The Deputy Chairman: Order. The amendment before the committee extends the time. The principle of the act, and all that was involved in it, could have been discussed on second reading. Second reading has been given to the bill, and we are now dealing with the amendment.

Mr. Green: I am not discussing the principle of the bill.

Mr. Howe: The hon. member is going back over discussions which lasted for an hour and which were finished.

Mr. Green: It is exactly the type of discussion that has been going on here all morning.

Mr. Howe: How many times do you have to discuss the whole matter?

Mr. Green: I am discussing how the board functions.

[Mr. Green.]

The Deputy Chairman: I ask the hon. member to put his questions as briefly as he can. I do not think he is in order in carrying on the discussion as he has. The amendment asks for an extension of the time of operation of the act. It does not ask for a review of all the ramifications of the act. That is not what we are dealing with in committee.

Mr. Green: I am not dealing with all the ramifications of the act, Mr. Chairman; I am asking a question concerning one paragraph of the board's report.

The Deputy Chairman: I should like to point out to the hon. gentleman that if we permitted him to continue his discussion as he has been doing, other hon. members who wish to deal with any other feature of the act would have the same right to do so. In committee speeches must be strictly relevant to the clause under consideration.

Mr. Green: The minister made a statement which is to be found at page 1644 of *Hansard*, and it was made during a discussion in the committee stage of the bill. He said:

> We have been trying to hold off from what I consider to be this dangerous and vicious system of barter agreements.

With regard to the fourth type of case—that is, where the board says that exports shall be paid for by the acceptance of goods of equivalent value—I ask the minister whether the time has not come to take more definite steps to permit transactions of that kind, in order that we may not lose our trade with the sterling area, as we have already done with regard to some commodities?

Mr. Abbott: I do not think this is the place to discuss the merits or demerits of so-called barter transactions. There is no foreign exchange control aspect involved in any case. It is true that the Foreign Exchange Control Act requires that any goods exported from this country must be payable in currency approved by the board. To that extent you cannot enter into barter transactions without permission of the board. The primary question whether a transaction of that kind should be entered into I shall not discuss at this time. My views are well known. I voiced them the other night. I believe that kind of transaction we should enter into only as a last resort.

As to the first question, with reference to acceptance of sterling as payment for exports, as indicated in the report of the board, there is no objection to that now, provided that the exporter is willing to accept that sterling and to wait until the Bank of England or the United States treasury is prepared to convert it into dollars. But if the foreign exchange control board were to take sterling from the

Canadian exporter, actually we would be simply extending further credits to the sterling area, and in addition to the credit risk we would also be incurring an exchange risk.

As I say, there is no objection; I think the board will now permit such transactions. If for instance any exporter of salmon, lumber or some other commodity is prepared to sell it and to take sterling for it, that is permitted —provided that his workmen get the necessary Canadian dollars. But the dominion government does not feel it can extend its foreign credit program by accumulating sterling.

Mr. Adamson: I believe the minister was under some misapprehension in respect to what he regarded as a discourtesy on the part of the hon. member for York South and myself. What we said was "softer", not "louder". We realize that the minister has a heavy commitment this evening in the presentation of his budget, and we are conscious of the fact that his voice requires all the care it can receive.

My first question is this: Has the foreign exchange control board made purchases in the unofficial market for Canadian dollars in New York? Then I have a question with regard to the redemption of United States securities, or at least securities which call in United States funds—and in this I am thinking of two companies which have made heavy redemptions of bonds in the last two years; one is the Abitibi Company, and there are several others. They redeemed certain bonds in compliance with the first mortgage clause and also had payments in United States funds as one of the conditions of the purchase of the bonds. Can the minister say how much was redeemed in this way in United States funds? Is there a condition under which bonds of this kind are redeemed in United States funds?

Mr. Abbott: The foreign exchange control board has not purchased in the so-called unofficial market any Canadian dollars. As to the second point, I do not believe I have with me figures showing maturities of Canadian securities payable in United States funds made prior to the imposition of restrictions in November 1947. They were fairly heavy in that year. I was going to give a figure, but perhaps I should not. It is readily available; I believe it appears in the report of the board for 1947. Perhaps I could get it in a few minutes.

Mr. Adamson: I do not wish to hold up passage of the bill, but the policy is for redemption in United States funds to be made from funds of the foreign exchange control board?

Mr. Abbott: Since November 1947 we have not been allowing that type of capital to come in.

Mr. Adamson: I understand that, but outstanding securities can be redeemed in that way?

Mr. Abbott: Yes, to meet maturities as they fall due. But we cannot allow an anticipation of maturities. The hon. member was referring to maturities of securities to become due. Funds of course will be provided to pay them off. That has always been our policy. There has never been any deviation from that, even during the war.

Mr. Adamson: The reason for my first question was that I wanted to know whether the unofficial market was completely unsupported by the government.

Mr. Abbott: That is right.

Mr. Stephenson: Knowing that in any case we have to have funds to purchase goods in the United States, if United States funds have been purchased, has Canada had to pay a premium on them?

Mr. Abbott: No, there is no premium paid on those funds.

Mr. Fleming: Earlier this morning the minister answered some questions as to the relationship between the foreign exchange control board and the consolidated revenue fund. I wonder if he would supplement the information he gave respecting assets and liabilities of the exchange fund account as it appears at page 28 of the 1948 report of the foreign exchange control board. This indicates that at December 31, 1947, advances from the consolidated revenue fund stood at $505 million, whereas at December 31, 1948, they stood at $1,025 million. These of course are calendar year figures. If we subtract the 1947 from the 1948 figure we have not a figure which would tally with the fiscal year for which the minister keeps his books. In other words the increase of $520 million in advances from the consolidated revenue fund as between December 31, 1947, and December 31, 1948, represents the twelve months of the calendar year 1948, and does not bear any relationship to the fiscal year ended March 31.

What is the position with regard to the effect in 1947 and 1948 of increases in the consolidated revenue fund on the books of the Department of Finance with regard to such things as surplus? I am aware of the figure appearing at page 1 of the report indicating holdings in United States dollars and gold. But what I want to get at is this: in 1947 we had a substantial reduction—

I believe it was about $700 million—in the board's holdings of United States dollars in gold. So far as I am aware, this was not reflected in the figures the minister gave the house. It was not reflected in a reduction of the national debt.

In 1948 we see a substantial increase in advances from the consolidated revenue fund. From a statement issued earlier in the year, which appeared in the *Canada Gazette*, it appears that these increases in advances from the consolidated revenue fund to the foreign exchange control board are going to have the effect of reducing the surplus available in the hands of the Minister of Finance for the reduction of debt. If it does not work in 1947, how does it work in 1948?

Mr. Abbott: I am afraid my hon. friend has not read carefully the prepared statements I have issued in the last two or three months in connection with the comptroller of the treasury's monthly statements, where I have been endeavouring to demonstrate the difference in public accounts between what is referred to as budgetary surplus and cash surplus. In public finance there are many items which are not budgetary items but which have to be paid for in cash. On the other side there are a great many budgetary expenditures which do not have to be made in cash. If my hon. friend will look back at my budget speech of 1947 he will find that I referred in specific terms to the fact that during the then fiscal year we had received several hundred million dollars as a result of payments made to me in my official capacity from the exchange fund account. The trend has been reversed this year; in fact we have had to provide out of the cash resources of the government between $400 million and $450 million for the exchange fund account in order to provide dollars, mainly for exporters who have turned over their United States dollars to the exchange fund account.

That fact has nothing to do with the amount of the budgetary surplus which the government has at the end of its fiscal year. It has a significant bearing on the cash requirements of the government, which is something completely different. I am not revealing any budget secrets when I say that in the course of my economic survey this evening I shall have something to say on this particular subject. Perhaps my hon. friend will accept this short explanation this morning, and this evening I hope to be able to deal with the question he has raised, which is an important one, in considerably more detail.

[Mr. Fleming.]

Mr. McKay: I should like to ask a question arising out of a news report in the Toronto *Star* of March 18, which reads:

> Vancouver, March 18—"Restoration of Europe might well be the task of a generation or more, and to that degree Canada will be without its traditional customers capable of buying from this country," declared Graham Ford Towers, governor of the Bank of Canada, in an address to the northwest credit conference yesterday.
>
> Mr. Towers said European recipients of aid had been forced by dollar shortages to form trading arrangements among themselves and with countries outside the dollar area. "Some of these international trade policies are enough to make classical economists turn in their graves," he declared.

I assume that when Mr. Towers refers to international trade policies which are causing classical economists to turn in their graves he is referring to barter trade. On several occasions the minister has indicated to the house that he is at least in principle opposed to barter trade arrangements. If he is opposed in principle to barter arrangements, will he tell the committee what the government has to offer in place of those barter arrangements, other than granting Europe increased loans and credits so that they can purchase goods from Canada?

Mr. Abbott: As I have said before, I am not going to enter into an extended debate on trade policy when we are in committee on this bill. I think it would be completely irrelevant. We had a long discussion on it the other day, and on a more appropriate occasion I shall have a good deal more to say on this question of barter deals. I do not think it is in order to go into the matter this morning, and I shall give, as I have done before, excellent reasons why I do not think it is in the interests of this country to go into them.

Mr. Campbell: What percentage of the profits made in Canada by United States firms has been converted into United States dollars during the past year?

Mr. Abbott: I cannot give my hon. friend the percentage, but every dollar of profit made in this country by a United States firm during the past year could, if the firm wished to do so, have been taken to the United States at the official rate of exchange. A good many of them, in accordance with past practice, have allowed current earnings to remain here and have reinvested them in the business. But Canadian policy is, and always has been, even in the worst days of the war, to allow nonresident investors to take their current earnings out of the country at the official rate of exchange.

Mr. Jackman: Following the questions asked by the hon. member for Saint John-

Albert, will the minister say whether a farmer or businessman who retired to the United States would be permitted to have all his income in Canada sent to him in the United States at the official rate?

Mr. Abbott: That is correct.

Mr. Jackman: Irrespective of what the amount may be?

Mr. Abbott: If he has been granted a change of status. That is my information.

Mr. Jackman: Is there any particular trick about being granted a change of status? Would that apply to a person who has been there, say, for a year, and has taken up domicile?

Mr. Abbott: I think there must be some justification, as was indicated by the hon. member for Saint John-Albert, such as health or other reasons. If a Canadian feels that he must leave Canada, he is always free to do so, but it is discretionary with us to say whether he is given a change of status for exchange purposes—in other words, whether we will allow him to take his capital out of the country.

Mr. Jackman: Supposing a businessman or farmer wanted to go to the United States in order to carry on business, in order to get away from restrictions; would this government allow him to have the income from his Canadian investments at the official rate of exchange?

Mr. Abbott: Not necessarily.

Mr. Jackman: In other words he must pass through the hands of the bureaucrats before it is decided whether he can go to the United States. Last night we heard the Minister of Justice say that this government is eager to get out of controls with the utmost possible speed, but we must not forget that when the Foreign Exchange Control Act was before us, the government would not consent to any limitation as to time. It was only because of the work of the other house that any limitation was placed on the act.

May I ask the minister why he has put a two-year limit on at this time? I say that partly because of what I see in the report that the staff has been increased from 420 to 472. Naturally I am concerned about the future of the young men and women who make up the staff there, to say nothing of the large additional expense which has been incurred and which amounts to no less than $10,000 per head for the fifty-two additional people.

I should like to ask the minister a question which is relevant to the time factor in the bill before us. If in the eyes of the government our currency becomes sufficiently strong to stand on its own feet, is it the intention of the government to do away with the foreign exchange control board, or does the minister feel that under his obligations, as they now exist and as he contemplates they will exist under Bretton Woods, it will be necessary to maintain the foreign exchange control board with a fairly substantial staff? If it should come about that there was freedom and convertibility of currency, what staff would be required in addition to the staff now employed?

Mr. Abbott: As I have said on other occasions, I am never too keen about answering hypothetical questions, and I certainly have no intention of stating what government policy might be under contingencies as yet undeveloped. I did point out either yesterday or the day before, or previously when we were discussing this measure, that it is perfectly open to parliament to repeal the measure at any time. The fact that there is a time limit does not prevent that.

As I have said on numerous other occasions, I think it would have been better to follow the ordinary British constitutional practice and not put in a time limit—leave it to parliament to repeal the statute when it was no longer necessary. However, that principle was accepted in the other place when the act was before that body for consideration in 1946. The approximately two-year time limit is put in because that period will terminate early in the life of the next parliament. But there is nothing to prevent parliament from repealing it this year or next year.

Mr. Williams: In one of the answers given by the minister this morning he referred to prosecution of people who had been evading the rules and regulations of the foreign exchange control board. Is it possible to have an itemized statement, not giving the names of the people involved but in the form of case A, case B, case C, and so on? May we have such a statement so that we may see just what the situation is?

Mr. Abbott: I gave a fairly well itemized statement, but I will see if I can give a little more. Let us take 1948, the most recent figures. There were 105 attempts by resident travelers to export currency without the necessary permit. There were twenty cases of residents obtaining United States funds in excess of the annual travel allotment by making false declarations to authorized dealers. Thirty-nine residents failed to sell United States dollars to authorized dealers, or illegally disposed of United States dollars.

There were twenty cases of non-residents importing unofficial Canadian funds, mainly in the form of drafts, acquiring United States funds in Canada, or illegally attempting to export Canadian currency. There, as I pointed out to the hon. member for Lake Centre, the fines were the highest in the whole group.

As to other illegal dealings in foreign exchange, there were ten cases, and there is a classification of miscellaneous, whatever that may mean, with twenty-two cases, making a total of 216. These were formal prosecutions before the exchequer court. I have not the breakdown here of the seizures of currency in amounts of $100 and over, but of course in the great majority of these cases people were attempting to cross the border with amounts of currency in excess of the legal limits provided under the regulations.

Mr. Drew: Mr. Chairman, the comments that have been made as to the section that is now before the house indicate the necessity of recognizing exactly what the effect of the section is. On second reading the principle involved was simply whether or not foreign exchange control should be extended. That has been discussed; and naturally it is a subject which would embrace a very wide field.

The device that is being used to extend the life of this act is to carry forward an act of seventy-three sections by the adoption of a single section. It would be utterly impossible to discuss effectively at any point in the proceedings the consequences of this act, unless it were done in committee, because this section carries forward in detail the whole seventy-three sections of the act.

There is one feature of this amending section which is of basic importance and which should be given consideration in the light of remarks that have already been made both in and out of the house. The amendment to section 73 of the act proposed by the bill now before the house extends the life of the act for two years. I submit that under no circumstances should this measure be carried forward beyond one year under the present bill amendment, because when parliament meets in 1950 it can then deal with the question whether the act should be extended for another year.

Mr. Nicholson: It might take us that long to get this through.

Mr. Drew: Under the system of government that we have adopted in Canada the basic principle that has been accepted for hundreds of years is that, in relation to financial matters, there shall be an annual review by parliament, and that the authorization shall only proceed for a period of a year subject to that review. It is questionable if there is sufficient recognition of the fundamental importance of the act which will be carried forward in toto by the amendment if it is adopted in its present form. No single act could possibly have a wider impact upon the future economic life of the country than one which can so definitely and powerfully influence the future trading relationships of Canada with all nations with which Canada deals.

To a greater extent than any other nation, with the possible exception of Switzerland, we in Canada are dependent upon the maintenance of a very large export business for continuing the standards of living which have been established in this country at a very high level. The Foreign Exchange Control Act, through its effect on exchange, which has such a bearing on trade in itself, and through its direct effect on trade under the import and export sections, can determine the whole level of trade carried on by this country in the years ahead. Therefore the act is one of immense importance to the future of Canada, and should be so regarded by those who are making a decision both as to its contents and its duration.

As the records show, an effort was made to limit the life of the act when it first came before the house. The efforts to impose such a limitation were defeated by the government and its supporters, but in the other place a limitation of three years was placed upon the life of the act. That at least was a limitation which has brought it back to the house for further consideration. In the ordinary course of events this act will not again be subject to review until after two years, no matter what disastrous consequences may ensue.

As the Minister of Finance has very properly pointed out, there is available information as to the details of the operation of the act, and the minister, under very heavy pressure in relation to other impending events, has unquestionably done everything possible to answer the detailed questions which have been put forward. But only information will be received; and while it is true that it is open to parliament at any session to repeal the act, the fact remains that under ordinary circumstances the act as it now stands would carry forward for two years, thus placing ordinary discussion of the operation of the act beyond the control of parliament for the whole of that period. That is undoubtedly something which should be regarded in the light not only of the general principle involved, but also of statements made by those who should be in a better position than anyone else in the house to know what the circumstances actually are or to advise hon. members.

As it stands at the moment, in view of the enormous and, may I add, humanitarian considerations which have guided the course of the United States in dealing with Marshall aid and the financial assistance of European and other countries, undoubtedly those charged with the responsibility of administration of those funds have more expert knowledge available to them than anyone else who could discuss the subject. For that reason it is of importance in considering this matter to recognize what has been said by Mr. Hoffman, administrator of the ECA, and the man charged with the major responsibility of allocating Marshall plan payments. Mr. Hoffman has said unqualifiedly that there must be stabilization of currency in 1949. If that is the view of Mr. Hoffman, the man more responsible than anyone else, outside the government of the United States, for what will be done either through the international monetary fund or through any other agency of the United States government or of the United Nations, it seems to me the parliament of Canada should not be prepared to extend the life of this foreign exchange control bill, which is also a control over export and import, beyond the period of one year. It is within the power of the government to deal with that matter by indicating its willingness to limit the life of this measure to one year, but that must be done while we are in committee if it is to be done at all, unless the bill is referred back from third reading for further consideration by this committee. I would strongly urge the Minister of Finance to recognize the basic principle involved in the continuation of this bill of seventy-three sections, and also to observe the explicit statement by Mr. Hoffman that there must be currency stabilization in 1949.

When it comes to the question of dealing with our own exchange rate, a great deal has been said about the use of the word "realistic" in relation to the actual value of Canadian money. So far as that is concerned, the word "realistic" has been widely used by the official advisers to this government; and one statement that has been made, which it seems to me should commend itself to hon. members of this house, is that fixed exchange rates have lost touch with economic realities. We are not the inventors of the word "realistic" or the words "economic realities." Obviously the officials who are dealing with the approval of any particular application for a large transaction at a definite level of exchange other than one hundred cents Canadian funds for one hundred cents United States funds, in their minds must be dealing with the word "realistic" and, if there is in fact responsibility on the part of those officials, they must be dealing with realities in deciding whether or not they will approve an application that has been made at a level other than parity.

Mr. Blackmore: In the course of his remarks will the hon. member tell us what he gathers to be the meaning of the word "realistic" as these experts are using it?

Mr. Drew: I must confess that I am unable to improve upon either the Oxford or the Webster dictionary, and I am prepared to accept their definition of the meaning of the words "realistic" and "realities." I am saying in all seriousness that I do not know anywhere else to go for a definition of those terms. In any comments I make, the meaning of "realistic" or "realities" is the accepted dictionary meaning of those words.

Mr. Blackmore: After all, you have not only the dictionary or theoretical meaning; there must be a definition of realism in terms of goods and services as an actual fact.

Mr. Drew: I attribute complete sincerity to the thoughts behind the actions of the hon. member, but I know that in his consideration of economic realities he has a different view than that which some of us hold; and I confess that my view of the word "realities" in relation to finance does not entirely conform to his. For that reason I do not propose to answer questions which could only have as their purpose the eliciting of an answer which would indicate a difference in our points of view in regard to the broad principles of economy which can be described by "realistic."

I have mentioned the expression used by Mr. Hoffman in the consideration of this subject. I should like also to point out that Mr. Snyder, United States secretary of the treasury, has said emphatically that currency devaluation must be considered as a means of meeting the problems with which we are all now confronted. After all, at a time when we are admittedly relating our own money value so directly to that of the United States, we can hardly ignore the views expressed on the one hand by the United States secretary of the treasury and on the other hand by the man charged with the responsibility of considering the effect of exchange on the moneys advanced in enormous amounts by the government of the United States, either under the Marshall plan or by other devices which would come within the purview of ECA.

Some hon. Members: One o'clock.

The Chairman: Does the hon. member desire to proceed further, or could we have this section approved?

Mr. Abbott: Unless we can conclude within a few minutes I shall have to ask that the committee rise, since I am unable to be here this afternoon.

Mr. Drew: I shall be glad to meet the wish of hon. members. I would certainly conclude these remarks in not more than ten minutes.

Mr. Abbott: It would be a great accommodation to me personally if within ten or fifteen minutes we could complete the committee stage of this measure, though I do not want to press that.

Mr. Knowles: Are there any other speakers in addition to the leader of the opposition?

Some hon. Members: Go ahead.

The Chairman: Then it is agreed that the committee continue to sit for ten minutes.

Mr. Drew: I want to quote also what has been said by one of the leading advisers of the government in regard to this whole subject. I refer to Mr. Louis Rasminsky, who on December 1 last, in a fairly long review of the general effect of foreign exchange control, had this to say:

> And in the meantime, the restrictions and discriminations involved could impose severe burdens on Canada which continues to rely to a considerable extent on having a surplus of exports to the United Kingdom and western Europe and using the proceeds of that surplus to pay for a surplus of imports from the United States.

Mr. Howe: That has all been read to us by the hon. member for Muskoka-Ontario.

Mr. Macdonnell (Muskoka-Ontario): Not that part.

Mr. Drew: The hon. member for Muskoka-Ontario also indicated to this house some of the things that had been said by Mr. Rasminsky, but I believe a check of the record will indicate that this is not one of the subjects mentioned, and this statement happens to have a direct bearing on what I am now saying.

I suggest further that the Minister of Finance should have regard to the warnings that have come from other hon. members about what is going to happen unless a realistic approach is made to the solution of this whole exchange question, which really got into its present difficulty by the ending of the interchangeability clause as between sterling and dollars in the Bretton Woods agreement. Sir Stafford Cripps in an interview with the Canadian Press in February, said that what had been done so far to reduce imports into the United Kingdom from Canada was insufficient, and that the government of the United Kingdom might be obliged gradually to limit its imports of bacon, cheese and eggs. Since he made that statement to the Canadian Press, he has even more emphatically pointed out that unless Canada is able to buy much larger quantities of goods from Britain than are now being bought, it will be impossible for Britain to continue to buy those things upon which the continuing stability of a substantial part of our domestic economy must depend in the years ahead.

The Minister of Agriculture—and in this case I agree that this has already been referred to—has dealt with this subject; he said as reported in *Hansard* of March 18 at page 1641:

> I am inclined to agree with some of the statements that have been made from the other side of the house to the effect that something ought to be done about the convertibility of exchange between all countries who are trying to co-operate in doing the same thing in the world. I am inclined to agree with that; but in spite of the fact that some people have credited me with stating the position very forcefully over in London, I still say that the best way to get a final result is to listen to what the other people have to say, to put forward our own views from time to time with regard to the matter and, since we are all friends, to co-operate with them in trying to get the results as quickly as possible not only in our own country but in all countries.

What the Minister of Agriculture has said is exactly what has been put forward by the members of the Progressive Conservative party. In the amendment which was ruled out of order—I am not discussing the amendment beyond referring to it—it was clearly indicated that in our view it is necessary to carry forward, for a period of not more than a year, the operation of some measure of exchange control, so that this can be related to an orderly readjustment of the situation. But the position taken, either directly or by implication, is that this government must sit back and wait for others to do that job. Since Canada has very properly asserted its increasing importance in the world, there is no reason why Canada should wait for any other country, and there is a special reason why Canada should be the first nation to insist upon a realistic review of the whole situation and attempt, with the assistance of the best brains available in the western world, to find some way of restoring the convertibility factor between the pound and the dollar.

The situation as between Great Britain and Canada is no different today from what it was in the past. In fact, the unbalance between exports and imports is not as great as it has been on many occasions in the past. At a time when the pound and the dollar were convertible at a realistic rate of exchange, Britain was anxious to sell to Canada, and was not unduly concerned about the unbalance between exports and imports,

because in the broad movement of exchange it built up credits elsewhere with which it was able to balance its adjustments.

Mr. Abbott: Britain then had not lost her investments.

Mr. Drew: That was the traditional, the historic and the sound method of international exchange which made Britain one of the great trading countries of the world, and which has made Canada one of the great trading countries of the world as well. We are simply accepting a defeatist point of view if Canada does not say officially to those who administer the international monetary fund and to the governments which are members of that fund: We want an immediate review of the whole situation. It certainly is open to Canada to invite the other nations to meet and discuss this subject at the earliest possible date.

Mr. Williams: Time.

Mr. Drew: Canada is the nation most affected by the ability to continue its exports to the sterling area.

Mr. Williams: It is ten minutes past one. Mr. Chairman.

Mr. Drew: Canada is infinitely more affected than is the government of the United States in relation to its total export situation.

Mr. Williams: Time.

The Chairman: Order.

Mr. Williams: It is ten minutes past one. The leader of the opposition promised to finish in ten minutes, and he is still going.

Mr. Drew: I have no intention, Mr. Chairman, of extending this discussion beyond what the committee desires. It was exactly three minutes after one when I said I would be finished in ten minutes, and I believe that I shall be.

Mr. Abbott: Go ahead.

Mr. Williams: Go on. Give him another ten.

The Chairman: Order.

Mr. Drew: Since the Minister of Finance has questioned the use of the term "realistic" and "economic realities" in relation to question of exchange rates, I should like to refer to the report of the international monetary fund published on April 30, 1948, in which, at page 21, those who prepared this report on behalf of the international monetary fund made the bald statement to which I have already referred:

> . . . stability exchange rates which have lost touch with economic realities.

I repeat, Mr. Chairman, that relatively Canada is more concerned in this matter than any other country now operating under the international monetary fund. Unless a solution of this problem of interchangeability is found, this country may well be heading for disaster.

The Minister of Agriculture has indicated quite clearly the dangers to the export of our commodities under the rigidity which now exists. Sir Stafford Cripps has given us an ominous warning of what may happen if we do not find some way of restoring interchangeability. Mr. Hoffman has made it clear that the solution must be found this year. Therefore I urge the government without delay to press for an immediate meeting of the governments and their experts to explore the possibility of restoring interchangeability of these funds and of laying the foundation for the kind of trade that this country through a realistic exchange really can have for its people to meet the demands of a hungry world.

In accordance with our general practice, this act should be limited to one year. Mr. Hoffman has said that the solution must be found this year. For these reasons, among others, we shall vote against the bill. No matter how determined the government may be to carry this measure forward in its present form, I urge that this extension be limited to a period of one year, so that there may be some compulsion and within the year a solution may be found which will open the channels of trade for Canada to the whole world.

Bill reported.

Mr. Abbott moved the third reading of the bill.

Mr. Deputy Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Drew: No, Mr. Speaker.

Mr. Abbott: Next sitting.

At one-fifteen o'clock the house took recess.

The house resumed at three o'clock.

TRANSITIONAL MEASURES ACT, 1947

CONTINUATION OF CERTAIN ORDERS AND REGULATIONS

The house resumed from Monday, March 21, consideration of the motion of Mr. Garson for the second reading of Bill No. 86, to amend the Continuation of Transitional Measures Act, 1947.

Mr. Speaker: Before proceeding with the bill I should like to give a ruling on the amendment moved by the hon. member for Eglinton (Mr. Fleming).

Mr. Fleming: Mr. Speaker, before you give your ruling may I point out that the amendment has not been read, and no objection has been taken to it. If you are proposing to give a ruling with regard to the amendment I would ask that an opportunity be given to hon. members to argue the point.

For my part I wish to submit to you that the amendment is clearly in order. May I suggest that before you give a ruling the amendment be read?

Mr. Speaker: It is my intention to read the amendment before giving my ruling upon it. It is moved by the hon. member for Eglinton (Mr. Fleming) and seconded by the hon. member for Peel (Mr. Graydon):

> That the said bill be not now read the second time but that the subject matter thereof be referred to the standing committee on banking and commerce with instructions that they have power to recommend a specific measure relating to rent control, and other specific measures relating respectively to other matters provided for in the said bill.

Mr. Fleming: Mr. Speaker, it is my submission that the amendment is clearly in order. It complies with the requirements of citation 657 in Beauchesne's third edition, which is the same as citation 755 in Beauchesne's second edition at page 217, which reads as follows:

> It is also competent to a member who desires to place on record any special reasons for not agreeing to the second reading of a bill, to move as an amendment to the question a resolution declaratory of some principle adverse to or differing from the principles, policy or provisions of the bill, or expressing opinions as to any circumstances connected with its introduction, or prosecution; or otherwise opposed to its progress; or seeking further information in relation to the bill by committees, commissioners, the production of papers or other evidence or the opinion of judges.

The effect of the amendment is that the bill should not now be read the second time, but that the subject matter of the bill be referred to one of the standing committees of the house, with instructions that the committee shall have power to bring in a specific measure with reference to rent control and specific measures with regard to each of the other subject matters touched upon by the bill in question. I submit that—

Mr. Lesage: On a point of order.

Mr. Speaker: Order.

Mr. Fleming: This clearly—

Mr. Lesage: On a point of order.

Mr. Speaker: Order.

Mr. Lesage: I submit that the hon. member for Eglinton is out of order. He is speaking for a second time.

[Mr. Speaker.]

Mr. Speaker: I understand the hon. member raises a point of order.

Mr. Lesage: Yes.

Mr. Speaker: Well, the hon. member for Eglinton is already speaking to a point of order.

Mr. Lesage: Who raised the point of order?

Mr. Fleming: Mr. Speaker did.

Mr. Lesage: No; no point of order was raised.

Mr. Speaker: I thought the hon. member was speaking to a point of order. As no point of order was raised by the hon. member—

Mr. Fleming: Perhaps the house may have misunderstood you, but you intimated you were about to make a ruling on my amendment.

Mr. Lesage: That is not a point of order.

Mr. Fleming: And I asked that before any ruling was given the house be given an opportunity of discussing whether the amendment is or is not in order—which, I take it, is to be the subject matter of your ruling. Therefore I was proceeding, as one member of the house, to make some submissions to Mr. Speaker on the question whether the amendment is or is not in order. I have given you the reference.

Mr. Lesage: Speaking to my point of order, the hon. member for Eglinton is now speaking a second time on second reading. No point of order has been raised by anyone, and on the motion for second reading he cannot speak twice. No one has raised a point of order.

An hon. Member: He raised it himself.

Mr. Lesage: No, he cannot raise a point of order against his own amendment.

Mr. Speaker: The hon. member will realize there is no point of order before the house, so that no member could discuss a point of order. I have given the hon. member who moved the amendment an opportunity to call my attention to the citation in Beauchesne's third edition, and I would ask him not to make a speech.

Mr. Smith (Calgary West): Then I shall rise to a point of order; and my point of order is that this is not in order. Now he can speak.

Mr. Speaker: Order.

Mr. Mutch: Speaking to the point of order raised by the hon. member—

Mr. Fleming: I thought I was discussing it.

An hon. Member: Make up your minds.

Mr. Fleming: I have made my submission that the amendment is within the terms of citation 657, which I have read, because it proposes to refer the bill to a committee. I would also point out to you, Mr. Speaker, that this is the precise procedure followed on at least one previous occasion in the lifetime of this parliament under circumstances identical with those now before the house.

I would refer you to a ruling which you made on May 14, 1946—or at least to the procedure which you accepted at that time as being entirely in order. On that date second reading was moved by the Minister of Labour to a bill entitled an act to amend the Reinstatement in Civil Employment Act. The reference is to be found in the *Journals* of the house for 1946, page 214.

An amendment was moved by Mr. Mackenzie that the said bill be not now read the second time but that the subject matter thereof be referred to the select committee on veterans affairs, with instructions that they consider same and report thereon to the house. That question was put and carried. That is the procedure followed. The present amendment follows precisely the terms of that amendment, and the case is on all fours with that of May 14, 1946, to which I have referred.

Mr. Speaker: The amendment of the hon. member for Eglinton is:

That the said bill be not now read the second time but that the subject matter thereof be referred to the standing committee on banking and commerce with instructions that they have power to recommend a specific measure relating to rent control, and other specific measures relating respectively—

And I insist on these last words—

—relating respectively to other matters provided for in the said bill.

The amendment is totally different from the one just mentioned by the hon. member. There can be no question that, on the second reading of a bill, an amendment may be made to the end that the second reading do not take place but that the subject matter thereof be referred to one of the standing committees which may be given certain instructions. But the house cannot, under the guise of referring the subject matter, refer also certain provisions of the bill itself. The amendment asks that the committee recommend other specific measures relating respectively to other matters provided for in the said bill.

It seems to me that that is going beyond a reference of the subject matter. It is an instruction to consider certain provisions of the bill which could be done more easily if the bill were simply read the second time and referred to a committee in due course. The house cannot both refuse to give second reading and refer some provisions of the bill to a committee. It will have to make its choice. The amendment is therefore out of order.

I may add that the adoption of the amendment would cause the bill to disappear from the order paper. It would be killed without any hope of revival during the present session.

Mr. Drew: I challenge your ruling, Mr. Speaker, and call for a vote.

Some hon. Members: Oh, oh.

Mr. Speaker: Is it the pleasure of the house that the Speaker's ruling be sustained? Those in favour will please say "Yea."

Some hon. Members: Yea.

Mr. Speaker: Those opposed will please say "Nay."

Some hon. Members: Nay.

Mr. Speaker: In my opinion the "yeas" have it.

And some members having risen:

Some hon. Members: Filibuster.

Mr. Speaker: Call in the members.

Mr. Speaker put the question as follows:

The question before the house is an appeal from the ruling given by the Speaker on the amendment moved by the hon. member for Eglinton (Mr. Fleming). The amendment contains these words:

That they—

The committee.

—recommend other specific measures relating respectively to other matters provided for in the said bill.

It seems to me this is going beyond a reference of the subject matter. It is an instruction to consider certain provisions of the bill, which could be done more easily if the bill were simply read the second time and referred to a committee in due course. The house cannot both refuse to give second reading and refer some provisions of the bill to a committee. It will have to make its choice. The amendment is therefore out of order.

I may add that the adoption of the amendment would cause the bill to disappear from the order paper. It would be killed without any hope of revival during the present session.

Transitional Measures Act

The house divided on the question: Shall the Speaker's decision be sustained? And the decision of the Chair was sustained on the following division:

YEAS

Messrs:

Abbott
Archibald
Argue
Arsenault
Ashby
Baker
Beaudoin
Beaudry
Belzile
Benidickson
Bentley
Bertrand (Laurier)
Bertrand (Prescott)
Bertrand (Terrebonne)
Blackmore
Blanchette
Boivin
Bonnier
Boucher
Bourget
Bowerman
Bradette
Breithaupt
Brown
Brunelle
Bryce
Burton
Campbell
Castleden
Chevrier
Claxton
Cloutier
Coldwell
Cote (Matapedia-Matane)
Cote (St. Johns-Iberville-Napierville)
Cote (Verdun)
Croll
Cruickshank
Dechene
Denis
Dickey
Dion (Lake St. John-Roberval)
Dionne (Beauce)
Dorion
Douglas
Emmerson
Eudes
Fair
Fontaine
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Gagnon
Gariepy
Garson
Gauthier (Nipissing)
Gauthier (Portneuf)
Gibson (Hamilton West)
Gillis
Gingues
Golding
Gour (Russell)
Gourd (Chapleau)
Grant
Gregg
Hansell
Harris (Grey-Bruce)
Healy
Herridge
Hlynka
Howe
Irvine
Isnor
Jaenicke
Jean
Johnston
Jones
Jutras
Knight
Knowles
Kuhl
LaCroix
Lafontaine
Langlois
Laurendeau
Lesage
Little
Low
McCann
McCuaig
McCubbin
McCulloch (Pictou)
McCullough (Assiniboia)
Macdonald (Brantford City)
McDonald (Parry Sound)
McGarry
McIlraith
MacInnis
McIvor
McKay
MacLean
MacNaught
Maloney
Marier
Marquis
Marshall
Martin
Matthews (Brandon)
Matthews (Kootenay East)
Maybank
Mayhew
Michaud
Mitchell
Moore
Mullins
Mutch
Nicholson
Nixon
Parent
Pearson
Picard
Pinard
Pouliot
Probe
Quelch
Raymond (Wright)
Reid
Richard (Gloucester)
Richard (Ottawa East)
Rinfret
Robinson (Simcoe East)
St. Laurent
Shaw
Sinnott
Smith (York North)
Stewart (Winnipeg North)
Stuart (Charlotte)
Strum, Mrs.
Thatcher
Townley-Smith
Tremblay
Viau
Warren
Weir
Whitman
Williams
Winters
Wright
Wylie
Young—149.

NAYS

Messrs:

Adamson
Aylesworth
Barrett
Black (Cumberland)
Black (Yukon)
Blair
Bracken
Bradshaw
Brooks
Case
Charlton
Cockeram
Coyle
Daniel
Diefenbaker
Drew
Drope
Ferguson
Fleming
Fraser
Fulton
Graydon
Green
Harkness
Harris (Danforth)
Hatfield
Hazen
Henderson
Hodgson
Jackman
Kidd
Lennard
Lockhart
Macdonnell (Muskoka-Ontario)
McGregor
McLure
McMaster
MacNicol
Manross
Merritt
Miller
Murphy
Nowlan
Pearkes
Robinson (Bruce)
Ross (St. Paul's)
Skey
Smith (Calgary West)
Stanfield
Stephenson
Stokes
Timmins
Tustin
White (Hastings-Peterborough)
White (Middlesex East)—55.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker—

Some hon. Members: Louder.

Some hon. Members: A waste of time.

Mr. Speaker: Order. I would ask hon. members not to interrupt the hon. gentleman who has the floor.

Mr. Drew: In dealing with the effect of the adoption of this bill at this time, I do not believe it would be possible to put the situation which results from a decision to adopt an omnibus measure of this nature into more accurate terms than can be found in the words of the right hon. member for Glengarry (Mr. Mackenzie King) when he spoke in this house on April 1, 1932, when the government of that day sought certain powers under the general reference to peace, order and good government, the reference under which the present steps must be taken if they are to be taken at all. The words I now read are taken from his speech on that occasion, with certain omissions from the total of the speech:

> Peace, order and good government include virtually everything. . . . That no doubt is the kind of thing the Prime Minister would like to bring about; to establish himself as a dictator, as a second Cromwell in his day, but I say that, before we

return to the days of the revolution, we shall do our utmost to prevent a reversion to any condition such as that.

Let me ask my hon. friend . . . how would he feel if a socialist government were in office at the present time and, under the rights claimed by the ministry of which he is a member, attempted to legislate with respect to peace, order and good government, and to deal with the very subjects with which he and his colleagues have dealt? How would he feel if they passed an order in council to amend the Bank Act without any reference to parliament? How would he feel if they said that, by virtue of a situation which had arisen, the banks of the country should no longer be permitted to carry on their business under the provisions of the act which parliament had enacted; that it was necessary to amend that act, and then proceeded, by order in council, to amend the Bank Act? . . .

Let us consider the question of the insurance companies. How would my hon. friend view the action of a socialist ministry which said: We do not care what the law is with respect to insurance companies, we are going to pass by order in council the legislation which we think is necessary in this time of crisis to make these insurance companies do whatever we believe to be in the interests of the country. . . .

That is the position in which we are at the present time. May I go a step further? . . . How would my Conservative friends feel if a socialist government in office, using the precedent of the action taken by the present ministry under authority to legislate on peace, order and good government, started forthwith to have the printing presses of this country manufacture whatever money they wished and to distribute that money broadcast, giving as a reason that this was necessary in order to meet a situation which existed? . . .

I hear an hon. member opposite say that there will be no socialist government. May I say to him that this is the kind of thing that breeds socialist governments of the most extreme type. This is the sort of thing that would provide any government with the weapons it might need in order, if it so desired, to deal in a subversive manner with the constitution and other rights of the people. . . .

I am endeavouring to place before hon. gentlemen the position as it would present itself to them if a socialist government attempted to do what they themselves are doing. I do not believe that any government, socialist or otherwise, except this one would attempt to go the autocratic lengths that hon. gentlemen opposite have gone, but I do say that any government would find ample justification in the form of precedent for any extreme act, in the action of hon. gentlemen opposite in this particular measure which gives to the government of the day the authority which it does. That is the point I wish to make.

We all know very well that extreme action of the kind for which hon. gentlemen opposite are responsible does not come about in a day. Arbitrary authority helps to breed arbitrary authority. The enjoyment of a certain amount of absolute power creates an appetite for more in the way of absolute power, and finally absolutism knows no bounds. That is the point we have now reached so far as the Prime Minister and his colleagues are concerned.

Those words of the right hon. member for Glengarry are in every respect applicable to the measure now before this house, except for the fact that it confers infinitely wider powers than were ever dreamed of in the bill under discussion at the time these statements were made.

Mr. Irvine: What was the bill under discussion at that time?

Mr. Drew: We are now asked—

Some hon. Members: Order.

Mr. Irvine: What was the measure under discussion when the former Prime Minister made the speech just referred to?

Mr. Drew: It was the unemployment insurance act.

Some hon. Members: No.

Some hon. Members: Wrong again.

Mr. McCann: The marketing act.

Mr. Drew: I was right, as might have been expected. It was the unemployment continuance act.

Mr. Martin: The unemployment relief act, was it not?

Mr. Drew: The formal title is the Unemployment and Farm Relief Continuance Act, 1932.

Those words of the right hon. member for Glengarry were directed to a very limited field of the exercise of the emergency powers. They were limited to a specific measure. Before us now we have an omnibus measure which is the continuance of the application of extended powers; and the fact that these have been reduced to twelve in number in no way changes the principle which is inherent in the contention that this house should pass this omnibus measure covering all these wartime orders in council.

We are not asked as a House of Commons to consider a rent control bill. We are not asked to consider a price control bill. The only bill that the members of this house are asked to consider is a bill which gives to this government all the loose and undefined powers of a dictatorship over the whole timber industry, the whole steel industry, over all industrial and other building priorities, and several other extremely important activities of our people, as well as unsatisfactory and undefined authority over rent and prices. Whether they are tenants or not, Canadians generally know that the present rent control by government dictate, and not by law, has proved unsatisfactory in many important respects, quite apart from the dangerous principle involved in these arbitrary powers, which include the whole field under the declaration of a general emergency.

In many ways this rent control measure by government dictate is adding to the difficulties and preventing the building of satisfactory rental housing. We have urged over and over again that a rent control bill be introduced which will give tenants defined and assured legal rights and at the same time encourage the building of housing and apartments for rental purposes. That is the parliamentary way to deal with this subject. It is

the parliamentary way to deal with price control. It is the parliamentary way to deal with any other matter covered by this omnibus bill perpetuating wartime emergency orders in council which give to bureaucrats who are not answerable to parliament, and some who are, dictatorial powers over a large segment of our domestic economy.

When it is suggested that it is necessary to follow this arbitrary procedure in order to continue these other measures, that contention is simply unadulterated nonsense. There is no reason why a bill cannot be brought in separately to deal with any of these subjects. The same justification which would give the power to deal with the broad field would more than give power to deal with the specific field where an emergency is shown in that respect. This measure simply puts before us the continuance of powers that were put into effect in wartime, when everybody was under the pressure of war itself. Today there is no excuse for continuing measures of that kind. At the time that these arbitrary measures were first adopted, many unselfish citizens of this country were, at considerable sacrifice of their personal time, acting in the role of controllers or supervisors of some of these arbitrary measures. Those men are no longer available. Now the people who are directing these affairs are mostly civil servants—excellent civil servants—who should have the protection of dealing with the problems placed before them under clearly defined laws, not dictates of this government.

I did not of course hear the Minister of Justice (Mr. Garson) last night. I must say that that was a saving of time. But nevertheless I do know something of what he said. When the Minister of Justice demonstrates the profound depths of his historic knowledge by referring to me as the Bay street Hampden, thus emulating his leader in the house, I do hope that he will not get into difficulties with his sponsors, the Siftons. I hope he will remember that those legatees of the great political beneficence of an earlier Liberal government have established the head office of the corporation which handles their great inherited wealth on the same Bay street in Toronto to which the Minister of Justice refers with such scorn. The Siftons might not like his attitude toward the street from which they have chosen to direct their great interests in western Canada.

When the Minister of Justice seeks to defend in this manner the conduct of a government so rapidly approaching parliamentary and physical dissolution, the description which fits him most perfectly is to be found in the familiar words, slightly modified:

> The boy stood on the burning deck,
> Whence all with sense had fled.

Mr. Winters: The hon. member is reading too quickly.

Mr. Speaker: Order.

Mr. Fournier (Maisonneuve-Rosemont): What is the leader of the opposition quoting from?

An hon. Member: He would not know if he told you.

Mr. Drew: The principle at issue on second reading is whether or not there is a general emergency in this country which would justify the extension of wartime emergency powers covering a considerable part of the daily lives of our people under the provision in our constitution which permits parliament to invade the field of provincial jurisdiction only in the event of a great national emergency.

Mr. Brunelle: Find something new.

Mr. Drew: Let no hon. member of this house be under any illusions as to what a vote in favour of this omnibus measure means. A vote in favour of this omnibus measure is a declaration by each member voting in support of it that he believes that now, four years after the war is over, there is a general emergency under which this government can step into any field of provincial jurisdiction given to the provinces by the constitution. When hon. members vote to declare that they hold such an opinion, they are not only voting for broad dictatorial powers—

An hon. Member: We are not voting.

Mr. Drew: No, they are just following the direction of the government. When they are called upon by the government to vote in support of a dictatorial measure of this kind, they are not merely asked to place on record a vote which declares the existence of a general emergency, but they are making a declaration which would empower a government, which already is centralizing in every way it can, to centralize full authority—if in fact that declaration by the members of this house could hold water. Therefore, Mr. Speaker, on second reading of this bill, the issue is whether war emergency powers continue, and whether a general emergency exists, which gives to our constitution at the present time no continuing sanctity except the whims of this dictatorial government.

Mr. Speaker: Is it the pleasure of the house to adopt the motion? Carried.

Mr. Drew: No.

Mr. Graydon: Call the yeas and nays.

Mr. Speaker: Those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those against the motion will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And some members having risen:

Mr. Speaker: Call in the members.

The house divided on the motion (Mr. Garson) which was agreed to on the following division:

YEAS

Messrs:

Abbott
Archibald
Argue
Arsenault
Ashby
Baker
Beaudoin
Beaudry
Belzile
Benidickson
Bentley
Bertrand (Laurier)
Bertrand (Prescott)
Bertrand (Terrebonne)
Blackmore
Blanchette
Boivin
Bonnier
Boucher
Bourget
Bowerman
Bradette
Breithaupt
Brown
Brunelle
Bryce
Burton
Campbell
Castleden
Chevrier
Claxton
Cloutier
Coldwell
Cote (Matapedia-Matane)
Cote (St. Johns-Iberville-Napierville)
Cote (Verdun)
Croll
Cruickshank
Dechene
Denis
Dickey
Dion (Lake St. John-Roberval)
Dionne (Beauce)
Douglas
Emmerson
Eudes
Fair
Fontaine
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Gariepy
Garson
Gauthier (Nipissing)
Gauthier (Portneuf)
Gibson (Comox-Alberni)
Gibson (Hamilton West)
Gillis
Gingues
Golding
Gour (Russell)
Gourd (Chapleau)
Grant
Gregg
Hansell
Harris (Grey-Bruce)
Healy
Herridge
Hlynka
Howe
Irvine
Isnor
Jaenicke
Jean
Johnston
Jones
Jutras
Knight
Knowles
Kuhl
LaCroix
Lafontaine
Langlois
Laurendeau
Lesage
Little
Low
McCann
McCuaig
McCubbin
McCulloch (Pictou)
McCullough (Assiniboia)
Macdonald (Brantford City)
McDonald (Parry Sound)
McGarry
McIlraith
MacInnis
McIvor
McKay
MacLean
MacNaught
Maloney
Marier
Marquis
Marshall
Martin
Matthews (Brandon)
Matthews (Kootenay East)
Maybank
Mayhew
Michaud
Mitchell
Moore
Mullins
Mutch
Nicholson
Nixon
Parent
Pearson
Picard
Pinard
Pouliot
Probe
Quelch
Raymond (Wright)
Reid
Richard (Gloucester)
Richard (Ottawa East)
Rinfret
Robinson (Simcoe East)
St. Laurent
Shaw
Sinnott
Smith (York North)
Stewart (Winnipeg North)
Stuart (Charlotte)
Strum, Mrs.
Thatcher
Townley-Smith
Tremblay
Viau
Warren
Weir
Whitman
Williams
Winters
Wright
Wylie
Young
Zaplitny—149.

NAYS

Messrs:

Adamson
Aylesworth
Barrett
Black (Cumberland)
Black (Yukon)
Blair
Bracken
Bradshaw
Brooks
Case
Charlton
Cockeram
Coyle
Daniel
Diefenbaker
Dorion
Drew
Drope
Ferguson
Fleming
Fraser
Fulton
Gagnon
Graydon
Green
Hackett
Harkness
Harris (Danforth)
Hatfield
Hazen
Henderson
Hodgson
Jackman
Kidd
Lennard
Lockhart
Macdonnell (Muskoka-Ontario)
McGregor
McLure
McMaster
MacNicol
Manross
Merritt
Miller
Murphy
Nowlan
Pearkes
Robinson (Bruce)
Ross (St. Paul's)
Skey
Smith (Calgary West)
Stanfield
Stephenson
Stokes
Timmins
Tustin
White (Hastings-Peterborough)
White (Middlesex East)—58.

Mr. Cardiff: I was paired. Had I voted I would have voted against the motion.

Bill read the second time and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

Transitional Measures Act

On section 1—*Duration of act.*

Mr. Diefenbaker: Mr. Chairman, there are certain matters that can be better discussed in committee than on second reading. I should like to deal with a number of these matters which were referred to last evening by the Minister of Justice. However, at the beginning I wish to reiterate the stand taken by this party, a stand which was made most clear in the amendment moved by the hon. member for Eglinton, which had just been ruled out of order. While respecting the ruling of the chair, in order to keep the record clear I should like to refer to the wording of that amendment. It reads:

> That the said bill be not now read the second time but that the subject matter thereof be referred to the standing committee on banking and commerce—

Some hon. Members: Order.

Mr. Diefenbaker: Mr. Chairman, I never saw so many Speakers in the house before. Hon. members apparently do not believe that the person occupying the chair can make rulings without their assistance. The amendment continued:

> —with instructions that they have power to recommend a specific measure relating to rent control, and other specific measures relating respectively to other matters provided for in the said bill.

The amendment sets forth the stand taken by the opposition. We believe in the necessity for certain controls while at the same time accepting the necessity for decontrol as referred to by the Minister of Justice. We on this side of the house asked that the bill be referred to a committee so that evidence could be heard. It would be interesting to hear the evidence of some of these individuals occupying bureaucratic positions were they required to come before a committee and outline their ideas, which apparently have actuated the government all through the piece. We say that we require evidence on this matter.

That there was doubt in the minds of the cabinet on this legislation is perfectly clear from what the chairman of the transitional powers committee of the cabinet said on November 24 last. He, the Solicitor General, at a press conference, said among other things:

> Possibly the last use of procedure by order in council under Canada's emergency transitional powers act has been made by the federal cabinet.

Apparently that was before the Minister of Justice achieved his portfolio. At that time the Solicitor General was speaking for the Department of Justice. The report continued:

> Mr. Jean said he is due to present in Ottawa tomorrow his final report as head of a committee on application of the emergency powers.

[Mr. Cardiff.]

The report having been referred to at a press conference, I think parliament should be let in on it. The Minister of Justice should present to parliament the report to which the Solicitor General made reference. The Solicitor General went on to say that he hoped there would be no further necessity for cabinet orders under the legislation designed to ease the country from war to a peacetime administrative footing. The minister should explain when the transition —not under the transitional powers act— took place in the minds of the cabinet. At what time since November 24 did the cabinet decide not to follow the recommendations of the chairman of the committee set up by the cabinet to consider this matter? That is an interesting document that should be before parliament when it is arriving at a conclusion respecting the existence of a general emergency.

The minister said last evening, as reported on page 1729 of *Hansard:*

> Our powers are very narrowly limited and any suggestion about widespread totalitarian dictatorial powers which flout parliament is just so much nonsense.

He asked whether anyone could produce proof to the contrary. A case that I produce is one decided in 1948 in the exchequer court, Belleau versus Minister of National Health and Welfare. I shall not go into the details, but here is what was said by one of the protectors of the rights of the people in this country, namely, a member of the judiciary. The minister, speaking partly I believe as a politician and not exclusively as the custodian of justice in this country, said that there were no serious encroachments on personal rights, but this is what the judge said:

> The court has no power under the law to prevent a minister from transgressing his administrative function and entering into the judicial field.

Mark these words.

> There are, in my judgment, far too many encroachments by ministers, deputy ministers and functionaries in the judicial as well as in the legislative field;

Last night the minister said that there was no such danger as the leader of the opposition feared from this legislation, namely, the incipient beginning of a dictatorship, but a judge of the Exchequer Court of Canada, referring to ministers, deputy ministers and such functionaries, said this in his judgment:

> —if they are not curtailed the country may in a not too remote future be ruled by a dictatorial government.

I ask the Minister of Justice whether the opinion of a judge of the Exchequer Court of Canada has not a meaning which the words of a minister would not have. The judge decided that the minister had done wrong

and was unjustified in what he had done, in that he had entrusted his administration with wide and exorbitant powers, and concluded his judgment:

I have no other alternative but to accept reluctantly I must say the doctrine expounded on behalf of respondents.

In other words, however dictatorial and unjust an order made by a minister under legislation alike and akin to this legislation, or by a deputy minister or a functionary, the decision would be above the courts and could not be interfered with in any way.

Mr. Garson: What is the citation of that case?

Mr. Diefenbaker: It is 1948, Canada Law Reports, page 288, and I read from page 321.

Mr. Rinfret: Who was the judge?

Mr. Diefenbaker: Mr. Justice Angers. The government say that there is no danger in such legislation. I now quote from the *Fortnightly Law Journal* an article which appeared in November, 1945, when this legislation was first introduced. I shall read from the issue of November 1, 1945, in which the following appears:

It seems to us that the dominion in its anxiety to prolong the bureaucracy that has got completely out of hand under the War Measures Act, falls between the two stools of the War Measures Act and bill 15. But really bill 15 lets the cat out of the bag.

Mr. Lesage: On a point of order—

Mr. Diefenbaker: Well, Mr. Chairman—

Mr. Lesage: Any member has a right to rise on a point of order, even against the member for Lake Centre. I am not going to be afraid of him. He can scare children, but he will not scare the members on this side of the house.

The Chairman: Order.

Mr. Lesage: On a point of order, Mr. Chairman, I wonder if the hon. member for Lake Centre is in order. May I read from Beauchesne a part of standing order 58:

Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

I submit that the hon. member for Lake Centre has been out of order since the beginning of his remarks, and especially in his last quotation when he referred to Bill 15 which was under consideration about three years ago, but which was never adopted.

Mr. Graydon: He is too relevant for you; that is the trouble.

An hon. Member: You are not enough for him.

The Chairman: The clause under consideration at the present time is clause 1 of Bill 86, and it refers to the duration of the act. I understood the hon. member for Lake Centre was giving reasons why the act should not be extended. Just how far I should allow him, or any other hon. member, to proceed in their remarks is difficult for me to say. The last words of the hon. member for Lake Centre as to a certain bill may not have been in order. I was not following him very closely. I think all I can do at this time is to ask all hon. members to respect standing order 58, to which the hon. member for Montmagny-L'Islet referred, and to make their remarks strictly relevant to the clause under consideration, which at this point is the duration of the act.

Mr. Diefenbaker: Thank you, Mr. Chairman. I can understand the hon. member rising on a point of order because after all sometimes the truth hurts, and naturally arouses those who must, because they are members of the legal profession, feel some pricking of conscience in participating in bringing into effect certain of these powers which are above the courts, and which they as officers of the courts cannot uphold except in a political way.

An hon. Member: That will hold them for a while.

The Chairman: Order.

Mr. Diefenbaker: If we have more order and less disorder from over there, things will be much better.

The Chairman: I hope that the hon. member for Lake Centre will now discuss clause 1.

Mr. Diefenbaker: I was coming to the abuse of powers under this measure, a matter which I think is particularly relevant at the moment. Referring again to what my hon. friend, the Minister of Justice, said last evening, he went on to point out that there was no danger in this legislation, that after all it was apparently being administered with proper safeguards. I do not know where to begin in the quoting of editorials referring to powers such as are asked for under this legislation for the period of one more year. I am sure if I quoted the *Globe and Mail* it would meet with immediate support from the other side, but I am not going to do that. I am going to quote from the Winnipeg *Free Press*, which the minister must accept as an authority, and the Saskatoon *Star-Phoenix*, which has never been noted for its support of the opposition. As far as the Winnipeg *Free Press* is concerned, it has this to say:

It is easy to say that Canadian liberty is perfectly safe in the hands of the present government. The record shows it is not safe in the hands of the present government.

Yet we are asked to place these powers, and I refer to those with the exception of

the matter of rent control and any other controls that may be necessary, in the hands of a government that has shown a psychopathic contempt for parliament, and has placed itself above the law in orders in council passed under the powers conferred by this act. I want to quote also what the Saskatoon *Star-Phoenix* had to say only a few days ago about the responsibilities of the present Liberal administration. The date is February 22. It reads:

> It is unhappily true that the present Liberal administration, while it has devised and executed broad fiscal, trading and security policies . . . has failed miserably these past few years in keeping clean and free those points where policies impinge on the individual citizen, and on his rights and responsibilities as a citizen. So as Liberals meet to choose their candidates let them make their voices heard.

I point out that this quotation is not from a Progressive Conservative paper, but from a paper which at all times has given real support to the government of my hon. friend in the province of Manitoba, while he was premier and before.

> Let them—

That is the Liberals.

> —not deny that they resent and denounce government by order in council;

I repeat that those are not my words.

> that they condemn the delegation—

The Chairman: Order. Is the hon. member now discussing clause 1?

Mr. Diefenbaker: Yes, Mr. Chairman. These are some of the results that will flow from the continuation of these twelve powers for a period of one more year under section 7 of the Continuation of Transitional Measures Act.

The Chairman: I think probably there is relevancy, but I would remind the hon. member that under standing order 58 the wording is, "strictly relevant." I know that it is a difficult question to decide. I can only ask hon. members to do their best to abide by the rules.

Mr. Diefenbaker: Thank you, Mr. Chairman; I am trying just that very thing.

Mr. Martin: Let us try a little better.

Mr. Diefenbaker: I have been most restrained in my language. Instead of making statements myself I am adopting the words of organs that in the past have given the strongest support to the government, and I have been pointing out what will follow from legislation such as this. Last evening my hon. friend, the Minister of Justice, in the absence of the leader of the opposition made a very strong attack on him. The essence of that attack was that freedom was safe in the hands of the government under this legislation by delegation whereas the experience of the last three years has shown that whenever the opportunity has arisen for this government to evade the responsibility of parliament it has done so under this legislation. I ask the right to read what is said in this newspaper editorial in regard to the exercise of these powers, because it represents exactly the criticism of the leader of the opposition as well as the criticism offered by the right hon. member for Glengarry on April 1, 1932, which was just quoted by the leader of the opposition. This editorial points out:

> Let them not deny that they resent and denounce government by order in council; that they condemn the delegation of cabinet power and responsibility to boards, commissions and crown corporations elevated to a world where parliamentary interference is resented and beyond the control of our tested political system.

Can anything be stronger than that—that this government, under legislation such as this, has elevated bureaucrats in this country to a position where they have power to push individual Canadians about, without permitting those Canadians recourse to the courts? And they are asking for this power for one more year, though in November last the Solicitor General said in effect: "We are at the end of the road, as far as I can see, in connection with this legislation." Then the editorial goes on:

> Let them as Liberals make it clear that they will no longer passively accept the interpretation of our laws by non-responsible officials and the progressive weakening of our judicial system to which alone we can safely entrust this function of government...
>
> Let them reject and outlaw the political considerations which have led to state appointments which will scarcely enrich our public institutions. Let them refuse to accept or countenance interference in their deliberations by those of their leaders who are infected with the disease of machinism.

I shall let hon. gentlemen on the front benches determine which of the leaders are infected with the disease of machinism. We of the opposition have consistently followed the course—and I have the quotations over the years—that where there is necessity for individual controls because of scarcity or by reason of economic conditions, we accept them. But we demand that the government, while holding out as bait the bringing into effect of necessary controls, shall not at the same time bring in controls that are not necessary, in order to perpetuate and preserve the bureaucracy that has been rampant in this country during the last two or three years. That is the stand taken by the opposition. I could give quotation after quotation from Liberal newspapers in this country calling upon parliament to cease its passivity, and calling upon members supporting the government to forget that one of the major offences they can commit is to stand against

a decision of the government front benches; asking them to stand up in this house, as members representative of the people, against an oppression that is arising by reason of bureaucratic control above and beyond the reach of the courts.

You asked me, Mr. Chairman, not to refer to the 1945 act. I shall not do so, except to say that this is a continuation—

Some hon. Members: Order.

The Chairman: I understand the 1947 act is under consideration at the present time. May I suggest that before we went into committee the house accepted the principle of an extension of this act, and I do not think any reconsideration of that principle is now in order. The only discussion that is in order at the present time is as to whether or not the act should be extended to 1950. Any representations either in favour of extending it to 1950 or against extending it for the full year are in order, or any question about changing the date; but a general discussion of the principle of extension which was approved on second reading would not be in order at this time.

Mr. Diefenbaker: Well, Mr. Chairman, I find it difficult to know what it would be possible to discuss on an occasion like this, if it were not the degree to which the powers that are being granted will be utilized in the period between now and March 31, 1950. I realize your fairness at all times, Mr. Chairman, and I do not want to do anything that would constitute even the slightest departure from your ruling, so I shall not press the point further. I realize that this is one subject my hon. friends opposite do not want discussed.

Mr. Howe: Don't take yourself too seriously.

Mr. Diefenbaker: As far as my hon. friend the Minister of Trade and Commerce is concerned the abuse of power is one subject which always arouses him. He is a Chesterfield of parliamentary manners until there is any reference to the way in which he and those associated with him have flouted parliament. Then he immediately becomes aroused and resorts to his usual attitude, which he is now displaying. I expect a higher degree of intelligence from my right hon. friend than he displayed in the interjection he just made. I can understand his attitude, however, for he is the man who was responsible for the order in council which denied to parliament—

Mr. Garson: I raise a point of order, Mr. Chairman. Surely this is not in order.

Mr. Howe: I suggest that the hon. gentleman be allowed to proceed, for I should like to reply to him with the same latitude.

The Chairman: The right hon. minister made his point, and I have allowed the hon. member for Lake Centre to reply, so I believe he should return to the bill.

An hon. Member: Another waste of time.

Mr. Diefenbaker: My hon. friend has some remark to make?

An hon. Member: Get back to the bill.

Mr. Diefenbaker: Let me tell my hon. friend that ignorance, even though energetic, is still ignorance.

An hon. Member: A waste of time.

Mr. Diefenbaker: It is difficult to continue against all this noise, Mr. Chairman. The area in the back is now engaged in general disorder. However, I want to ascertain from the minister the degree to which, when these powers are granted, the individual who is affected will have the right of recourse to the courts against injustice and unfairness. I think it only fair that there be an assurance in that direction. The principle has been decided by the house already, that there is to be an extension of powers for a further year; and as custodian of the rights of the people in this country I think the Minister of Justice should give the assurance now and place the necessary amendment in this legislation so that no longer will orders in council be passed by the Star Chamber method and kept in secret for several months, to be produced ultimately only when some hon. member discovers their existence. Will he make provision in the act whereby any person wrongly interfered with or unjustly treated or in any way discriminated against in his own class to his own detriment will have the right of recourse to the courts? We have a right to ask that if extraordinary powers are to be granted they shall be so circumscribed that no man in this country will be denied his right of appeal to the courts against injustice caused to him as the result of a misapplication, if you will, of the powers granted under this act.

Mr. Church: I want to point out to the attorney general one feature of this particular bill. Since confederation it has always been the rule, by maxim and tradition, that the hon. gentleman who is Attorney General of Canada must not give to the house legal opinions. The hon. gentleman has been violating that rule every day of the week. I happened to have a pair in the first vote today. I was unfortunately not here at the time Bill 86 was called, but I was called in. Legal opinions have been given across this chamber every five minutes, and it is a breach of the statute law. The hon. gentleman may be brought into litigation between the attorney general of the dominion and the attorneys

general of the provinces with regard to what is a general emergency under Bill 86 and what is not. A general emergency takes precedence over everything from coast to coast in Canada, provided that it is of general application and within the terms of section 91, which makes the dominion, in case of war and general emergency, supreme over section 92 and over everything we have in this country.

I wish to point out only four or five things in conclusion. I hope we shall not have any more violations of that kind by the present attorney general. I happened to point out this rule to his predecessor, who is now the Prime Minister of Canada, during the first three or four days he was in the house. At that time a bill was under consideration as a result of which litigation might arise between the Attorney General of Canada and the attorneys general of three or four of the provinces. It was pointed out that, by a decision of the privy council, this was a rule of law in England. While the names of their ministers over there are a little bit different, the principle is the same; the attorney general must not give legal opinions in the house, even if he is asked to do so.

The other question to which I wish to refer is one that I probably should have raised on the amendment moved by the hon. member for Eglinton. I shall not go far with it today. In three or four minutes I shall conclude my remarks. At the Canadian National Exhibition grounds in Toronto on May 20 there is to be an exhibition by the Home Builders Association with regard to prefabricated housing, and I hope all hon. members will find it possible to see it. I remember mentioning this matter of housing three or four years ago when Mr. Churchill, then Prime Minister of Great Britain, was getting lumber and many other things for that type of housing. I have here in my hand a pamphlet announcing the exhibition which is to be in the horticulture building. Houses that can be built for $1,200 are to be shown.

As I said before in connection with the building of civic car lines in our city, I remember when we had a similar situation in Toronto. The old street railway went only up to Bloor street, under the old street railway agreement. Between 1915 and 1921 a system of civic car lines was built—six tickets for ten cents—one on St. Clair running right out to the junction, one in North Toronto, in Eglinton riding, by the taking over of the metropolitan railway out there, one of these civic car lines on Gerrard street from Broadview to east end, and one on Danforth from Broadview to Main street. With these municipal civic car services, with six tickets for ten cents, the whole territory was opened up and the people built their own houses.

The last thing I wish to say is this. We have no steam suburban service, as they have in Montreal and every large American city. We must have one if we are ever going to solve the housing problem. Land could be bought by the acre in the country but as long as we have no steam suburban service we are not able to obtain it. Other large cities have such a service. I believe western Ontario is suffering badly, as is the Niagara district and the Toronto district especially, from choked railway facilities without a steam suburban service. In York, Peel and Ontario counties land is cheap but without municipal services, and in the city no lands are available for that type of housing at a cost that the workingman can pay.

As I said here the other night on, I believe, another section of this particular bill, it is time that we had some provision along those lines. Speaking as a private member of the house I went so far as to say that I believe the time has come when there should be some subsidy in connection with workingmen's houses. For the low-wage people there is a fund under the Workmen's Compensation Act to which the Minister of Labour makes considerable reference. This matter could be worked out under the Workmen's Compensation Act, plus a food subsidy along the same lines, through the Workmen's Compensation Act, to meet the needs of the low paid wage earners. I remember when Mr. Churchill, the former Prime Minister of Great Britain, made an address in which he was urging the building of 500,000 prefabricated houses. We need almost that many in Canada right now. With the cheap land which can be had out in the townships, and with a steam suburban service, a solution might be found. Take, for instance, Lorne Park. There is only one train a day out there. In East York there are no trains at all. The city gives services and we paid large sums of money to build roads, the York highways which I instituted in 1907, fifteen miles out.

There are various classes of housing that might be referred to today. I am afraid I come pretty close to the rule that it is not in order to discuss these matters under this bill. I might mention that there is housing for the Indians and the Eskimos. We had committees on these matters. In my constituency three or four hundred people are being housed in the old jail, which has accommodation for only 130. We managed that by building two jail farms, one for men and one for women, when I was in office, and the old Toronto jail was used only for remands. It is a question of the sick. No doubt the Ontario government needed those two farms for the mental hospitals. They

are doing excellent work in that connection and have made a great deal of improvement. But the old Toronto jail should be used only for remands and the excess given new quarters.

There is the question of housing for the aged and infirm, and there are a great many other features of the housing problem which I shall be obliged to mention at another time. I call to your attention, however, the fact that what we need in the Toronto district is a steam suburban service. Every large city has such a service. Without it there can be no solution to the housing problem, because that problem is almost ninety per cent a transportation problem plus municipal services problem. If these cannot be given at a small cost—and I hope the Minister of Labour can work it out in some way—plus some allowance for food for the workingman's family and part for cheap housing, then I do not know where we are going to be in the Toronto district, where we need such a large number of houses for the working classes.

Mr. Gibson (Comox-Alberni): I do not suppose there is much possibility that all members of this house will agree on this bill anyway. That would be too much to expect. The Progressive Conservative party naturally takes the attitude that we have too many controls embodied in this bill. Of course our friends of the C.C.F. party suggest that there are not nearly enough controls.

Last night I was particularly interested to hear the hon. member for Moose Jaw say that his party would not suggest that controls be continued for one moment beyond the time when prices were no longer rising. It seems to me that the attitude which they have taken recently shows their interest in retaining floor prices for most of the products which the farmers sell in Saskatchewan.

I would suggest to the minister that he might adopt the philosophy of the Chinese. It might be helpful if he allowed all of us to save face in a matter of this kind. I suggest that one control that he could well remove is that on timber. I am not sure that he is convinced himself that he really needs the power to control timber.

In reply to a question asked by the hon. member for Victoria (Ont.) the minister said that he was interested in retaining sufficient clears in Canada to take care of the situation. I know the minister will concede immediately that there are all kinds of lumber available in Canada for building houses. If it is merely a question of controlling clears to take care of our flooring needs, I wonder whether it would not be wiser to let the individual buyer decide for himself what price should be paid for clear flooring. He may decide that he would like to put down shiplap flooring or something of that quality, and then cover it with wall carpet. It seems to me that each of us should be able to make the decision for himself. The price could very well be determined between the buyer and the seller, and there would be no hardship because there is always an alternative.

The same thing applies to the use of clear lumber for doors and for window stock. After all, there is always an alternative available in the form of plywood, or it could even be metal. I ask the minister whether he would consider getting rid of timber control, because I am satisfied he has sufficient administrative duties without taking on this extra one.

Mr. Hodgson: I should like to follow the remarks of the hon. member for Comox-Alberni. As a matter of fact, he and I have talked about this on two or three different occasions. I have also had letters from quite a few lumber companies in Ontario, and I have talked to members here who are interested in lumbering or in the lumber industries in their ridings. I have also talked to men from the maritimes, Quebec and British Columbia. Since this bill controls the lumber industry from the tree to the root under the ground, and from the log to the finished product, there is no doubt in my mind that the government can do whatever they wish about it. They have the power.

At the present time I have a carryover of lumber in my own yard, and I know that every lumberman has lumber in his yard. Pine, according to grade, is down from $5 to $20 a thousand. Spruce is down on the average $10 a thousand. Hemlock is down on the average about $5 a thousand, and you cannot sell hardwood flooring stock at all. There is no market for it. I should like to prevail upon the minister to throw timber controls out the window, because there is no doubt that lumber for houses can be obtained, flooring, or anything else. I should be glad to have the business at twenty-five cents a thousand.

An hon. Member: Twenty-five cents a thousand.

Mr. Hodgson: Yes, commission for supplying the government with lumber, or anybody else who wants to use it. The orders would be so big that I would make a lot more money. There is a market for hardwood in the United States, but because of the quotas we cannot fill them. The government should talk with some of the lumber concerns, and the Canadian lumbermen's association, and do something immediately. Now is the opportune time to do it because there are large cuts this

year and some carryover from last year. Unless something is done along that line within the next few weeks the lumber industry will be left in a precarious position.

In my own riding this year there happens to be a hydro line being built which is occupying the time of 237 men from my own township. I made it my business to find out about that. If these 237 men had not been working on that hydro line, which has been cut out and is now practically finished, I do not know what we would have done with the men in Haliburton because there just would not have been any work for them to do. We had a cut of lumber taken out this year at a high cost.

I think the minister will agree that when he took certain controls off lumber in the past, when he took price control off, the lumbermen's association held the price down so that there was no increase. At any rate, there was very little, if any, increase in the price of lumber. I think he will agree also that the lumbermen are fairly reasonable fellows to deal with. He would be on safe ground in taking off these quotas and letting us ship some of this hardwood flooring to the United States.

An hon. Member: The price has gone up.

Mr. Hodgson: The hon. member has not looked up the statistics. If he does that he will find that lumber has not increased in the last twelve months since controls were taken off. At the present time we do not need timber controls at all. I have stacks of letters and telegrams which I would like to show the minister if he wishes to see them. I should like him to consider this immediately.

Mr. Fair: There must be something radically wrong with the lumber and timber business, particularly when the hon. member who has just taken his seat has told us that he could not sell flooring any more. There is a good reason for that. The reason is that the price is entirely against better sales of flooring. In my home town last fall it cost only $315 a thousand for edge-grain flooring, and for oak flooring, mill run, only $350 a thousand, and half of it was not fit to put in a floor. Perhaps some of these things are responsible for the lumbermen not being able to sell their flooring. Other materials are in the same category.

Mr. Howe: I say at once that no one would like to get rid of timber control any more than I would. My difficulty is that when the trade as a whole are consulted their opinions are different from the individual opinions expressed in this house. I sent the co-ordinator of controls out to the Pacific coast a short time ago to discuss with the trade there whether we could not now drop timber controls. The reply was, "please, no". They gave as the reason that they were facing negotiation of new contracts with the United Kingdom and they wanted the government in there to work out with the trade any contracts that could be arranged with the United Kingdom.

Another case in point is the situation in the maritime provinces. Last year the maritime provinces had a timber contract from the United Kingdom for 60 million feet of lumber. Recently, the United Kingdom has come in with a demand, government to government, for more than twice that amount of timber. How would we be placed if there were no control of the industry? How would we know that the larger quantity could be supplied without upsetting the local market? By working out the larger exports on a quota basis we know that the quantity can be supplied.

In addition, the United Kingdom is coming in for 10 million feet of hardwood, which is the material my hon. friend spoke about. Suppose everybody were free to ship their hardwood wherever they liked. You could not touch that business. It is all very well for hon. members to rise in their places and say that this control bothers some individual, and that he could make more money if there were no control, and therefore there must be no control. We try to look at the industry as a whole, and Canada's interest in the industry, which is very real indeed. We are trying to cut the control down to the absolute minimum. My hon. friend knows that there is no price control. The control today is solely an export control. There is no other control. We think export control is needed. We would like the industry as a whole to tell us it is not needed, and we would then get rid of it. But when we ask the industry to do so, it backs away and says, "We think we should have it". I think we should have it, too, because otherwise I think the upset in our domestic economy would be considerable, and that the effect on exports, particularly on exports to the United Kingdom, would not be beneficial.

The timber trade of the United Kingdom is under government control. That buyer comes in for very large orders which no one firm could begin to handle. Whether the industry by itself is sufficiently organized to see that those orders are taken and fairly distributed among all the producers of lumber, I am not sure. I wish they would tell me that they are so organized.

As I say, there are always two sides to this question. The hon. member has suggested that there was no increase in price when

price control went off. I would remind him that the wholesale price on lumber on the Pacific coast for the domestic market was $29 a thousand when price control was removed, and inside of a month the price level soared to about double that level.

Mr. Hodgson: You can buy clears on the market right now for $45.

Mr. Howe: I was talking about $29, when we had price control.

Mr. Gibson (Comox-Alberni): How will the timber control allocate bulk purchases from the old country? If they want half a billion feet of lumber, how will the small producers in British Columbia obtain the same pro rata share of that business as the large producers? It is well known that there are several large exporting companies in British Columbia, and that they have had a number of smaller mills working for them under contract. How will those smaller mills receive their share of the business? Is it part of the business of the timber controller to direct that?

Mr. Howe: Yes, and I think timber control has worked to that end. If the market gets slack, or if the chief outlet is a United States market, it is much more difficult to bring that about. But for United Kingdom market orders I believe timber control has always been able to see that the order was distributed among the large and small operators.

Mr. Thatcher: I do not wish to appear persistent, but at some time in this debate I hope the Minister of Justice will tell us what the government has done about the report of the prices committee, or what it intends to do. I do not know if this is the place to do it, but some time before this debate is over I wish the minister would tell us that. What has he done about those fourteen recommendations, or what is he going to do about them —if anything?

Mr. Timmins: The remarks of the minister are of considerable consequence. I took down some of them concerning control. One of his observations on timber control was that no one would be more pleased than he would to get rid of it. While these are not his exact words, he did say he had found the industry was anxious to continue controls.

That is not the basis upon which these control bills were first introduced. They were brought in on the basis of an emergency. I shall not attempt to go into that argument again, but that was the basis for their introduction. Now we reach the point where this business of timber control becomes a matter of marketing, to use the minister's words. He says that, looking at the industry as a whole and having regard to Canada's interests in it, the government feels that these controls should be continued for another year.

It seems to me that in respect of timber control we are now being told it is to be continued as a marketing project. We are now in the business of marketing timber. That may be a proper procedure in the ordinary course of events, but certainly it arrives at the wrong end of this matter of controls. So much for that.

Mr. Howe: May I answer the point the hon. member makes? I would remind him that I said timber control today was reduced solely to export control. I would remind him further that export control is a statute of the government which does not depend upon an emergency. It depends upon permanent legislation passed by this house. The hon. member ought not to get his blood pressure too high when he discusses timber control as it is today. There is no infringement of any other jurisdiction; export control is a matter within the federal government jurisdiction.

Mr. Timmins: I am not suggesting there is any infringement. I am simply taking the minister's reasons for having this control. If it could be done under the other measure, well and good. But why tell us that this control measure is necessary in respect of timber? Then, coming to the matter of steel—

The Deputy Chairman: Order. The clause before the committee deals with the extension of time.

Mr. Timmins: My point is directed to that. With respect to the control on steel, I believe the data handed out by the steel industry in Canada and in the United States all goes to point out that by the third quarter of this year steel will be in good supply in this country. The minister can correct me if I am wrong, but that is the statement made by the steel industry itself.

I know that in Toronto the transportation commission, which has been waiting for many years to begin work on a big project, has now made arrangements for its steel, and is getting it from month to month. I do not know whether the steel is being produced at the present time, but the contract has been made. As I see it, the minister has no problem in steel control for the year 1949. I see no reason why it should be continued for another year. It is tied up with the export-import control regulation. Under that measure we know that all the steel coming into this country is welcome. We want all

we can get. The controller exercises no control over it, except that it is regulated from one plant to another in order that the best interests of industry may be served. But that is a matter of internal economy. I see no reason why that cannot be taken care of under the export-import control measure.

The minister has said that this bill, in respect of the export of timber, does exercise control of the timber of the country, but only to that extent. I think this control bill is being used now more or less for the purpose of regulating trade, rather than for its original purpose of dealing with an emergency in Canada. The minister is bound at this stage to state specifically why steel control should be continued for another year.

Mr. Howe: I think it would be well to let the committee know just what steel control has accomplished. I would point out to the hon. member that steel control directs the rolling schedules of the producing mills in Canada. It is all very well for the hon. member to say that we do not need steel control because in the third quarter we shall have an ample supply. I would remind him that we are still in the first quarter, and that we have to live through the second quarter.

Mr. Timmins: Will the minister tell the committee that he believes there will be plenty of steel in the third quarter?

Mr. Howe: Certainly not; and I suggest if my hon. friend is putting that out as his expert opinion he is misleading a great many people in Canada who should be better advised. Last year we produced about 3 million tons of steel and we imported about one million tons. Of the 3 million tons that were produced in this country, 330,000 tons were produced due only to the fact that the steel controller stepped into the distribution of basic steel. Under the authority of the emergency act the steel controller took basic steel from Algoma and Dosco and shipped it to the finishing mills at Hamilton which had an additional finishing capacity. The result was the production of about 300,000 tons of steel plate that would not otherwise have been produced.

Similarly, in the matter of pig iron we said to some of the big producers: We are sorry; we shall have to have part of your pig iron; it is true you need it for your own production, but you will have to do with less. Otherwise foundries will be closed unless we get additional supplies to them that are not available from usual market sources.

In the matter of scrap steel, the controller has arranged for the importation of about 300,000 tons of scrap from Cuba, Australia and other countries. A good deal is coming in now from Germany and other foreign countries that would not otherwise have been available to private industry; it was made available by the government agencies directed by the steel controller. In some cases it has been necessary to subsidize the movement of scrap so that it could be used by our steel industry without upsetting the prices of the products.

A good deal was said last year about nail production. We stepped into the distribution of wire and rod suitable for being made into nails. There can be only so much nail wire and nail rod produced in this country, because our capacity is limited. We stepped in and said: We are sorry, but you cannot use as much of that nail wire and rod for wire fencing as has been your custom; we have to have a certain additional proportion of it for nails. Recently we completed a most complicated transaction in which we have had the assistance of the United States government. Certain nail wire and rod from United States mills has been allocated to Canadian mills so that this year we shall be able to produce an additional 24,000 kegs of nails per month. It will not now be necessary to interfere with our wire fencing program.

Mr. Fraser: Will any of those nails be exported, like those referred to a few weeks ago which were produced from wire that had been brought in?

Mr. Howe: No; that was simply a conversion process. In this case the mills have bought the wire and the product will be wholly distributed in Canada.

The steel controller is supporting certain national programs. In other words, he gives an undertaking to a manufacturer that if he takes on a program in this class which is approved by the steel controller, the steel controller will see that the necessary steel is produced. These programs include shipbuilding; freight car construction; hydro-electric expansion; railway maintenance and repair; locomotive construction; the expansion of the petroleum industry, both construction and refining; and housing construction.

Through the efforts of the steel controller and the government, the import of steel from England has been stepped up greatly. This steel has not gone into just one program; it has gone into a number of programs. The net result has been that we have been able to relieve the capacity of one of our own steel mills so that it can continue rolling plate for the pipe line required as a matter of urgency to distribute the production of the Alberta Leduc oil wells.

That is the function of the steel controller. I do not know of anyone who has been subject to the control who would have it otherwise.

There is no doubt that if individual programs were able to shop around among the different producers, and there were no government co-ordinator, certain programs would be well supplied while other programs would be badly upset. I do not know of any producer of steel or pig iron or steel products who would like to see steel control abandoned. I certainly do not know of any user of steel in an important program who would gladly see steel control abandoned.

It has interested me very much to hear our friends say that they are for or against these controls. Apparently the attitude is: "Me too, but the method must be different." I remember it was said that the Dewey campaign was conducted with the motto, "Me too, but not so much." I think, "Me too; but the method is wrong" accurately describes the Tory position on these matters. In taking that view I think they are overlooking the well-being of the steel industry and of those industries that depend upon steel for their existence.

Mr. Macdonnell (Muskoka-Ontario): Would the minister agree, as to the feeling of satisfaction which he describes, and which I am very much afraid exists in many quarters—there is satisfaction on the part of those who are well established in business, who are content to have business remain as is, who want no one else allowed to come—it is those people who are as content as the minister indicates? If so, I should like to point out that that situation is most injurious to anyone who really believes in the free system.

I am very much afraid that the minister is right in saying that there are a lot of people who like to come down to see the Minister of Trade and Commerce. I am sure that they talk his language and think he is very sensible, but I wish to point out that the result of it is that those people who are pretty well enamoured of steel control are in the position I have described. However, it is extremely difficult for new people to get in. If they do not get in, then as to the system in which the minister says he believes—I think he does believe in it, but I always think the minister's belief in private enterprise is tempered somewhat by the personal attitude of the Minister of Trade and Commerce—if the small man is kept out it is likely to result in a very dangerous position.

Mr. Howe: If my hon. friend is asking me whether I believe in keeping out the small man, may I say that I certainly do not. I know of no small man who has been kept out. In fact I know of many small men who have been kept in business by the support they have received from the steel controller. You will find that in all parts of the country.

Mr. Macdonnell (Muskoka-Ontario): I hope the minister is right.

Mr. Howe: Even my hon. friends in the C.C.F. know of little firms on the prairies that have been taken care of. They include new people, they include small people. The duty of the steel controller is to see that they all are looked after. The producers say that they want to distribute steel fairly and equitably, and they think that steel control has enabled them to do just that. The consumer says that he thinks the government has correlated all the demands of steel, that it has scheduled steel properly to fit requirements in the steel plants, and therefore he favours steel control.

Mr. Rowe: In view of the minister's statement with reference to lumber and steel, do I understand that the present controls are merely for the export of lumber?

Mr. Howe: I did not say that. I wish my hon. friend would come to the chamber occasionally and listen to what I say. I did not say anything of the kind.

Mr. Rowe: The minister said that the foreign exchange control board controls exports, and if that is so it is not necessary to have this control.

Mr. Howe: I said nothing of the kind. I will tell my hon. friend what I did say.

Mr. Rowe: All right; say it again.

Mr. Howe: I hope that you do not mind listening this time, because I do not know anyone who can twist my statements any faster or farther than my hon. friend.

Mr. Rowe: You are a good subject to misquote.

Mr. Howe: I said that timber control as of today is reduced to export control. Export control is not administered by the foreign exchange control board. It is administered by the Department of Trade and Commerce.

Mr. Rowe: Export and import?

Mr. Howe: Yes, under the Export and Import Permits Act it is administered by the Minister of Trade and Commerce. Just keep that in mind for a moment. As for steel control, I spent at least ten minutes explaining all the various functions of steel control, which include the scheduling of rollings in mills, distribution of scrap, distribution of the finished product, and I said nothing about exports, for the reason that the export of basic steel is prohibited.

Mr. Rowe: That is the very point. Probably the clarity of your expression is somewhat similar to my intelligence and understanding.

Mr. Knowles: Agreed.

Mr. Rowe: In view of the fact that the minister can make his statements so clear, I should like to ask him now to say what condition would exist if there were export of steel. Would he believe in continuing controls on steel just as he has continued them on lumber?

Mr. Howe: I will tell my hon. friend what would happen if there were export of steel. On the present price scale, all steel in this country would move out to some other country. What would happen to people who need steel in this country would be that they would have to bid up the price or go without.

Mr. Rowe: Keep the controls either way?

Mr. Howe: I do not know.

Mr. Green: One question occurs to me as to steel control. In the speech from the throne it was announced that assistance was to be given to the producers of basic steel. Can the Minister of Trade and Commerce tell us whether that is to be done by new legislation, or whether it is to be done under the powers that are now possessed by the steel controller? I notice that he has very wide powers. Paragraph (p) of subsection 1 of section 3 of the order reads:

> Subject to the approval of the governor in council, to advance moneys to any person engaged in the business of producing steel, for the purpose of assisting such person in the carrying on of such business.

Is the assistance to the steel industry to be given by the steel controller under this order in council, or is there to be separate legislation?

Mr. Howe: I shall be very glad to bring down the bill as soon as we get through discussing these matters. Then my hon. friend will know all about it. Obviously it is a separate bill, but to discuss it now—

Mr. Green: I do not want to discuss it now. I merely asked the question. I should like to make a suggestion to the Minister of Justice. This bill is an amendment of the Continuation of Transitional Measures Act, 1947. In the act of 1947 there is a schedule which lists fifty orders in council. The Minister of Justice has told us that there are now to be only twelve orders in council under the act. I suggest to him that it would make it much easier for the legal profession, and for other people across the country, to understand the legislation if he would bring in a section of the present bill substituting an amended schedule including only the twelve orders in council. If he does not do that, when a person looks up the act he will go back to 1947 and will find fifty orders in council. It would be almost impossible for anyone, who has not been in the house and followed the discussion, to find out which of those orders in council are still in effect. I know it would be extremely difficult. I think it would simplify the legislation a great deal if the minister would simply add one section to the present bill which would set out that the schedule was to be amended. Then we would have a new schedule with only twelve orders in council listed. Of course that will have to be done while the bill is in the committee stage, if it is to be done at all.

Mr. Garson: I do not think that the difficulty is nearly as great as my hon. friend believes. The schedule to the 1947 act lists these orders in council, and also lists certain amendments to them. Then there is an office consolidation of the orders in council which are specified in the schedule to the bill. That contains all of the orders in council specified in the schedule, and the governor in council is prohibited from making any amendments to those orders in council. Therefore the only question that remains is as to which are revoked and which are still in force.

Mr. Green: That is what is hard to find out.

Mr. Garson: As regards the board orders made under the powers of the orders in council, in the matter of rental control, for instance, there is an office consolidation which I have in my hand, and which is dated February, 1949. It contains the wartime prices and trade board orders respecting maximum rentals, termination of leases for housing accommodation and shared accommodation. This is prepared as of February of this year so that it is right up to date. I do not think that the difficulty of getting at these regulations and ascertaining what they are, as indicated by some of the remarks that have been made, exists, because with no more trouble than simply getting these documents one can ascertain what orders are still in effect. The terms of these orders are accessible in these two pamphlets.

I suppose that we could bring in a new schedule with just the twelve orders in it, but they have been mentioned time and again during the course of the debate. I do not think that any person would be very badly discommoded or inconvenienced by not having them. Then there is the further matter that, inasmuch as the policy of the government is one of decontrol, one would expect that it would not be very long before the new schedule would be a bit out of date because of the decontrolling of some of the subject matters set out in the suggested new schedule. Upon balance I scarcely think that it would be worth the effort to bring in an amended schedule with a smaller number of orders in council in it.

Mr. Green: I take it from what the minister says that there is no serious objection to putting a schedule in the present bill. I would earnestly suggest to him that he give consideration to bringing in such a schedule because it will make the legislation very much clearer than it is at the present time.

Mr. Merritt: I think the Minister of Reconstruction and Supply said that he had made arrangements whereby three or four thousand tons of rod would be brought in from the United States to make nails this year. The increase in the rod allocated to nails last year from wire fencing did not, I believe, result in any additional supply of nails reaching British Columbia through that means. Will the minister assure the committee that a part of this new allocation will be available to British Columbia?

Mr. Howe: Yes. I can assure my friend that the first order placed for this material, I was happy to note, was from the Morrison Steel and Wire Company.

Mr. Merritt: Having said that timber control involves export only, and is administered in the minister's department by the export permits branch, why is it that the timber control order is needed any more? Why is it that the Export and Import Permits Act does not give the minister ample power to assist in these state trading deals?

Mr. Howe: Perhaps so, but at the moment we are keeping the powers of the timber controller. In any case, even if timber control were administered under the export act, it would still be necessary to have a timber controller. The timber control legislation probably will be cancelled before many months go by.

Mr. Fleming: I want to return to the answer which was given by the Minister of Justice to the question of the hon. member for Vancouver South. I think the Minister of Justice can well afford to be more reasonable in the position that he has taken. He says it would not be worth the effort to put the twelve orders in council as a schedule to the present bill. I want to point out to him that the office consolidation of the orders in council to which he refers has no statutory validity. It was merely circulated among members of the house for their convenience in discussing the bill. Quite apart from that legal aspect, however, think of the difficulty in which you are placing people who want to learn the law of this country. They come to look at the statutes to see what control measures are still in effect. When they come to read the present bill they find a measure with only two sections, and they do not find the text of the orders which are given continued statutory life by this legislation.

Then, sir, think of the position in which this house is placed. I trust hon. members will want to see introduced certain amendments to some of the orders. As the Minister of Justice has pointed out, the governor in council has no power under the 1947 act to amend, except as to the revocation of the orders in whole or in part. The governor in council may revoke any portion of the orders but cannot otherwise amend them. As the minister well said in the debate on March 18, the only way the orders themselves can be amended is in committee, the stage we are in at present.

For my part, difficult as the matter may be, I think it essential that the house should consider necessary amendments with respect to some of these orders, because the powers conferred by them are far broader than there is any possible excuse for continuing today. There has been certain discussion here this afternoon. We talk in general terms about steel control or about timber control or about priorities control, but this is the stage at which the house should have full opportunity to consider these subjects in their particularity, in detail. When we talk about steel control, for instance, let us not confine ourselves to a general discussion. I think the house in committee should get down to an examination of some of the powers conferred upon the steel controller by article 3 of P.C. 245; and I defy the Minister of Trade and Commerce or any other member of the house to say that all these powers are necessary today in connection with the type of steel control for which the minister is arguing. Is he going to say, for instance, that it is necessary for the steel controller to have this power:

> (a) To take possession of steel wherever found and to produce and/or deal in or with steel or equipment . . .

Is it necessary that he should have power to produce steel? Is the minister going to say it is necessary that the steel controller should have these powers:

> (c) To enter on, take possession of, and utilize any mine, land, plant, factory, mill, refinery, smelter, foundry, warehouse, building, or place or any equipment used or capable of being used for the purpose of producing or dealing in or with steel and to deal in or with or take possession of any vehicles, cars, ships, locomotives, or other equipment deemed by the steel controller to be required or useful for the operation of any such mine, plant, factory, mill . . .

and so on. Is he going to say that power is necessary for the steel controller today? Here are powers which, if exercised, could make the steel controller a virtual dictator not only over the distribution of steel but over its manufacture and over every aspect of mining which may have to do with the production of steel in its finished form, over transportation and a thousand and one other things that may

enter into the various processes which finally bring about the production of steel. There are many other provisions of the same nature that I say are totally unnecessary today.

I have referred to steel control, but look at some of the powers conferred on the timber controller. I say we should not be talking about timber control just in general terms. I ask if it is necessary that today the timber controller should have the power, as he has, under section 2 (d) of P.C. 1997, to enter on and take possession of and utilize, by himself or by any person duly authorized by him thereunto—

The Deputy Chairman: I am afraid my hon. friend is trying to raise the principle involved in these controls, which is the principle involved in the bill. That principle was dealt with on second reading, and it is a definite rule that speeches in committee should be strictly relevant to the clause under discussion. What is the clause under discussion? It is to extend this act for another year. I think the hon. member is completely out of order in dealing with the principle of these controls, the powers conferred and all the rest of it, because those matters should be dealt with on second reading. I hope hon. members will try to keep within the rules.

Mr. Fleming: With all respect, Mr. Chairman, you say I am trying to discuss the principle of the bill. I assure you I am not. That principle, which has been approved by the house, is that there shall be an extension. In what I am arguing I am assuming there is to be the extension which was approved in principle on second reading. Within that principle I am saying the powers are unnecessarily broad, and that this section which is designed to extend every term, every letter and every syllable of these twelve orders is unnecessarily broad. I am pointing out the respects in which that unnecessary breadth continues. That is not to question the principle of the extension. It is to ask whether, the house having decided there shall be an extension, it shall be a completely unfettered extension, as is contemplated in section 1? What I am saying is completely within the scope of that section. I am pointing out to the committee the powers it is proposed to continue, which I say are quite unnecessary, assuming the house has decided there shall be an extension of the control system. I am saying many of these powers cannot be justified, that they are totally unnecessary even to the extension of steel control or timber control or priorities control, for which the Minister of Trade and Commerce has been arguing and which I am discussing now just as he discussed it.

Mr. Garson: No one likes to be raising points of order on his fellow members of the house, on any side, because the less we do so the more harmonious can be our discussions and perhaps the more progress we can make. But surely in the present instance we are dealing with a section which changes only two words. It changes the words "forty-nine" in the third line of section 7 of the Continuation of Transitional Measures Act, 1947, to "fifty", and does the same thing in the following line. That is all it does. I would say about ninety-five per cent of the discussion since we went into committee has been irrelevant. What would be relevant is whether the date should be 1950 or 1951 or 1952—

Mr. Drew: Or 1945.

Mr. Garson: That is quite right; but it relates only to the question of the length of the extension. No amount of sophistry can disguise the fact that this is all this section deals with. If we are going to be strictly relevant, that is all we can talk about on this section. My hon. friend would be quite right in making these remarks on second reading, or he could make them on third reading, but not in committee on this section.

Mr. Green: May I point out that last evening the Minister of Justice laid great emphasis on the fact that, in each of the years these bills have been brought up, the house has had the opportunity to approve each order in council and has actually done so, and that therefore a decision has been made each year on each order in council. The very next day, when the hon. member for Eglinton tries to deal with an objectionable term in an order in council, we have the Minister of Justice, of all people, getting to his feet and saying that it is out of order to say anything about these particular orders in council. His stand today proves absolutely beyond a doubt that the point he was making last night was just ridiculous.

Mr. Garson: Mr. Chairman—

The Deputy Chairman: Order. I think I should remind the hon. member for Vancouver South that when the minister was speaking he was speaking on second reading. At the present time we are in committee on the bill. I should like to say this to the hon. member, in all kindness. There is no proposal in this clause now before the committee to change any of the powers that were in the bill. The proposal is simply to extend the act for another year. I believe it would be perfectly in order when we are discussing it on second reading to draw to the attention of the house all these objectionable features

of the bill. But in my opinion it is not in order to go into all the phases of the bill when we are dealing simply with an extension for one year.

Mr. Green: On the point of order, may I point out that when you are on second reading of the bill you cannot discuss sections. You can discuss only the principle. How could we possibly have discussed the terms of any of these orders in council on the second reading of the bill?

The Deputy Chairman: My hon. friend will agree with me that, on second reading of any bill, you can point out all the objections to it that you may wish to point out, and you can move amendments to the bill if you wish to do so. You can raise all the objections you like. But when we come into committee the rule is strict that speeches must be relevant to the clause before the committee, that each clause must be dealt with, and that we pass on to the next. I do not want to interfere with the members, but I think we should try to keep to the rules and, as much as possible, try to have the speeches relevant to the clauses under discussion.

Mr. Green: Is the chairman ruling that when we were on second reading we could have taken all the different orders in council paragraph by paragraph?

The Deputy Chairman: Oh, no.

Mr. Green: And could have dealt with them there?

The Deputy Chairman: Oh, no.

Mr. Green: If not, when can we do it?

The Deputy Chairman: On second reading every member has the right to point out all the objectionable features in a bill and to use all the arguments he possibly can to defeat the bill, if he is not in sympathy with it. He may move amendments to defeat the bill. But once the house has decided on the principle of the bill and it comes before the committee, we should then confine our remarks to each clause that is before the committee.

Mr. Merritt: Speaking to the point of order, I have in my hand *Hansard* of last year when this measure was discussed. I find that on March 16, 1948, at page 2256 under the heading "On section 1—Duration of act", each of these orders in council was discussed specifically. At the start of the evening sitting on that day the Chairman himself said:

> The committee was considering P.C. 9029, wartime leasehold regulations as amended.

Right through the discussion of last year, on the section dealing with the duration of the act, the practice was followed of discussing the detail of the specific orders in council.

Mr. Fournier (Hull): That does not mean it was in order.

Mr. Drew: I submit to you, Mr. Chairman, that the whole problem that has arisen here in the discussion that is now taking place on the one hand is the direct result of the course that is being followed, and on the other hand indicates the highly unsatisfactory nature of that course. What comes before the committee is a short bill of two sections. The first section of the bill contains a provision that would extend the period of application of these twelve orders in council for another year. The second section refers to the powers of the wartime prices and trade board in connection with these regulations. But obviously the second section dealing with the restriction of the powers of the wartime prices and trade board is something of such a specific nature that it certainly would not be the place where the general or detailed effect of these twelve orders in council could be considered. Therefore unless they can be considered in detail in relation to section 1, there is no place in the whole course of the discussion where they can be considered in detail.

All that is before the house on first reading where there is no debate, on second reading where there is debate on the principle, and ultimately on third reading, is this bill of two sections, the first section carrying forward for another year these twelve orders in council in their entirety. The principle involved in the discussion on second reading was whether or not, in the opinion of this house, the circumstances were such that these twelve orders in council should be continued. If there is any point at which some reasonable limitation might have been placed upon the amount of detail, I think it would be at the time that clear principle was in issue.

Now when we come into committee, in the ordinary course of events there would be before us a bill including in express detail in succeeding sections those things that the government will have power to deal with by an act ultimately adopted by the parliament of Canada. But through the fact that these are not statutory provisions in the ordinary acceptance of that term, but are in fact wartime orders in council carried forward by an all-embracing act of this nature, then unless at this point in committee there is an opportunity to discuss in detail the effect of the provisions of these orders in council carried forward, there is no point during the whole course of the proceedings, from first reading to third reading, where there would be any

opportunity to point out in detail exactly what the result is or to obtain from the ministers concerned an appropriate explanation of what their reasons are for continuing these particular powers or what the effect of the continuance of these particular powers would be.

I close my remarks—only in respect to this discussion that is taking place—by suggesting that the ordinary rules do not apply; because the ordinary rules relate to the introduction of bills which confer powers upon parliament and upon the administrative body of parliament, the government; whereas in this case you have the utterly abnormal situation, from the ordinary point of view of parliamentary procedure, of orders in council adopted under the War Measures Act which, in turn, was an act passed under these emergency powers. May I emphasize that point, Mr. Chairman. These were not orders in council adopted under any general powers available to the government and to parliament in the war. These were orders in council passed under the War Measures Act, which act was within the jurisdiction of this parliament only because of an emergency. That act has disappeared, but the orders in council passed under it are carried forward. Therefore the whole proceeding we have is completely abnormal and completely outside of the ordinary concept of the rules. I submit that, unless there is an opportunity to discuss these orders in council in detail at this point, there could be no opportunity at any time.

The Deputy Chairman: I think the leader of the opposition put his finger on the point when he said that the principle on the second reading was whether the house would agree to carry on or to extend these emergency measures. That was the principle. That having been agreed to, no change is proposed. No change was proposed in the amendment to change any control that anyone operating under the bill had. I am expressing my opinion that now the debate must be strictly relevant to the clause before the committee, whether we should carry this on for another year or not. I do not want to press the point any further but I think I am right in that.

Mr. Drew: Mr. Chairman, let me just illustrate the difficulty, and I shall refer to this section only so that I may illustrate the point that I have in mind. As you have pointed out—and I can see the difficulty with which you are confronted in interpreting rules which relate to ordinary procedure dealing with bills in this house—it does confer the powers under which the government will act from the administrative point of view, and under which the rights of people will be determined. For instance, there has been some discussion with regard to the need for the continuance of steel control. When hon. members are making up their minds as to whether there should be a continuance of steel control, it is certainly something for them to have in their minds, in arriving at a decision, that they should know exactly why these controls are necessary at this particular time. I do not know how else they can decide whether this act should be extended for one year or not.

Take the situation in regard to the control of steel and equipment. Section (a), which has already been read to the committee, provides that the steel controller shall have power available from time to time:

to take possession of steel wherever found and to produce—

In order to realize the extent of that word and what it means, and what the powers are, you have to go to the definitive provisions before that and find out what produce means. It means something that every hon. member should bear in mind when we consider what the powers now are. This is what it means:

Producing shall include prospecting, developing, digging, mining, drilling for, melting, extracting, milling, concentrating, refining, smelting, processing, fabricating, machining, rolling, finishing, making, manufacturing and repairing—

Mr. Young: On a point of order, Mr. Chairman, can you inform me whether the leader of the opposition at the moment is speaking to a point of order, or whether his remarks are being extended into a speech?

The Deputy Chairman: The leader of the opposition is speaking to a point of order.

Mr. Drew: I explained, Mr. Chairman, that I was illustrating the effect of this word in relation to the explanation given in this order in council itself, which is carried forward. I continue:

—and "produce," "produced" and "production" shall have corresponding and similarly extended meanings.

Take the width and scope of this definition and relate it to the fact that the controller is given powers to produce. Then it seems that it is of the utmost importance that every hon. member have some explanation from the minister putting forward this measure, or the minister who will have the administrative responsibilities, as to why powers as wide as those, which in fact would mean a complete nationalization of the steel industry, if they were exercised, should be extended for another year.

The Deputy Chairman: It was all put on the record last night by the hon. member for

Calgary West when the bill was given second reading.

Mr. Fulton: I do not think any opportunity was given for explanation.

The Deputy Chairman: It was done on second reading. As I say, I am not going to press the point any further. I have tried to point out the rules and I think I am right.

Mr. Fournier (Hull): I hesitate to intervene because in my little experience in this house I have found out that more time is lost on points of order than on serious discussions of a bill or resolution; but in this instance I cannot remain in my seat without saying one word. Last week we spent three days discussing the resolution, which was the basis of this bill. We spent two days on the principle and one day in committee. Every order in council which is covered by this bill was mentioned and discussed while we were discussing the resolution, the principle of the bill and in committee. We have been more than a day now on the principle of the bill on second reading. Even what the leader of the opposition has just read was read last night by the hon. member for Calgary West.

Mr. Green: Not that section.

Mr. Fournier (Hull): He read the whole thing.

Mr. Green: He read another one which is just as bad.

Mr. Fournier (Hull): But it means one thing, that all these orders in council have been discussed by each and every hon. member who spoke on both sides of the house.

This afternoon the Minister of Trade and Commerce read the whole thing concerning steel.

Mr. Knowles: He was also out of order.

Mr. Fournier (Hull): There is no doubt about that. I understand the point of order brought up in this instance. If we follow the rule we cannot get away from being strictly relevant to what is set out in the amendment. The Minister of Justice has mentioned it. It is a change of date, changing 1949 to 1950. The principle having been adopted on second reading, all that we can discuss on this section is the reason why it should not be extended for that one year; but it will be extended. The house has decided that point. Really, after two days discussing this—we can keep it up for a week; any hon. member could keep this up—I do not think we can get any more explanation than we have been given up to now. I would ask the Chairman to try, if possible, to follow the rules and have the discussion relevant to this section of the bill.

Mr. Drew: The explanation which has just been given merely illustrates what this house is being asked to do here. This bill has only two sections.

Some hon. Members: Six o'clock.

The Deputy Chairman: Shall the clause carry?

Mr. Drew: No.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Drew: Before you leave the chair, Mr. Speaker, may we be informed if it is the intention to proceed with the budget immediately after the recess?

Mr. Fournier (Hull): At seven-thirty the Minister of Finance (Mr. Abbott) will make his budget speech, and after that I understand that some hon. member from the opposition side will speak. At the conclusion of his remarks we shall revert to this bill in committee.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at seven-thirty o'clock.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. Douglas Abbott (Minister of Finance) moved:

That Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

He said: Mr. Speaker, once again it is my pleasant duty to bring down the annual budget amid conditions of sustained—one might almost say unexcelled—prosperity. Despite the grave uncertainties and the persistent difficulties that beset us in the field of international affairs, we Canadians as a whole have continued throughout the past year to enjoy higher standards of living than ever before. The volume of industrial output for civilian account, in the form of both consumer goods and capital goods, has never been higher. Cash income derived from farm crops, and the value of commercial fish landings in 1948 have also reached figures never before equalled. The output of our mines has increased by nearly one-third during the past three years, and is now running at a rate within two per cent of the wartime peak.

In other words, during the past year the Canadian economy—and by that phrase I mean this community of a million and a half farmers and fishermen, of three million

industrial workers, and of hundreds of thousands of business, salaried and professional men and women, great and small—during the past year this community of free people has produced a record quantity of consumer goods, and at the same time has produced and installed a huge amount of new and improved capital equipment which promises still greater output in the years immediately ahead.

But what is even more satisfactory is that the energy, industry, skill and equipment which have been put into industry during the past three or four years is now bearing fruit in the form of a greatly increased flow of goods. Most of the serious shortages of goods have been overcome. The post-war world price inflation appears to have run its course. Since the late summer the price indexes have leveled out both here and in the United States —the two countries in which a free price market most nearly exists. In some sectors of the price structure, where the increases had been particularly great, prices have begun to recede to more healthy levels.

Prediction in a world so full of uncertainties must always be hazardous, but there is a wide measure of agreement, both here and abroad, that, barring the three major catastrophes of war, crop failure and widespread industrial work stoppages, the post-war price inflation has come to an end. That is not to say that there are not some acute shortages, as in steel or in housing, nor that there may not be considerable ups and downs in the prices of individual commodities from week to week and month to month. But the general assumption which I feel justified in making at this point is that when we come to the end of this year and look back we shall find that the price level as a whole will be no higher than it is now and that the prices of some groups of commodities at least will be somewhat lower.

The conditions and prospects which I have thus briefly sketched enable me to recommend to this house a series of proposals which combine a prudent provision against future uncertainties with a considerable measure of immediate tax reduction.

It seems to me that the time has now come when our objective should be to sustain our present high levels of output, avoiding the evils of unemployment on the one hand and further inflation on the other. The aim of both public and private economic policy should be to hold steady on the course. It cannot be the steadiness of inaction. To hold a steady course we must continue to devote much of our effort to further development and betterment. We should not seek just a balance, but a balance in motion.

Of course, we have our pessimists here and elsewhere. There are those whose eyes, fixed firmly on the past, see only the depressions that have followed the booms. But the best opinion I have been able to form leads me to believe that we can hold the current levels if we, and others in like position, act sensibly. I do not expect in the near future any serious decline in the high level of expenditures in North America, upon which our present prosperity is based. Businessmen, public authorities and consumers still have large demands to be filled, and the wherewithal to pay for what they want. Overseas countries still have many requirements to be met from north American production. Their own ability to pay is increasing and in the meantime is being supplemented by assistance from this side of the Atlantic. As I have said, no one can look far into the future with complete assurance in this uncertain age, but we can see far enough to make it possible to lay our plans now in the expectation that something like the present level of production and income for the country as a whole will persist throughout this coming year.

[Mr. Abbott.]

At the time of the last budget our most urgent and difficult economic problem was our shortage of foreign exchange. The progress made in this matter has been evident in our improved trade figures and in the recovery of our exchange reserve.

The present size of our exchange reserves shows the great improvement that has taken place since the end of 1947, when the emergency measures designed first to stop and then to reverse the serious drain on our reserves went into effect. From the dangerously low level of $502 million on December 31, 1947, our reserves rose to $998 million on December 31, 1948, and are now about $1,065 million, a level which, though not yet satisfactory, is much more nearly adequate to safeguard our position against the deficits which could develop without much warning in a trade as large and vulnerable as ours. In appraising this higher figure, one must bear in mind that it includes government borrowing of $150 million in the United States. On the other hand it also reflects the net foreign lending by the government amounting to about $100 million in this 15-month period.

All things considered, the change in our reserve position has been quite remarkable. During most of 1947 we were losing reserves at an average rate of $70 million a month. Since the beginning of 1948, excluding the long-term loan, we have been rebuilding our reserves at an average rate of about $30 million a month. In other words there has been a reversal of trend of the order of about $100 million a month. Improved tourist revenues as well as other invisible items on both cur-

rent and capital account have contributed to this result, but it is clear that the principal increase in our reserves has come through the improvement in our merchandise balance of trade, and in particular our balance with the United States.

The trade figures for the year 1948 as a whole, when compared with 1947, show in a striking way this principal reason for the improvement in our exchange position. Our total exports increased from about $2·8 billion to about $3·1 billion. Most of this increase was due to the higher prices at which our goods were sold, but in some groups of commodities there were satisfactory increases in volume. The total value of our imports remained almost unchanged at about $2·6 billion, despite an average increase in their prices of over 10 per cent. There was therefore an appreciable decrease in the actual volume of goods imported. Taking tourist business, freights, interest and dividends and other similar transactions into account, our net balance on current account transactions with all countries increased from a surplus of only $47 million in 1947 to one of about $450 million in 1948. Hon. members will realize, of course, that in 1948 we were not selling so much on credit and that this larger current balance was not offset to the same extent as in 1947 by large-scale foreign lending.

This improvement in our trade balance took place almost entirely in our trade with the United States. Our exports to Britain and its sterling area were reduced in total value by $130 million, or about 12 per cent, due mainly, of course, to their need to save dollars. Our exports to other countries—mainly European—were reduced by $30 million, or about 5 per cent, for similar reasons. Our imports from both these areas were increased substantially—by $230 million, or nearly 40 per cent. This improvement in the capacity of these areas to resume their pre-war share in supplying our needs has been most welcome. It reflects a fundamental improvement in their productivity and output, as well as their efforts to sell, and our efforts to encourage the resumption of something approaching the pre-war pattern of trade.

On the other hand, our 1948 imports from the United States were $170 million less than in 1947, or a reduction of about 10 per cent, and this despite some sharp increases in the cost of American goods. The reduction of $170 million is the net result of two contrasting trends. In the case of goods enumerated in the Emergency Exchange Conservation Act, the value of imports from the United States was reduced by $300 million; but the volume of all other imports rose by $130 million. Increases in oil, coal and farm machinery alone amounted to more than $120 million.

But the feature of our trade which I find most encouraging has been the increase in our exports to the United States. Here, the total value increased from just over one billion dollars in 1947 to more than one and a half billions in 1948. Some of this increase is due, of course, to higher prices—especially for pulp and paper and metals. Some of it is due to very large exports of cattle. But much of it, I am glad to say, is the result of improved Canadian ability to produce for, and sell to, the United States market, and of the reductions in tariffs obtained in the Geneva agreements. This big improvement in our exports to the United States was the type of constructive solution to our exchange difficulties that we were hoping to achieve, and I am gratified—as I hope you, sir, and all other hon. members are as well—at the extent of our success in this direction.

To summarize these trade figures briefly, our debit balance with the United States has been reduced by $635 million, and our credit balance with all other countries has gone down by $400 million, leaving a net increase in our over-all credit balance of $235 million.

Our exchange problem is now approaching manageable proportions. As this house is aware from the discussions of the past few days, it is necessary to continue controls over imports as well as capital exchange transactions, in order to improve and safeguard our exchange situation, but these need not be so general or severe as to interfere seriously with the free working of our economy. I shall be announcing later in this statement some further welcome relaxations in these import restrictions, effective April 1.

I cannot leave this discussion of our exchange situation without expressing appreciation of the farsighted actions of the United States in promoting the economic recovery of western Europe. This sensible and practical program has already overcome some of the difficulties which eighteen months ago seemed almost insuperable. It is slowly but surely putting back on its feet one of the great productive areas of the world. This economic restoration is clearly a prerequisite for a stable and progressive political life in this key area, and as such it is a matter vital not only to our future economic well-being but to our very national safety. To us in Canada the general and longer-run benefits of European recovery and progress are of prime importance.

The grants and loans being financed through ECA are of great immediate value, but in another and more fundamental way

the European recovery program is contributing to a betterment of our trading and income prospects. As a result of ERP, and more generally of the broad basic policy which underlies both ERP and the North Atlantic treaty, Europe is rapidly recovering confidence in its own future. The immediate crisis of confidence which was so alarming two years ago has passed. Without this restoration of confidence the large programs of financial aid would have proved merely palliative. As it is, the level of industrial production in western Europe, and for this purpose I include the German bizone, during the last quarter of 1948 was 20 to 25 per cent above the average of 1947, and most of the individual countries in this group have now reached or passed their pre-war levels of industrial output. Of course, much of this output is still going into the repair of the physical ravages of war, and is therefore not yet available for an improvement of standards of living or to pay for the additional imports which the restoration of a normal and rising standard of living demands. The future holds many uncertainties, but we can express gratification for the progress that the first year of ERP has witnessed.

There is one aspect, both of this exchange situation and our own general economic situation, which is clearly going to require continued attention from the government and parliament, as well as from Canadian businessmen. That is the problem of maintaining and extending Canada's overseas exports. In many traditional areas these have been declining during the past year under pressure of their dollar shortage, the adoption or tightening of import restrictions, and the increased supplies becoming available from other countries. In the light of all these adverse conditions, our export trade has stood up relatively well, but we cannot be satisfied with its present situation or immediate prospects. We must seek improvement. We must search for those adjustments from day to day and month to month that will maintain as far as possible our traditional markets. It was for the purpose of re-establishing and maintaining these traditional markets that we undertook a large export credits program. To the extent that those markets are closed to us, we must develop alternative outlets. While attempting to overcome the immediate difficulties, we must persevere in working out the constructive solution through trade agreements on a wide, non-discriminatory basis, and by other measures of a basic character that will assist those countries that buy from us to find dollar markets for their own exports, in order that they may pay for what they would really like to get from us. Over the long run, the establishment of prosperous trading conditions must come largely through the reconstruction of those countries overseas with whom we trade, through the expansion of their output and through the recovery of their productive efficiency, so that once again they will be able to earn enough to pay for the imports which they need.

It is only natural in the face of this problem that some should urge us to reverse our basic trade policy and embark upon barter deals, discrimination, and the balancing of trade accounts with individual countries. These are courses that many others are following. Discriminatory deals between others are interfering with our trade. It is tempting in the short run to consider doing similar deals, particularly to sell this or that, where our exports have been supplanted by others. However, it is too easy to look at only one side of the picture. If you look at the country as a whole, if you examine all aspects of the problem, I believe you will find that such a course would not serve Canada's best interests.

We believe that the inevitable effect of these bilateral, discriminatory deals is to diminish the total volume of world trade. However, even apart from this basic objection on grounds of principle, there are also, from Canada's standpoint, serious practical objections. In the first place, most of our trade takes place with the United States—both export and import—and we cannot deal that way there. There is a real danger that we may prejudice this greater part by trying discrimination and barter in the lesser. Secondly, we are not in a good bargaining position to make successful bilateral deals, deals which by their very nature would force us into bilateral balancing with each individual country. The normal and healthy pattern of our trade is triangular or multilateral. We might succeed in selling some surplus products by special deals—but we would have to take some other surpluses in return which we do not want and cannot really use; and for things we want we would be pressed into paying prices which our consumers would be unwilling to pay. In general, the advantage lies with the larger countries in these deals, particularly as sellers' markets give way to buyers' markets. If anyone feels tempted to start this kind of trading in a few problem cases, let him consider how we are likely to get along in the bargaining as we get drawn further and further into it.

The third practical objection to this line of approach is one in which most, but not all, members of this house will agree. It is that the application of a policy of barter, bilateral

deals, and discrimination requires widespread governmental control of private trade, and even the extension of trade by agencies of the government itself. Deals of this sort would require a multiplication of import controls, export controls, licences and permits. It is apt to lead to more government buying and selling, frequently involving subsidies and trading losses. This may fit into the philosophy of government prevailing in some other countries, but most Canadian don't like controls and don't want their government getting deeper and deeper into import and export business.

It is unnecessary, I believe, for me to go into any more detailed review of the economic situation, save such as may be relevant to the appreciation of our fiscal position and policy. As usual I am tabling a white paper that contains, in addition to the detailed estimates of revenue and expenditures for the year now closing, a review of the more important economic statistics for the past few years and recent months. There are also some paragraphs of exposition and comment prepared at my direction and which I commend to those who wish to consider the budget proposals against an economic background. Members of the house and others will recall as well the two recent reports by the governor of the Bank of Canada and the chairman of the foreign exchange control board in which he deals in his usual lucid and objective fashion with the current developments of importance in this field. Finally I should mention the informative facts and forecasts provided some weeks ago to the house by my colleague the Minister of Trade and Commerce, relating particularly to the prospects for capital expenditure and the supplies available for construction.

Several conclusions emerge from an examination of these facts and forecasts. The first is that the prospective amount of capital expenditure on construction and on machinery and equipment, taken together with the level of exports, appears likely to be sufficient to sustain incomes and employment this year at around their current levels. Although the supply of construction materials will be better this year, construction costs are still abnormally high and there is still evidence of some strain upon the industry. I continue to believe that all construction work under the control of the government which it is practicable to postpone should be postponed, except in those few areas where there may be some local unemployment. That has been the approach of the government in the formulation of its expenditure program for the year. I must say that it gets progressively more difficult to apply this policy from year to year, as really important requirements for construction of all kinds keep accumulating —some of them repeatedly deferred since long before the war. Other needs, too, are constantly arising—some of them from the necessary expansion in the defence program, others from more constructive developments, such as the need to provide improved airport runways and related equipment to accommodate the bigger and better planes now available. We have also given a fairly high priority to construction necessary to permit expansion in our government activities in the field of scientific research and the improvement of techniques and markets for primary production—government operations which we feel are as fruitful as much private work with which they must compete for materials and labour. I hope this view will commend itself to the house and the public.

A second conclusion that emerges from a review of the economic situation is that the pressure of consumer expenditures upon supplies available to consumers is slackening. This may be observed in respect of various particular commodities where consumers can get what they want more easily and promptly than before, even motor cars. In some cases we can observe the occasional emergence of surpluses and of bargain sales by retailers, something which we had almost forgotten to be a normal part of business at certain seasons of the year.

This improvement in the supply situation for consumer goods results mainly from an increase in their supply and, to a lesser extent, I believe, from the filling up of the more urgent needs of consumers deferred during the war and the post-war shortages. Larger supplies of food have resulted from good crops here and elsewhere last year, both in the United States and abroad. The post-war world food shortage is passing over from its acute stage to a less severe phase in which prices and the ability to pay them are governing considerations once more. In other types of goods we are beginning now to receive the increased output in Canada made possible by our extended and improved equipment installed in recent years, as well as the increased imports from overseas as a result of the recovery of production in Europe and elsewhere, and the efforts of various countries to export to our markets.

This improvement in consumer supplies has brought a welcome halt to the increase in the cost of living. The index of living costs has remained almost constant since last September at a level about 60 per cent above pre-war, and about 30 per cent above 1929. Decreases in food costs have offset slight increases in other items. Some further increases may occur in a few items; but I think we are unlikely to see any significant

increase in the cost of living this year—unless, of course, there are serious crop failures—and it is quite possible that there may be some decline. Consumers should have more money to spend this year than last, partly because of the upward sweep in wages that took place last year, partly because of the distribution of wartime refundable taxes that has been going on this month, partly because of additional payments being made to farmers by the wheat board, and partly as a result of the tax reductions which I shall be inviting this house to approve. The time has now come, I believe, when these increased expenditures by consumers can be met by increased supplies of goods without endangering either our price structure or our exchange situation.

In the light of these conditions and in line with the policy to which we have steadily adhered of removing controls at the earliest appropriate time, the government has authorized the wartime prices and trade board to withdraw its price ceiling orders on flour, bread, butter, sugar and molasses, and on those fruits and vegetables which are not limited in supply by the operation of the present import restrictions. Concurrently the government is withdrawing the subsidy of 46½ cents a bushel which has been paid since August 1 last on wheat going into domestic consumption in Canada.

Before turning to a review of the government accounts for the year, I wish to say a few words in regard to provincial matters.

We are now about to enter the third of the five fiscal years covered by our tax rental agreements with seven of the provinces. Those agreements have enabled the provinces concerned to obtain a more equitable share of revenue from the three great sources of direct taxation. They have done so without subjecting the taxpayers of these provinces to dual assessments, dual reporting and the other inconveniences and vexations which double taxation involves. They have enabled all these provinces to have the revenue from these major sources reflect the growth of population and the expansion of national income, and at the same time to have the assurance of an underwriting against the risks of economic adversity. This assurance that, come what may, cash receipts from these important tax sources could not fall below a guaranteed minimum has been, I believe, of great importance in enabling provincial governments to plan in advance their developmental programs and to undertake them with confidence. It has certainly also improved the credit standing of the provinces concerned. From the national point of view, it has removed or vastly lessened the risk that in times of economic difficulty the financial strains to which some provincial governments would be subject might lead to a competitive scramble to impose new and higher taxes and to adopt other policies which would hamper and impede national policies designed to promote economic recovery. They have provided a partial, though not yet a complete, basis for the development of that comprehensive program of co-operation between the federal and the provincial governments which we envisaged as essential to promote the maximum development of our resources and to assure full employment and a wide measure of social security for the Canadian people as a whole.

In all these ways the agreements have contributed to the strength and independence of provincial governments and to the health and vitality of the Canadian confederation. They have added a large measure of economic autonomy to the political autonomy enjoyed by the provinces which have entered into them. It is a travesty to suggest, as has been done so many times in this house in recent weeks, that they have weakened provincial autonomy or created an undue degree of centralization in this country. Two attempts have been made to build a case to support this charge.

The first attempt was based on the argument that the tax rental agreements involved an excessive use of subsidies which threatened the freedom of action of the provincial governments. In reply to that it should first be pointed out that the payments being made to the provinces under the tax rental agreements, apart from the statutory subsidies, are not subsidies at all; they are rentals negotiated by provincial governments for the temporary use of certain rights possessed by them. They are business-like arrangements, subject to re-negotiation at least a year before their termination date, and they do not involve the element of charity nor the surrender of one jot or tittle of constitutional rights. In most of these respects they are in marked contrast with the alternative which some of the critics suggest, namely, fiscal need subsidies which would require the provincial governments to come hat in hand to the federal government and plead for assistance on the basis of need rather than of right.

That should be a sufficient answer to the argument. However, even if we take both the tax rentals and statutory subsidies, we find that the total payments being made by the federal government to the provinces constitute a lower percentage of provincial ordinary revenues than the percentage of statutory subsidies to total ordinary revenues

in the case of the four original provinces during the first fifteen years after they joined together to form our confederation. Let me give the figures. In the fifteen fiscal years 1868-1882, Nova Scotia derived 74·1 per cent of its ordinary revenue from federal subsidies; in the current fiscal year it is estimated that only 36·1 per cent of its ordinary revenue will come from subsidies and tax rental agreement payments. The corresponding figures in the case of New Brunswick are 77·9 per cent for the earlier period and an estimated 36·9 per cent for the current year. In the first fifteen years after confederation, Ontario derived 39·9 per cent of its total ordinary revenue from federal subsidies and Quebec 45·1 per cent; if these provinces were participating under the agreement, the percentage of their ordinary revenue derived from tax rentals and subsidies would, it is estimated, be moderately lower than the percentages I have just quoted. In the years following confederation up to 1882, all provinces, on the average, obtained 49·8 per cent of their total ordinary revenues from federal subsidies. For all seven provinces which enjoy the benefits of the tax rental agreement, the percentage of total ordinary revenues derived from tax rentals and subsidies in the current fiscal year is now estimated at only 32 per cent. If such percentages be the test, it is amply clear that we have far less centralization and make much less use of subsidies than the fathers of confederation thought to be necessary and provided for in the making of Canada.

The second attempt was based on the argument that between 1939 and 1947 the increase in dominion tax revenues had been much greater than in the case of the provincial and municipal governments. The simple answer to that argument, of course, is that during the period in question Canada has fought a major war involving the federal government in a perfectly colossal cost and leaving behind it an enormous burden in debt charges, pensions, treatment service costs, rehabilitation and other expenditures for which this government will be responsible for many years to come—and so will it also be for the vastly increased national defence expenditures which the state of the world left by that war is making it necessary for us to carry.

Neither of these arguments stands up nor do any of a similar kind. The simple fact is that the tax rental agreements promote and encourage provincial autonomy by making the provincial governments better able to carry out the heavy responsibilities assigned to them by our constitution. This government yields to no one in its desire to protect their rights and see them financially strong and independent. It yields to no one in its desire to co-operate with them in that kind of constructive partnership which will best enable all governments to tackle and solve the complicated problems of today and give to the Canadian people the measure of peace, prosperity and happiness they have a right to expect.

In this search for co-operation, it will not let pettiness of spirit nor false pride nor undue emphasis on purely financial considerations stand in the way of mutual understanding and constructive results. It will constantly seek out ways of tackling mutual problems and developing practical solutions. —not merely talking about them as some other people do.

THE GOVERNMENT ACCOUNTS: REVIEW OF 1948-49 AND FORECAST FOR 1949-50

Before appraising the budgetary outlook for the coming fiscal year, it is my duty to report to the house the financial results of the year that is now drawing to its close. The white paper which I am tabling includes the usual detailed statements of revenues and expenditures, and of assets and liabilities. The figures for the year 1948-49 are necessarily preliminary and subject to revision. Our fiscal year ends next week, on March 31, but our books must remain open for several weeks thereafter to record various year-end adjustments and to include all payments made up to April 30 on account of expenditures originating in, and properly chargeable to, the current fiscal year. Final figures for this current year cannot be available for some time.

A year ago I forecast revenue and expenditure figures that would yield a surplus of $489 million. The present figures indicate that our revenues will be $2,768 million, our expenditures $2,193 million, and our surplus $575 million. This surplus of $575 million is $100 million less than we had in the preceding year, but it is $86 million greater than I had forecast for this current year.

A year ago I based my estimates on what I then called a "conservatively optimistic forecast." In fact the expansion of the national income has been somewhat greater than that which I had predicted, and as a result our tax revenues are turning out a little better than the forecast, but the excess is not very great—less than 2½ per cent. We will obtain more from non-tax revenues and special receipts and credits than I had forecast, but expenditures, on the other hand, are within 1 per cent of my forecast.

Considering the magnitude of the total sums involved and the length of time ahead that these forecasts have to be made, I take

a good deal of satisfaction in the close relationship of these forecasts and the actual results.

Mr. Case: Almost a perfect score.

Mr. Abbott: Yes, I think the hon. member is right.

Mr. Smith (Calgary West): At least a hole in one.

Mr. Graydon: The last inning you mean.

Mr. Abbott: I am looking forward to hearing from my hon. friends later in the debate.

Mr. Speaker: Order.

Mr. Abbott: I do not propose to comment at length on the details of revenue and expenditure, but shall content myself, and I hope the house, with a few general remarks.

Direct taxes, which include personal and corporate income taxes, the excess profits tax and succession duties have yielded $1,369 million, or $51 million greater than a year ago. They accounted for more than 56 per cent of our total tax revenue.

Indirect taxes, which include all customs and excise taxes and duties, have produced $1,072 million, or $62 million less than a year ago.

The greater yield in direct taxes is a reflection of higher incomes and profits; the decrease in indirect taxes is the result of the lower rates of duty under the Geneva agreements, the restriction of imports under the Emergency Exchange Conservation Act and the removal a year ago of the amusement tax, the sales taxes on prepared and packaged foods, and certain other indirect taxes.

Non-tax revenues, that is, post-office receipts and revenues from investments, were $210 million, or $32 million greater than last year. Special receipts and credits, chiefly sales of surplus war assets and sundry refunds, amounted to $117 million. This is $125 million less than a year ago.

On the expenditure side the principal decrease is $229 million in demobilization, reconversion and special expenditures. This decrease was almost exactly balanced by increases of $203 million in ordinary expenditures and $21 million in the deficits of government owned enterprises.

To a considerable extent this increase in ordinary expenditures is due to transfers of activities from the demobilization accounts to the ordinary accounts, and for the rest it stems from higher old age pensions, increased numbers of persons entitled to family allowances, the expansion of health services, more exploration, survey and mapping work, increased research expenditures, improved roads and tourist facilities in our national parks, improvements in airports and aids to air navigation, the betterment of maritime ports and harbours works, and generally from the effects of the higher price levels of all government operations, including the costs of construction and the costs of materials and supplies purchased, and including necessary adjustments in civil service salaries. I am very keenly aware of these increases in expenditures, and I can assure the house that we are constantly striving to maintain and improve both efficiency and economy in all government activities.

In summary then, our revenues for the year now ending are $103 million less than the preceding year, expenditures as a whole are down $2 million, and the surplus of $575 million is $101 million less than last year. There, in brief, is the result of our current financial operations for the year, and that is the amount by which the net debt of Canada has been reduced.

But, as has to be pointed out each year, the cash position and the cash requirements of the government, as distinct from its revenues and expenditures, are of almost equal importance in their bearing upon the incomes and expenditures of the individuals who make up this nation. Apart entirely from the sale of new securities or the redemption of old debt, the government receives and pays out each year large sums of cash that do not really belong to what an accountant might call its "income account",—they are neither revenue nor expenditure in the accounting or budgetary sense. Moreover some items of revenue and expenditure do not involve any cash receipts or cash outlays.

To arrive at our cash surplus, the $575 million budget surplus must be adjusted upward by $75 million on account of these non-cash items. Then we must add $128 million of cash receipts in the form of additions to various pension and trust accounts. This gives us a total of $778 million available for cash outlays that do not belong in the income account. Of this total $450 million were advanced to the foreign exchange control board to finance its increase in gold and United States dollar reserves, and $57 million were loaned to the United Kingdom and other countries to finance purchases of Canadian products. That is, $507 million were used in connection with the financing of our export surplus. Then we made loans and investments in Canada to the amount of $89 million, $71 million of which were advanced to the Central Mortgage and Housing Corporation for housing construction and housing loans. The total of all these loans, investments and advances is $596 million, and when you deduct that from the $778 million of cash available you get a cash surplus of $182 million. To this cash surplus were added $224 million resulting from sales of securities

rom our securities investment account. Of he resulting $406 million we used $372 nillion to make a net reduction in our funded lebt, and the remaining $34 million served o increase our cash balances.

Our securities investment account is the ne in which the government temporarily olds some of its own securities rather than olding larger cash balances, and it is neces- ary to make allowances for changes in this ccount in order to get a proper figure for he change in funded debt in the hands of thers. Consequently the reduction of $372 nillion in our total funded debt should be ffset by the $224 million reduction in the unded debt held in our investment account. Ve then see the reduction in funded debt utstanding outside this account was $148 nillion. This may be considered as the mount of our cash surplus used to reduce ebt, the remainder of it being used to ncrease our cash on hand.

To summarize this explanation I should ke, with the permission of the house, to put n *Hansard* at this point a short table recon- iling our budget surplus and our cash osition:

Budget Surplus and Cash Position

		(millions)
et cash balance arising from the current year's budgetary surplus (i.e. budgetary surplus of $575 million adjusted for non-cash items)		$650
dd other receipts:		
Increases in annuity, pension, insurance and guaranty accounts	$93	
Increases in floating debt, deposit and trust accounts, and sundry suspense accounts	35	
		128
		$778
educt other disbursements:		
Advances to the foreign exchange control board	$450	
Loans to the United Kingdom and other governments (net)	57	
Advances to Central Mortgage and Housing Corporation	71	
Increases in other loans, advances and investments (net)	18	
		596
ash surplus—i.e. balance available for debt reduction and/or increase in cash balances		$182
dd:		
Net sales of securities from securities investment account		224
		$406
educt:		
Reduction in Canadian funded debt	$472	
Less increase in United States funded debt	100	
Net reduction in funded debt		372
et increase in cash balances during the year		$ 34

The greater part of the reduction in the funded debt has taken the form of repaying approximately $286 million on account of the compulsory savings portion of the personal income taxes of 1943 and 1944, and the refundable portion of the excess profits taxes of 1943. This completes the repayment of the refundable portion of personal income taxes.

I must not leave this part of my report to the house without referring to the very gratifying response to our offerings of Canada savings bonds to the general public. As hon. members know, the purchase of these bonds is restricted to individuals and is limited to not more than $1,000 of any one series to any one person. Sales of the second series of these bonds reached $288 million. A third series was opened for subscription last October, and sales to date are $248 million. The public response to these issues, and particularly the volume of subscriptions made through the payroll savings plan, shows that Canada savings bonds fill very acceptably a real investment need for the rank and file of the Canadian people.

These results for the year should be a source of gratification to all Canadians. We have reduced our net debt by $575 million at the time when we could best afford to do so. It is still a very large debt—a net debt of $11·8 billion, and a total funded debt of $15·6 billion. There will undoubtedly be years when we will need to increase it in order to finance expenditures in excess of revenue, when economic conditions make that wise or necessary. An indefinite growth in the debt, and in the cost of servicing it, must eventually undermine confidence in our currency and our national finances.

I think most Canadians will regard the policy we have followed as one of simple common sense. Yet some hon. members opposite have insisted that we should have been less prudent, that we should not have attempted to reduce our debt this year, that we should have borrowed to pay off refundable savings or to finance the recovery in our exchange reserves. While arguing that taxes should have been drastically lower, they have also been urging higher and higher expenditures on a bewildering variety of projects. I ask myself how anyone can take as serious and responsible criticisms of this kind. They ask us to believe that the people of Canada would have been better off this past year had taxes been substantially lower, and our debt substantially higher.

That is not the case. Large tax reductions last year would have come too early to be of real value to the public as a whole.

Some hon. Members: Oh, oh.

Mr. Rowe: Even in June it will be pretty late.

Mr. Abbott: My hon. friends may not laugh quite so loudly in a moment, Mr. Speaker. I repeat, large tax reductions last year would have come too early to be of real value to the public as a whole, because the public's expenditure, even without tax reductions, was large enough to buy everything available—indeed it was a bit too large, and buying pressure forced up the cost of living. Lower income taxes in 1948 would have meant a higher cost of living. Some might have gained, it is true—those whose incomes are high and whose concern with the cost of living is relatively small. But the general run of citizens and taxpayers would not have been farther ahead—they would have paid less to the public treasury but more to those private treasuries where the gains from a higher cost of living would have come to rest.

Mr. Rowe: What a change a few months have made.

Mr. Smith (Calgary West): Now we have heard everything.

Mr. Abbott: The laughter has abated somewhat, Mr. Speaker.

It was plain for all to see that the nation as a whole was fully employed last year. More spending would not have led to any significant increase in production. To have reduced taxes then in order to let people spend more would have been a delusion. It made far more sense to use the surplus income—surplus from the viewpoint of the nation as a whole—to pay off our debt and restore our essential reserves of gold and United States dollars. It is hard for the individual taxpayer to see it that way, naturally, because it is true that if he alone had more to spend and less to pay in taxes he would be better off. He does not realize that there would be two or three million others doing the same, and the competition between them is what causes trouble—is what feeds the inflationary spiral. We in parliament have to see the picture as a whole, and it is when we look at it as a whole that we see the common sense in the decisions we took here last year.

Let me turn now to the coming year. The total of the main estimates for next year, including statutory items and those to be voted, amounts to $2,217 million—a substantial increase over last year's estimates, reflecting mainly a considerable increase in the national defence program and also higher prices and rates of pay. We have also this year included in the main estimates a number of items of types which last year were more common in the supplementaries—notably construction projects on which it is hoped to get started well before the fall and winter weather make this type of work more costly. To the main estimates will have to be added special estimates for Newfoundland which will probably exceed $50 million. We shall also have the usual supplementary estimates, although I do not expect they will be nearly as large as in this past year. I fear that we face again a deficit in the C.N.R. that will require a subsequent vote from parliament. It will also prove wise, I believe, to add further to our general reserve against the active assets on our balance sheet. All in all, I think I must budget in the expectation that total expenditures in 1949-50 may amount to about $2,390 million.

On the side of revenue, forecasting is as usual more difficult and uncertain, because our tax yields are now very sensitive to changes in economic conditions and the national income. On the basis of our present tax laws, and in the expectation that prices and production will hold to about their present levels with only normal seasonal changes, and that we have average crop yields this year, I now estimate that in the absence of any tax changes our revenues for the next fiscal year would amount in all to about $2,800 million.

The make-up of this total is given in the table, showing each of the major items in the forecast, together with the estimate for the year now closing. For the convenience of hon. members, I should like the consent of the house to have this incorporated in *Hansard* in the usual way without my taking time to read it.

Forecast of Revenue
(Before tax changes)

	Fiscal year 1949-50 (Forecast)	Actual Fiscal year 1948-49 (Preliminary)
	(in millions of dollars)	
Customs duties	235	225
Excise duties	210	206
Sales taxes (net)	385	378
Other excise taxes	260	259
Income taxes		
Individuals	835	771
Corporations	550	490
Interest, dividends, etc.	45	43
Excess profits taxes	...	40
Succession duties	26	26
Miscellaneous taxes	4	4
Total tax revenue	2,550	2,442
Non-tax revenue	200	210
Total ordinary revenue	2,750	2,652
Special receipts and credits	50	116
	2,800	2,768

From the figures I have given it is evident that in the absence of tax changes I would expect next year that our accounts would show a surplus of $410 million.

It is important, as in the case of the past year, to consider not only this budget surplus but also our prospective cash position, in order to appraise properly the outlook for next year. Eliminating non-cash revenues and expenditures, this budget surplus of $410 million might yield a surplus of available cash of about $500 million. To this we must add various receipts in pension and trust accounts and similar deferred liability accounts, which are likely to amount to nearly $150 million. This sum would probably exceed various loans and advances other than those to the foreign exchange control board and to governments abroad by as much as $25 million. Consequently in the absence of tax changes we might expect a cash surplus of about $525 million, reduced by whatever amounts may be required for financing our export surplus either by accumulating reserves or by foreign loans. It is still too early, with all the uncertainties of this present year to say, even roughly, what funds the government will have to find for financing our export surplus in one way or another.

TAX POLICY

What I have already said in commenting upon the economic situation, the results of last year, and the prospects for the new year, will already have indicated to you, Mr. Speaker, that I feel the time has now arrived when this parliament should enact some further substantial reductions in taxes. The increasing flow of goods available for sale to consumers without higher prices makes tax reductions economically feasible. The prospective surplus of revenue over expenditure, in the absence of tax changes, and even of a substantial cash surplus over our requirements for loans and investments, makes tax reduction financially feasible. The reduction of more than $1,600 million in our net debt made in the last three years has put us in a position now where we may prudently give consideration to further tax reduction. Finally, sir, I should say that I have been led to believe in recent months, as no doubt other hon. members have, that most of the Canadian people would support and even welcome an enlarged measure of tax reduction this year.

If this parliament should approve the program I am now going to propose, in addition to the tax reductions enacted following the Ilsley budgets of October, 1945, and May, 1946, and following my budgets of June, 1947, and May, 1948, it will have carried through a program of tax reduction such as no parliament has ever made before, here or anywhere else, I believe, and far more than most of us thought possible when we were elected following the victory in Europe in 1945. In approaching our task this year we should bear in mind that this is the continuation and rounding out of a program—not the beginning of a new policy. We have brought our high wartime taxes down by careful stages over a period of four years, and now we should aim at establishing a peacetime revenue system that may be varied up or down as the needs of the changing times require. We cannot complete this year all those improvements in the form and nature of our taxes that have been started in recent years, but we can carry them a long stage farther.

In selecting the fields for tax reduction we should bear in mind several general considerations. In the first place, we must recognize that most Canadians, like other peoples in recent years, have shown that they prefer to pay taxes in forms other than high income taxes. I think most of us believe the income tax on individuals is the fairest and best tax we have. The trouble is that we just don't like it, or at least we don't like too much of it. The public in peacetime will apparently only tolerate a level of income taxes that is far short of enough to yield the revenues that Canada requires now, and is going to require in years to come. Consequently we must plan on retaining as normal sources of revenue substantial taxes on goods and services, and taxes on corporate profits. In neither of these fields can we expect now to get back to the pre-war level of tax rates—at least not until the threats to peace disappear and the people cease to demand that the government carry out many of the types of services and transfer payments now being provided.

Consequently we face now, in addition to the problem of establishing a fair and proper schedule of income taxes, the need to adapt the form and nature of our taxes on goods and services and corporate profits to make them efficient, fair, and flexible sources of revenue, causing as little harm and irritation as possible for each dollar of revenue we must derive from them.

The second consideration relates more to the immediate future. The present economic situation is such that it is more appropriate this year to encourage increased expenditures

by consumers, rather than capital expenditures by business. Business profits are already high, on the whole, and a large part of them is being devoted to capital expenditures. Markets for the goods and services required for additional capital expenditures by business are still relatively tight, and prices of machinery and equipment, and construction costs, are still very high. It would not be wise, I believe, to stimulate increased expenditures of this nature this year by general reductions in corporate taxation. On the other hand, there is, as I have already said, more opportunity now to satisfy increased expenditures by consumers. Consequently the principal tax reductions I am going to propose are those affecting individuals, both personal income taxes and taxes on things the consumer buys. I have, however, some important changes to propose in the distribution and nature of corporate taxes.

I propose now, Mr. Speaker, to state and explain our program of tax changes and tax reductions.

1. PERSONAL INCOME TAX

The house will recall that there have been three substantial reductions in income taxes since hostilities ceased. Late in 1945 there was a general reduction of 16 per cent. Effective January 1, 1947, there was a second reduction in rates and an increase in exemptions; and in mid-1947 there was a third general reduction in rates. Tonight I propose still further substantial reductions in this tax in the form of both reduced rates and increased exemptions.

The present basic exemptions are $750 for single persons and $1,500 for married persons. I propose that these be increased to $1,000 and $2,000 respectively.

The exemption in respect of children eligible for family allowance is now $100. I propose that this be increased to $150.

The exemption for other dependents which is now $300, will be raised to $400.

By these moves we shall return to pre-war levels of exemptions, and in so doing will relieve about three-quarters of a million present taxpayers of all income tax liability.

I also propose a downward adjustment in the rates of tax. The complete details of the new rates are contained in the budget resolutions, and with the consent of the house I should like to insert in *Hansard* at this point the usual tables showing comparisons of the old and new taxes for single and for married persons at various income levels.

Present and Proposed Income Tax
Single Taxpayer

Income	1948 tax	1949 tax	Dollar reduction	Percentage reduction
$	$	$	$	%
750....	..	..	..	..
800....	5	..	5	100
900....	16	..	16	100
1,000....	29	..	29	100
1,100....	44	15	29	66
1,200....	61	30	31	51
1,500....	120	75	45	38
1,800....	180	120	60	33
2,000....	220	150	70	32
2,250....	270	193	77	29
2,500....	320	235	85	27
2,750....	370	278	92	25
3,000....	420	320	100	24
3,500....	520	415	105	20
4,000....	620	510	110	18
5,000....	835	700	135	16
7,500....	1,465	1,270	195	14
10,000....	2,253	1,960	293	13
20,000....	6,515	5,960	555	9
30,000....	11,728	10,660	1,068	9
50,000....	23,456	21,814	1,642	7
75,000....	39,418	37,264	2,154	5
100,000....	56,631	53,714	2,917	5
200,000....	133,056	126,414	6,642	5

Note: In calculating the above taxes it has been assumed that all incomes up to $30,000 are entirely earned incomes, and that incomes of more than $30,000 include earned income of that amount and additional investment income to make up the total. No account has been taken of the new 10 per cent tax credit for dividends.

Present and Proposed Income Tax
Married Taxpayer—No Dependents

Income	1948 tax	1949 tax	Dollar reduction	Percentage reduction
$	$	$	$	%
1,500....	..	..	..	..
2,000....	70	..	70	100
2,100....	90	15	75	83
2,300....	130	45	85	65
2,500....	170	75	95	56
2,750....	220	113	107	49
3,000....	270	150	120	44
3,500....	370	235	135	36
4,000....	470	320	150	32
5,000....	670	510	160	24
7,500....	1,260	1,030	230	18
10,000....	1,990	1,660	330	17
20,000....	6,140	5,510	630	10
30,000....	11,315	10,160	1,155	10
50,000....	23,043	21,264	1,779	8
75,000....	38,968	36,664	2,304	6
100,000....	56,143	53,064	3,079	5
200,000....	132,493	125,714	6,779	5

Note: In calculating the above taxes it has been assumed that all incomes up to $30,000 are entirely earned incomes, and that incomes of more than $30,000 include earned income of that amount and additional investment income to make up the total. No account has been taken of the new 10 per cent tax credit for dividends.

Present and Proposed Income Tax

Married Taxpayer with 2 Children of Family Allowance Age

Income	1948 tax	1949 tax	Dollar reduction	Percentage reduction
$	$	$	$	%
1,700....	..	..	..	..
1,800....	10	..	10	100
2,300....	90	..	90	100
2,400....	110	15	95	86
2,500....	130	30	100	77
2,750....	180	68	112	62
3,000....	230	105	125	54
3,500....	330	184	146	44
4,000....	430	269	161	37
5,000....	630	453	177	28
7,500....	1,208	964	244	20
10,000....	1,930	1,582	348	18
20,000....	6,040	5,375	665	11
30,000....	11,205	10,010	1,195	11
50,000....	22,933	21,099	1,834	8
75,000....	38,848	36,484	2,364	6
100,000....	56,013	52,869	3,144	6
200,000....	132,343	125,504	6,839	5

Note: (1) The above figures show the actual income tax liability of a taxpayer with family allowance children, but in order to arrive at his true net position the amount of family allowance received for his children must be offset against his tax liability. For example, assuming he receives the average family allowance payment of $72.00 a child, a taxpayer with an income of $3,000 and two children would find that under present rates his income tax exceeded his family allowance by $86.00, while under the proposed rates his family allowance payments will exceed his income tax liability by $39.00.

(2) In calculating the above taxes it has been assumed that all incomes up to $30,000 are entirely earned incomes, and that incomes of more than $30,000 include earned income of that amount and additional investment income to make up the total. No account has been taken of the new 10 per cent tax credit for dividends.

In revising the rates of tax applicable to various income levels I have sought to achieve not only a reduction in rates, but also greater simplicity and greater equity. The two chief features of the new table of rates are first a large increase in the size of the first tax bracket to which the lowest rate of tax applies. Formerly this was a bracket of $100, now it is to be a bracket of $1,000. The second change in principle is to raise the point in the income curve at which the 50 per cent tax rate begins to operate.

Under the new table of rates three out of four persons who will still be paying tax will pay at a rate not exceeding 15 per cent on their income above the exemption level. No one will pay more than 15 per cent on any part of his income unless and until his income exceeds: $2,000 in the case of a single person; $3,000 in the case of a married person without dependents; and $3,300 for a married person with two children of family allowance age.

Let me give a few typical comparisons of the old and new rates.

A single person now paying $29 a year on an income of $1,000 will henceforth pay no tax whatever. A married person without dependents now paying $70 a year on an income of $2,000 will no longer have to pay any income tax. A married man with two children under 16 now pays $90 tax on $2,300 of income; henceforth he will pay no tax at all.

A single person at $1,500 will get a reduction of $45 or about 38 per cent; at $2,000 the reduction will be about $70 or 32 per cent; at $3,000 a reduction of $100 or 24 per cent; at $5,000 a reduction of $135 or 16 per cent; and at $10,000 a reduction of $293 or about 13 per cent.

In the case of married couples without children the reduction at $2,500 will be $95 or about 56 per cent; at $3,000 a reduction of $120 or 44 per cent; at $5,000 it will be $160 or about 24 per cent; at $10,000 it will be $330 or 17 per cent.

Comparison of the position of married couples with children of family allowance age is complicated by the necessity of taking the family allowance payments into account. All married taxpayers with two family allowance children having incomes of $2,300 or less henceforth will have no tax to pay and will, of course, receive the full amount of the family allowance payments. At $2,500 the amount of tax payable will be reduced from $130 to $30. If we offset family allowance payments against income tax such a family now receives on balance $14 a year from the treasury. In future they will, on balance, receive $114 from the treasury. At $3,000 this class of taxpayer, on balance, now pays $86 to the treasury; in future he will, on balance, receive $39 from the treasury. At $5,000 this same taxpayer will get a tax reduction of $177 or 28 per cent and at $10,000 a reduction of $348 or 18 per cent.

We propose, further, Mr. Speaker, that all these changes be effective as from January 1, 1949.

My colleague, the Minister of National Revenue, is expediting the preparation of new tax deduction tables for employers. These will be distributed as soon as available and employers are authorized to put them into effect immediately on receipt. It is expected that it will be possible to have the lower deductions in operation throughout the country within a few weeks. Furthermore, employers will be authorized to cease deductions immediately from those taxpayers no longer taxable under the new exemptions

and a table is being made public tonight showing the weekly or other pay period amounts below which employers need no longer make tax deductions. My colleague will immediately make arrangements in co-operation with employers to expedite the making of refunds to persons no longer taxable but who have had tax deducted at the source since the first of the year. This will be done as quickly as possible, but in view of the great number of refunds that will have to be made it will require some months to complete the job.

While most of the reductions resulting from the new exemptions and reduced rates accrue to the benefit of the lower and middle income groups, I have not been unmindful of those business and professional people earning somewhat higher incomes. I have had particularly in mind the point at which the taxpayer is required to surrender to the treasury 50 per cent or more of any additional earnings, and have raised it to a more reasonable level.

These are the major changes we are proposing in the personal income tax field. But there are a number of other proposed changes to which I should refer.

At present all investment income in excess of $1,800 bears an extra tax of 4 per cent. In keeping with the general increase in exemptions, this $1,800 exemption will be increased to $2,400 or to the total of the taxpayer's personal exemptions, whichever is the greater.

The present law requires that in determining the income of a dependent for eligibility purposes it is necessary to include income, such as war disability pensions, that is exempt from tax under the law. I propose that this requirement be removed. The effect of this change is that only income that would be taxable income will be taken into account.

With reference to permissible items under the medical expenses allowance, and in response to many individual representations, I propose to allow the cost of a wheelchair as a medical expense.

Some hon. Members: Oh, oh.

Mr. Abbott: I see the hon. member for Stanstead (Mr. Hackett) is applauding vigorously. His was one of the representations that I have had.

Under this same heading I also propose that the optional deduction of a flat amount of $500 now granted to a blind person be extended to persons confined throughout the taxation year to a bed or wheelchair.

Amendments will also be introduced confirming the exemption now granted to clergymen in respect of the rental value of a free residence provided by a congregation and in addition extending the exemption to rent paid by a clergyman renting his own quarters where a free residence is not provided by the congregation.

In the case of interest penalties accruing on unpaid amounts of tax where the taxpayer has received no assessment notice it is now possible, in view of the greatly expedited assessment tempo in the income tax division, to reduce the period beyond which interest will cease to accrue from the present twenty months to twelve months.

I estimate that the net effect of all these reductions and amendments affecting personal income taxes will be a tax reduction in a full year amounting to $270 million or about 32 per cent of our total estimated revenue from this source. In the coming fiscal year, however, the loss of revenue to the treasury will be about $235 million, because part of the effects of the tax reductions in 1949 incomes will not be reflected in revenues until after March 31, 1950.

2. SUCCESSION DUTIES

In view of the very considerable relief granted in respect of succession duties last year, Mr. Speaker, I am proposing no change in the Succession Duties Act this year. It will be recalled that my last budget provided for the complete exemption of estates up to $50,000 from liability for federal succession duties, and removed the ceiling on the amount of gifts that may be made for charitable or educational purposes free of succession duty.

3. CORPORATION TAXES

I have several important proposals to announce relating to the corporate tax field. In last year's budget we undertook a successful general overhaul and consolidation of the Income Tax Act. Within this new framework I am now bringing forward a program of policy changes as part of the progressive improvement of our tax system.

At present we have a flat rate of 30 per cent on all corporate profits. I am recommending that this 30 per cent be reduced to 10 per cent on profits up to $10,000 and increased to 33 per cent on profits in excess of $10,000. The house will at once recognize this as tax relief for small businesses and will, I trust, be heartily in accord with the policy. Our country as a whole owes a great deal to the small family type of business. They have to struggle along, grow and develop in competition with large and well financed corporations whose activities may be nation-wide. My own belief is that small businesses should be encouraged and it seems to me that a useful way to do this is to lower the tax and take less out of the funds they need for growth and expansion.

All corporations, regardless of size, will, of course, receive this relief on the first $10,000 of profits but, as I have said, the rate of tax on profits in excess of this figure will be increased by 3 per cent. The net result of these changes is a decrease in tax burden for corporations whose profit is less than about $77,000; that is, the large reduction on the first $10,000 of profit more than offsets the slight increase in the rate on profits between $10,000 and $77,000. Where profits are in excess of $77,000 there is a greater tax under the new rate structure payable by the corporation itself, but in the light of my next proposal it will be seen that this additional tax may be more than offset by benefits to the shareholders if the corporation distributes a reasonable proportion of its profits.

My second proposal introduces a measure of reform which has long been a declared objective of this government. I refer to the removal of double taxation of corporate profits, which was one of the aims of the program we placed before the dominion-provincial conference in 1945-46. Today we find governments in this country, as well as in most other countries, taxing away at least a third of corporate profits. In addition, the personal income tax rates apply in full to what is distributed out of the remaining two-thirds. The tax may be as high as 80 per cent upon distributions to shareholders. It seems to me that under a system of private enterprise which depends for its existence on a steady flow of venture capital we cannot afford to neglect the implication of this defect in our tax system, which has been accentuated by the increase in both corporate and personal income tax rates. We had hopes that the working out of satisfactory arrangements with all the provinces would have enabled us to deal with this problem before now, but the government feels that it cannot longer defer a beginning in this field. It is not a question of the immediate profit position of Canadian business because I think it is clear that today we in Canada are prosperous as never before. Rather it is a matter of concern for the future under a system where we depend, and must depend, for full employment and the creation of new wealth on the willingness of our people to risk their money in constructive enterprises.

As a first step in dealing with this problem I am proposing that parliament should allow individuals a credit against their personal income tax equal to 10 per cent of the dividends they receive from common shares of Canadian taxpaying corporations. While I have used the expression "common" shares, the law will actually confine the credit to the most junior class of shareholders of a company, and it will not be granted in respect of shares that enjoy any special preference. Generally speaking, the incidence of the corporate tax is upon the common shareholders, and I believe that they rather than preferred shareholders should be granted such relief as can be given at this time.

In discussing the increase in the general corporate rate by 3 per cent I said that this meant an increase in tax burden for the corporation itself where profits were above the $77,000 mark. The fact is, however, that if the corporation distributes more than about one-half of its profits after tax in dividends in respect of which the shareholders get a 10 per cent tax credit, there will have been a net decrease in the tax burden over-all from the point of view of the corporation and the shareholders considered together, that is, the corporate rate increase is more than offset by the decrease in tax for the shareholder in all cases where there is a reasonable distribution of profits. I should like to call particular attention now to the fact that as a result of the low corporate rate of 10 per cent coupled with the 10 per cent tax credit this budget removes completely double taxation on small businesses where profits are less than $10,000.

A further proposal affecting the taxation of profits is that the loss carry-forward period be lengthened to five years instead of the present three-year limit.

During the past year a great deal of study has been given to our system of allowances for depreciation. The problems in this field are highly technical, and I cannot in this speech enter into much detail regarding changes which are to be made. I shall, however, state briefly what they are, and a full explanation of them will be given when we are in committee on the budget resolutions.

In the past allowances have been granted on the basis of wear and tear of assets used in earning the income subject to tax. Under the new regulations which my colleague the Minister of National Revenue is proposing, the governing principle will be the amortization of costs of depreciable assets. Incidentally, an effect of this will be to allow for obsolescence hitherto unrecognized under our act. In the second place the rates of write-off will apply to the written-down value of the asset account rather than to the total asset account. In the technical language of the accountant this means changing from the straight-line method of depreciation to the diminishing balance principle. Of course the rates of depreciation will be appropriately increased having regard to the diminishing base to which they apply. Thirdly, it is proposed to introduce what

might loosely be described as a recapture provision. This provision will operate to ensure in effect that the deductions for amortizing the cost of an asset shall not exceed the final proven cost of the asset to the taxpayer. It will call for an adjustment against future write-offs where assets are disposed of after some use. I might add here that the so-called add-back or adjustment will be limited to the written-down value at the end of 1948 regardless of the price realized on disposal of assets in order that there can be no possible claim that under this provision capital gains are being taxed, or that this recapture provision has any retroactive effect.

I believe that these principles which I have outlined will mean a great improvement over the old system and will be a further step towards greater simplicity in our system of taxing business profits. There should be a real reduction in the accounting work both for business concerns and the tax department as well. The system will likewise be more equitable to the taxpayer and to the treasury. I shall welcome a full discussion of these recommendations.

Another problem that has been given a great deal of study in my department and the Department of National Revenue during the past year is the difficult position that many family businesses may find themselves in when their growth has been financed by the plowing back of profits over a long series of years. At present, on winding up, the distribution of assets to the extent of undistributed income on hand becomes taxable in the hands of the recipient at personal income tax rates in the year in which the assets are distributed. So severe is the application of our present law in such cases that many such businesses have been driven into a great variety of extremely complicated and cumbersome devices to secure legal avoidance of the excessive tax burden to which they are now potentially liable. As a result we are losing revenue to which we think the public treasury has a justifiable claim.

The problem is an extremely difficult one and I think it fair to say that there has not been much unanimity of view among those who have studied it as to the most equitable and practicable solution. We have been considering a plan under which a straight percentage tax paid by such a corporation at the time of winding up or at the time of capitalization of earned surplus will relieve the earned surplus of tax liability in the hands of the eventual recipient. Whether this would be equitable and, if so, what the flat tax should be, are questions which require the most careful consideration. I am not prepared to make specific proposals for enactment at this session of parliament. I hope that there may be an opportunity of having a plan of the type mentioned discussed when we are in committee.

In addition to the major adjustments in the corporation tax structure outlined a few minutes ago I am proposing some comparatively minor amendments affecting corporations.

I propose that the allowances now granted for expenditures on oil, mineral and gas exploration be extended for a further period of three years, that is, for 1950, 1951 and 1952. The present law now provides for deductions only in respect of expenses incurred to the end of 1949. The extra tax credit granted in the case of expenditures on deep test wells will be extended for one year, that is, to the end of 1950. Also the three-year tax exemption for new metalliferous and certain industrial mineral mines will be extended to cover such mines that come into production in 1950, 1951 and 1952.

There will be several amendments introduced affecting companies having business operations abroad. The more important of these will remove a complicated procedure by which corporations having controlled subsidiaries abroad are now allowed to claim a tax credit against their Canadian tax for taxes paid by these subsidiaries abroad and in some cases by companies which are in turn subsidiaries of the foreign subsidiary. In view of the fact that most countries in which Canadian companies are now doing business abroad impose corporation taxes as heavy or heavier than the Canadian tax, the effect of the present tax credit provisions is that no Canadian tax is imposed on this income. The procedure for attaining this result, however, is extremely complicated and it is proposed that the same result be achieved by an amendment which would allow dividends from such controlled foreign subsidiaries to be taken into Canadian income free of tax. This will greatly simplify one small but very complicated provision of the law at no appreciable cost in revenue.

A group of other miscellaneous amendments, mostly technical in nature, will be contained in the bill. They are not of general interest to the public so I shall not burden the house with the details at this time.

In concluding this discussion of corporation taxes, I estimate that all the proposals I have made, including the tax credit for dividends, will on balance result in no loss to the treasury. The three per cent increase in the general corporate tax rate will, in effect, enable the other changes to be made without any net loss of revenue.

4. TARIFFS AND TRADE

Before taking up excise taxes and duties, I want to say something about tariffs and trade.

I have already discussed the major changes which took place in Canada's foreign trade position during the past year. The record reflects both the difficulties which some of our exports have encountered, and the large degree of success with which Canadian exporters and the Canadian government, working together, have sought out and developed alternative markets when traditional markets were closed to us. It must be regarded as a major achievement that Canadian exports reached a new peacetime record in 1948. This result is all the more remarkable when we consider that United States exports in the same period fell by nearly 18 per cent.

Chief credit for this achievement belongs to Canadian producers whose energy and resourcefulness made the right goods available for export at the right prices. But the government's achievements in reducing trade barriers and developing new trade opportunities contributed greatly to the maintenance and expansion of our trade.

The increase which took place in our total exports, and particularly the 44 per cent growth which took place in our exports to the United States, would not have been possible without the tariff concessions which we obtained under the Geneva agreement on tariffs and trade.

As I mentioned in my budget speech last year, most of the tariff reductions agreed upon at Geneva became provisionally effective on January 1, 1948. The first year's results are apparent from the trade figures which I have mentioned. These results, in my opinion, provide a strong endorsement of the policies which this government has followed in the field of international trade.

As hon. members know, trade negotiations with 13 additional countries are to commence at Annecy next month. As a result of these negotiations, the mutually beneficial concessions negotiated at Geneva will, it is confidentially expected, become applicable both to a wider circle of countries and to a broader range of commodities. As hon. members know, the legislation for the extension of the United States Reciprocal Trade Agreements Act is now before the Congress. When this legislation is passed, we will have the opportunity to seek a further trade agreement with that country. We would hope that it may be possible to conclude a further agreement similar to the three entered into in the past under that legislation, but one which would also open up wider possibilities for our exports of manufactured goods.

In view of the pending tariff negotiations at Annecy and other trade discussions which are envisaged, and in view also of the intention to introduce legislation at a later date to implement the general agreement on tariffs and trade, I am not proposing any tariff changes at the present time. For the same reasons the government does not intend to invite parliament to extend the special temporary provisions regarding the duties on cotton and rayon piece goods. These will expire July 1, 1949 in accordance with the legislation passed by parliament last year.

During the past 16 months we have had in effect certain emergency restrictions on imports into Canada. These restrictions have been an important factor in achieving the notable improvement which has taken place in our foreign exchange reserve position. When these emergency restrictions were introduced I stated that they would be relaxed or removed as rapidly as possible. Some relaxations have already been made, but the time has not yet come when these exchange conservation measures can be dropped entirely. Canada's foreign exchange reserves are still not as large as we would like them to be under present circumstances. A further increase is necessary if we are to face future uncertainties with confidence. However, the improvement which has taken place in our balance of payments justifies some further relaxations at this time.

After a careful appraisal of the situation, the government has decided to increase the present quotas on consumer goods listed in schedule II of the Emergency Exchange Conservation Act by approximately 25 per cent. In addition some items will be transferred from the prohibited list to the quota list as of April first, and on a few other items the restrictions will be suspended completely. As I announced last December, it is the government's intention to remove all the remaining import restrictions on fresh fruits and vegetables by next July. Complete details of these new relaxations are the subject of a statement, a copy of which I am now tabling.

At this time I wish to emphasize that it is still an important aspect of the emergency exchange conservation policy to facilitate the efforts of United Kingdom exporters to regain as much as possible of their historic share of the Canadian import market which they inevitably lost during the war years. This is particularly so in the case of cotton piece goods, which is the field where the greatest change between pre-war and post-war sources of supply occurred.

While United Kingdom cotton textile exports to Canada in 1948 did not reach the levels that we had hoped to see achieved,

there was an encouraging improvement. The yardage of United Kingdom cotton goods exported to Canada in 1948 was more than four times that of 1947. We believe that Canada offers a sound long-term market for still larger quantities of United Kingdom cotton piece goods than are coming here now.

The quota applicable to textiles from scheduled countries is to be increased somewhat in the interests of Canadian users, but the continued operation of this quota will still give a strong incentive for further expansion in Canadian purchases of British textiles. It is to be earnestly hoped that both Canadian importers and United Kingdom exporters in their mutual long-run interests will continue to make every effort to consolidate and expand this trade on a sound business basis.

The Canadian government has taken and will continue to take all feasible steps to encourage the expansion of British trade with Canada. We are keenly aware that we must buy from our customers if we are to continue to sell to them. However, we cannot solve this problem alone. We have provided opportunities and created incentives for the purchase of British goods. It is up to British exporters and the British authorities to take advantage of these opportunities and to see that their goods are made available for export to Canada at prices which our consumers can afford to pay.

The most important lines of British exports to Canada have been greatly assisted, and are continuing to be assisted, by the operation of quotas under the Emergency Exchange Conservation Act. These quotas restrict competitive imports from the United States, and give British producers preferred access to their pre-war share of the Canadian market. This is one of many steps which have been taken in applying the Canadian government's policy of using every practicable measure to encourage imports from the United Kingdom.

Early in the war Canada granted a 50 per cent discount from the normal preferential duties to a wide range of British goods. The duties on British cottons and rayons were entirely removed. Moreover, these wartime tariff reductions were maintained in effect until January 1, 1948, when they were replaced by the reduced tariff rates negotiated at Geneva.

In order to remove any possible obstacle to British trade arising out of our anti-dumping legislation I introduced last year an amendment to the dumping provisions of the customs tariff. Under authority of this amendment several important classes of goods, which might otherwise have been subject to dumping duty when imported from Britain, have been declared exempt. Measures such as these, together with the special efforts of the Department of Trade and Commerce and its commercial representatives in the United Kingdom to stimulate the interest of British exporters in the Canadian market, are playing a constructive part in expanding British sales in this country.

The government of Canada has made repeated requests at the very highest level that authorities in the United Kingdom and other commonwealth countries do all that they can to take advantage of the favourable opportunities which Canada has offered for their exports. The Canadian government has also made it clear that it does not look with favour on purchasing arrangements or bilateral trade deals which tend to divert away from Canada either British or colonial products which otherwise could be sent here, particularly in cases where we have established and are maintaining substantial tariff preferences in favour of such goods.

Canadian import statistics which I quoted earlier make it clear that the efforts made both here and in Britain to enlarge Canada's purchases from the United Kingdom are bearing fruit. British export figures offer confirmation, if any is required. They show that the United Kingdom's exports to all countries increased substantially in 1948, and that its exports to Canada increased even more. The value of United Kingdom exports to all countries was 39 per cent higher in 1948 than in 1947. In the same period its exports to Canada increased 60 per cent. It will be agreed that this is a large and encouraging increase. I sincerely hope that this trend will be continued and thus provide a sound basis for the maintenance of our important export markets in the United Kingdom.

5. EXCISE TAXES AND EXCISE DUTIES

Under the exigencies of wartime finance we were compelled in our search for revenue to get into a rather complicated structure of commodity taxes. In addition to the traditional taxes on beer, wine, spirits and tobacco and the general sales tax, we developed a great variety of taxes. These were necessary indeed indispensable, taxes at the time; but they varied considerably as to rates, as to point of imposition, and as to method of collection.

We cannot afford to forgo most of the revenue these taxes provide, but in my judgment the time has come for a major job of simplification in this superstructure combined with substantial reductions in the number and the rates of these newer taxes.

I shall begin by listing those taxes which we propose shall be entirely repealed.

First, there is the tax of 15 per cent on all travel tickets by air, land or sea, and special taxes on sleeping car berths and parlour car chairs. This tax has been a considerable burden in a country like Canada where distances are so great, and it bears somewhat more heavily on people living at greater distances from the main centres of business and industry. We propose that these taxes be repealed effective midnight tonight. The revenue from these taxes has been $22 million a year.

Closely related to the transportation taxes are those on telegrams, cables, long distance telephone calls and extension telephones. These also bear disproportionately on those living at greater distances from the main centres of business, and in addition they mean added expense to individuals at times of family emergency. It is proposed to repeal all these taxes effective tonight. The revenue reduction will be $7,500,000.

In the third place, the special taxes on soft drinks, carbonic acid gas, candy and chewing gum have never been popular, and administratively they have not been easy to collect. They have, however, been highly productive of revenue at a time when revenue was badly needed. In the year now closing they have yielded more than $49 million. They seem to have been among the least popular of all the so-called "nuisance taxes", and we have come to the conclusion that they can go. It is proposed, therefore, to repeal these also, effective midnight tonight.

Finally, there is one other excise tax that is proposed for outright repeal and that is the special 5 per cent tax on the manufacturer's selling price of buses. This is not a large revenue producer—last year it gave us only $150,000. No other form of public transit equipment bears such a tax, and its disappearance will be a modest benefit to municipalities who operate bus transportation systems.

These are the taxes which we propose for outright and immediate repeal. The total tax reduction involved is approximately $79 million in a full year, and about $69 million in the coming fiscal year.

I turn now to another group of special taxes in respect of which I propose simplification of procedure and reduction in rates effective midnight tonight.

I shall mention first the 25 per cent retail purchase tax on jewelry and related articles. This is the only tax in our whole system that is levied and applied at the retail level. At the time it was imposed, and having regard to the revenue then desired, there were sound reasons for putting it at the retail level; but in line with the simplification of our tax structure, the pattern of which will appear as I continue my speech, we propose that the tax be moved back from the retail level to the manufacturer's level, and that the rate be reduced to 10 per cent effective immediately. The existing exemptions to this tax will continue. The net tax reduction in this case is estimated to be $8 million a year.

In much the same class I put the present 35 per cent tax on the manufacturer's selling price of luggage, bags, purses, fountain pens and pencils and desk sets, and smokers' accessories; and the 25 per cent tax on cigarette lighters. We propose that all these taxes be reduced to 10 per cent at the manufacturer's level. This will involve a tax reduction of $5,800,000 a year.

Similarly it is proposed to reduce from 25 per cent to 10 per cent the tax on cosmetics, toilet articles and preparations, with a consequent tax reduction of $4 million a year.

The present tax structure on matches is a rather complicated schedule based on the number of matches in the box or package. We propose to repeal this whole schedule, and to substitute a straight 10 per cent ad valorem tax. This will mean a tax reduction of $2 million a year.

Rubber tires and inner tubes (but not including original equipment tires) are now subject to a tax of 5 cents a pound. It seems to me that this is both cumbersome and complicated. We propose, therefore, to repeal this poundage tax, and put these tires and tubes into the 10 per cent ad valorem group. No change in revenue yield is expected.

Finally, there is a tax, of minor revenue significance, of 25 per cent on coin-operated games and vending machines. This, too, will be reduced to 10 per cent.

Mr. Knowles: Have you any taxes left?

Mr. Abbott: The reductions in tax revenues as a result of all these shifts to this new 10 per cent rate will be about $20 million in a full year and about $17 mililon in the next fiscal year. Added to the reductions in the repealed items, this makes a total reduction in excise taxes of $99 million in a full year, and $86 million in the coming fiscal year.

I am not proposing any changes in the taxes or duties on liquor and tobacco or in the general sales tax rate.

As usual I must give public notice that no claims for refund arising out of these tax repeals and tax reductions in respect of goods on which tax has been paid or is payable will be entertained by my colleague, the Minister of National Revenue.

With these changes in effect our excise tax structure will be very much simpler and will be available to serve the people of this country as an efficient, equitable and flexible instrument of raising the revenues which are necessary to pay for the services which are now demanded of the federal government.

Let me recapitulate the substance of this commodity tax structure as it will now be.

First, the taxes at special and very high rates on beer, wine, spirits and tobacco.

Second, the general sales tax.

And third, a new group, or more accurately an enlarged group, where a 10 per cent tax in addition to the sales tax is imposed. The list will include such things as radios, phonographs, motorcars, jewelry, furs, cosmetics, luggage, purses, handbags, smokers' accessories, and so on.

This will provide a commodity tax system in which adjustments to varying fiscal requirements can be made by adding or subtracting from the list of goods covered, or by raising or lowering the general rates applicable.

Quite apart from the details of items and rates I commend it to all members of the house as constituting a very long step toward the desirable objective of a coherent and simple, yet efficient and flexible tax system.

CONCLUSION

I can now summarize the net effects of all the tax changes I have proposed by saying that they will produce an estimated total reduction in taxation of $369 million in a full year and about $323 million in the next fiscal year. With the permission of the house I should like to insert in *Hansard* a recapitulation in tabular form:

Effect on Revenue of Proposed Tax Changes

	Reduction in full Year	Reduction in Fiscal Year 1949-50
	$	$
Personal Income Tax		
Increased exemptions and reduced rates	270,000,000	235,000,000
Ten per cent tax credit for dividends	12,000,000	9,000,000
Corporate Income Tax		
Net increase in revenue from rate changes	+12,000,000	+8,000,000
Excise Taxes Repealed		
Soft drinks	28,000,000	24,500,000
Candy	19,000,000	16,625,000
Chewing gum	2,000,000	1,750,000
Transportation tickets	20,500,000	17,950,000
Berth and parlor car seats	1,500,000	1,325,000
Long distance calls, telegrams and cables	7,500,000	6,550,000
Transportation buses	150,000	130,000
Carbonic acid gas	350,000	300,000
Excise Taxes reduced to 10 per cent		
Retail purchase tax	8,000,000	7,000,000
Toilet articles	4,000,000	3,500,000
Luggage	4,000,000	3,500,000
Matches	2,000,000	1,750,000
Smokers' supplies	600,000	525,000
Pens and pencils	1,000,000	875,000
Cigarette lighters	250,000	220,000
Total	$368,850,000	$322,500,000

You will recall, Mr. Speaker, that at an earlier point in this speech I estimated that the present rates of taxation would yield us a revenue of $2,800 million in the coming fiscal year. After making allowance for tax reduction amounting to about $323 million on the basis of the fiscal year, my revised estimate of revenue for the year will be $2,477 million. With the permission of the house I will place on *Hansard* a table showing the revised revenue forecast in detail after taking account of the tax changes.

Revised Forecast of Revenue for Fiscal Year 1949-50 Taking Account of Tax Changes

	Forecast of revenue from existing taxes	Reduction in revenue in fiscal year 1949-50 from budget proposals	Revised forecast of revenue for 1949-50
	$	$	$
Customs duties	235,000,000	....	235,000,000
Excise duties	210,000,000	....	210,000,000
Sales tax (net)	385,000,000	....	385,000,000
Other excise taxes	260,000,000	86,500,000	173,500,000
Personal income tax	835,000,000	244,000,000	591,000,000
Corporation income tax	550,000,000	+8,000,000	558,000,000
Interest and dividends	45,000,000	....	45,000,000
Succession duties	26,000,000	....	26,000,000
Misc. taxes	4,000,000	....	4,000,000
Total tax revenue	2,550,000,000	322,500,000	2,227,500,000
Non tax revenue	200,000,000	....	200,000,000
Total ordinary revenue	2,750,000,000	322,500,000	2,427,500,000
Special receipts	50,000,000	....	50,000,000
Total revenue	2,800,000,000	322,500,000	2,477,500,000

I said earlier that before making any tax reduction it was estimated that we would have a budget surplus of $410 million in the coming year. I have now proposed that $323 million of this be translated into tax reductions, which means that I am budgeting for a surplus of $87 million. This $87 million is a modest, I could almost say a nominal, budget surplus for it represents less than 3½ per cent of our expenditures.

I repeat, and I emphasize, Mr. Speaker, that all these estimates of revenue and surplus are based on the assumption that current rates of employment, production and incomes will, on the average, be maintained during the coming year. Should this expectation not be realized, our budget surplus of $87 million could rapidly melt away.

A budget surplus of $87 million will mean a reduction in our net debt by that amount. This reduction may take place either as a result of an increase in our active assets by a reduction in our outstanding debt or by both. It is more difficult than usual to forecast what our cash surplus will be in this

coming year, because of the rapid changes that have been taking place in our foreign trade situation and the difficulty of foretelling now what cash the government will need to use in financing Canada's export surplus. Earlier I stated that in the absence of tax changes we could expect to have a cash surplus of $525 million next year, apart from the amounts required to finance our export surplus either by accumulating exchange reserves or making credits. The tax changes will reduce this figure to $202 million. I would hope that we shall succeed in selling enough abroad that our export surplus will be larger than this figure, and that we shall be able to bring our reserves up to a more satisfactory level. Should things develop this way and if, therefore, we need more than $202 million for this purpose, I think it would be the sort of situation that would justify us under present circumstances in borrowing our residual cash requirements.

This, Mr. Speaker, is the third budget that I have had the responsibility of presenting to this house, and the seventh in the preparation of which I have had some part. I take a good deal of personal pride in having been associated with the framing of Canada's economic and financial policy throughout these seven years. Wherever you go outside Canada, and almost everywhere you go within Canada, you find in the minds of those who know the record, a clear appreciation of the fact that the Canadian achievements in matters of economic and financial policy during and since the war rank second only to Canada's fighting record on land, on sea and in the air. We have been fortunate, it is true, but we have also, I think, been skilful, intelligent and prudent in the management of our affairs.

Before I take my seat may I summarize in a few short sentences the financial record of this Liberal government during the life of this present parliament.

In October 1945 we provided tax reductions of $300 million a year.

In June 1946 we provided tax reductions of $266 million a year.

In April 1947 we provided tax reductions of $265 million a year.

In the 1947-48 session we provided tax reductions of $92 million a year.

And now in March, 1949, we are providing tax reductions of $369 million a year.

In these five successive budgets we have made tax reductions which now mount up to nearly $1,300 million a year.

During the past three years we have reduced our net debt by $1,625 million.

During the life of this parliament we have extended social security, improved our health services, and have provided training, re-establishment credits and other benefits to our ex-servicemen on a scale more generous than that of any other country. We have greatly expanded our activities in research, exploration and surveys. And throughout the last four years the increase in employment, in wages, in farm incomes, and in general prosperity has never faltered. I know of no country in the world which can show a better record, or in which I would rather live.

I want to table now the budget resolutions.

THE EXCISE TAX ACT

Resolved that it is expedient to introduce a measure to amend The Excise Tax Act and to provide, effective on and after March 23, 1949:

1. That the following excise taxes be repealed, namely, the excise taxes on:

(a) Soft drinks;
(b) Chocolate, candy, and confectionery;
(c) Chewing gum;
(d) Cable, telegraph, and telephone messages, and on telephone extensions;
(e) Transportation tickets or rights of transportation, and on seats, berths, or other sleeping accommodation;
(f) Motor buses; and
(g) Carbonic acid gas.

2. That the retail purchase tax be repealed and replaced by an excise tax of 10 per cent, payable by the manufacturer or importer, on all articles now subject to the retail purchase tax.

3. That the following excise taxes be reduced from 35 per cent to 10 per cent, namely, the excise taxes on:

(a) Trunks, suitcases, bags, and luggage of all kinds;
(b) Ash trays, tobacco pipes, and smokers' accessories; and
(c) Fountain pens, propelling pencils, and desk accessories.

4. That the following excise taxes be reduced from 25 per cent to 10 per cent, namely, the excise taxes on:

(a) Toilet articles;
(b) Devices commonly or commercially known as lighters; and
(c) Coin, disc, or token operated machines and vending machines.

5. That the sales tax on the following articles be repealed: Lactose; malt syrup except when sold for beverage purposes; diesel powered self-propelled trucks, mounted on rubber tired wheels, for off highway use exclusively at mines or quarries, and complete parts thereof.

6. That the rates of excise tax on matches be amended from the present specific proportionate rate of tax on each package, to an ad valorem tax of 10 per cent.

7. That the present specific tax of 5c per pound on tires and tubes be amended to an ad valorem tax of 10 per cent.

INCOME TAX

Resolved that it is expedient to amend the Income War Tax Act and the Income Tax Act and to provide, amongst other things:—

1. That, for the 1949 and subsequent taxation years, the following shall be the exemptions from individual income tax:—

(a) $2,000 in the case of a married person and persons allowed a deduction equivalent to that of

a married person and $1,000 in the case of all other persons; and

(b) $400 in the case of dependents not eligible for family allowances, $150 in the case of children eligible for family allowances.

2. That, for the 1949 and subsequent taxation years, the schedule of graduated rates for individual income tax be replaced by the following schedule:—

On the first $1,000 of income or any portion thereof, 15 per cent per annum; or

$150 upon the income of $1,000; and 17 per cent upon the amount by which the income exceeds $1,000 and does not exceed $2,000; or

$320 upon the income of $2,000; and 19 per cent upon the amount by which the income exceeds $2,000 and does not exceed $4,000; or

$700 upon the income of $4,000; and 22 per cent upon the amount by which the income exceeds $4,000 and does not exceed $6,000; or

$1,140 upon the income of $6,000; and 26 per cent upon the amount by which the income exceeds $6,000 and does not exceed $8,000; or

$1,660 upon the income of $8,000; and 30 per cent upon the amount by which the income exceeds $8,000 and does not exceed $10,000; or

$2,260 upon the income of $10,000; and 35 per cent upon the amount by which the income exceeds $10,000 and does not exceed $12,000; or

$2,960 upon the income of $12,000; and 40 per cent upon the amount by which the income exceeds $12,000 and does not exceed $15,000; or

$4,160 upon the income of $15,000; and 45 per cent upon the amount by which the income exceeds $15,000 and does not exceed $25,000; or

$8,660 upon the income of $25,000; and 50 per cent upon the amount by which the income exceeds $25,000 and does not exceed $40,000; or

$16,160 upon the income of $40,000; and 55 per cent upon the amount by which the income exceeds $40,000 and does not exceed $60,000; or

$27,160 upon the income of $60,000; and 60 per cent upon the amount by which the income exceeds $60,000 and does not exceed $90,000; or

$45,160 upon the income of $90,000; and 65 per cent upon the amount by which the income exceeds $90,000 and does not exceed $125,000; or

$67,910 upon the income of $125,000; and 70 per cent upon the amount by which the income exceeds $125,000 and does not exceed $225,000; or

$137,910 upon the income of $225,000; and 75 per cent upon the amount by which the income exceeds $225,000 and does not exceed $400,000; or

$269,160 upon the income of $400,000; and 80 per cent upon the amount by which the income exceeds $400,000.

3. That, for the 1949 and subsequent taxation years, there may be deducted from tax payable by an individual resident in Canada 10 per cent of the amount of his income that is from dividends on shares, having no preference of any kind, in a corporation resident in Canada that was liable to corporation tax in the taxation year: Provided that in the case of dividends deemed to have been received from a personal corporation the deduction shall only be 10 per cent of that part of the income deemed to have been received by the shareholder as a dividend that the income of the corporation derived from dividends is of the whole income of the corporation.

4. That, with respect to income of corporations earned on and after January 1, 1949; the present rate of tax of 30 per cent shall be reduced to 10 per cent on the first $10,000 of income and increased to 33 per cent on income in excess of $10,000 with corresponding changes in the rates in the case of consolidations.

5. That interest on unpaid taxes on incomes of the 1948 and subsequent taxation years for which no assessments have been issued will cease to accrue twelve months after the date for filing the return in place of twenty months.

6. That, for the 1949 and subsequent taxation years, the business losses that may be deducted from income shall include losses sustained in the five years preceding and the year following the taxation year in the place of the three years preceding and the year following the taxation year.

7. That, for the purpose of computing income of the 1948 and subsequent taxation years of a member of the clergy or of a religious order or a regular minister of a religious denomination there may be deducted the value of the residence or other living accommodation enjoyed by him as such member or minister to the extent that it would otherwise be included in his income or the rent paid by him for or the fair rental value of such a residence or living accommodation.

8. That, for the 1949 and subsequent taxation years, the exemption from income of an individual in respect of a spouse supported by him shall not be reduced because of exempt income of the spouse.

9. That, for the 1949 and subsequent taxation years, all amounts whether in the form of lump sums or otherwise, received by employees from their employers, whether before, during or after their employment, shall be included in computing income of the employee unless it is established that they cannot reasonably be regarded as consideration for entry into the employment, remuneration for services or consideration for restrictions on the activities of the employee.

10. That, for the 1949 and subsequent taxation years, payments made for a wheel chair may be included in the medical expenses for which a deduction from income may be made for the purpose of computing taxable income.

11. That, for the 1949 and subsequent taxation years, $500 may be deducted from income for the purpose of computing taxable income of a taxpayer who, throughout the whole of the taxation year, was necessarily confined by reason of illness, injury or affliction to a bed or wheel chair.

12. That special deductions from income to taxpayers engaged in exploring or drilling for natural gas, oil or minerals be allowed for expenses incurred in the 1950, 1951, and 1952 operations on the same basis as for expenses in 1949 operations.

13. That special deduction from taxes to taxpayers engaged in exploring or drilling for oil for expenses incurred on deep-test oil wells be allowed for such expenses in 1950 operations on the same basis as for such expenses in 1949 operations.

14. That the provision for the exemption of income derived from a metalliferous or industrial mineral mine that came into production during the calendar years 1946 to 1949 inclusive during the period of thirty-six months after the mine came into production be extended to exempt income from such mines that come into production during the calendar years 1950, 1951, and 1952.

15. That tax concessions under Statutes of Newfoundland shall not apply in respect of taxes imposed by any Act of the Parliament of Canada.

(For details of the budget, see Appendix at page 1817 et seq.)

Mr. J. M. Macdonnell (Muskoka-Ontario): Mr. Speaker, I gather that in a general way the Minister of Finance is fairly well pleased with himself tonight. We are generous people over here, and I do not think we will grudge the minister his moment of triumph. Indeed, I think, without prejudice to what I shall

have to say later, we will not for the moment cavil at the words which he applied to himself and his colleagues—skilful, intelligent and prudent.

Of course the bearer of good news, even though it is long deferred and perhaps unnecessarily deferred, is always a popular figure. But, as I say, I do not think we should grudge the minister his moment of triumph. Indeed I think we should express to him our admiration of the way he has carried through his difficult task in spite of a heavy cold.

Now, I believe there is one part of his speech which it would be very proper, having regard to the presence here of the Prime Minister (Mr. St. Laurent) and the right hon. member for Glengarry (Mr. Mackenzie King), to make reference to particularly. That is the paragraph on page 1791, where the minister, after making certain references to dominion-provincial relations, went on with this:

In this search for co-operation—

That is a touching phrase.

—it will not let—

That is, the government—

—pettiness of spirit nor false pride nor undue emphasis on purely financial considerations stand in the way of mutual understanding and constructive results. It will constantly seek out ways of tackling mutual problems and developing practical solutions.

I have one practical suggestion to make in that connection, and it is that the practical way to deal with this, the way to further a practical solution, is for the government to do what it has refused to do in the last three years, to call the provinces together so that these things may be discussed in the way in which the minister has suggested.

I think one might say—and in this I believe the minister will agree with me—that whatever effect he expected to get from the budget tonight he did not expect to get the effect of surprise—because this situation, of course, has been clear for the last year. I am neither a prophet nor the son of a prophet, but I ventured to say in this house a year ago, referring to the fact that everyone was saying last year was not an election year—

The one universal comment made when the minister was through was: Well, no election this year.

That was last year.

The reason is obvious. The reason was that the minister did not, like Little Jack Horner, put in his thumb and pull out a plum.

Of course at that time the minister had a large surplus. He had a surplus of some $489 million which, as he has told us, has grown to $575 million. The minister at that time lectured to us about the beauties and the necessity of what he called cyclical budget. So far as I understand a cyclical budget, it was sponsored by Mr. Ilsley and carried us back to the Old Testament days, and the dream of Pharaoh who dreamed of the seven lean years and the seven good years. And the idea is that as a result of crystal-gazing it is decided that we are going to have so many good years and so many bad years, and we have to make hay in the good years in order to have it in the bad years.

The question which arose in our minds at that time, of course, was: Who is going to interpret the minister's dream? Who is his soothsayer? We may all guess who it is, but we will not go into that. The thing which has been clear in the last year, however, is that this was not an economic cycle at all, but that it was a political cycle. The minister was prepared to produce a lemon in 1948 in order to cut a melon in 1949.

I shall try to substantiate this statement. Just let us look back for the last few weeks or months, and we shall see what has been happening. It began at Digby-Annapolis-Kings. I shall quote what the minister said at that time, as reported in the Halifax *Herald* —and I mean the Minister of Finance; I am leaving out the Minister of Reconstruction and Supply (Mr. Winters). This is dated at Kentville, January 5:

Finance Minister Douglas C. Abbott has replied to a resolution passed at the eighty-fifth annual convention, Nova Scotia fruit growers' association, here last month, in which an appreciation to the federal government for its financial assistance to the Annapolis valley apple industry was voiced in a letter read by the secretary at the first meeting of the new directorate.

Mr. Abbott, in acknowledging receipt of the resolution, said he was very glad to know of the expression of appreciation, but regretted this appreciation had not "taken the form of a larger vote for the government in the recent by-election."

Mr. Abbott: It just shows you that one should not try to be humorous when one tries to write letters.

Mr. Macdonnell (Muskoka-Ontario): At the present time, of course, signs are arriving thick and fast, like the birds in the spring. It may be uncertain whether the government has a shelf of projects for unemployment, if it should arise; but nobody has any doubts that the government has a shelf of projects for election purposes.

We come first of all to the Canso bridge, about which the Minister of Transport (Mr. Chevrier) the other day tried to conceal his glee, looking all the while, in spite of himself, like the cat who had swallowed the canary when he told us about the building of the Canso bridge.

Was that a new idea? No; it is not a new idea. They have been pursuing it for many years. And in particular there was a report of a special committee which had studied it for years, and which was produced in January of 1944. But of course they could not get it then. They could not get it until

now. It was not the needs of the citizens of Cape Breton which were of interest to the genial minister, I am sure—and I am sure his heart bled that it was so—but he could not consider the needs of the citizens of Cape Breton because what had to be considered were the election needs of the government. So they had to wait for the cycle.

The next contribution came from the Minister of National Defence (Mr. Claxton). We have the Hong Kong veterans being given a measure of justice; it is not a full measure, but a measure of justice.

Did their needs just arise this year?

Mr. Cruickshank: That is pretty small coming from the hon. member.

Mr. Rowe: It is pretty late coming from you.

Mr. Cruickshank: Where was the hon. member in either war?

Mr. Macdonnell (Muskoka-Ontario): To do the hon. member for Fraser Valley (Mr. Cruickshank) justice, I would have thought that he would have some feeling for the Hong Kong veterans.

Mr. Cruickshank: I have some feeling.

Mr. Macdonnell (Muskoka-Ontario): Regardless of the feelings of the hon. member for Fraser Valley, the fact is that this was held back year after year and it is only now that it comes because the political cycle is here. These men had to wait. It was not their needs that caused the government to move; it was the needs of the government, the political cycle. A rather deft touch is the fact that they have made it retroactive in the hope that the government will actually profit by their own negligence and delay. I suggest to the minister that he should not forget to add interest to the arrears.

I have just one other observation to make with regard to this collection of birds in the spring. The Minister of Veterans Affairs (Mr. Gregg) is showing, I think, a much more generous and co-operative attitude than he has for a long time.

Mr. MacKinnon: Oh, no; that is not right.

Mr. Macdonnell (Muskoka-Ontario): If it hurts, do not squawk too much.

I am not suggesting that this is the first government that ever regulated its tax policy with some reference to an election, but I must say that by mulcting the public of huge surpluses for the last two years they have done a job which is beyond anything I have ever heard of. I hope you will let me know, Mr. Speaker, whether the word I intend to use is parliamentary, and if it is I would think that we are not wrong in calling this a bribery budget.

Mr. Cruickshank: Oh, oh.

Mr. Macdonnell (Muskoka-Ontario): I am very fond of the hon. member for Fraser Valley but I wish he would let me make my speech.

Mr. Deputy Speaker: May I suggest that the hon. member for Muskoka-Ontario be permitted to continue without so many interruptions.

Mr. Macdonnell (Muskoka-Ontario): I think we should congratulate the minister upon the thoroughness with which he has set out to do his task. He has wanted to be beneficent and he has done a very thorough job. Indeed, as I listened to him I began to wonder if after all the largesse which he was distributing there would be any taxes left. Certainly the minister has not seemed to forget anyone. What a change from last year.

Mr. Cruickshank: You have a new leader now.

Mr. Macdonnell (Muskoka-Ontario): Last year there was a tidy surplus of $670 million and the minister pointed out that by taking in certain special receipts that could be raised as high as $1,180 million. However, I do not think we should regard the $1,180 million as being a true surplus because only $670 million was produced from taxation, only $670 million came out of the pockets of the taxpayers. When the minister was telling of the wonderful things they had done, when he was talking about these huge sums which the government was giving back to the taxpayers, I felt like reminding the house that the taxpayers were getting back just a little bit of their own money.

In spite of the high surplus last year there was only a beggarly reduction of some $60 million.

Mr. Abbott: Ninety million.

Mr. Macdonnell (Muskoka-Ontario): I will raise it to $90 million if the minister wishes, but I still consider it was a beggarly reduction. I think the minister is wrong, I think it was $60 million. We could not have a decent reduction because there was no election last year. As I say, we had this surplus of $575 million, added to the surplus of the year before, which means that during the two years the government had $1,200 million of the hard-earned money of the people to play about with in various ways. I interject to point out to the minister that Philip Snowden, a great chancellor of the exchequer of Great

Britain, once said that any government that took even half a crown more from the taxpayers than was needed to run the government was getting money under false pretences. Obviously there is the great danger that when you have such large sums of money economy flies out the window.

I recall that a year ago the minister said that the budget gladdened his heart. But during the year, when he found out that the people were expressing considerable annoyance that they had not more of their own money to spend—indeed some people wondered why the government did not take it all and just give them a little back—when people found out that they had so little of their own money to spend they began to criticize the minister, and I doubt if his heart was as glad as it had been earlier. Indeed, he began to explain the matter away. One explanation he gave was that the taxpayers' money had to be used for various purposes, including the making of large advances to the foreign exchange control board. He made that statement some time in January when the advances to the foreign exchange board amounted to $275 million, and for the whole year it is something in the neighbourhood of $500 million. There is no more need for the citizens of Canada to take money out of their pockets to pay for the operations of the foreign exchange control board than there is for them to pay for the upkeep of the pyramids. It is an absolute misuse of the taxpayers' money.

The minister seems to take the matter very lightly. Perhaps that is the reason why he went on to give back these large sums this year when the cycle has come around. He is now giving back the taxpayers some of their own money. When the minister was taxed last week by the hon. member for Grey North (Mr. Case) as to why all this money had gone into the foreign exchange control board, he replied that it was just a bookkeeping entry. I said to the minister at the time that I did not believe the taxpayers regarded it as a bookkeeping entry.

Mr. Abbott: I know my hon. friend wants to be correct. I made no such statement. I said that the writing down of the assets as a result—

Some hon. Members: Order.

Mr. Abbott: I know the hon. member does not want to misrepresent me.

Mr. Macdonnell (Muskoka-Ontario): Oh, no.

Mr. Abbott: In replying to the hon. member for Grey North I said—

Some hon. Members: Order.

Mr. Abbott: It does not matter anyway.

Mr. Deputy Speaker: It has just occurred to me that the hon. member is referring to another debate during this session on another subject.

Mr. Macdonnell (Muskoka-Ontario): Mr. Speaker, will you please make clear to me whether I am permitted to refer to what the minister said?

Mr. MacInnis: Not in another debate.

Mr. Macdonnell (Muskoka-Ontario): It was in another debate. The minister has questioned the accuracy of what I said. I brought *Hansard* here in order to be perfectly clear as to what was said. Is it your ruling, Mr. Speaker, that I cannot indicate exactly what the minister said?

Mr. Deputy Speaker: It is not technically correct, but I will not rule against it.

Mr. Macdonnell (Muskoka-Ontario): I shall read it because I think it is extremely desirable—

Mr. Abbott: Read the hon. member's question as well.

Mr. Macdonnell (Muskoka-Ontario): I shall read the whole thing. Do not fear. It is to be found at page 1637 of *Hansard*:

Mr. Case: But was there not taken from the reserves about $372 million for the foreign exchange control board? What was that for?

Mr. Abbott: That was the bookkeeping entry, of course.

Mr. Macdonnell (Muskoka-Ontario): It was not a bookkeeping entry for the Canadian taxpayer.

Mr. Abbott: The Canadian taxpayer suffered no loss.

That is true. I did not suggest that he suffered a loss. All I suggest is that it should not be his money which is being used for entirely unnecessary and irrelevant purposes.

Mr. Abbott: Will my hon. friend allow me to say something? I am sure my friend, the hon. member for Grey North (Mr. Case), will confirm that he was referring to the write-down in the assets of the foreign exchange control board as the result of the revaluation of the Canadian dollar. If he was not, that was certainly what I thought he was referring to. I do not care, but I certainly understood him to be referring to that.

Mr. Macdonnell (Muskoka-Ontario): Then a little further down on the same page of *Hansard* there is the following:

Mr. Abbott: I said that was the bookkeeping entry.

Mr. Macdonnell (Muskoka-Ontario): The taxpayer did not think of it in that way.

However that may be, I will go back now —and we will have no fooling about this— to what the minister said in a press statement on the 15th of January. He was

speaking about the cash funds provided for various purposes. He said:

> In the first place these funds constitute the principal source of cash for financing certain large demands upon our cash resources. Among the largest of these are the advances which the government is currently making to the foreign exchange control board to finance increases in Canada's exchange reserves. During the nine-month period April 1-December 31, 1948, the government's advances to the board on this account totalled no less than $275 million.

That is the point I am making, and I am saying there is no earthly need for that coming out of the taxpayers' money. I want to point out furthermore—

Mr. Abbott: Use social credit money.

Mr. Macdonnell (Muskoka-Ontario): —that the amount of roughly $500 million which went into the foreign exchange control board last year, and which should have been provided in another way, was equal roughly to three-quarters of the total personal income taxes collected, and it was equal to the income taxes, if my arithmetic is correct, paid by all people with incomes up to $8,000 in the taxation year 1947. I am not suggesting there should have been any tax relief like that. I am pointing out where the money went to, and I am asking why in those circumstances no relief was given last year.

Now I come to the relief which the minister has given this year. I shall not deal with it in detail. I applaud unreservedly the relief given to small companies, and I remind the minister with all modesty that that has been suggested not once but several times by the opposition. If he will look at some very excellent resolutions which were passed last October by the party to which I belong he will find that it is in there too.

In the second place I think that, when the taxpayer looks at the surplus which the minister has, he will feel disappointed and think that the minister might have increased the exemptions to the amounts suggested by our party last October, that is, to $2,500 for married persons and $1,250 for single persons. As far as I can estimate it from the figures I have, that would not have cost very much. Then, I think, the taxpayer will feel that the increase of $50 for dependent children is utterly inadequate, and that it should have been $200 as we suggested.

Mr. Abbott: Did I hear a reference to bribery a short time ago?

Mr. Macdonnell (Muskoka-Ontario): The taxpayers will compare the relief given, which undoubtedly is substantial and which they will welcome, with the surpluses of the last two years, particularly of last year, and they will think that with a surplus of over $700 million, if I remember correctly, it is not out of the way. Broadly speaking, I think what they will feel is that what has been given to them is a kind of partial restitution of the money which has been taken from them in the past. When the minister boasts that it is a greater tax reduction than has ever been given, I would point out to him that if you get your taxes high enough and keep them up long enough, unnecessarily long, you can get yourself into the position where it is rather easy to reduce. Further, I think the taxpayer will feel uneasy that there is no suggestion that I am able to discover from the budget that the government is going to discontinue the utterly unnecessary practice of mulcting the taxpayer in order to provide capital amounts for such government enterprises as the foreign exchange control board. Finally, I think the taxpayer will say, "Thank you very much for giving us back some of our own money, but you are late, very late, and while we are glad to get the money back do not imagine we are so stupid as not to realize the trick which you have tried to play on us." Mr. Speaker, I move the adjournment of the debate.

Motion agreed to and debate adjourned.

TRANSITIONAL MEASURES ACT, 1947

CONTINUATION OF CERTAIN ORDERS AND REGULATIONS

The house resumed consideration in committee of Bill No. 86, to amend the Continuation of Transitional Measures Act, 1947.

On section 1—*Duration of act.*

Mr. Fleming: I would have been finished speaking this afternoon in another couple of minutes if discussion on points of order had not intervened to consume something like twenty minutes before the six o'clock adjournment. There are one or two observations I wish to make to complete what I set out to say. In doing so, I assure you that I recognize the principle that was adopted when the house gave the bill second reading, namely, that the Continuation of Transitional Measures Act, 1947, should be continued for a further period.

The point I am dealing with now is whether the twelve orders to which the statute applies should be continued in their entirety for the full period referred to in section 1 of the bill. I am urging that these orders are so broad and sweeping in their terms, and so vast in the powers that they confer upon the wartime prices and trade board, upon the government and government agencies, that they ought not to enjoy continuance in the present form for the full period during which the act is to continue to run in view of the decision

on principle made on second reading. I had made some reference to steel control, to the sweeping powers there that are unnecessary for the continuation of steel control for the period of a year. That was the kind of control referred to by the Minister of Trade and Commerce. I say also that the powers conferred upon the timber controller by P.C. 1997 are far wider and more extensive than are required to maintain the kind of timber control which the Minister of Trade and Commerce this afternoon contended was necessary for this period. I would point out that under section 2(d) the controller will continue to have powers as broad as these:

> to enter on, take possession of and utilize, by himself or by any person duly authorized by him thereunto, any land or premises or any plant, building, place, equipment or facilities used or capable of being used for producing and/or dealing in timber.

Does this committee appreciate the breadth of these words, the scope of the powers conferred upon the timber controller. Read with the powers I referred to this afternoon which are conferred upon the steel controller, these two men could be the twin dictators of the whole Canadian economy. It would be hard to conceive of powers more sweeping than those.

Then briefly I mentioned the unnecessarily broad powers conferred upon the priorities officer under P.C. 1619. I pointed out that he is given power to prohibit the making of or dealing in construction materials. His powers are not confined to control or regulation. He is given the power of life and death over every business concerned in the making of or dealing in construction materials, which under the order are given this broad meaning:

> . . . any materials which are intended or are suitable for use in the construction, repair, alteration or improvement of any structure or are intended or are suitable for the heating, lighting or ventilating of any structure or the supply of water or power thereto or the disposition of sewage therefrom.

The priorities officer is given power to prohibit any kind of business coming within the scope of that definition of construction materials. I defy the Minister of Trade and Commerce or any other member of this house to stand up and stake his self-respect by asserting that these powers are required today in order to maintain priorities control of the kind we have heard the Minister of Trade and Commerce argue for in this debate. There can be no justification for this sort of thing in view of present conditions in Canada, particularly now that we have heard the Minister of Finance elaborate upon the condition of the country for which he is claiming so much credit. How can it be said now that in view of present economic conditions in Canada there is any justification for the continuation of totalitarian powers such as those I have referred to? And, Mr. Chairman, I have referred to only three of the twelve orders in council.

We have been informed also that the list of commodities to which price control is to continue to apply is to be reduced by the elimination of bread, flour, and one or two other commodities. That is a change; and it would be interesting to learn from the Minister of Justice whether this reduction in the list is to come into effect before this bill is intended to become operative.

Mr. Garson: Tomorrow morning.

Mr. Fleming: Then, Mr. Chairman, the list of articles to which the powers of the wartime prices and trade board will extend under P.C. 8528 will be narrowed to that extent. It is true the minister was proceeding quite rapidly, but I did not hear any reference to butter. Was butter included?

Mr. Howe: Yes.

Mr. Fleming: It is included in those commodities mentioned?

Mr. Garson: Flour, bread, butter, sugar, edible molasses and certain fruits and vegetables.

Mr. Fleming: So from tomorrow morning forward those commodities will not be under price control.

I ask the Minister of Justice, as I did at the outset of my remarks, to take a reasonable and parliamentary view and insert, by suitable amendment in the annex to the bill, the orders in council which are to be continued. As a matter of fact the course the government ought to take is that of inserting in the annex to the bill not only the orders in council, but such orders as are made under the powers given in the orders in council to which legislative effect is to be given by this bill, so that those who are bound by the law will be able to find the law in the statute books and will not be compelled to scurry around all the offices in Ottawa to find the law to which parliament is now being asked to give this blanket assent.

I should touch on one other aspect of this matter of priorities control. A sensible kind of control that would have contributed much to meeting the housing needs of this country was abandoned by the government on April 1, 1946. I refer to permit control. The Minister of Trade and Commerce, then Minister of Reconstruction and Supply, defended his action on that occasion by saying it had become too difficult to administer from Ottawa. Therefore he was handing this difficulty over to the municipal governments,

which were not by any stretch of the imagination in a position to deal with it. It simply meant that this form of control completely broke down. After that time, instead of building materials—which were in very short supply—being channeled into the construction of the houses which were so badly needed by the people of this country, those materials were diverted into much non-essential building such as theatres, hot dog stands and all sorts of establishments of that kind.

Later on we found that the present Minister of Trade and Commerce was quite prepared to reverse his position. In November of 1947 he was quite ready to assert the very contrary of the proposition he had set up on April 1, 1946. He was then quite prepared to undertake the administration from Ottawa of a new, greater and more far-reaching form of control which is now embodied in the Emergency Exchange Conservation Act. If in the contention of the Minister of Trade and Commerce it is possible to administer that sort of control from Ottawa, then I say he has completely exposed the fallacies and inadequacies of the argument he offered this house on April 1, 1946, when he deliberately threw away the opportunity the government then had to channel building materials into the construction of needed homes for the people of Canada.

Mr. Stephenson: I was interested in the statement by the minister this afternoon that there was a possibility of a greater supply of nails. This has been a problem in my riding, as I presume it has been a problem all over the country. I was wondering if the minister could tell us what control there is over these nails from the manufacturer down, how they are distributed to the wholesaler and from the wholesaler to the retailer, and if there is any possibility of getting more nails into the hardware stores, which are the usual means of distributing nails to the community. I was wondering if the minister could tell us also how many nails the government has held out of this production for government use or how many they now hold, or what possibility there is of getting some nails to the hardware stores of the country in order that they may supply the needs of the local municipalities.

Some hon. Members: Carried.

Mr. Stephenson: No. This is an important question.

Mr. Howe: I do not know that I have anything to add. I have made statements previously. The pattern of distribution has been approved by the wartime prices and trade board. It is fairly efficient. Last year the additional precaution was taken of having a reserve of nails that could be supplied to priority projects, and all priority projects are home building. So far as I know, no home building was handicapped by lack of nails last year. With the purchases of wire that we have been able to make recently through government channels, I believe that by July nails will cease to be a source of discussion in this parliament.

Mr. Timmins: May I follow up that last question. I think the minister will admit that last year one reason why there were a great number of complaints about nails, particularly in the central provinces, was that down in the maritimes the system of distribution of nails to some extent fell down. In other words, the manufacturers there distributed the nails to the wholesale houses, and the demand on the wholesale houses in the maritimes was not sufficient to take up all the nails there for the purpose of use in the maritimes. Outsiders therefore came in and bought up those nails. The result was that they got into districts where they were used as bootleg nails. I think the minister who is responsible for setting up the machinery under which nails are distributed ought to tell us just what regulations have been put into effect this year in order to see that that situation does not develop again. After all, it is of little use to talk about the production of nails if they get into the hands of certain people who can profit from those nails to the disadvantage of the builders who are crying for them.

Mr. Howe: In answer to my hon. friend, I may say that any wholesaler or any retailer in the maritimes who sold his nails into bootleg channels immediately had his quota cut by the amount of those sales.

Mr. Merritt: I want to ask the minister a question about priorities control. As I understand, priorities are now being exercised only in respect of Central Mortgage and Housing, veterans housing and integrated housing. Last year the minister said that total amounted to only 15 per cent of the housing being built. I want to ask him two questions. First of all, is the minister to administer this priorities control from now on, or is it to be handed over to the minister of reconstruction? Second, what are the government going to do in respect of the priorities order this year? In what way are they going to exercise their right to give priorities for building materials?

Mr. Howe: The priorities order will continue to be administered by the Minister of Trade and Commerce. It applies not to 15 per cent of the housing; it applies to all the small

housing. Anyone building a house can take advantage of the priorities system, and it is confined entirely to house building. It is a simple answer. I do not think it needs elaboration.

Mr. Merritt: Since that statement represents a change from what the minister said last year, I should like to have the matter clarified. Last year the minister said that it applied to low-cost housing and to veterans' projects generally. To what type of housing does the priorities order not apply?

Mr. Howe: It does not apply to houses that cost over $10,000.

Mr. Merritt: Anyone who is building a house at a cost of less than $10,000 can today get a priority for his building material. Is that correct?

Mr. Howe: That is right.

Mr. Cardiff: I should like to ask the minister this question. How did the dealers get the United States nails that they were selling for twenty cents or twenty-five cents a pound? How did those nails get across here?

Mr. Howe: Anybody can import nails. There is no prohibition on their import. If they are foreign nails, and if the dealer can find anybody foolish enough to pay those prices, he can sell them to him.

Section agreed to.

On section 2—*Powers of wartime prices and trade board restricted.*

Mr. Green: Will the minister explain what commodities will remain subject to price control?

Mr. Garson: Yes. After the budget takes effect, it would apply to citrus fruits, canned citrus fruit juices, cabbage, carrots, imported new potatoes, imported grapes and the primary forms of iron and steel.

Mr. Fleming: Much has been made by the Minister of Justice in his remarks in the course of this debate about the government's alleged policy of decontrol; and in the debate a good deal has been made of the limitations that were being applied to the control structure by this particular section. At this point I simply draw attention to the fact that this limitation, for what it is worth, affects only one order out of the twelve. It applies simply to the general order, P.C. 8528. We have reference here to the wartime prices and trade board. There is in section 2 (a) reference to "paragraph (f) of subsection one of section four of the wartime prices and trade regulations"; that refers to P.C. 8528. Then we have a reference in section 2 (b) to "subsection one of section eight of the wartime prices and trade regulations", which is also P.C. 8528.

The minister is suggesting that it applies to some other order. There is certainly nothing in the language of section 2, as it now appears, that has any application to any other one of the eleven orders. If the principle is sound that limitation should now be put on the exercise of the powers conferred under this one order in council, why should not the principle be applied with equal soundness to the other orders? If the government is sincere in this policy of decontrol, why does it go on reserving under the eleven orders these vast and sweeping powers? It will be no comfort to be told: Oh, the wartime prices and trade board, or the priorities officer, or the steel controller, or the timber controller has made certain orders today. If this section passes in its present form, those controllers are at perfect liberty to exercise all the powers that are conferred upon them by those eleven orders as they stand today. This section imposes no restraint whatsoever upon the exercise of those sweeping and totalitarian powers that are conferred, by those other eleven orders, on the various officials and controllers. I say this to the Minister of Justice. If the government is sincere in its professions of a policy of decontrol, and if it is meaningful in setting up the principle of section 2 as applied to this one order in council, P.C. 8528, why is it not prepared to go further and apply the same principle to all other eleven orders in council which are the subject matter of the bill today, and to provide that no further power shall be exercised which is not in effect today by reason of some order or regulation made under the terms of those eleven orders in council?

Some hon. Members: Carried.

Mr. Fleming: Has the Minister of Justice something to say?

Mr. Garson: I would draw my hon. friend's attention to the fact that of these twelve orders there will remain in effect P.C. 8528, which is a general order authorizing the wartime prices and trade board regulations; P.C. 9029, which is the rental control order; P.C. 7475, which covers the regulations of the Commodities Prices Stabilization Corporation, which is just getting wound up and has no price fixing or control significance; P.C. 34/4433, which extends the provisions of the Government Employees Compensation Act to the employees of the Commodities Prices Stabilization Corporation, and therefore has no price control significance; P.C. 3122, which effects the consolidation of supplementary and ancillary regulations, and therefore has no price control significance; P.C. 4600, which authorizes appeals upon leave to the court of appeal of a province and from there to

the Supreme Court of Canada in cases involving breaches of wartime regulations, and has no price control significance; P.C. 6223, which provides for notice to the Attorney General for Canada, and therefore has no price control significance. Therefore, clause 2 of the bill in question applies to all of the goods and services except rentals. It limits the wartime prices and trade board's powers with regard to section 4, paragraph (f), of the wartime prices and trade board regulations, which gives wide powers to fix specific or maximum or minimum prices, or specific or maximum or minimum markups at which goods and services can be sold or offered for sale by or to any person; which prescribes the manner in which any price or markup shall be ascertained; which prescribes what shall constitute or be included in any price or markup; it prohibits the purchase or sale at prices which are at variance with the prices or markups so fixed or prescribed, and so on. This is a very long subsection. Then it also applies to section 8, subsection (1), which authorizes the prosecutions for selling for unjust and unreasonable prices.

Clause 2 of the bill as applied to all these provisions means that the board's power is further limited to enact price-fixing orders only with regard to those goods and services which are now affected by an order of the board. This embraces citrus fruits, canned citrus fruit juices, cabbages, carrots, imported new potatoes, imported grapes, and the primary forms of iron and steel. The same limitation applies also to granting leave to prosecute for violation of section 8 (1) of the wartime prices and trade regulations. Therefore under clause 2 of the bill, in fact we only have four orders in council which affect price control, one of which, P.C. 1997, is irrelevant because it applies to timber, in respect of which there is no existing board order. Another one is P.C. 245 dealing with the primary forms of iron and steel. Then the rentals control order, P.C. 9029, and then P.C. 8528, the wartime prices and trade regulations. The net effect of it all is that any person who wants to find out what his position is with regard to the law, which concerns my hon. friend, has only to look at these four orders in council and this bill. The powers of the board either to fix any prices or to authorize prosecutions are confined to these articles which I have named.

Mr. Fleming: In his reply to my remarks the Minister of Justice has dealt simply with the matter of price control. He has completely ignored what I had to say, and the effect in relation to all these sweeping totalitarian powers which are conferred by these other orders. The five principal orders are 8528, which is the one referred to in section 1. Then there is 9029, which has to do with these leasehold regulations; then 245 in relation to steel control; 1997 in relation to timber control and 1609 in relation to priorities control. The net result of it is that every power that could have been exercised under any one of these orders two years ago remains open to the officers such as the timber controller, the steel controller, and the priorities officer, to be exercised just as they could have been exercised two years ago. It does not matter whether he has exercised these powers in the meantime. These powers are there for him to exercise afresh or anew today, if this bill passes in its present form.

Talk about restraint in relation to price control. Yes, section 2 does confine the operation of price control. But no restraint whatever is placed upon the exercise of any of these sweeping and totalitarian powers conferred by these other four major orders in council: 9029, 245, 1997 and 1609; and there still remains in the hands of these officers, created by the government, the power to strangle and throttle the free economy of this country, if they choose to exercise them. And this government is responsible for asking this parliament to confer today, four years after V-E day, totalitarian powers as sweeping as those open to these officials. I submit to you, Mr. Chairman, that if that government are sincere in their profession of the policy of decontrol they should recognize the principle that they themselves have set up under section 2, and apply it to all the powers and all the orders issued under these other four major orders in council.

Mr. Knowles: May I just say one word. We support the bill but we are opposed to the passing of this second section, because of what it now does. The fact is that in effect we are now committing to the ground, earth to earth, ashes to ashes and dust to dust, the soul of the wartime prices and trade board; and at this moment of its death I think a tribute should be paid to the good work it did through a number of years. But it is too bad that by this clause we are completely robbing it of its power.

Mr. Timmins: What the minister has said with reference to P.C. 8528 in relation to section 8 (1) is in effect, having regard to the decision in the McGinn case of about a month ago, throwing overboard all the effect of that section prior to the decision in the McGinn case.

Mr. Garson: It has nothing to do with the McGinn case at all.

The Deputy Chairman: Shall the clause carry?

Mr. Knowles: On division.

Mr. Hackett: I wish to ask the Minister of Justice if it is not a fact that the provisions of 2 (a) and 2 (b) of the bill were not included in the War Measures Act; and is this act an extension of the War Measures Act to meet the holding in the Nolan case?

Mr. Garson: No, I think not. It is not an extension; it is a limitation upon the powers of the board.

Mr. Hackett: Why does there have to be a statute passed to bring about a limitation? In the Nolan case all of the judges held that under the War Measures Act there was no authority to do that about which Nolan was complaining.

Mr. Knowles: P.C. 1292.

Mr. Hackett: Therefore I am asking the question whether the provisions of 2 are not outside and beyond the provisions of the War Measures Act and whether this legislation, if enacted, would not confer powers upon the governor in council to do things which it could not have done under the War Measures Act.

Mr. Garson: If my hon. friend will read the section carefully he will see that it says:

Notwithstanding anything in the said act or in any order or regulation set out in the schedule thereto.

That is, notwithstanding the powers they have under this Continuation of Transitional Measures Act, the wartime prices and trade board shall not—and it limits the powers they shall receive under the act—

—(a) exercise any of its powers under paragraph (f) of subsection 1 of section 4 of the wartime prices and trade regulations—

Which deal with price-fixing—

—or (b) grant leave to prosecute any person for violation of subsection 1 of section 8 of the wartime prices and trade regulations—

Which deal with functions such as the charging of undue prices—

—with respect to any goods or services other than the goods and services with respect to which an order of the board was made under that paragraph and is in force at the commencement of this act.

That is, the amending act. So that it is not an extension in any sense at all. It is a quite extensive limitation upon the powers of the board which it receives under the Continuation of Transitional Measures Act, 1947.

Mr. Hackett: Is not the effect to extend its powers in matters not mentioned beyond those set forth in the War Measures Act? It refers to orders in force good or bad at the time this bill becomes law.

Mr. Garson: No.

Mr. Hackett: Is it not an attempt to give effect to the Continuation of Transitional Measures Act, 1947, which it would not otherwise have?

Mr. Garson: No. Under the Continuation of Transitional Measures Act, 1947, the wartime prices and trade board would have power to authorize prosecutions and to fix prices. The effect of this section 2 is to say that, notwithstanding those powers which it received under that act, it cannot do so except in relation to those things as to which an order has been made and is in effect at the time of the coming into force of this amendment.

Section agreed to.

Bill reported.

Mr. Speaker: Mr. Garson moves, seconded by Mr. Fournier (Hull), that this bill be now read the third time. Is it the pleasure of the house to adopt the motion?

Some hon. Members: Carried.

Mr. Drew: On division.

Motion agreed to on division, bill read the third time and passed.

BUSINESS OF THE HOUSE

Mr. St. Laurent: The first order of business tomorrow will be the third reading of Bill No. 85, to amend the Foreign Exchange Control Act. Then the next order will be the resolution standing in the name of the Minister of Trade and Commerce for a bill to amend the Canadian Commercial Corporation Act. Then, if that is disposed of, the other item would be the resolution in the name of the Postmaster General to amend the Mail Contracts Supplemental Payments Act.

Mr. Knowles: Can you tell us now what the date of the election will be?

At ten-thirty the house adjourned, without question put, pursuant to the order of the house passed on March 14, 1949.

APPENDIX

TO

THE BUDGET, 1949-50

Budget Papers presented by the
Honourable D. C. Abbott, M.P., for the
information of Parliament on the occasion of the
Budget of 1949-50

FOREWORD

The purpose of this Appendix is twofold:

(1) to make available in one place and in convenient form, as a supplement to the Budget, some of the more comprehensive economic statistics prepared by the Dominion Bureau of Statistics and other Government agencies;

(2) to present a preliminary review of the Government accounts for the fiscal year ending on March 31, 1949.

PART I

TABLES OF ECONOMIC STATISTICS

These tables were selected or designed to provide a broad factual background to assist in the analysis of the Budget accounts and proposals from an economic point of view. The principal source is the Dominion Bureau of Statistics.

The tables are grouped as follows:

National Income, Expenditure and Employment—

1. National Income and Gross National Product.
2. Gross National Expenditure.
3. Government Expenditure on Goods and Services as Percentage of Gross National Expenditure.
4. Estimated Canadian Labour Force and Employment.

Personal Income and Its Disposition—

5. Sources of Personal Income.
6. Disposition of Personal Income.
7. Personal Saving and Spending.
8. Personal Disposable Income Per Capita.

Saving and Investment—

9. Sources of Private Saving.
10. Disposition of Private Saving.
11. Corporation Profits and Corporate Saving.
12. Gross Home Investment.

Revenue and Expenditure of All Governments—

13. Government Transactions Related to the National Accounts.

International Payments and Exchange Reserves—

14. Canada's Net Balance of International Payments on Current Account.
15. Summary of Canada's Net Balance of International Payments on Current Account and Related Changes on Capital Account.
16. Holdings of Gold and U.S. Dollars.

Other Economic Indicators—

17. Physical Volume of Industrial Production.
18. Agricultural Production.
19. Index Numbers of the Cost of Living.
20. Money Supply and Related Bank Assets.

Each group is prefaced by a brief explanation; each table is followed by a brief comment.

NATIONAL INCOME, EXPENDITURE AND EMPLOYMENT

National income measures the annual earnings of Canadian residents from productive operations. As such it includes salaries, wages and other forms of earnings by employees, in cash or otherwise, plus military pay and allowances. It includes corporation profits and other returns on invested capital. It includes the net income of farmers and of others who are in business on their own account.

Gross National Product is the value at market prices of all the goods and services produced in a year by the labour, capital and enterprise of Canadian residents. It is obtained by adding to National Income indirect taxes and such costs as depreciation allowances which may be regarded as entering into the cost of the goods and services produced, but do not form part of the incomes of Canadians. On the other hand, government subsidies, which reduce the price to the consumer or add to the income of producers, have to be deducted since they form part of the income of Canadians but do not enter into costs of production.

The goods and services produced in a year must be disposed of in some way. They are either sold at home or abroad or added to inventories. Gross National Expenditure indicates how the Gross National Product was disposed of. Thus it measures the same total as Gross National Product but in a different way. Since foreign expenditures on Canadian goods and services, *i.e.*, exports, form part of the earnings of Canadians in the Gross National Product, they are likewise included in Gross National Expenditure. While Canadian expenditure on imported goods and services is included in the totals of consumer expenditure, government expenditure and gross home investment, it is not part of the disposition of Canadian production and is therefore deducted.

NATIONAL INCOME AND GROSS NATIONAL PRODUCT

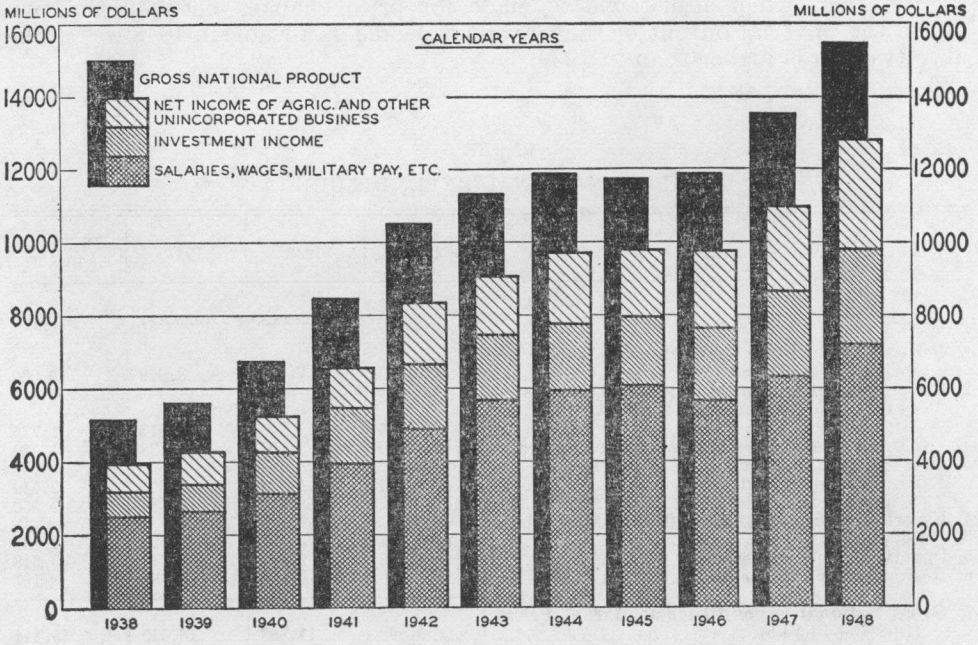


TABLE 1

NATIONAL INCOME AND GROSS NATIONAL PRODUCT

—	1939	1946	1947	Prelim. 1948
	(Millions of Dollars)			
1. Salaries, wages and supplementary labour income	2,583	5,322	6,235	7,130
2. Military pay and allowances	32	340	83	81
3. Investment income	783	1,949	2,319	2,590
4. Net income of agriculture and other unincorporated business	891	2,154	2,352	2,995
5. **NATIONAL INCOME** (1+2+3+4)	**4,289**	**9,765**	**10,989**	**12,796**
6. Indirect taxes less subsidies	737	1,261	1,600	1,721
7. Depreciation allowances and similar business costs	582	846	1,010	1,059
8. Residual error of estimate	−10	−9	−80	−162
9. **Gross National Product at Market Prices** (5+6+7+8)	**5,598**	**11,863**	**13,519**	**15,414**

The value of goods and services produced by Canadians attained new levels in 1948, surpassing the previous year by 14%. Physical output showed a modest gain but most of the increase is accounted for by higher prices. The resulting additions to incomes were widely distributed. Total income of wage and salary earners went up by $895 million or 14%, investment income by $271 million or 15% and the income of those engaged in agriculture and other unincorporated businesses by $643 million or 27%. In dollar terms the National Income in 1948 was about three times as high as in 1939. It is difficult to say exactly how much the gain has been in real output, but tentative calculations suggest that, when adjustment is made for price changes between the two years, the physical output of the Canadian people as a whole in 1948 was probably two-thirds higher than in 1939.

TABLE 2

GROSS NATIONAL EXPENDITURE

—	1939	1946	1947	Prelim. 1948
	(Millions of Dollars)			
1. Personal expenditure on consumer goods and services	3,861	7,913	8,949	10,000
2. Government expenditure on goods and services				
(a) excluding mutual aid, UNRRA and military relief	724	1,731	1,512	1,725
(b) mutual aid, UNRRA and military relief	.....	97	38	19
3. Gross home investment—				
(a) plant, equipment and housing	554	1,321	2,057	2,540
(b) inventories	327	467	866	550
4. Export of goods and services [1] (excluding mutual aid, etc.)	1,451	3,197	3,629	4,037
5. Imports of goods and services [1]	−1,328	−2,871	−3,612	−3,618
6. Residual error of estimate	+9	+8	+80	+161
7. **Gross National Expenditure at Market Prices** (1+2+3+4+5+6)	**5,598**	**11,863**	**13,519**	**15,414**

[1] Minor adjustments have been made to the figures of current receipts and payments shown on page 21 of "The Canadian Balance of International Payments", 1948, Dominion Bureau of Statistics, to achieve consistency with the other component series. (See also Table 14).

Looking at the expenditure side of the national accounts, several developments are to be noted. Personal expenditure on consumer goods and services, which had risen by about a billion dollars in 1947 rose by the same amount in 1948. This increase of about 12% in dollar expenditure is less than the increase in the cost-of-living index of about 14% between 1947 and 1948, which would seem to indicate that there was some decrease in the physical volume of supplies purchased during the year. Post-war investment expenditure continued at an unprecedented level, absorbing 20% by value of total available supplies in 1948. The claims of federal, provincial and municipal governments on available supplies, which had fallen steadily from 1944 (when the war effort was at its peak) to 1947, rose somewhat in 1948. However, all governments taken together consumed a smaller share of total output in 1948 than in 1939.

TABLE 3

GOVERNMENT EXPENDITURES ON GOODS AND SERVICES AS PERCENTAGE OF GROSS NATIONAL EXPENDITURE (1)

—	1939		1946		1947		Preliminary 1948	
	$ Millions	%	$ Millions	%	$ Millions	%	$ Millions	%
Gross national expenditure at market prices	5,598	100	11,863	100	13,519	100	15,414	100
Federal government expenditure on goods and services	214	4	1,102	9	619	5	678	4
Provincial and municipal expenditure on goods and services	510	9	726	6	931	7	1,066	7

(1) See Table 13.

During 1948 employment continued at very high levels. The total number of the unemployed was very small in proportion to the labour force as a whole although there are a few local areas where the situation is less favourable.

TABLE 4

ESTIMATED CANADIAN LABOUR FORCE AND EMPLOYMENT

—	June 1, 1939	June 1, 1946	May 31, 1947	June 5, 1948	Sept. 4, 1948	Nov. 20, 1948
	(Thousands of Persons)					
Total population 14 years and over	8,294	9,093	9,225	9,404	9,447	9,481
Total Labour Force, including Armed Forces	4,668	5,036	5,040	5,149	5,229	5,085
Armed Forces	10	122	35	36	37	38
Civilian Labour Force	4,658	4,911	4,995	5,113	5,192	5,047
Employed	3,763	4,785	4,904	5,031	5,125	4,941
Nonagricultural	2,483	3,511	3,741	3,845	3,878	3,955
Agricultural	1,280	1,274	1,163	1,186	1,247	986
Unemployed	895	126	91	82	67	106
Persons Not in the Labour Force	3,626	4,060	4,195	4,255	4,218	4,396

Note:—The estimates do not in all cases agree with the estimates shown in the labour force bulletins of the Dominion Bureau of Statistics. To take into account the fact that the labour force surveys do not cover approximately 100,000 persons living in institutions, the number of persons not in the labour force has been increased correspondingly. Similarly, to take account of the omission of Indians living on reservations and persons in inaccessible areas, the nonagricultural employed and persons not in the labour force have both been increased by 83,000.

PERSONAL INCOME AND ITS DISPOSITION

How much income was received by individual Canadians in a year and how that income was disposed of is portrayed in tables 5, 6, 7 and 8.

The total of personal income differs from the National Income in several respects. For example, it includes only that part of corporation income which is actually distributed. Deductions from employees' total earnings must also be made for unemployment insurance contributions and similar contributions which, although forming part of the compensation for services performed, are not actually received by the employee within the year. On the other hand, transfer payments such as family allowances, old age pensions, veterans benefits and charitable contributions by corporations are included in arriving at the total of personal income.

TABLE 5

SOURCES OF PERSONAL INCOME

—	1939	1946	1947	Prelim. 1948
	(Millions of Dollars)			
1. Salaries, wages and supplementary labour income..	2,583	5,322	6,235	7,130
Deduct: Employer and employee contribution to social ins. and govt. pension funds.....	−34	−147	−181	−220
2. Military pay and allowances.....	32	340	83	81
3. Net income of agriculture and other unincorporated business.....	891	2,154	2,352	2,995
4. Interest, dividends and net rental income of persons.	564	878	1,037	1,127
5. Transfer payments to persons (excluding interest)				
(a) from government.....	249	1,113	849	829
(b) charitable contributions made by corporations.....	6	10	15	18
6. **Personal Income** (1+2+3+4+5).....	**4,291**	**9,670**	**10,390**	**11,960**

Personal income rose by $1,570 million or 15% from 1947 to 1948. As already pointed out, the additional income was widely distributed, the rise in farm incomes being particularly noteworthy. Transfer payments continued to decline, reflecting another drop in post-war payments to veterans which more than offset the growing total of family allowance payments and old age pensions.

TABLE 6

DISPOSITION OF PERSONAL INCOME

—	1939	1946	1947	Prelim. 1948
	(Millions of Dollars)			
1. Personal direct taxes				
(a) income taxes.....	61	711	694	717
(b) succession duties.....	28	54	61	58
(c) miscellaneous.....	21	31	36	39
Total direct taxes.....	110	796	791	814
2. Personal expenditure on consumer goods and services—				
(a) goods.....	2,464	5,666	6,557	7,368
(b) services.....	1,454	2,258	2,433	2,758
(c) net expenditure abroad.....	−57	−11	−41	−126
Total personal expenditure.....	3,861	7,913	8,949	10,000
3. Personal saving—				
(a) personal saving excluding farm inventories...	260	1,002	750	1,155
(b) net changes in farm inventories.....	60	−41	−100	−9
Total personal saving.....	320	961	650	1,146
4. **Personal Income** (1+2+3).....	**4,291**	**9,670**	**10,390**	**11,960**

Personal expenditure on goods and services increased by less than personal income during 1948. While direct taxes accounted for a smaller proportion of personal income than in any year since 1942, direct tax collections actually rose by $23 million from 1947 to 1948. There was also a noteworthy reversal in the trend of personal saving which, after declining steadily from the high levels of war years, rose from $750 million in 1947 to $1,155 million in 1948.

DISPOSITION OF PERSONAL INCOME

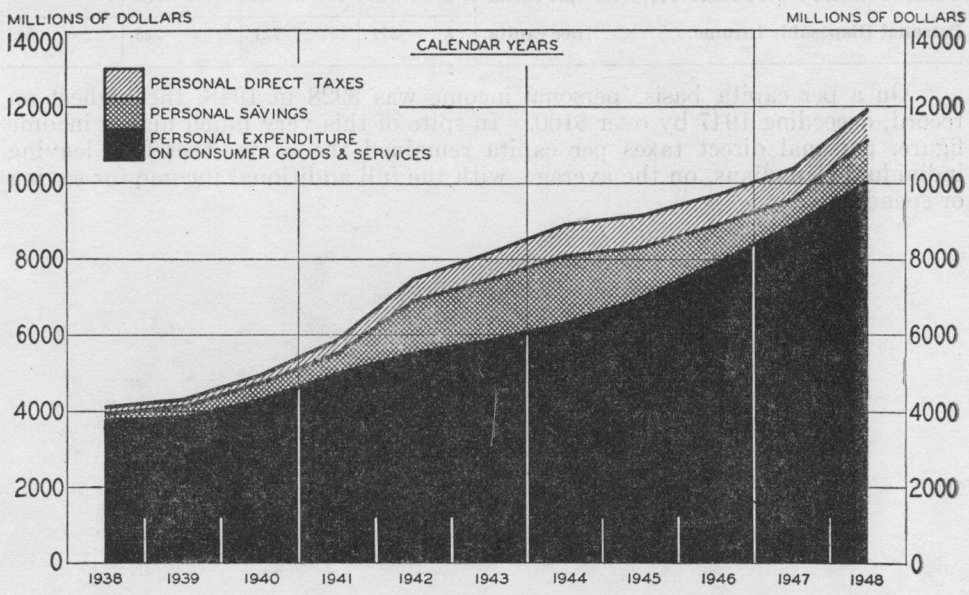


TABLE 7

PERSONAL SAVING AND SPENDING

—	1939		1946		1947		Preliminary 1948	
	$ millions	%	$ millions	%	$ millions	%	$ millions	%
Personal consumer expenditure....	3,861	92·3	7,913	89·2	8,949	93·2	10,000	89·7
Personal Saving.....	**320**	**7·7**	**961**	**10·8**	**650**	**6·8**	**1,146**	**10·3**
Personal disposable income(1).....	4,181	100·0	8,874	100·0	9,599	100·0	11,146	100·0

(1) Personal income less personal direct taxes (See Table 6).

The relation between personal spending and saving is set out more specifically in the above table 7. It shows that Canadians saved approximately 10% of the personal incomes at their disposal after payment of taxes in 1948, as against nearly 7% in 1947.

TABLE 8

PERSONAL DISPOSABLE INCOME PER CAPITA

—	1939	1946	1947	Preliminary 1948
Population.....(thousands)	11,267	12,307	12,582	12,883
Personal Income.....per capita	$ 381	786	826	928
Deduct Personal Direct Taxes.....per capita	$ 10	65	63	63
Personal Disposable Income.....per capita	**$ 371**	**721**	**763**	**865**

On a per capita basis, personal income was $928 in 1948, the highest on record, exceeding 1947 by over $100. In spite of this very much higher income figure, personal direct taxes per capita remained the same, therefore leaving individual Canadians, on the average, with the full additional income for saving or spending.

SAVING AND INVESTMENT

Tables 9, 10, 11 and 12 are designed to illustrate how investment expenditures were financed out of savings. For the purpose of these accounts, a government deficit is regarded as a claim on public savings and a government surplus as an addition to public savings.

TABLE 9

SOURCES OF PRIVATE SAVING

—	1939	1946	1947	Preliminary 1948
	(Millions of Dollars)			
Personal saving	320	961	650	1,146
Undistributed corporation profits	219	411	590	890
Undistributed Wheat Board profits	.....	37	57	−104
Inventory revaluation adjustment(1)	−56	−8	−18	−4
Depreciation allowances	582	846	1,010	1,059
Residual error of estimate(2)	−10	−9	−80	−162
Total	1,055	2,238	2,209	2,825

(1) The adjustment has been made only to grain held in commercial channels.
(2) See Tables 1 and 2.

There was a very substantial increase in both personal and corporate saving during 1948, the total of these two items rising from $1,240 million in 1947 to $2,036 million in 1948. The only significant offset was a reduction in saving by the Canadian Wheat Board which made substantial payments out of its accumulated profits during the year.

TABLE 10

DISPOSITION OF PRIVATE SAVING

—	1939	1946	1947	Preliminary 1948
	(Millions of Dollars)			
Gross Home Investment	881	1,788	2,923	3,090
Net increase in foreign assets (including foreign exchange) adjusted(1)	123	326	17	419
Government deficit (+) or surplus (−)(2)	**42**	**116**	**−811**	**−845**
Residual error of estimate(3)	9	8	80	161
Total	1,055	2,238	2,209	2,825

(1) See Table 15.
(2) See Table 13.
(3) See Tables 1 and 2.

The claims upon savings represented by investment expenditures in plant, equipment, housing and inventories increased by very little in 1948. Foreign investment, however, rose from virtually nothing in 1947 to $419 million, represented for the most part by additions to foreign exchange reserves. The revenues of all governments taken together exceeded expenditures by $845 million in the calendar year 1948, a somewhat larger surplus than in 1947. This surplus on government account formed 23% of total savings by the Canadian people in 1948.

TABLE 11

CORPORATION PROFITS AND CORPORATE SAVINGS

—	1939	1946	1947	Preliminary 1948
	(Millions of Dollars)			
Corporate profits before taxes(1)	618	1,421	1,821	2,174
Deduct corporate taxes(2)	−112	−670	−724	−744
Corporate profits after taxes	506	751	1,097	1,430
Deduct dividends paid out(3)	−287	−340	−507	−540
Undistributed corporate profits(4)	219	411	590	890

(1) Includes depletion charges and is adjusted for corporate losses, renegotiation of war contracts and conversion to a calendar year basis.
(2) Taxes paid or payable in respect of the calendar year's income, excluding the refundable portion of the excess profit tax. (See Table 13).
(3) Includes charitable contributions made by corporations. (See Table 5, Item 5(*b*)).
(4) (See Table 9).

Corporation profits before taxes increased by $353 million from 1947 to 1948. Almost the whole of the increase is reflected in the increase in corporation profits after taxes of $333 million because of the decrease in corporate taxes. Dividends paid out, however, increased by only $33 million so that retained profits showed another substantial increase, reaching a total of nearly $900 million in 1948.

TABLE 12

GROSS HOME INVESTMENT

—	1939	1946	1947	Prelim. 1948
	(Millions of Dollars)			
Plant, Equipment, and Housing—Total(1)	554	1,321	2,057	2,540
New Residential Construction(2)	145	338	492	614
Other New Construction	126	349	564	710
New Machinery and Equipment	283	634	1,001	1,216
Inventories—Total	327	467	866	550
Grain in Commercial Channels(3)	127	−46	22	55
Farm Grain and Livestock(3)	60	−41	−100	−9
All Other Inventories(4)	140	554	944	484
Gross Home Investment(5)	**881**	**1,788**	**2,923**	**3,090**
Percentage of Gross National Product	**16%**	**15%**	**22%**	**20%**

(1) Includes private businesses and institutions, and publicly owned public utilities.
(2) Excludes construction by Wartime Housing Limited which is included with Government expenditure on goods and services (Table 2).
(3) Value of physical change.
(4) Change in value. Includes privately financed industrial and trade inventories.
(5) See Table 2, Item 3.

In dollar terms, private investment expenditures on plant, equipment and housing, including those of publicly owned utilities, rose by approximately 23% in 1948. In terms of physical units, there was a much smaller change. Analysis of the figures indicates a shift in the content of investment expenditures. The value of construction and equipment used by utilities was up sharply and increases are indicated for housing. Investment in manufacturing industries declined. The net addition to inventories was only $550 million in 1948 compared with $866 million in 1947.

REVENUE AND EXPENDITURE OF ALL GOVERNMENTS

Table 13, "Government Transactions Related to the National Accounts", attempts to bring together in one statement and under uniform headings the activities of all governments in Canada on a calendar year basis.

The table is designed to include only those transactions which have relevance for the national accounts, and consequently the surpluses or deficits shown here do not agree with those shown in the various public accounts. It has been necessary to adjust the conventional accounting statements of fiscal year revenue and expenditure to exclude purely bookkeeping transactions as well as the purchase and sale of existing capital assets. Extra-budgetary funds such as unemployment insurance, workmen's compensation and pension funds have been added, and surpluses or deficits of Government enterprises are likewise included. In the federal accounts some of the more substantial adjustments are as follows: addition of national defence recoverable expenditure, allocation of war refunds to prior years, adjustment of corporate taxes to an accrual basis, elimination of sales of war assets to business, and elimination of British Commonwealth Air Training Plan write-off from expenditure. In addition the federal figures have been adjusted to a calendar year basis by using the monthly figures published by the Comptroller of the Treasury. Government loans to foreign countries or accumulation of gold or foreign exchange are not included with government expenditure.

For purpose of analysis, expenditures by governments may be divided into two main categories: expenditures for the purchase of goods and services, and so-called transfer payments, i.e., family allowances, old age pensions, veterans benefits, the greater part of the interest on the public debt, etc., which do not arise from current production of goods and services. The first category represents the demands which governments place on the annual output of the nation. Transfer payments, on the other hand, simply add to the sums available for spending or saving by the recipient.

TABLE 13

GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS

—	1939	1946	1947	Prelim. 1948
	(Millions of Dollars)			
Government Revenue—				
Direct Taxes—Persons	110	796	791	814
Income and Excess Profits—				
Federal	46	711	694	717
Provincial and Municipal	15	.....	.....	.....
Succession Duties—				
Federal	.....	20	30	29
Provincial	28	34	31	29
Miscellaneous—				
Federal	3	6	4	6
Provincial and Municipal	18	25	32	33
Direct Taxes—Corporations	123	699	759	785
Income and Excess Profits—				
Federal	98	668	652	622
Provincial	14	2	72	122
Withholding taxes—federal	11	29	35	41
Indirect Taxes	720	1,502	1,780	1,796
Federal	310	956	1,136	1,086
Provincial and Municipal	410	546	644	710
Investment Income	99	379	343	336
Federal	−11	153	115	103
Provincial and Municipal	110	226	228	233
Employer and Employee Contributions to Social Security and Pension Funds	34	147	181	220
Federal	6	79	100	129
Provincial and Municipal	28	68	81	91
Transfers from Other Governments—				
Provincial and Municipal	83	164	208	155
Total Revenue	1,169	3,687	4,062	4,106
Federal	463	2,622	2,766	2,733
Provincial and Municipal	706	1,065	1,296	1,373
Deficit (or surplus−)	**42**	**116**	**−811**	**−845**
Federal	10	231	−715	−824
Provincial and Municipal	32	−115	−96	−21
Total Revenue plus Deficit (or minus Surplus)	**1,211**	**3,803**	**3,251**	**3,261**
Federal	473	2,853	2,051	1,909
Provincial and Municipal	738	950	1,200	1,352

TABLE 13—Concluded

GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS

——	1939	1946	1947	Prelim. 1948
	(Millions of Dollars)			
Government Expenditure—				
Goods and Services	724	1,828	1,550	1,744
Federal—excluding mutual aid, UNRRA and military relief	214	1,005	581	659
—mutual aid, UNRRA and military relief	.....	97	38	19
Provincial and Municipal	510	726	931	1,066
Transfer Payments	421	1,570	1,313	1,287
Federal	194	1,351	1,049	1,006
Provincial and Municipal	227	219	264	281
Subsidies	−17	241	180	75
Federal	−18	236	175	70
Provincial and Municipal	1	5	5	5
Transfers to Other Governments—				
Federal	83	164	208	155
Total Expenditure	**1,211**	**3,803**	**3,251**	**3,261**
Federal	473	2,853	2,051	1,909
Provincial and Municipal	738	950	1,200	1,352

Using the definitions appropriate to the calculation of the National Income and Expenditure (which, as already explained, differ somewhat from the accounting procedures used by governments), it is estimated that during the calendar year 1948, federal, provincial and municipal governments took in as revenue $4,106 million and spent $3,261 million, leaving an over-all surplus of $845 million of which $824 million was attributable to the federal government and $21 million to the provincial and municipal governments. Both the revenues and expenditures of the federal government declined, but expenditures fell more sharply, so that the federal surplus actually increased from 1947 to 1948. On the other hand, provincial and municipal governments, taken together, spent more than in 1947 and took in more by way of revenue, but the net result was a smaller surplus of revenue over expenditure.

INTERNATIONAL PAYMENTS AND EXCHANGE RESERVES

Tables 14 and 15 are designed to display the principal features of Canada's international balance of payments on current account and the related changes in capital items.

When goods are exported (unless they are given away) they give rise to payments or debts in favor of Canada. Similarly, when goods are imported they give rise to payments or debts in favor of the rest of the world. Other transactions, such as interest and dividend payments, the tourist trade, freight and shipping charges, also give rise to similar payments or debts in either direction. The difference between the debits and credits arising from these current transactions is referred to as the net balance of international payments on current account, as shown in Table 14. When total credits exceed total debits within a year, the rest of the world has gone into debt to Canada or Canada has paid off some of her debt to the rest of the world. When total debits exceed total credits, the net position is, of course, reversed.

It is also important to consider the related changes on capital account, *i.e.*, the international transactions which do not arise from the movement of goods or the performance of services, such as borrowing and lending operations between Canada and the rest of the world. These are shown in Table 15. The changes in official exchange reserves, *i.e.*, in Canadian holdings of gold and United States dollars, over a series of years are also shown in Table 16.

TABLE 14

CANADA'S NET BALANCE OF INTERNATIONAL PAYMENTS ON CURRENT ACCOUNT

—	1939	1946	1947	Preliminary 1948
	(Millions of Dollars)			
Net Balance—				
Merchandise	377	667	274	551
U.S.A. excluding non-monetary gold	−128	−430	−903	−289
non-monetary gold	184	96	99	119
U.K. and other Empire(1)	259	628	773	517
Other Countries	62	373	305	204
Interest and Dividends	−249	−242	−275	−255
U.S.A.	−193	−203	−239	−230
U.K. and other Empire	− 75	− 46	− 41	− 38
Other Countries	19	7	5	13
Tourist Trade	68	86	84	150
U.S.A.	70	86	89	158
U.K. and other Empire	− 4	.....	− 4	− 6
Other Countries	2	.....	− 1	− 2
Freight and Shipping	− 17	92	44	62
U.S.A.	− 15	− 68	−117	−84
U.K. and other Empire	4	103	116	97
Other Countries	− 6	57	45	49
All other transactions	−53	−143	− 42	−36
U.S.A.	− 34	− 88	− 64	−75
U.K. and other Empire	− 8	− 16	30	47
Other Couutries	− 11	− 39	− 8	−8
Total current balance (unadjusted)	126	460	85	472
U.S.A.	−116	−607	−1,135	−401
U.K. and other Empire	176	669	874	617
Other Countries	66	398	346	256
Less Official Contributions	.....	− 97	− 38	−19
Total increase (1) in foreign assets (including foreign exchange)	**126**	**363**	**47**	**453**
Adjustment for national accounts	− 3	− 37	− 30	− 34
Adjusted total (2)	123	326	17	419

(1) Other sterling area countries are included with U.K. and other Empire for 1946, 1947 and 1948
(2) See Tables 2 and 10.

The over-all surplus in Canada's balance of international payments rose from $47 million in 1947 to $453 million in 1948. The 1948 figure was substantially higher than the $363 million current account surplus achieved in 1946 and constituted the largest favourable balance ever achieved by Canada in a peacetime year. About three-fifths of the increase of $406 million in our current balance over 1947 is due to a larger surplus on commodity account and about two-fifths to the improvement in our balance on so-called "invisible" items.

The most important change in Canada's commodity trade in 1948 was in the geographical distribution of our exports. The destination of Canada's commodity exports in prewar and in recent years has been as follows:

—	United States	United Kingdom	Other Sterling Area	Other ERP Countries	Other Countries
	%	%	%	%	%
1935-1939	37	37	10	7	9
1947	39	28	13	12	8
1948	50	23	10	10	7

The change in the destination of exports in 1948 was accompanied by an opposite change in the source of imports, as shown below:

—	United States	United Kingdom	Other Sterling Area	Other ERP Countries	Other Countries
	%	%	%	%	%
1935-1939	61	18	11	6	4
1947	77	7	6	3	7
1948	69	11	7	3	10

TABLE 15

SUMMARY OF CANADA'S NET BALANCE OF INTERNATIONAL PAYMENTS ON CURRENT ACCOUNT AND RELATED CHANGES ON CAPITAL ACCOUNT

—	1939	1946	1947	Preliminary 1948
UNITED STATES AND OTHER NON-EMPIRE COUNTRIES—	(MILLIONS OF DOLLARS)			
Net Balance on Current Account—				
U.S.A.	−116	−607	−1,135	−401
Other	+ 66	+398	+346	+256
Total (including Official Contributions)	− 50	−209	−789	−145
Related Changes on Capital Account—				
Net New Issues (+) or Retirements (−) of Canadian Securities	+ 24	−238	−231	+ 51
Net Sales (+) or Purchases (−) of Outstanding Securities	+ 87	+268	+ 4	− 13
Export Credits and Interim Advances	.....	−210	−140	− 74
Other Net Capital Movements	−164	+ 77	− 54	+106
Official Contributions	−	− 92	− 38	− 19
Special Receipts of Convertible Exchange from Sterling Area	+ 2	+150	+505	+597
Decrease (+) or Increase (−) in Canadian holdings of gold and U.S. Dollars	(1)	+251	+743	−496
Balancing Item (2)	+101	+ 3	−	− 7
Total	+ 50	+209	+789	+145

(1) Included with "other net capital movements".
(2) Includes multilateral settlements (in 1939) and errors and omissions in all years.

TABLE 15—Concluded

—	1939	1946	1947	Preliminary 1948
	(Millions of Dollars)			
United Kingdom and Empire Countries—				
Net Balance on Current Account—				
United Kingdom	+137	+500	+633	+488
Other Empire Countries(1)	+ 39	+169	+241	+129
Total (including Official Contributions)	+176	+669	+874	+617
Related Changes on Capital Account—				
Net New Issues (+) or Retirements (−) of Canadian Securities	−120	− 77	− 41	− 14
Net Sales (+) or Purchases (−) of Outstanding Securities	− 5	− 54	− 9	− 4
Loans and Interim Advances (net)	.....	−652	−423	− 52
Repayments on 1942 U.K. Loan	.....	+ 89	+104	+ 64
Other Net Capital Movements	+ 42	+164	.....	− 18
Official Contributions	.....	− 5	.....	.....
Special Receipts of Convertible Exchange	− 2	−150	−505	−597
Decrease (+) or Increase (−) in Canadian holdings of £ Sterling	.....	+ 15	− 1	.....
Balancing Item(2)	− 91	+ 1	+ 1	+ 4
Total	−176	−669	−874	−617

(1) Other Sterling Area countries are included with Other Empire countries for 1946, 1947 and 1948.
(2) Includes multilateral settlements (in 1939), and errors and omissions in all years.

Deducting repayments, the Canadian Government made loans or advances to foreign countries to a net amount of $126 million during 1948, as against $563 million in 1947. During the same period the United Kingdom repaid $64 million on the $700 million interest-free loan of 1942, compared with $104 million in 1947, Official contributions for relief purposes fell by half from $38 million in 1947 to $19 million in 1948.

Included in the other capital movements vis-a-vis the United States and other non-Empire countries was an inflow of capital from the U.S. dollar area for investment in Canadian properties or business of $68 million. This figure does not include the ploughing-in of earnings by Canadian companies instead of their transfer to the non-resident parent company. The comparable figure of direct investments for 1947 was $48 million, for 1946, $41 million and for 1945, $17 million.

TABLE 16

HOLDINGS OF GOLD AND U.S. DOLLARS

—	F.E.C.B. and Bank of Canada	Government of Canada	Private(1)	Total
	(Millions of Dollars)			
Sept. 15, 1939	238·7	22·4	132·0	393·1
Dec. 31, 1939	272·8	33·4	98·0	404·2
Dec. 31, 1940	309·3	20·8	2·0	332·1
Dec. 31, 1941	164·1	23·5	.....	187·6
Dec. 31, 1942	242·9	75·6	.....	318·5
Dec. 31, 1943	573·2	76·4	.....	649·6
Dec. 31, 1944	800·1	102·1	.....	902·2
Dec. 31, 1945	1,275·9	232·1	.....	1,508·0
Dec. 31, 1946	1,222·3	22·6	.....	1,244·9
Dec. 31, 1947	458·4	43·3	.....	501·7
Dec. 31, 1948	975·8	22·0	.....	997·8

(1) Exclusive of working balances.

OTHER ECONOMIC INDICATORS

The following tables are a selection of official statistics to illustrate some of the important trends in output, prices and money supply.

TABLE 17

INDEX OF PHYSICAL VOLUME OF INDUSTRIAL PRODUCTION, 1939-1948

SEASONALLY ADJUSTED, 1935-9=100

—	Total	Mining	Manufacturing	Non-Durable Manufactures	Durable Manufactures	Electric Power
1939	109	118	108	108	108	108
1940	130	127	132	121	152	115
1941	157	135	164	140	205	128
1942	185	130	200	154	276	142
1943	199	118	217	167	302	155
1944	199	106	220	173	299	155
1945	176	102	192	170	229	154
1946	159	103	169	163	179	159
1947	176	113	187	174	208	172
1948	182	128	192	179	214	171
1948, by months—						
January	178	119	189	176	212	166
February	182	120	194	182	216	162
March	182	128	193	179	217	165
April	184	137	193	181	214	175
May	182	130	191	178	212	188
June	180	124	190	178	212	179
July	175	127	183	174	197	180
August	176	123	185	175	202	176
September	184	128	195	181	220	171
October	185	131	197	181	224	165
November	185	132	197	182	223	160
December	185	133	197	181	224	159

There was a further substantial increase in 1948 in all types of industrial output except electric power.

TABLE 18

AGRICULTURAL PRODUCTION

—	1939	1946	1947	Preliminary 1948
	(MILLIONS)			
Wheat (bush.)	521	414	337	393
Oats (bush.)	384	371	279	359
Barley (bush.)	103	149	141	155
Rye, flax seed, mixed grain (bush.)	62	68	60	105
Shelled corn, buckwheat, peas and beans (dry) (bush.)	18	20	15	20
Potatoes and turnips (tons)	4	4	3	4
Hay and clover, alfalfa, fodder corn, grain hay (tons)	22	23	24	25
Tobacco (lbs.)	108	141	107	109
Milk production (lbs.)	15,781	16,956	17,241	16,645
Meat production (lbs.)	1,490	2,350	2,220	*

* Not available.

Partly as a result of more favourable climatic conditions, production of field crops in 1948 recovered from 1947 levels but was still below wartime peaks. Milk production, however, was somewhat lower than in 1947 and, although final statistics are not available at this time, meat production also declined.

TABLE 19

INDEX NUMBERS OF THE COST-OF-LIVING

(1935-39=100)

—	All Items			Foods			Clothing			Rents		
	Canada	U.S.A.	U.K.	Canada	U.S.A.	U.K.	Canada	U.S.A.	U.K.	Canada	U.S.A.	U.K.
MONTHLY AVERAGES—												
1939	102	99	104	101	95	104	101	101	107	104	104	102
1940	106	100	121	106	97	121	109	102	143	106	105	103
1941	112	105	131	116	106	124	116	106	185	109	106	103
1942	117	117	132	127	124	119	120	124	200	111	109	103
1943	118	124	131	131	138	123	121	130	176	112	108	103
1944	119	126	132	131	136	124	122	139	173	112	108	103
1945	120	128	134	133	139	126	122	146	174	112	108	104
1946	124	139	134	140	160	125	126	160	173	113	109	105
1947	136	159	.....	160	194	.....	144	186	.....	117	111	.....
1948	155	171	108(1)	196	210	108(1)	174	198	109(1)	121	117	100(1)
1948—January	148	169	104(1)	182	210	104(1)	161	192	103(1)	120	116	100(1)
February	150	168	106	186	205	108	165	195	104	120	116	100
March	151	167	106	186	202	109	170	196	105	120	116	100
April	152	169	108	187	208	109	173	196	106	120	116	99
May	153	171	108	191	211	108	174	198	107	121	117	99
June	154	172	110	194	214	114	175	197	109	121	117	99
July	157	174	108	201	217	108	175	197	110	121	117	99
August	158	175	108	203	217	108	176	200	112	121	118	99
September	159	175	108	204	215	107	180	201	113	121	119	99
October	160	174	108	205	212	108	181	202	114	121	119	100
November	160	172	109	205	208	108	182	201	115	121	119	100
December	159	171	109	202	205	108	182	200	115	122	120	100
1949—January	160	171	.....	202	205	.....	182	197	.....	122	120	.....

(1) New Interim Index, based on June 17, 1947=100.

The chief development in Canadian prices in 1948 was the stability in the cost-of-living index during the closing months of the year. There was practically no change from September to the end of the year. In the United States the cost-of-living index at the turn of the new year was 4 points below the high point attained in August.

TABLE 20

MONEY SUPPLY AND RELATED BANK ASSETS

Money Supply	December 31,			
	1939	1946	1947	1948
	(Millions of Dollars)			
Currency Outside Banks—				
Notes(1)	247	1,031	1,046	1,115
Coin(2)	34	65	66	70
Total Currency	281	1,096	1,112	1,185
Bank Deposits—				
Chartered Banks				
Demand(3)	853	2,291	2,296	2,544
Active Notice(4)	197	614	597	649
Other (excl. Government of Canada)(5)	157	229	233	276
Total	1,207	3,134	3,126	3,469
Deduct Float(6)	*—136*	*—328*	*—362*	*—400*
Net Total	1,071	2,806	2,764	3,069
Bank of Canada "Other" Deposits(7)	18	94	68	81
Total Bank Deposits	1,089	2,900	2,832	3,150
Money Supply	**1,370**	**3,996**	**3,944**	**4,335**

(1) Note circulation of Bank of Canada and chartered banks, excluding notes held by chartered banks.

(2) Subsidiary coin issued by the Mint less coin held by Bank of Canada and chartered banks in Canada.

(3) Chartered banks' public demand deposits in Canada.

(4) Chartered banks' public notice deposits in Canada other than estimated aggregate quarterly minimum balances in personal savings accounts and non-personal notice deposits.

(5) Chartered banks' Canadian dollar deposits of provincial governments, Canadian, United Kingdom, and foreign banks.

(6) Cheques on banks as shown in chartered bank month-end returns to the Minister of Finance.

(7) Bank of Canada Other Deposits as shown in published month-end statements—i.e. excluding Government of Canada, chartered banks and foreign deposits.

TABLE 20—Concluded

MONEY SUPPLY AND RELATED BANK ASSETS

Related Bank of Canada and Chartered Bank Assets	December 31,			
	1939	1946	1947	1948
	(Millions of Dollars)			
Government of Canada Securities, Gold & Exchange—				
Bank of Canada, Gold & Exchange(8)	290	.....	.....	.....
Banking Securities(9))	425	1,476	811	1,138
Other Government of Canada Securities(10)	752	3,745	3,718	3,834
Total	752	3,745	3,718	3,834
Total Government of Canada Securities, Gold & Exch...	1,467	5,221	4,529	4,972
Deduct Government of Canada Deposits(11)	*−145*	*−366*	*−272*	*−320*
Net Total	1,322	4,855	4,257	4,652
All other Loans and Investments(12)	1,767	2,297	3,084	3,341
Deduct Inactive Notice Deposits(13)	*−1,544*	*−2,856*	*−3,143*	*−3,408*
Total Related Bank Assets	**1,545**	**4,296**	**4,198**	**4,585**

(8) Bank of Canada gold and foreign exchange holdings less the amount of foreign currency deposit liabilities.

(9) Bank of Canada and chartered bank holdings of Government of Canada Treasury Bills, Deposit Certificates, Treasury Notes and any other short term issues sold direct to bank of Canada and chartered banks.

(10) Bank of Canada and chartered bank holdings of Government of Canada direct and guaranteed securities other than those shown as banking issues.

(11) Canadian dollar deposits of the Government of Canada at chartered banks and Bank of Canada.

(12) All loans in Canada of the chartered banks other than temporary advances in connection with Victory Loan issues, plus chartered banks' holdings of provincial, municipal and "other" securities, and Bank of Canada holdings of Industrial Development Bank capital stock.

(13) Estimated aggregate minimum quarterly balances in chartered banks' personal savings deposits in Canada plus non-personal notice deposits in Canada.

From the end of 1946 to the end of 1947, the total money supply, as estimated by the Bank of Canada, showed virtually no change. During 1948, however, there was an increase of about $400 million. The reasons for the change are discussed in detail in the Bank of Canada annual report for the year 1948.

PART II

REVIEW OF GOVERNMENT ACCOUNTS 1948-49

1. Introduction

The figures appearing in this Part must be regarded as necessarily preliminary and subject to revision. Although the Government's fiscal year ends on March 31st the books must remain open for several weeks after that date in order to record various adjusting entries, as well as all payments up to April 30th made on account of expenditures originating in, and properly chargeable to, the current fiscal year. For these reasons final figures for the current year will not be available for some considerable time.

2. SUMMARY OF GOVERNMENTAL FINANCIAL OPERATIONS DURING THE YEAR

Total revenues of the Government for the year ending March 31, 1949, are now estimated at $2,768 millions. Expenditures, on the other hand, are estimated at $2,193 millions. On the basis of these figures it would appear that the Government's accounting or budgetary surplus for the current year will probably total something in the neighbourhood of $575 millions. This compares with the all-time record surplus of $676 millions accumulated during the year ended March 31, 1948. As a result of the current year's estimated surplus of $575 millions, the Government's net debt (*i.e.* the excess of total liabilities over total active assets) will reflect a reduction of an equivalent amount.

In addition to collecting revenues and making expenditures in the narrow accounting or budgetary sense of those terms, the Government also receives and disburses substantial amounts of cash in other ways. These other receipts and disbursements relate to transactions which give rise to increases or decreases in the Government's assets and liabilities, and they do not, therefore, appear in what might be called the Government's income account for the year, nor do they enter into the calculation of the Government's annual surplus or deficit. In 1948-49 the total of these other disbursements greatly exceeded the total of other receipts, and a large part of the cash provided by the 1948-49 surplus had to be used to finance the difference. The balance of cash available for the reduction of funded debt was, therefore, considerably reduced.

The following summary shows the nature and extent of these non-income account transactions and their effect upon the government's net cash position. The figures indicate that although a total cash sum of $650 millions became available to the government as a result of the current year's budgetary surplus, this was reduced to a "cash surplus" of only $182 millions after financing the large cash requirements on non-income account.

		(millions)
Net cash balance arising from the current year's budgetary surplus (*i.e.* budgetary surplus of $575 millions adjusted for non cash items)*		$650
Add other receipts:		
Increases in Annuity, Pension, Insurance and Guaranty accounts	$93	
Increases in Floating Debt, Deposit and Trust Accounts, and Sundry Suspense accounts	35	
		128
		778
Deduct other disbursements:		
Advances to the Foreign Exchange Control Board	450	
Loans to the United Kingdom and Other Governments (net)	57	
Advances to Central Mortgage and Housing Corporation	71	
Increases in other loans, advances and investments (net)	18	
		596
Cash surplus—*i.e.* balance available for debt reduction and/or increase in cash balances		$182

As shown above the total of other receipts during the year amounted to $128 millions, made up of $93 millions from increases in annuity, pension, insurance and guaranty accounts and $35 millions from increases in floating debt, deposit and trust accounts, and sundry suspense accounts. The total of other disbursements on the other hand amounted to no less than $596 millions, consisting of $450 millions by way of advances to the Foreign Exchange Control Board to finance increases in Canada's exchange reserves, $57 millions by way of loans to the United Kingdom and other countries for use in purchasing Canadian exports, $71 millions by way of advances to Central Mortgage and Housing Corporation for housing construction and housing loans, and a further net amount of $18 millions by way of miscellaneous loans, advances, and investments (including loans to veterans, farmers, and the Canadian National Railways).

Although total receipts from all sources exceeded total disbursements by only $182 millions, the government nevertheless reduced its outstanding funded debt by a net amount of $372 millions. This extra reduction in funded debt was made possible through sales of bonds out of Securities Investment Account. This account is the one used to record temporary holdings by the government of its own securities. Such securities are held either as temporary investments of surplus cash balances, or until the securities themselves mature or are cancelled.

* To calculate the amount of cash made available to the government as a result of the current year's surplus two types of adjustment are necessary:

In the first place there must be added back to the accounting or budgetary surplus figure of $575 millions any items included in total expenditure which did not involve current outlays of cash. In this category, for example, come the provision for possible losses on ultimate realization of active assets, $75 millions; the annual amortization of bond discounts and commissions, $8·6 millions; the 1948–49 subsidy payments and expenses of the Commodity Prices Stabilization Corporation (which were financed out of moneys advanced to the Corporation in prior years), $15·0 millions; etc.

In the second place there must be deducted from the budgetary surplus figure any items included in total revenues which did not represent current receipts of cash. In this category, for example, come the interest accruals on interim advances made during the year to foreign governments, which were added to principal on consolidation of such advances into a specific loan, $16·0 millions; and the transfer to revenue of a balance previously held in a deposit account for War Supplies Limited, representing reimbursement for inspection costs in connection with certain procurements made through that company, $11·0 millions; etc.

A reconciliation between the "cash surplus" of $182 millions, the net reduction in funded debt of $372 millions, and the net change in the government's cash position during the year, is shown below:

	(millions)
Cash surplus—*i.e.* excess of total receipts from all sources over total disbursements	$182
Add:	
Net sales of securities from Securities Investment Account	224
	$406
Deduct:	
Reduction in funded debt payable in Canada $472	
Less increase in funded debt payable in New York 100	
Net reduction in funded debt	372
Net increase in cash balances during the year	$ 34

3. SUMMARY OF THE 1948-49 REVENUE AND EXPENDITURE STATEMENT

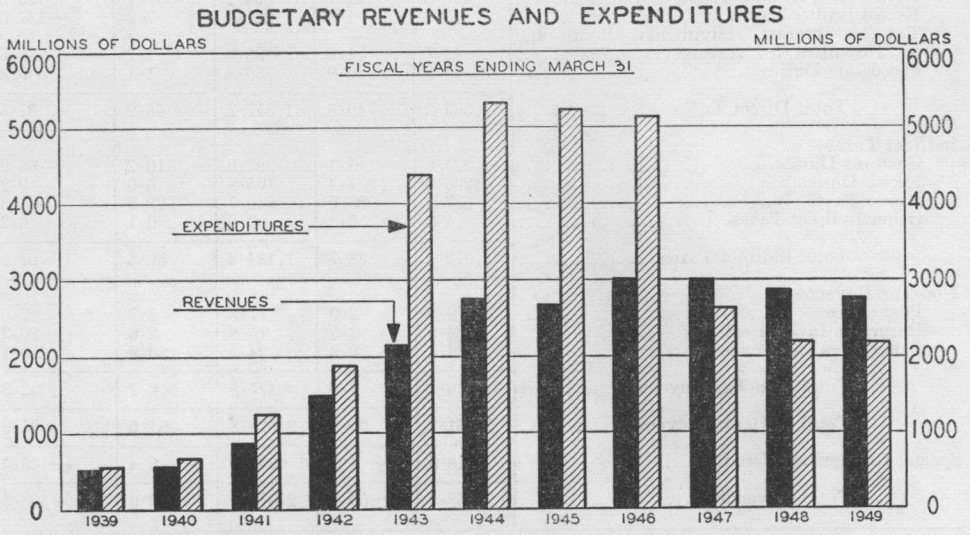
The table which follows gives a summarized statement of revenues and expenditures for the year ended March 31, 1949, together with comparable figures for the four preceding fiscal years. More detailed tables, in comparative form, may be found at the back of this Appendix.

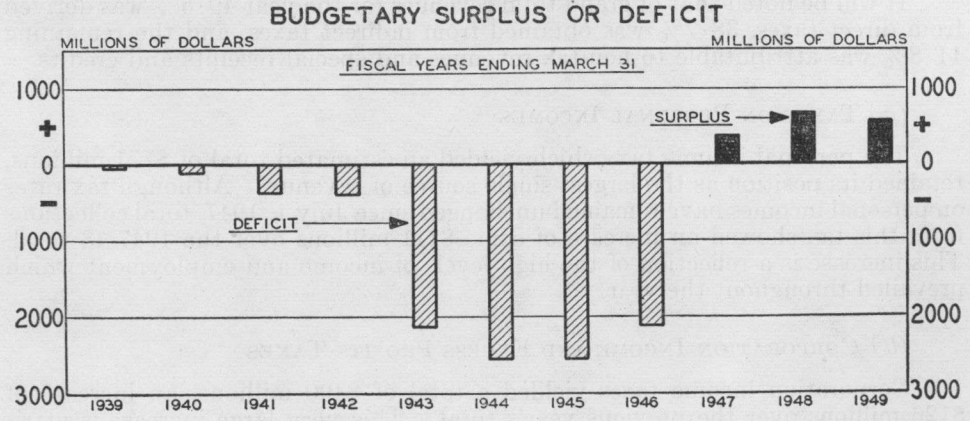
SUMMARY OF REVENUES AND EXPENDITURES
(in millions of dollars)

	Fiscal Year Ended March 31				
	1945	1946	1947	1948	1949 (Estimated)
REVENUES	$	$	$	$	$
Ordinary revenues	2,300·1	2,363·2	2,588·5	2,629·8	2,651·7
Capital refunds	0·7	0·4	0·1	0·1	
Special receipts and other credits	386·5	649·6	419·3	241·8	116·5
Total Revenues	2,687·3	3,013·2	3,007·9	2,871·7	2,768·2
EXPENDITURES					
Ordinary expenditures	767·4	1,061·9	1,236·2	1,380·0	1,583·3
Capital expenditures	3·2	4·5	11·2	15·7	19·5
War, demobilization and reconversion expenditures	4,418·4	4,002·9	1,314·8	634·4	434·4
Special expenditures	7·5	17·4	31·9	63·1	34·4
Government-owned enterprises	1·3	1·3	10·7	18·7	39·7
Other charges, including the write down of assets	47·8	48·2	29·4	83·7	81·9
Total Expenditures	5,245·6	5,136·2	2,634·2	2,195·6	2,193·2
Budgetary Surplus or Deficit(−)	−2,558·3	−2,123·0	373·7	676·1	575·0

Ordinary revenues for the fiscal year ending March 31, 1949, are expected to total approximately $2,652 millions, which represents an increase of approximately $22 millions over the total for the previous year. This increase was more than offset, however, by a decrease in special receipts and credits which are expected to total only $117 millions this year as compared with a total of $242 millions received during 1947-48. The reduction in these receipts, which consist largely of refunds of previous years' war, demobilization and reconversion expenditures, and sales of surplus war assets, reflects the normal decline which was to be expected in revenues from this source.

Of special interest on the expenditure side is the decrease in demobilization and reconversion expenditures from a total of $634 millions in 1947-48 to an estimated total of $434 millions for the current year. Special expenditures also reflect a decrease, declining from $63 millions in 1947-48 to $34 millions in 1948-49. These reductions were almost entirely offset, however, by an increase of $203 millions in ordinary expenditures ($1,583 millions in 1948-49 as compared with $1,380 millions in 1947-48), and an increase of $21 millions in expenditures connected with government-owned enterprises ($40 millions in 1948-49 as compared with $19 millions in 1947-48). To some extent the increase in ordinary expenditures and the decrease in demobilization and reconversion expenditures resulted from a change in method of classifying expenditure as between the two years. Owing to their continuing nature, for example, all costs relating to pensions and treatment of World War II veterans are now classed as ordinary expenditure, whereas in previous years they were included under the heading of Demobilization and Reconversion Expenditure.





4. ANALYSIS OF REVENUES

Estimated revenues for the year 1948-49, classified according to major categories, are presented in the following table along with corresponding figures for the previous fiscal year.

SUMMARY OF REVENUES, BY MAJOR CLASSIFICATIONS, FOR THE YEARS ENDED MARCH 31, 1949 AND MARCH 31, 1948

(In millions of dollars)

—	Fiscal Year Ended March 31				Increase or Decrease (−)
	1949 (Estimated)		1948		
	Amount	Percent	Amount	Percent	
	$		$		$
Direct Taxes—					
Individual Income Tax	771·0	27·9	659·8	23·0	111·2
Corporation Income Tax	490·0	17·7	364·2	12·7	125·8
Excess Profits Taxes	40·0	1·4	227·0	7·9	−187·0
Tax on Interest, Dividends, Rents and Royalties	42·7	1·6	35·9	1·2	6·8
Succession Duties	25·5	0·9	30·8	1·1	−5·3
Total Direct Taxes	1,369·2	49·5	1,317·7	45·9	51·5
Indirect Taxes—					
Customs Duties	225·0	8·1	293·0	10·2	−68·0
Excise Duties	206·0	7·4	196·8	6·9	9·2
Excise Taxes	637·4	23·0	640·7	22·3	−3·3
Other Indirect Taxes	4·0	0·2	3·8	0·1	0·2
Total Indirect Taxes	1,072·4	38·7	1,134·3	39·5	−61·9
Non-Tax Revenue—					
Post Office	79·8	2·9	77·8	2·7	2·0
Return on Investments	106·0	3·8	75·8	2·6	30·2
Other Non-Tax Revenue	24·3	0·9	24·2	0·9	0·1
Total Non-Tax Revenues	210·1	7·6	177·8	6·2	32·3
Total Ordinary Revenue	2,651·7	95·8	2,629·8	91·6	21·9
Special Receipts and Credits	116·5	4·2	241·9	8·4	−125·4
Total Revenues	2,768·2	100·0	2,871·7	100·0	−103·5

It will be noted that of grand total revenues for the year 49·5% was derived from direct taxes, 38·7% was obtained from indirect taxes, and the remaining 11·8% was attributable to non-tax revenues and special receipts and credits.

(a) Taxes on Personal Incomes

The personal income tax, which yielded an estimated total of $771 millions, retained its position as the largest single source of revenue. Although tax rates on personal incomes have remained unchanged since July 1, 1947, total collections from this tax showed an increase of some $111 millions over the 1947-48 total. This increase is a reflection of the high levels of income and employment which prevailed throughout the year.

(b) Corporation Income and Excess Profits Taxes

Corporation income taxes yielded a total of $490 millions, an increase of $126 millions over the previous year's total. This very large increase is attributable not only to the high level of business profits being earned during this

period, but also to the fact that the effect of the increase in corporation income tax rates (from 18% to 30%) which took place on January 1, 1947, was more fully reflected in 1948-49 revenues than it was in the revenues of the preceding year.

The yield from excess profits taxes totalled only $40 millions during the current year as compared with a total of $227 millions in 1947-48. These taxes were repealed as of December 31, 1947, so that collections during the year 1948-49 were largely in the nature of clean-up payments.

(c) Taxes on Interest, Dividends, Rents and Royalties

Revenues under this heading represent withholding taxes on certain payments going to non-residents. The 1948-49 total of $42·7 millions represents an increase of approximately $7 millions over that for the previous year. This increase is due largely to a higher level of dividend payments during the current period.

(d) Succession Duties

Revenue from succession duties is estimated at $25·5 millions for the current year. The decline of $5·3 millions below the previous year's total is attributable largely to the raising of exemptions on estates subject to duty from $5,000 to $50,000. This change, which was announced in the 1948 Budget Speech, became effective as of January 1, 1948.

(e) Customs Duties

Net revenues from customs duties for the current year are estimated at $225 millions. This represents a reduction of $68 millions below the 1947-48 total, a decrease which is attributable almost entirely to the import restrictions put into effect in November 1947 as part of Canada's exchange conservation program.

(f) Excise Duties

Excise duties, which are levied exclusively on alcoholic beverages and tobacco products, brought in an estimated total revenue of $206 millions during 1948-49, representing an increase of approximately $9 millions over the total for the previous year. Gross receipts in this category (before deducting refunds)are divided as follows: $105 millions from alcoholic beverages ($97·7 millions in 1947-48), and $104·3 millions from cigars, cigarettes and tobacco ($102·1 millions in 1947-48).

(g) Excise Taxes

Excise taxes constituted the second largest source of governmental revenues, with total collections for the year estimated at $637·4 millions ($640·7 millions in 1947-48). Included here are a wide variety of taxes on commodities and services levied under the provisions of the Excise Tax Act. The most important of these taxes from the point of view of revenue is the sales tax which yielded a gross revenue of $391·5 millions during 1948-49, or an increase of $8·5 millions over the total for the previous year. This increase, which reflects a somewhat higher price level during the current year, took place despite the fact that the majority of prepared food products not previously exempt from sales tax were placed on the exempt list in May, 1948.

The second largest revenue source among the excise taxes is the tax on tobacco products which yielded $76·6 millions. This represents an increase of 12% over the previous year's total, and indicates an upward trend in tobacco consumption.

The revenue from several other excise taxes also showed a substantial increase during the year. The revenue from soft drinks, for example, reached a new high of $27·8 millions, representing an increase of 17% over the total for the previous year. At the same time tax revenue from candy and chewing gum rose to $21·5 millions, representing an increase of 18% during the year. Excise tax revenues from automobiles, rubber tires and tubes totalled $37·4 millions for 1948-49, this increase of approximately 17% over 1947-48 revenues being attributable partly to the high rates of temporary taxes which were in effect until July 1948, and partly to the increased production and higher prices of automobiles.

Despite these increases, however, the over-all revenue from excise taxes was slightly lower in 1948-49 than in the preceding year because a number of previously important taxes no longer apply. The excise taxes on amusements, pari-mutuel bets, places of entertainment, and the special tax on importations, for example, were repealed in May, 1948 and yielded only small amounts of revenue during the current year. Moreover, excise taxes on gasoline and sugar, and the sales tax on gas and electricity, although they were repealed in 1947, yielded considerable amounts of revenue in 1947-48. Nothing, however, was received from these sources in 1948-49.

To some extent the revenue from excise taxes for the year reflects the temporary tax levies or temporary tax increases which were imposed in November 1947 in connection with the exchange conservation program. These temporary levies or increases were all removed over a period of nine months following that date, with the last and most important group being removed on July 31, 1948.

Some of the tax sources which showed an increase in revenue during the year (together with the amount of increase in each case) are as follows:

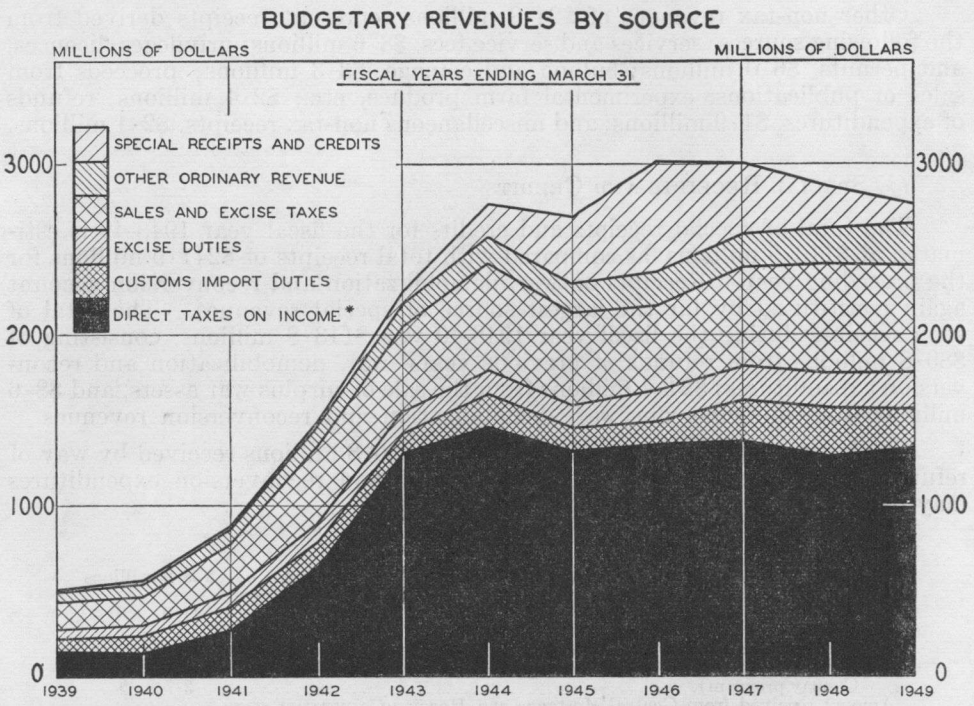
	Estimated Increase over 1947-48
Cigars, cigarettes and tobacco	$ 7,994,000
Automobiles, rubber tires and tubes	5,491,000
Beverages	4,033,000
Candy and chewing gum	3,261,000
Electric and gas appliances	1,066,000
Transportation and communications	1,049,000

Some of the sources which showed a decrease in revenue during the year (together with the amount of decrease in each case) are as follows:

	Estimated Decrease from 1947-48
Amusements	$ 12,789,000
Sugar	10,572,000
Pari-mutuel bets	2,519,000
Gasoline	2,208,000
Phonographs, radios and tubes	1,935,000
Special tax on importations	1,833,000
Stamps, including payment of taxes on jewellery, chinaware, cabaret attendance, etc.	1,750,000

(h) Other Indirect Taxes

Small amounts of tax revenue are derived from the tax on chartered bank note circulation; from the taxes on the net premium income of insurance companies; from a tax on the export of electric energy from Canada, and from a tax on the export of furs from the Northwest Territories. Total revenue from all these sources for 1948-49 is estimated at $4·0 millions, a slight increase over the total for the previous year.



*Direct taxes on income include individual income taxes, corporation income and excess profits taxes, and taxes on interest, dividends, rents and royalties.

(i) Non-Tax Revenues

Non-tax revenues for 1948-49 are estimated at $210·1 millions, an increase of some $32 millions over the 1947-48 total. The greater part of this increase took place in the revenue classification entitled "Return on Investments", the total of which is expected to reach $106 millions in 1948-49 as compared with a total of $75·8 millions in 1947-48. The larger items entering into total receipts under this classification are: interest on advances to the Canadian National Railways, $21·2 millions; Bank of Canada profits, $19·2 millions; interest on loans to, and operating profits of, the Foreign Exchange Control Board, $13·4 millions; interest on bonds held in Securities Investment Account, $17 millions; interest on loans to foreign governments under Part II of The Export Credits Insurance Act, $26·2 millions; and interest on advances under the Soldier Settlement and Veterans' Land Act, $3·3 millions.

Also included in the general category of non-tax revenues are post office receipts, which are estimated at $79·8 millions for 1948-49 as compared with a total of $77·8 millions during 1947-48. It may be of interest to note that the total costs of operating the Post Office Department during the year are estimated at $78·0 millions, so that receipts on this account exceeded costs by approximately $1·8 millions. In making this comparison, however, it should be borne in mind that the total shown for Post Office receipts does not reflect the value of services rendered free of charge to other departments. Similarly the total shown for operating expenses does not reflect any charges for premises owned by the Government and occupied by the Post Office Department.

Other non-tax revenues of $24·3 millions represent receipts derived from the following sources: services and service fees, $8·6 millions; privileges, licences, and permits, $6·0 millions; bullion and coinage, $3·3 millions; proceeds from sales of publications, experimental farm produce, etc., $2·4 millions; refunds of expenditures, $1·9 millions; and miscellaneous non-tax receipts, $2·1 millions.

(j) Special Receipts and Credits

The total of special receipts and credits for the fiscal year 1948-49 is estimated at $116·5 millions, as compared with total receipts of $241·9 millions for the preceding year. Receipts on war, demobilization and reconversion account again constituted by far the largest source of special revenues. The total of such receipts during the fiscal year 1948-49 was $113·8 millions, consisting of $80·8 millions from refunds of previous years' war, demobilization and reconversion expenditures; $24·4 millions from the sale of surplus war assets, and $8·6 millions from miscellaneous war, demobilization and reconversion revenues.

The largest item in this total, namely the $80·8 millions received by way of refunds of previous years' war, demobilization and reconversion expenditures may be further analysed as follows:

Refunds in connection with cost audits and re-negotiation of contracts	$ 58·0	millions
Reimbursement for inspection costs in connection with certain procurements made through War Supplies Limited	11·0	"
Refund by the Government of the United States of advances made by Canada in excess of amounts required to cover the cost of supplies and services furnished under lend lease and related programs (including the Canpay program)	3·7	"
Amount received from Central Mortgage and Housing Corporation representing proceeds from the sale of certain of the properties and assets transferred to that Corporation by Wartime Housing Limited	3·3	"
Miscellaneous refunds	4·8	"
	$ 80·8	millions

The amount of $24·4 millions realized from the disposal of surplus war assets does not include the residual cash balances or value of accounts receivable carried by War Assets Corporation as at March 31, 1949.

Miscellaneous war, demobilization and reconversion revenues totalling $8·6 millions include the sum of $5·0 millions derived from the operation of Park Steamships Limited, and the sum of $1·4 millions representing the Government's share of profits arising out of the wartime operations of Sorel Industries Limited.

Apart from war, demobilization and reconversion revenues, the only other important item included in special receipts and credits during the last fiscal year was a credit of $2·5 millions arising from the transfer to "Active Assets" of certain advances made in prior years in connection with the Snare River Power project, and previously classified as "Expenditure".

5. ANALYSIS OF EXPENDITURES

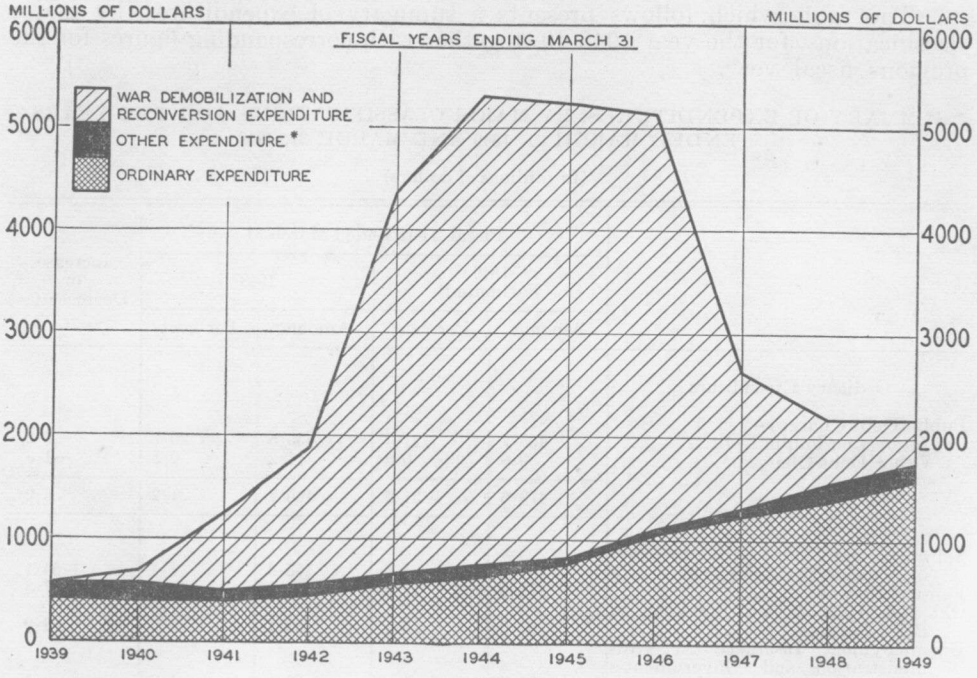
The table which follows presents a summary of expenditures, by major classifications, for the year 1948-49, together with corresponding figures for the previous fiscal year.

SUMMARY OF EXPENDITURES, BY MAJOR CLASSIFICATIONS, FOR THE YEARS ENDED MARCH 31, 1949 AND MARCH 31, 1948

(In millions of dollars)

—	Fiscal Year Ended March 31				Increase or Decrease (−)
	1949 Estimated		1948		
	Amount	Per cent	Amount	Per cent	
Ordinary Expenditure					
Public Debt Charges—					
Interest on Public Debt	463·7	21·1	455·5	20·7	8·2
Other Debt Charges	9·9	0·5	11·2	0·5	−1·3
	473·6	21·6	466·7	21·2	6·9
Subsidies, and Compensation to Provinces under Tax Agreements	101·5	4·6	155·9	7·1	−54·4
Family Allowances	271·0	12·4	263·2	12·0	7·8
Old Age Pensions and Pensions to Blind Persons	67·0	3·1	58·1	2·6	8·9
Unemployment Insurance Act—Administration and Government's Contribution	39·2	1·8	35·1	1·6	4·1
Department of National Revenue	51·3	2·3	37·3	1·7	14·0
Post Office Department	78·0	3·6	67·9	3·1	10·1
Agriculture	20·7	0·9	16·3	0·7	4·4
Mines and Resources	49·3	2·2	23·6	1·1	25·7
Public Works	51·7	2·3	35·6	1·6	16·1
Trade and Commerce	28·1	1·3	10·8	0·5	17·3
Transport	43·4	2·0	30·1	1·4	13·3
Veterans Affairs	183·5	8·4	97·3	4·5	86·2
Other Departments	125·0	5·7	82·1	3·7	42·9
Total Ordinary Expenditure	1,583·3	72·2	1,380·0	62·8	203·3
Capital Expenditure	19·5	0·9	15·7	0·7	3·8
Demobilization and Reconversion Expenditure					
National Defence—(Army, Navy and Air Services)	248·5	11·3	195·4	8·9	53·1
Reconstruction and Supply	1·5	0·1	62·3	2·8	−60·8
Veterans Affairs	88·8	4·0	237·4	10·8	−148·6
Costs of administering the Wartime Prices and Trade Board including costs of subsidies, and costs of drawback claims to millers	35·8	1·6	57·0	2·6	−21·2
Agriculture	25·0	1·2	33·2	1·5	−8·2
Trade and Commerce	18·7	0·9	0·1	0·0	18·6
Other Departments	16·1	0·7	49·0	2·3	−32·9
Total Demobilization and Reconversion Expenditure	434·4	19·8	634·4	28·9	−200·0
Special Expenditure	34·4	1·6	63·1	2·9	−28·7
Government Owned Enterprises	39·7	1·8	18·7	0·9	21·0
Other Charges	81·9	3·7	83·7	3·8	−1·8
Grand Total Expenditure	2,193·2	100·0	2,195·6	100·0	−2·4

MAIN CLASSES OF BUDGETARY EXPENDITURE



*Other expenditure includes capital and special expenditures, deficits of government owned enterprises' and other charges.

(1) Ordinary Expenditures

(a) Debt Charges

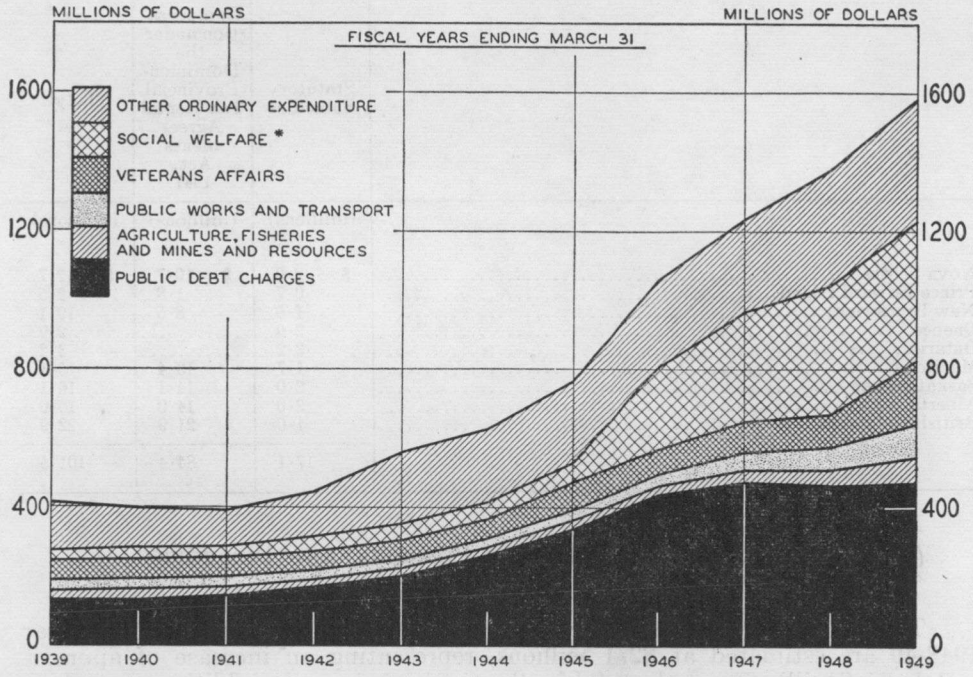
Interest on public debt again constituted the largest single item of governmental expenditure, with the 1948-49 total estimated at $463·7 millions or 21·1% of total expenditure for the year. The increase of $8·2 millions in this item over the 1947-48 total is attributable to the payment during 1948-49 of several years' accumulated interest on the 1943 and 1944 refundable portion of personal income taxes. The refundable portion for both these years is being repaid in March, 1949 and the total interest accrued thereon amounts to no less than $19·1 millions. This compares with a total interest charge of only $5·3 millions in the 1947-48 year, when the 1942 refundable portion was repaid.

If interest payments on the refundable portion are separated from both years' totals it will be seen that the aggregate of all other interest charges for the year 1948-49 was reduced $5·6 millions below the corresponding total for the previous year.

Of total 1948-49 interest charges of $463·7 millions, the sum of $438·2 millions represents interest paid on the government's outstanding funded debt, while the balance of $25·5 millions represents interest paid or credited to various annuity, superannuation, pension and trust funds.

The addition of annual amortization charges in connection with loan discounts and commissions, plus the costs of new loan flotations (not amortized), and certain miscellaneous service charges, brings the total of all public debt charges for the year to $473·6 millions.

ANALYSIS OF ORDINARY EXPENDITURE



*Social welfare costs include family allowances, old age pensions and pensions to the blind, the Government's contribution to the Unemployment Insurance fund, and the ordinary expenditures of the Department of Labour and the Department of National Health and Welfare.

(b) Payments to Provinces

Total payments to provinces (including statutory subsidies and payments under tax agreements) amounted to $101·5 millions, a decrease of some $54·4 millions below the total for the previous year. This difference is attributable largely to the fact that the 1947-48 total included not only the current payments to the seven participating provinces under the 1947 Dominion-Provincial Tax Rental Agreements, but also the final holdback payments to six provinces under the old wartime tax agreements (which expired during 1947-48), and a special payment of $8 millions each to Alberta and Saskatchewan in final settlement of claims in respect of natural resources.

Details of payments, by provinces, for the current year are as follows:

—	Statutory Subsidies	Compensation under the Dominion-Provincial Tax Rental Agreements Act, 1947	Total
	(millions)	(millions)	(millions)
Nova Scotia	$ 2·0	$ 10·7	$ 12·7
Prince Edward Island	0·7	1·8	2·5
New Brunswick	1·6	8·5	10·1
Quebec	2·9	.....	2·9
Ontario	3·2	.....	3·2
Manitoba	1·7	13·4	15·1
Saskatchewan	2·0	14·1	16·1
Alberta	2·0	14·0	16·0
British Columbia	1·0	21·9	22·9
	17·1	84·4	101·5

(c) Family Allowances, Old Age Pensions, and Pensions to Blind Persons

Total expenditures in connection with family allowances for the year 1948-49 are estimated at $271 millions, representing an increase of approximately $7·8 millions over the total for the previous year. In addition, payments for old age pensions and pensions to blind persons are expected to total $67 millions, an increase of approximately $8·9 millions over the 1947-48 total.

The estimated distribution of these payments, by provinces, is as follows:

—	Family Allowances	Old Age Pensions and Pensions to Blind Persons
	(millions)	(millions)
Nova Scotia	$ 14·6	$ 4·9
Prince Edward Island	2·3	0·6
New Brunswick	12·5	4·2
Quebec	89·3	17·3
Ontario	80·1	20·9
Manitoba	15·0	4·3
Saskatchewan	18·5	4·3
Alberta	18·7	4·0
British Columbia	19·4	6·5
Northwest and Yukon Territories	0·6	
	271·0	67·0

(d) Department of National Revenue

The increase of $14·0 millions in the expenditures of this department is attributable largely to a general expansion of the Income Tax Division, as well as to increases in personnel costs in all sections of the department.

(e) Mines and Resources

The increase of approximately $25·7 millions in the expenditures of this department is due chiefly to subsidy payments to gold mines under the new Emergency Gold Mining Assistance Act, together with some fairly substantial increases in expenditure in connection with National Parks, Immigration Services, and the Indian Affairs Branch. It is estimated that the total of subsidy payments to gold mines during the government's current fiscal year will aggregate approximately $10 millions.

(f) Public Works

Expenditures on public works are approximately $16·1 millions higher than the total for the previous year, reflecting a general increase in the costs of operation, maintenance and repairs in the case of public works and buildings, and an increase in the costs of dredging, improvements, etc., in the case of harbours and rivers. The total of this department's expenditures would probably have been much greater had it not been for the policy of deliberately deferring, wherever possible, all expenditures on new construction and new equipment.

(g) Transport

The increase of $13·3 millions in the expenditures of this department reflects a general increase in the costs of various departmental services. Air Services showed the greatest increase, with expenditures aggregating $18·4 millions in 1948-49 as compared with a total of $10·4 millions in the previous year.

(h) Trade and Commerce

Although the total ordinary expenditures of this department show an increase from $10·8 millions in 1947-48 to $28·1 millions in 1948-49, the greater part of this increase is due to the transfer to this department during 1948-49 of many of the services or functions which previously came under the Department of Reconstruction and Supply. Included in this transfer, for example, were the Chalk River Project and the National Research Council.

(i) Veterans Affairs

The ordinary expenditures of this department are estimated at $183·5 millions for the current year, an increase of $86·2 millions over the 1947-48 total of $97·3 millions. However, the greater part of this increase is due to a change in method of classifying expenditure. Owing to their continuing nature all costs relating to pensions and treatment of World War II veterans are now classed as "Ordinary Expenditure" whereas in previous years they were included under the heading of "Demobilization and Reconversion Expenditure".

To satisfactorily compare expenditures on veterans affairs as between the two years it is necessary to add together the Department's "Ordinary" expenditures and its "Demobilization and Reconversion" expenditures, and consider the combined total. As shown below the 1948-49 total of "Demobilization and Reconversion" expenditures for this department is estimated at $88·8 millions, as compared with a total of $237·4 millions for the preceding year. When these amounts are added to the totals of "Ordinary Expenditure" shown above it will be seen that the aggregate of all expenditures on veterans affairs declined from a total of $334·7 millions in 1947-48 to a total of $272·3 millions in 194 -49, i.e. an over-all decrease of $62·4 millions.

(2) Capital Expenditures

Expenditures charged to capital are estimated at $19·5 millions for the year as compared with a total of $15·7 millions in 1947-48. The principal items in this category are the costs of constructing and improving civil airways and airports, the costs of dredging the St. Lawrence ship channel, and capital expenditures in connection with the Prince Edward Island car ferry and terminals.

(3) Demobilization and Reconversion Expenditures

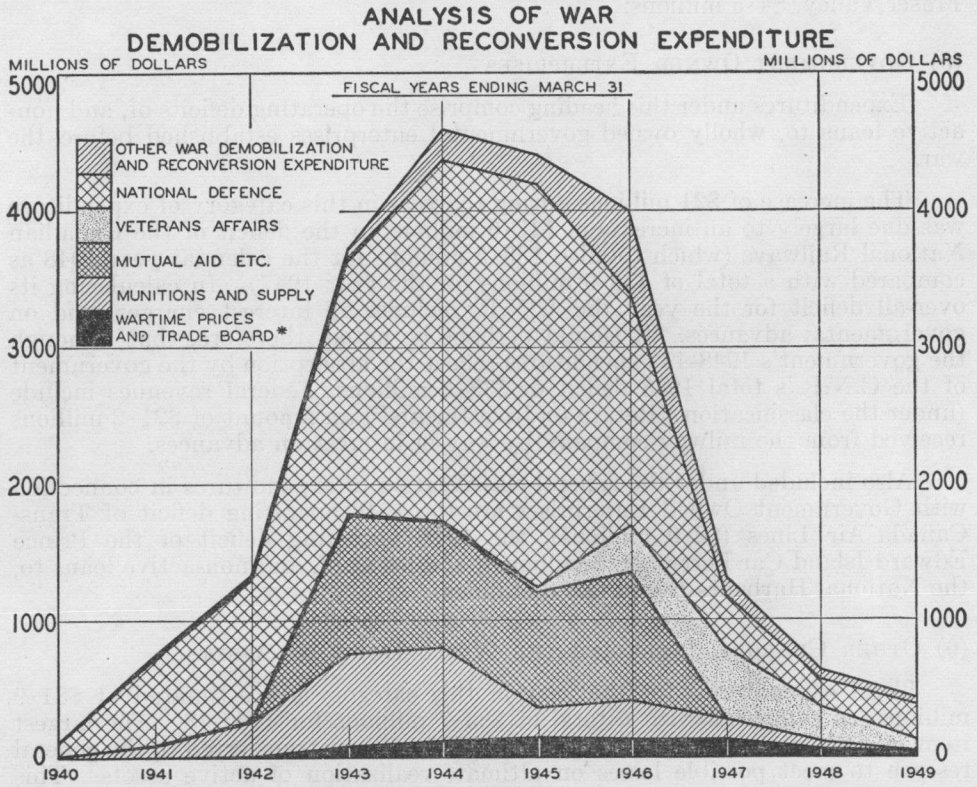
Despite a large increase in the expenditures of the Department of National Defence (which are estimated at $248·5 millions in 1948-49 as compared with a total of $195·4 millions for the previous year) the total of demobilization and reconversion expenditures decreased from $634·4 millions in 1947-48 to $434·4 millions in 1948-49.

The greater part of this decrease occurred in the Veterans Affairs Department, whose total demobilization and reconversion expenditure for 1948-49 is estimated at $88·8 millions as against a total of $237·4 millions for the preceding year. Part of this large decrease is due, of course, to the fact that costs of pensions, and treatment in connection with World War II veterans are, as already mentioned, included under "Ordinary Expenditure", whereas in previous years they were classified as "Demobilization and Reconversion Expenditure". In addition, however, some very substantial reductions did occur in such items as post-discharge rehabilitation benefits ($47·5 millions in 1948-49 as against $78·3 millions in 1947-48), and in war service gratuities and re-establishment credits ($36·2 millions in 1948-49 as against $84·2 millions in 1947-48.)

The total costs involved in administering the Wartime Prices and Trade Board (including costs of subsidies, and payments of drawback claims to millers) declined from $57·1 millions in 1947-48 to $35·8 millions for the current year.

A substantial reduction is also reflected in the expenditures of the Department of Reconstruction and Supply (which show a total of only $1·5 millions in 1948-49 as compared with $62·3 millions for the previous year). Part of this reduction is attributable to a change in the method of recording federal government outlays in connection with housing. Prior to June 30, 1948, construction work on federal housing projects was carried on through the medium of Wartime Housing Limited, and all outlays in this connection were treated as "Expenditure" in the government's accounts. As the various projects were brought to completion, the management and control of the houses was transferred to Central Mortgage and Housing Corporation. On June 30, 1948, in accordance with the 1948 amendments to the National Housing Act, the latter corporation became responsible for all future housing construction as well, and the activities of Wartime Housing Limited were thereupon brought to an end. The 1948 amendments to the National Housing Act also provided that all moneys turned over to Central Mortgage and Housing Corporation for housing purposes were to be treated as advances on the government's books.

As a result of this change in procedure there is nothing in the 1948-49 expenditures of the Department of Reconstruction and Supply which corresponds with the total of $36·5 millions (for Wartime Housing Limited) included in the Department's 1947-48 expenditures. Although amounts totalling approximately $63 millions were turned over to Central Mortgage and Housing Corporation during 1948-49 for construction purposes, these are recorded as advances in the government's books and are not included with the year's expenditures.



*The amounts shown for the Wartime Prices and Trade Board include administrative costs, subsidies due to application of price ceilings, and payments of drawback claims to millers

Part of the reduction in the expenditures of this department is also attributable to the fact that certain functions or services previously performed by the Department of Reconstruction and Supply were transferred during the year to the Department of Trade and Commerce. Expenditures in connection with the administration, reconversion and operation of Crown companies and/or plants, together with production and transportation subsidies for Canadian steel producers, and costs of research and development of jet engines and aircraft, which were shown under the Department of Reconstruction and Supply in 1947-48, are included this year in the expenditures of the Department of Trade and Commerce.

(4) Special Expenditures

Special expenditures are estimated at $34·4 millions for the year, a decrease of approximately $28·7 millions below the 1947-48 total. The larger items making up the 1948-49 total are as follows: deficit of the Prairie Farm Emergency Fund, $8·9 millions; expenditures under the Prairie Farm Rehabilitation Act, $2·9 millions; expenditures relating to the St. Mary River Dam project $1·6 millions; deficit of the Canadian Wheat Board on flaxseed account for the crop year 1947-48, $4·5 millions; the grant to British Columbia for emergency relief and rehabilitation in connection with the Fraser Valley flood disaster, $5 millions; and Canada's share of the cost of repairing and reconstructing dykes in the Fraser Valley, $4·5 millions.

(5) Government Owned Enterprises

Expenditures under this heading comprise the operating deficits of, and non-active loans to, wholly owned governmental enterprises established before the war.

The increase of $21 millions during the year in this category of expenditure was due largely to an increase of $17·6 millions in the deficit of the Canadian National Railways (which totalled $33·5 millions for the calendar year 1948 as compared with a total of $15·9 millions for the year 1947). In calculating its over-all deficit for the year the C.N.R. includes all interest charges paid on governmental advances. It should perhaps be noted, therefore, that although the government's 1948-49 expenditures reflect the absorption by the government of the C.N.R.'s total 1948 deficit of $33·5 millions, Federal revenues include (under the classification "Return on Investments") an amount of $21·2 millions received from the railway company by way of interest on advances.

Also included under the general classification of expenditures in connection with Government Owned Enterprises are the 1948 operating deficit of Trans-Canada Air Lines ($2·9 millions), the 1948 operating deficit of the Prince Edward Island Car Ferry ($1·2 millions), and losses of, and non-active loans to, the National Harbours Board ($2·0 millions).

(6) Other Charges, Including the Write Down of Assets

Total expenditures for the year in this category are estimated at $81·9 millions, as compared with a total of $83·7 millions for 1947-48. The largest item in both years' totals is an amount of $75 millions transferred to the general reserve to meet possible losses on ultimate realization of active assets. This reserve was first established in 1940-41, and $25 millions was set aside annually from that time up to and including the fiscal year 1946-47. In 1947-48, and again this year, the annual provision was increased to $75 millions—a larger provision being deemed advisable in order to offset the charges that have been made to the reserve during recent years, and also in order to bring the reserve to a level more in keeping with the magnitude of the government's active assets and the proportion thereof represented by loans to overseas countries.

Also included under the classification "Other Charges", are the annual write-off of Veterans' Land Act Loans ($1·2 millions) and the reserve provisions for conditional benefits under the Veterans' Land Act ($5·7 millions).

6. ESTIMATED BALANCE SHEET POSITION AT MARCH 31, 1949

The following table presents, in summary form, the Government's estimated balance sheet position as at March 31, 1949, together with comparable figures as at March 31, 1948.

SUMMARY OF THE GOVERNMENT'S BALANCE SHEET POSITION AS AT MARCH 31, 1949 AND MARCH 31, 1948

(In millions of dollars)

—	Fiscal Year Ended March 31		Increase or Decrease (—)
	1949 (Estimated)	1948	
	$	$	$
LIABILITIES			
Floating Debt	459·0	458·6	0·4
Deposit and Trust Accounts	110·6	115·7	—5·1
Annuity, Pension, Insurance and Guaranty Accounts	704·1	610·7	93·4
Deferred Credits	3·0	4·0	—1·0
Sundry Suspense Accounts	60·2	31·4	28·8
Province Debt Accounts	11·9	11·9	
Reserve for conditional benefits—Veterans' Land Act	13·3	7·6	5·7
Funded Debt	15,585·0	15,957·4	—372·4
Total Liabilities	16,947·1	17,197·3	—250·2
ACTIVE ASSETS			
Cash	72·2	38·0	34·2
Departmental Working Capital Advances	11·0	11·7	—0·7
Loans and Advances	4,273·7	3,676·7	597·0
Investments	951·5	1,175·2	—223·7
Province Debt Accounts	2·3	2·3	
Deferred Charges	65·7	72·7	— 7·0
Sundry Suspense Accounts	20·0	20·0	
Total Active Assets	5,396·4	4,996·6	399·8
Less reserve for possible losses on ultimate realization of active assets	—245·9	—170·9	75·0
Net Active Assets	5,150·5	4·825·7	324·8
Net Debt (Excess of Liabilities over Net Active Assets)	11,796·6	12,371·6	—575·0

It is estimated that the aggregate liabilities of the Government at March 31, 1949, will amount to approximately $16,947 millions, a reduction of $250 millions from the total at the end of the previous year. Outstanding funded debt (which includes bonds, treasury bills, deposit certificates, and the estimated refundable portion of excess profits taxes) accounts for $15,585 millions, or approximately 92 per cent of the over-all total. A complete statement of the Government's unmatured funded debt at March 31, 1949, giving details of interest rates, dates of maturity, annual interest charges, and principal amounts for each individual loan, may be found in tabular form at the back of this appendix.

The other principal items on the liability side of the balance sheet are as follows: floating debt, (which consists of outstanding cheques and interest, matured funded debt, and similar demand liabilities), $459 millions; deposit and trust funds (which comprise sundry funds deposited with the Receiver General or held in trust for various purposes), $110·6 millions; annuity, pension, insurance and guaranty accounts, $704·1 millions; deferred credits (balances whose ultimate accounting treatment is known, but which are held until certain conditions are met), $3 millions; sundry suspense accounts (where some uncertainty as to disposition exists), $60·2 millions; province debt accounts (settlements arising from agreements at the time of Confederation), $11·9 millions; and reserve for conditional benefits under the Veterans' Land Act, $13·3 millions.

Offsetting these liabilities (and in a measure explaining their existence, because a substantial portion of the total debt is attributable to the loans, advances, and investments which form a large part of the assets) are the Govern-

ment's Active Assets. Essentially these consist of assets which yield interest, profits or dividends, together with very liquid assets such as cash and departmental working funds.

It is estimated (although some of the items are very difficult to forecast) that the totals of the principal asset classifications at March 31, 1949, will be approximately as follows: cash, $72·2 millions; departmental working capital advances, $11 millions; recoverable loans and advances, $4,273·7 millions; investments, $951·5 millions; province debt accounts, $2·3 millions; deferred charges (the cost of loan flotations in process of being amortized over the life of the loans), $65·7 millions; and sundry suspense accounts, $20 millions.

The reserve for possible losses on ultimate realization of active assets, which now stands on the books at $245·9 millions, is shown on the balance sheet as a deduction from total Active Assets.

7. INDIRECT OR CONTINGENT LIABILITIES

It should be noted that the balance sheet as summarized above does not reflect any of the government's indirect or contingent liabilities. Included under this heading, for example, are the government's guarantees of certain securities issued by various government owned enterprises such as the Canadian National Railways, the Canadian National (West Indies) Steamships Limited, and various Harbours Commissions; the guarantee of deposits maintained by the chartered banks in the Bank of Canada; guarantees of certain loans made by chartered banks to veterans or farmers for certain authorized purposes; guarantees under The Export Credits Insurance Act; and certain commitments under housing legislation.

The following table gives details of the bonds and debenture stocks guaranteed by the government, and also indicates the nature and approximate extent of the government's other guarantees and contingent liabilities:

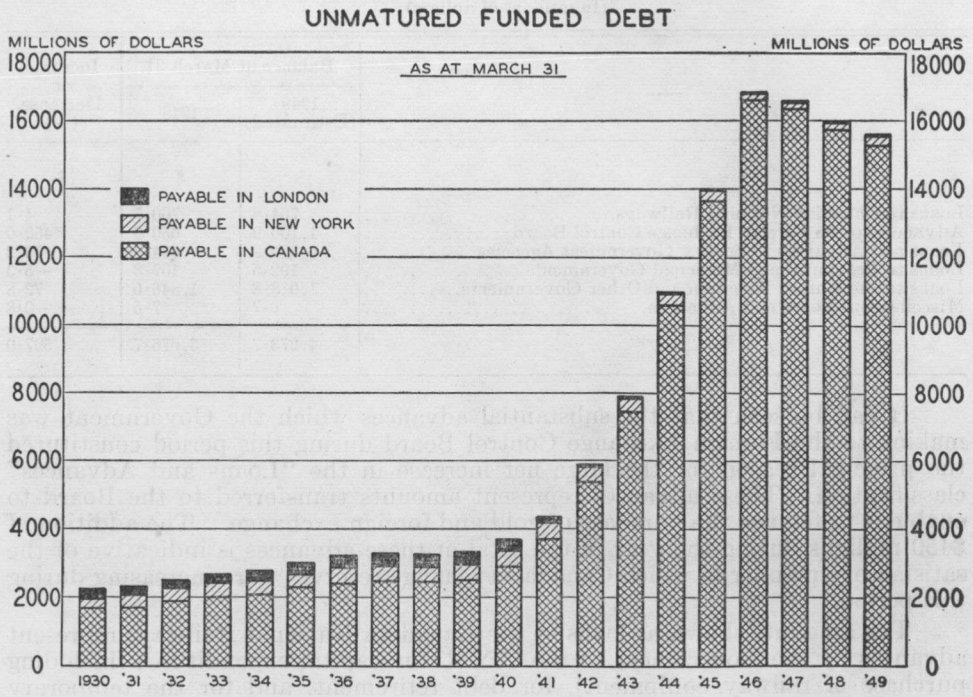
DETAILS OF BONDS AND DEBENTURE STOCKS GUARANTEED BY THE GOVERNMENT AS AT MARCH 31, 1949

Date of Maturity	Issue	Interest Rate	Estimated Amount Outstanding
		%	$
Sept. 1, 1951..	Canadian National	4½	48,022,000
Aug. 1, 1952..	Saint John Harbour Commissioners	5	667,953
July 10, 1953..	Canadian Northern	3	1,162,768
Feb. 1, 1954..	Canadian National	5	50,000,000
Mar. 1, 1955..	Canadian National (West Indies) Steamships Limited	5	9,400,000
June 15, 1955..	Canadian National	4¾	48,496,000
Feb. 1, 1956..	Canadian National	4½	67,368,000
July 1, 1957..	Canadian National	4½	64,136,000
July 20, 1958..	Canadian Northern	3½	5,636,507
Jan. 15, 1959..	Canadian National	3	35,000,000
May 4, 1960..	Canadian Northern Alberta	3½	550,727
May 19, 1961..	Canadian Northern Ontario	3½	3,597,518
Jan. 1, 1962..	Grand Trunk Pacific	3	26,465,130
Jan. 1, 1962..	Grand Trunk Pacific	4	7,999,074
Jan. 3, 1966..	Canadian National	3	35,000,000
Jan. 2, 1967..	Canadian National	2¾	50,000,000
Oct. 1, 1969..	Canadian National	5	57,728,500
Nov. 1, 1969..	Harbour Commissioners of Montreal	5	19,000,000
Feb. 1, 1970..	Canadian National	5	17,338,000
Various dates 1949–54.....	City of Saint John Debentures assumed by Saint John Harbour Commissioners	Various	88,329
Perpetual.....	Grand Trunk Debenture Stock	5	1,016,092
"	Great Western Debenture Stock	5	499,709
"	Grand Trunk Debenture Stock	4	5,446,783
"	Northern Railway of Canada Debenture Stock	4	22,591
			554,641,681

DETAILS OF OTHER OUTSTANDING GUARANTEES AND CONTINGENT LIABILITIES

Deposits maintained by the chartered banks in the Bank of Canada (Feb. 28, 1949)	$ 530,960,371
Bank advances, re Province of Manitoba Savings Office (Feb. 28, 1949)	4,040,078
Province of Manitoba Treasury Bill (Feb. 28, 1949)	3,300,000
Loans made by chartered banks under the Farm Improvement Loans Act, 1944 (Jan. 31, 1949)	6,229,154
Loans made by chartered banks under the Veterans' Business and Professional Loans Act (Dec. 31, 1948)	1,586,223
Guaranteed Bank Loans—Acadia Coal Company (Feb. 28, 1949)	584,000
Guarantees under Part II of The Export Credits Insurance Act (Feb. 28, 1949)	11,610,917
Loans made by approved lending institutions under The Home Improvement Loans Guarantee Act, 1937 (Dec. 31, 1948)	26,138
Loans made by approved lending institutions under The Home Extension Plan (Dec. 31, 1948)	612
Loans made by approved lending institutions under Part IV of the National Housing Act, 1944, for home extensions (Dec. 31, 1948)	5,704
Loans made by approved lending institutions under Dominion and National Housing Acts	Indeterminate
Guarantees of land assembly projects under National Housing Act	726,559

It will be noted that the total of guaranteed bonds and debentures outstanding at March 31, 1949, is estimated at $554·6 millions, an increase of approximately $32·7 millions over the amount outstanding at March 31, 1948. This increase resulted from the issue by the Canadian National Railways of $35 millions in 3% bonds dated January 3, 1949, and maturing January 3, 1966, and the redemption on April 1, 1948, of New Westminster Harbour Commissioners' 4¾% bonds in the amount of $·7 millions, together with certain other smaller redemptions.



8. ANALYSIS OF CHANGES IN PRINCIPAL LIABILITY CLASSIFICATIONS DURING THE YEAR

The most significant change on the liability side of the balance sheet during the year was the substantial reduction which took place in the government's outstanding funded debt. Total funded debt decreased from $15,957·4 millions at March 31, 1948, to an estimated total of $15,585·0 millions at March 31, 1949—representing an over-all net reduction of $372·4 millions. Details of the various loan redemptions and new borrowings which resulted in this net decrease are set out more fully in section 10 of this Part.

The only other important changes on the liability side of the balance sheet were the following: annuity, pension, insurance and guaranty accounts showed an increase of $93·4 millions during the year, largely as a result of an increase of $66 millions in government annuities and an increase of $14·3 millions in the permanent services pension fund; sundry suspense accounts showed an increase of $28·8 millions during the year, attributable largely to collections of provincial taxes on corporation incomes.

9. ANALYSIS OF CHANGES IN PRINCIPAL ASSET CLASSIFICATIONS DURING THE YEAR

(a) Changes in Loans and Advances

The total of recoverable loans and advances increased from $3,676·7 millions at March 31, 1948, to an estimated total of $4,273·7 millions at March 31, 1949—representing an over-all net increase of $597 millions during the year. The following table summarizes the changes in outstanding loans and advances during the year by principal classifications:

DETAILS OF ACTIVE LOANS AND ADVANCES

(In millions of dollars)

—	Balance at March 31		Increase or Decrease (—)
	1949 (Estimated)	1948	
	$	$	$
Loans to Canadian National Railways	764·8	760·7	4·1
Advances to the Foreign Exchange Control Board	1,100·0	650·0	450·0
Loans and Advances to Sundry Government Agencies	380·9	304·7	76·2
Loans to Provincial and Municipal Governments	102·5	107·8	—5·3
Loans to the United Kingdom and Other Governments	1,918·8	1,846·0	72·8
Miscellaneous Loans and Advances	6·7	7·5	—0·8
	4,273·7	3,676·7	597·0

It can be seen that the substantial advances which the Government was making to the Foreign Exchange Control Board during this period constituted the principal reason for the large net increase in the "Loans and Advances" classification. These advances represent amounts transferred to the Board to enable it to finance the purchase of gold and foreign exchange. The addition of $450 millions during the year in the total of these advances is indicative of the satisfactory manner in which Canada's exchange reserves were increasing during this period.

The amounts shown as loans to the Canadian National Railways represent advances by the Government to the C.N.R. for capital expenditures (including purchase of railway equipment), for debt retirement, and for the temporary financing of current operations.

The balances shown as loans and advances to sundry government agencies represent amounts transferred to various government agencies of an independent or quasi-independent nature for working capital, construction, and other purposes. The following table gives details of the principal agencies included under this classification:

DETAILS OF LOANS AND ADVANCES TO SUNDRY GOVERNMENT AGENCIES

(In millions of dollars)

—	Balance at March 31		Increase or Decrease (−)
	1949 (Estimated)	1948	
	$	$	$
Advances under the Soldier Settlement and Veterans' Land Act...	166·2	145·5	20·7
National Harbours Board	85·3	85·1	0·2
Central Mortgage and Housing Corporation	93·0	22·5	70·5
Commodity Prices Stabilization Corporation	5·6	20·7	−15·1
Sundry Products and Prices Support Accounts	8·0	17·4	−9·4
Miscellaneous Crown Companies	22·8	13·5	9·3
	380·9	304·7	76·2

Under the heading "Loans to Provincial and Municipal Governments" are grouped loans to provinces made originally under Relief Acts and other legislation, and loans to municipalities under the Municipal Improvements Assistance Act.

The next category of loans, namely "Loans to the United Kingdom and Other Governments" consists of loans to the Government of the United Kingdom under the authority of The War Appropriation (United Kingdom Financing) Act, 1942, and The United Kingdom Financial Agreement Act, 1946, loans to other countries under Part II of The Export Credits Insurance Act, and miscellaneous foreign loans. Details of the changes in each of these individual classifications are as follows:

DETAILS OF LOANS TO THE UNITED KINGDOM AND OTHER GOVERNMENTS

(In millions of dollars)

—	Balance at March 31		Increase or Decrease (−)
	1949 (Estimated)	1948	
	$	$	$
Loans to the United Kingdom under The War Appropriation (United Kingdom Financing) Act, 1942	297·1	331·5	−34·4
Loans to the United Kingdom under The United Kingdom Financial Agreement Act, 1946	1,045·0	1,008·0	37·0
Advances under The Export Credits Insurance Act, Part II	534·5	466·3	68·2
Miscellaneous Advances	42·2	40·2	2·0
	1,918·8	1,846·0	72·8

It is estimated that during the year ending March 31, 1949 the United Kingdom will have repaid $34·4 millions of the loan previously granted under the provisions of The War Appropriation (United Kingdom Financing) Act, 1942, leaving a balance of $297·1 millions still outstanding on this account at the end of the year. At the same time additional advances of $37 millions were made to the United Kingdom Government as part of the $1,250 million loan authorized by The United Kingdom Financial Agreement Act of 1946. The total of amounts advanced under this particular agreement now stands at $1,045 millions.

Advances under Part II of The Export Credits Insurance Act represent loans to certain foreign countries to assist them in purchasing goods and services in Canada. It is estimated that the total of outstanding advances under this Act will amount to $534.5 millions at March 31, 1949, representing a net increase of $68·2 millions over the balance outstanding at March 31, 1948. The following table summarizes the changes in these advances during the year according to recipient governments:

ADVANCES TO FOREIGN GOVERNMENTS UNDER PART II OF THE EXPORT CREDITS INSURANCE ACT

(In millions of dollars)

—	Total Outstanding at March 31, 1948	Additional Amounts Advanced during 1948-49	Interest Accrued (Consolidated with Advances)	Repayments during 1948-49	Total Outstanding at March 31 1949 (Estimated)
	$	$	$	$	$
Belgium	65·6	1·0	0·1	2·1	64·6
China	39·5	11·5	1·2	1·7	50·5
Czechoslovakia	15·2	1·2	0·3	.....	16·7
France	206·3	35·9	8·9	8·4	242·7
Netherlands	104·8	14·0	5·1	5·8	118·1
Netherlands Indies	11·6	3·4	0·4	.....	15·4
Norway	20·4	3·2	.....	.....	23·6
Union of Soviet Socialist Republics	2·9	.....	.....	.....	2·9
	466·3	70·2	16·0	18·0	534·5

(b) Changes in Investments

The total of the government's investments decreased from $1,175·2 millions at March 31, 1948 to $951·5 millions at March 31, 1949, representing an over-all net reduction of $223·7 millions during the year. This decrease was due to the reduction of $224·4 millions during the year in Securities Investment Account. As previously mentioned, this account is the one used to record temporary holdings by the government of its own securities. Such securities may be held either as temporary investments of surplus cash balances, or until the securities themselves mature or are cancelled.

A summary of the principal items making up the investment total which appears on the balance sheet is shown in the following table:

SUMMARY OF INVESTMENTS

(In millions of dollars)

—	Balance at March 31		Increase or Decrease (−)
	1949 (Estimated)	1948	
Bank of Canada—Capital Stock	5·9	5·9	
Central Mortgage and Housing Corporation—Capital Advances	25·0	25·0	
Canadian Farm Loan Board—Bonds and Capital Stock	22·2	21·1	1·1
Balances receivable under Agreements of Sale of Crown Assets	11·2	11·6	−0·4
Canada's Subscription to the Capital of the International Monetary Fund	300·0	300·0	
Canada's Subscription to the Capital of the International Bank for Reconstruction and Development	65·0	65·0	
Securities Investment Account	462·0	686·4	−224·4
Miscellaneous	60·2	60·2	
	951·5	1,175·2	−223·7

(c) CHANGES IN RESERVE FOR POSSIBLE LOSSES ON ULTIMATE REALIZATION OF ACTIVE ASSETS

As mentioned earlier a transfer of $75 millions was made to this reserve during the year with a corresponding amount being charged to "Expenditure" in the government's accounts. The balance to the credit of the reserve now stands at $245·9 millions.

10. SUMMARY OF SECURITY ISSUES AND REDEMPTIONS DURING THE YEAR

During the fiscal year ending March 31, 1949, government obligations totalling $3,081·7 millions matured or were called for redemption. Of this amount a total of $2,941·6 millions represented redemptions in Canada, the financing of which was effected as follows:

	(millions)
By refunding or conversion into new issues	$ 2,233·3
From proceeds of new borrowing: Sale of Canada Savings Bonds Series III	236·0
From cash balances	472·3
	$ 2,941·6

The redemption of $472·3 millions out of cash balances represents the net reduction achieved during the year in the total of Canadian debt.

The remaining* $140 millions of the over-all redemption figure of $3,081·7 millions referred to above represents the repayment of certain U.S. dollar loans previously made to the government by the Export-Import Bank of Washington ($50 millions of which were advanced during the fiscal year 1947-48, and the remaining $90 millions of which were advanced during the early part of the present fiscal year). This repayment of $140 millions was financed out of the proceeds of a new issue of $150 million 3% fifteen year bonds which were sold to three United States insurance companies in August 1948 at par.

The $90 millions in U.S. dollars which were obtained as a result of this year's drawings on the Export-Import Bank loan, together with the $10 millions in U.S. dollars remaining out of the proceeds of the new $150 million loan, were transferred during the year to the Foreign Exchange Control Board and added to the nation's exchange reserves. The net effect, during 1948-49, of all these U.S. dollar transactions was to increase the total funded debt payable in New York by $100 millions, and at the same time to increase the country's exchange reserves by an equivalent amount.

It can be seen from the above analysis that the over-all net reduction in the government's outstanding funded debt during the year amounted to $372·4 millions—i.e. the net reduction of $472·3 millions in Canadian debt together with the reduction of $0·1 millions in sterling debt, and less the increase of $100 millions in funded debt payable in New York.

More complete details of redemptions and new issues of securities during the year are set out in tables on the following two pages.

*Apart from certain minor redemptions of sterling debt totalling $68,514.

REDEMPTION OF FUNDED DEBT DURING FISCAL YEAR ENDED MARCH 31, 1949

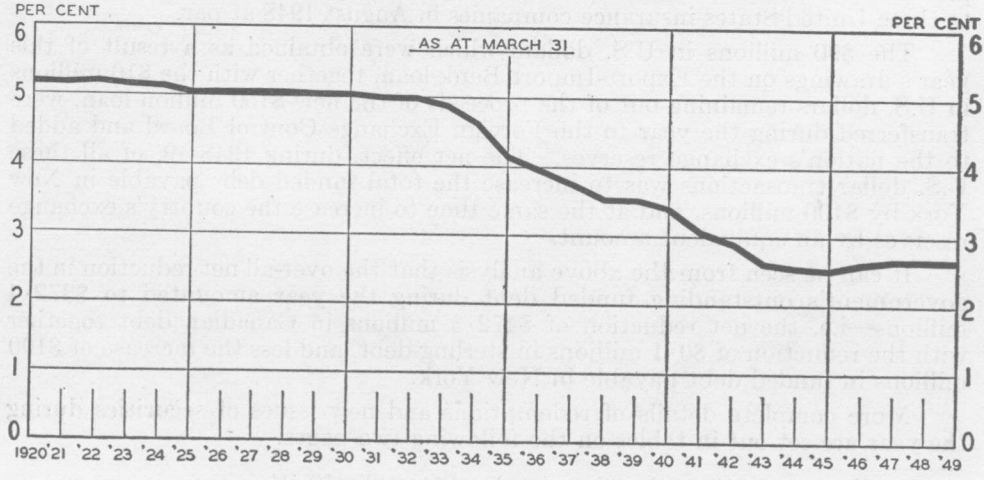
Maturity or Call Date	Interest Rate	Where Payable	Amount
	%		$
May 1, 1948	⅝	Canada	200,000,000
July 1, 1948	4	Canada	33,293,471
Aug. 13, 1948[1]	2½	New York	140,000,000
Sept. 1, 1948	⅝	Canada	550,000,000
Sept. 3, 1948	⅝	Canada	100,000,000
Nov. 1, 1948	⅝	Canada	200,000,000
Nov. 1, 1948	1¾	Canada	344,267,000
Nov. 1, 1948[2]	4½	Canada	276,687,600
Nov. 15, 1948[3]	3¼	Canada	60,000,000
Feb. 1, 1949[4]	3¼	Canada	49,995,800
Mar. 1, 1949	⅝	Canada	550,000,000
Mar. 4, 1949	⅝	Canada	100,000,000
Non-Interest Bearing Certificates	.....	Canada	34,915
War Savings Certificates	3	Canada	50,826,494
Various[5]	.....	London	68,514
Canada Savings Bonds Series I and II	2¾	Canada	140,781,000
Total Bonds and Certificates			$2,795,954,794
Repayment of Refundable Portion of Income and Excess Profits Taxes			285,749,000
Total Redemptions of Debt			$3,081,703,794

Total payable in Canada	$2,941,635,280
Total payable in New York	140,000,000
Total payable in London	68,514
	$3,081,703,794

(1) Export-Import Bank Loan.
(2) Maturity Date Nov. 1, 1958, called for redemption Nov. 1, 1948.
(3) Maturity Date Nov. 15, 1951, called for redemption Nov. 15, 1948.
(4) Second call of First War Loan.
(5) These issues were vested by the Treasury of the United Kingdom in August 1941. Amounts purchased during the fiscal year were cancelled.

It may be of interest to note that the average coupon rate on the government's outstanding funded debt at the close of the current year is estimated at 2·64%. This compares with an average rate of 2·66% at the close of the last fiscal year, and an average rate of 3·52% as at March 31, 1939.

AVERAGE INTEREST RATE ON FUNDED DEBT*



*Funded debt includes bonds, treasury bills, deposit certificates, and the estimated refundable portion of income and excess profits taxes.

NEW SECURITY ISSUES DURING FISCAL YEAR ENDED MARCH 31, 1949

—	Issue Date	Maturity Date	Interest Rate	Price to Government	Yield at Price to Government	Total Amount Issued	Renewals or Reconversion Included in Amount Issued	Amount Issued for Cash
			%		%	$	$	$
Payable in Canada								
Issued to Chartered Banks								
Deposit Certificates	Sept. 3, 1948	Mar. 4, 1949	⅝	100·00	0·625	100,000,000	100,000,000	
Three Year Bonds	Nov. 1, 1948	Nov. 1, 1951	1¾	100·00	1·75	250,000,000	250,000,000	
Deposit Certificates	Mar. 4, 1949	Sept. 2, 1949	¾	100·00	0·75	100,000,000	100,000,000	
						450,000,000	450,000,000	
Issued to Bank of Canada								
Six Months Treasury Notes	May 1, 1948	Nov. 1, 1948	⅝	100·00	0·625	200,000,000	200,000,000	
Six Months Treasury Notes	Sept. 1, 1948	Mar. 1, 1949	⅝	100·00	0·625	550,000,000	550,000,000	
Three Year Bonds	Nov. 1, 1948	Nov. 1, 1951	1¾	100·00	1·75	250,000,000	250,000,000	
Six Months Treasury Notes	Nov. 1, 1948	May 1, 1949	⅝	100·00	0·625	200,000,000	200,000,000	
Six Months Treasury Notes	Mar. 1, 1949	Sept. 1, 1949	¾	100·00	0·75	550,000,000	550,000,000	
						1,750,000,000	1,750,000,000	
Issued to General Public								
Canada Savings Bonds, Series III—Net	Nov. 1, 1948	Nov. 1, 1958	2¾	99·375	2·82	236,064,000	.....	236,064,000
Issued to Prairie Provinces								
School Lands Debentures	July 1, 1948	July 1, 1949	4	100·00	4·00	33,293,471	33,293,471	
Total issues payable in Canada	.....	.....	.....	.....	.....	2,469,357,471	2,233,293,471	236,064,000
Payable in United States								
Issued to the Export-Import Bank of Washington								
One, Two and Three Year Notes	Various	Various	2½	100·00	2·50	90,000,000	.....	90,000,000
Issued to Insurance Companies								
Fifteen Year Bonds	Aug. 1, 1948	Aug. 1, 1963	3	99·90	3·01	150,000,000	140,000,000	10,000,000
Total issues payable in United States	.....	.....	.....	.....	.....	240,000,000	140,000,000	100,000,000
Grand Total	.....	.....	.....	.....	.....	2,709,357,471	2,373,293,471	336,064,000

SUPPLEMENTARY DETAILED TABLES

REVENUES

EXPENDITURES

LOANS AND ADVANCES AND INVESTMENTS

UNMATURED FUNDED DEBT

STATEMENT OF REVENUES FOR THE LAST FIVE FISCAL YEARS

(Thousands of Dollars)

—	1944–45	1945–46	1946–47	1947–48	Estimated 1948–49
	$	$	$	$	$
TAX REVENUE—					
Direct Taxes—					
Direct Taxes on Incomes—					
Individual Income Tax	767 755	691,586	694,530	659,828	771,000
Tax on Interest and Dividends	27,053	26,824	28,428	33,929	40,500
Taxes on Rents and Royalties	1,546	1,486	1,708	1,960	2,200
Corporation Income Tax	276,404	217,834	238,792	364,131	490,000
Excess Profits Tax	465,805	494,196	448,698	227,030	40,000
Total Direct Taxes on Incomes	1,538,563	1,431,926	1,412,156	1,286,878	1,343,700
Succession Duties	17,251	21,447	23,576	30,828	25,500
Total Direct Taxes	1,555,814	1,453,373	1,435,732	1,317,706	1,369,200
Indirect Taxes—					
Customs Import Duties	115,091	128,877	237,355	293,012	225,000
Excise Duties—					
Spirits, malt, etc	72,133	91,274	97,820	97,675	105,000
Cigars, cigarettes and tobacco	83,142	98,228	101,163	102,116	104,300
Licences	37	39	40	37	38
Less refunds	−3,390	−2,815	−2,979	−3,034	−3,338
Total Excise Duties	151,922	186,726	196,044	196,794	206,000
Excise Taxes—					
Taxes on Commodities—					
Sales Tax	404,109	326,253	328,073	383,012	391,490
War Exchange Tax	98,164	41,198	338	.....	.....
Automobiles, rubber tires and tubes	6,480	6,701	16,340	31,949	37,440
Beverages	19,442	16,657	18,635	23,767	27,800
Candy and chewing gum	12,874	11,904	13,277	18,279	21,540
Cigars, cigarettes and tobacco	62,306	70,229	76,318	68,606	76,600
Cigarette papers and tubes	6,658	4,645	6,943	6,419	6,840
Electric and gas appliances	4,057	1,272	7	2,824	3,890
Furs	5,217	4,976	3,102	3,139	3,550
Gasoline	29,671	29,836	36,220	2,208	.....
Matches and lighters	3,117	3,675	4,088	3,967	3,720
Phonographs, radios and tubes	1,112	646	2,526	5,325	3,390
Special excise on importations	545	787	1,185	2,113	280
Sugar	11,744	9,974	11,339	10,572	.....
Toilet preparations and soaps	6,347	7,107	7,522	7,146	7,960
Trunks, bags, luggage, etc	4,134	4,711	5,710	4,962	5,610
Wines	1,772	2,066	2,394	2,342	2,070
Sundry	2,977	3,811	5,109	4,716	4,320
Taxes on Amusements and Services—					
Amusements	12,284	13,387	14,552	15,369	2,580
Tax on pari-mutuel bets	1,904	2,188	2,510	2,519	.....
Transportation and communication	24,205	26,893	27,931	27,531	28,580
Stamps, including payment of taxes on jewellery, chinaware, cabaret attendance, etc	18,296	21,697	24,437	24,300	22,550
Licences, interest and miscellaneous	369	302	313	376	290
Less refunds (mainly sales tax)	−194,719	−114,005	−29,845	−10,683	−13,100
Total Excise Taxes	543,065	496,910	579,024	640,758	637,400
Other Taxes—					
Chartered bank note circulation	350	270	220	188	160
Insurance Companies	7,182	7,951	8,796	3,004	3,300
Miscellaneous	702	751	690	613	500
Total Indirect Taxes	818,312	821,485	1,022,129	1,134,369	1,072,360
Total Revenue from Taxes	2,374,126	2, 4,858	2,457,861	2,452,075	2,441,560

STATEMENT OF REVENUES FOR THE LAST FIVE FISCAL YEARS—*Concluded*

(Thousands of Dollars)

—	1944–45	1945–46	1946–47	1947–48	Estimated 1948–49
	$	$	$	$	$
NON-TAX REVENUE—					
Post Office	66,056	68,613	72,978	77,759	79,800
Return on Investments	60,749	70,915	69,439	75,800	106,000
Bullion and coinage	4,586	4,954	2,098	1,731	3,300
Premium, discount and exchange	.....	.....	.....	3,736	.....
Other	14,080	16,322	16,355	18,745	21,000
Total Non-tax Revenue	145,471	160,804	160,870	177,771	210,100
Total Ordinary Revenue	2,519,597	2,435,662	2,618,731	2,629,846	2,651,660
SPECIAL RECEIPTS AND CREDITS—					
Refunds of previous years' Special Expenditure	53	20	10	7	15
Special Receipts—War and Demobilization	352,918	626,616	412,763	225,757	113,814
Donations to the Crown	177	161	170	138	60
Canadian Wheat Board—					
Reduction in Reserve Account	589	.....	.....	.....	.....
Surpluses in certain special accounts	2,625	.....	1,762	16	.....
Canadian National Railways—					
Net credit due to increase in Canadian National Railways Securities Trust Stock (contra)	22,400	22,631	.....	.....	.....
Investment in Crown plants transferred to Active Assets	7,143	174	2,053	3,704	2,454
	385,905	649,602	416,758	229,622	116,343
Capital and Non-active Accounts—					
Capital Accounts—					
Refunds of previous years' expenditure	728	376	110	61	80
Non-active Accounts—					
National Harbours Board, reduction of indebtedness	19	.....	10	82	.....
1936 and 1937 Saskatchewan Seed Grain Loans Guarantees—					
Adjustment pursuant to The Western Provinces Treasury Bills and Natural Resources Settlement Act, 1947	.....	.....	.....	9,773	.....
Canadian National (West Indies) Steamships, Limited, reduction of indebtedness	549	.....	1,105	256	80
Transfer to Consolidated Deficit Account from Capital Accounts —Airways and Airports (Airways facilities, State of Michigan, U.S.A.)	.....	.....	.....	158	.....
Write-downs to Consolidated Deficit Account—					
Canadian National Railways Securities Trust Stock—reduction due to retirement of equipment during calendar years 1946 and 1947	.....	.....	1,308	1,885	.....
Seed Grain and Relief Loans	36	45	54	63	60
Total Capital and Non-active Accounts	1,332	421	2,587	12,278	220
Total Special Receipts and Credits	387,237	650,023	419,345	241,900	116,563
TOTAL REVENUE	2,906,834	3,085,685	3,038,076	2,871,746	2,768,223
Less estimated amount of refundable Income and Excess Profits Taxes	219,500	72,500	30,200	.....	.....
NET TOTAL REVENUE	2,687,334	3,013,185	3,007,876	2,871,746	2,768,223

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS

(Thousands of Dollars)

—	1944-45	1945-46	1946-47	1947-48	Estimated 1948-49
ORDINARY EXPENDITURE	$	$	$	$	$
Agriculture	9,424	10,319	13,300	16,311	20,677
Auditor General's Office	361	379	390	395	546
Civil Service Commission	461	479	593	665	765
External Affairs	1,910	4,522	5,128	7,195	9,719
Finance—					
Interest on Public Debt	318,995	409,134	464,395	455,455	463,689
Cost of Loan Flotations and Annual Amortization of Bond Discounts and Commissions	20,679	22,311	12,139	10,914	9,838
Premium paid on redemption of called bonds	.....	5,842	271	35	27
Subsidies to Provinces	14,445	14,447	14,383	33,394	17,094
Miscellaneous Grants and Contributions	531	617	95	113	147
Civil Pensions and Superannuation	325	293	253	224	194
Government contribution to Superannuation Fund	2,341	2,696	3,161	3,488	4,050
Old Age Pensions, including pensions to blind persons	32,187	(1) —	(1) —	(1) —	(1) —
Premium, Discount and Exchange	16,348	14,734	9,172	.....	.....
Compensation to Provinces under Dominion-Provincial Taxation Agreements—					
Income and Corporation Taxes	82,977	94,343	94,380	122,497	84,386
Gasoline Tax	10,357	3,709	.....	.....	.....
Administrative and Sundry Expenditure	4,724	7,569	9,599	11,313	14,871
Fisheries	2,159	3,262	3,599	4,097	5,280
Governor General and Lieutenant-Governors	223	227	252	239	245
Insurance	185	199	212	237	281
Justice	2,696	2,848	3,194	3,917	4,102
Penitentiaries	2,936	3,258	3,806	4,564	5,950
Labour	1,446	1,620	2,010	2,319	4,295
Unemployment Insurance Act, 1940—					
Administration	5,113	6,185	7,496	17,641	19,035
Government Contribution	12,746	12,514	15,200	17,500	20,195
Government Annuities—					
Payments to maintain reserve	257	294	977	332	10,000
Legislation—					
House of Commons	1,612	2,235	2,786	3,022	2,724
Library of Parliament	72	74	90	103	130
Senate	485	727	881	946	748
General	95	98	167	270	375
Chief Electoral Officer, including elections	179	3,091	144	151	285
Mines and Resources—					
Administration	168	164	173	268	361
Immigration	1,309	1,524	2,047	2,665	6,100
Indian Affairs	6,162	4,466	5,948	7,180	10,652
Lands, Parks and Forests	1,831	2,689	4,962	.....	.....
Lands and Development Services	.....	.....	.....	5,630	12,561
Surveys and Engineering	1,610	1,323	3,444	.....	.....
Special Projects	.....	.....	.....	2,554	130
Mines and Geological Survey	1,216	1,303	1,847	.....	.....
Mines, Forests and Scientific Services	.....	.....	.....	5,318	19,460
Munitions and Supply	19	.....	.....	.....	.....
Dominion Fuel Board Administration coal subsidies and subventions	2,737	(2) —	(2) —	(2) —	.....
National Defence—					
Administration and sundry services	67	127	253	615	1,035
Pensions—Militia Pensions Act	(3) —	(3) —	(3) —	(3) —	4,879
Government contribution to Permanent Forces Pension Fund	.....	.....	.....	(4) —	8,004

(1) See Department of National Health and Welfare.
(2) See Department of Reconstruction and Supply.
(3) Included under Veterans Affairs.
(4) Included under Demobilization and Reconversion—Army, Navy and Air Services.

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS—*Continued*

(Thousands of Dollars)

—	1944-45	1945-46	1946-47	1947-48	Estimated 1948-49
	$	$	$	$	$
ORDINARY EXPENDITURE—Con.					
National Health and Welfare	1,725	7,294	8,616	10,815	14,261
Old age pensions, including pensions to blind persons	([5]) —	33,715	35,928	58,090	67,000
Family allowances	.....	172,632	245,141	263,165	270,973
General health grants	.....	.....	.....	.....	8,677
National Revenue (including Income Tax)	20,114	22,630	28,551	37,312	51,295
National War Services	838	5	.....	.....	.....
Post Office	54,629	57,730	64,213	67,944	78,015
Prime Minister's Office	64	61	88	99	114
Privy Council	81	419	808	1,287	3,802
Public Archives	124	127	149	157	171
Public Printing and Stationery	232	238	293	536	877
Public Works	13,169	16,283	26,360	35,545	51,730
Reconstruction and Supply	969	2,103	1,932	12,342	3,376
Dominion Fuel Board Administration, coal subsidies and subventions	([6]) —	2,339	1,776	1,143	([7]) —
Royal Canadian Mounted Police	7,183	7,284	8,604	10,406	13,523
Secretary of State	864	954	1,157	1,345	1,674
Trade and Commerce	5,830	6,356	9,776	10,846	25,553
Dominion Fuel Board Administration coal subsidies and subventions	—	—	—	—	2,585
Mail Subsidies and Steamship Subventions	869	994	1,103	([8]) —	([8]) —
Transport—					
Administration and general	1,390	1,440	1,499	1,973	2,258
Air Service	3,939	4,196	5,653	10,390	18,432
Marine Service	4,897	4,895	5,963	6,831	8,282
Railways and Canals	3,306	3,391	3,702	4,073	5,473
Maritime Freight Rates Act	4,733	4,345	4,871	5,090	6,758
Mail Subsidies and Steamship Subventions, including Canadian Maritime Commission	.....	.....	.....	1,764	2,171
Veterans Affairs—					
Departmental Administration	196	1,142	1,680	1,677	2,329
Pensions (World War 1 and military)	39,372	39,996	40,771	41,227	.....
Pensions (World Wars 1 and 2 and N.W. Rebellion, 1885)	([9]) —	([9]) —	([9]) —	([9]) —	103,673
War Services gratuities and re-establishment credits	20,228	([9]) —	([9]) —	([9]) —	([9]) —
Treatment and after-care of returned soldiers and allowances to dependents	19,845	28,551	44,303	46,286	69,220
Soldiers Settlement and Veterans Land Act	1,391	3,160	6,551	8,092	8,258
Total Ordinary Expenditure	767,376	1,061,902	1,236,235	1,380,002	1,583,310
CAPITAL EXPENDITURE					
Railways	630	2,313	2,654	3,809	3,316
Public Works	2,534	2,195	8,546	11,847	16,239
Total Capital Expenditure	3,164	4,508	11,200	15,656	19,555
WAR, DEMOBILIZATION AND RECONVERSION EXPENDITURE					
National Defence—Army, Navy and Air services	—	—	—	*189,360*	*233,402*
National Defence—Defence Research	—	—	*4,090*	*6,024*	*15,069*

([5]) See Department of Finance.
([6]) See Department of Munitions and Supply.
([7]) See Department of Trade and Commerce.
([8]) See Department of Transport.
([9]) See War, Demobilization and Reconversion Expenditure.

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS—*Continued*

(Thousands of Dollars)

—	1944–45	1945–46	1946–47	1947–48	Estimated 1948–49
WAR, DEMOBILIZATION AND RECONVERSION EXPENDITURE—*Con.*	$	$	$	$	$
National Defence—Army—					
Army Services	1,243,733	935,006	208,106		
Internment Operations	1,580	1,002	135		
Inspection Board of the U.K. and Canada	8,362	6,124	—		
Inspection Board of Canada	—	—	2,819		
Sundry	8,080	7,446	8,064		
	1,261,755	*949,578*	*219,124*		
National Defence—Naval Services	*417,099*	*241,759*	*64,873*		
National Defence—Air Services—					
Overseas War Establishment	759,070	—	—		
Overseas Operations	—	197,076	4,779		
Home War Establishment	227,942	—	—		
Western Hemisphere Operations	—	108,032	37,697		
Air Training	272,342	—	—		
Training Organization	—	74,770	11,962		
Repatriation and Demobilization	—	72,153	16,325		
Restricted Servicing Units	—	38,623			
General Servicing Units	—	14,884	17,109		
Surplus Equipment Units	—	815			
Headquarters and Commands Administration	—	17,880	11,315		
Sundry	102	97	84		
	1,259,456	*524,330*	*99,271*		
Reconstruction and Supply (formerly Munitions and Supply)—					
Administration, reconversion and operation of Crown Companies and/or Crown Plants	—	—	10,784	1,558	[10] —
Administration	8,841	6,858	4,140	1,305	118
Housing development	—	—	35,323	38,558	1,000
Production and transportation subsidies for Canadian steel producers, etc	[11] —	[11] —	12,663	7,950	[10] —
Research and development of jet engines and aircraft	.....	.....	.....	4,500	[10] —
Expansion of Industry	205,039	112,675	.....	.....	.....
Acquisition of U.K. Assets	1,964	.....	.....	.....	.....
Acquisition of U.S. Assets	—	1,906	.....	.....	.....
Liquidation of Contracts	—	—	24,743	1,007	.....
Termination of Contracts	—	151,846	55,200	6,400	.....
Other	2,932	5,522	4,287	1,056	350
	218,776	*278,807*	*147,140*	*62,334*	*1,468*
Agriculture—					
Disposal of agricultural products rendered surplus by the war	1,194	354	958	7	.....
Freight assistance on western feed grains	15,943	17,317	18,828	20,092	18,483
Fertilizer subventions and freight allowance	446	438	283	.....	.....
bsidies and bulk purchasing of fertilizer	—	—	—	597	358
Subsidy on western wheat used exclusively as feed for live-stock	7,471	7,864	6,474	4,421	.....
Subsidy on milk and milk products	42,330	41,659	36,759	1,861	1,000
Premium on hog carcasses suitable for export to U.K	14,091	9,573	4,506	5,474	5,125
To provide for reserve stocks of feed grains	715	1,274	1,551	434	.....
Sundry	5,864	4,499	1,757	347	31
	88,054	*82,978*	*71,116*	*33,233*	*24,997*
External Affairs—					
Contribution to International Refugee Organization	.....	.....	.....	5,468	5,415
General post UNRRA relief	.....	.....	.....	16,927	367
Sundry	296	383	837	5	88
	296	*383*	*837*	*22,400*	*5,870*

[10] See Department of Trade and Commerce.
[11] Included in Expansion of Industry.

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS—*Continued*

(Thousands of Dollars)

—	1944-45	1945-46	1946-47	1947-48	Estimated 1948-49
	$	$	$	$	$
WAR, DEMOBILIZATION AND RECONVERSION EXPENDITURE—*Con.*					
Finance—					
Comptroller of the Treasury	9,216	9,369	6,072	1,702	[12] —
Wartime Prices and Trade Board—Administration	12,720	14,753	12,738	5,794	3,570
Subsidies due to application of Order placing a ceiling over all prices	107,338	97,819	88,778	34,341	15,000
Advances for payment of drawback claims to millers and other manufacturers of wheat products	19,700	14,750	26,000	17,000	17,200
Advances to the Canadian Wheat Board to cover deficits in certain Board operations	13,058	—	[13] —	[13] —	[13] —
House Conversion Program	4,053	1,764	[14] —	[14] —	[14] —
Old Age Pensions, increased benefits	8,788	[15] —	[15] —	[15] —	[15] —
Halifax V-E Day disorders and explosion—					
Payment of claims	—	4,610	2,127	.....	.....
Expenses of investigations	—	248	161	.....	.....
Sundry	1,646	958	999	363	1,369
	176,519	*144,271*	*136,875*	*59,200*	*37,139*
Labour—					
Industrial training	1,617	701	15	.....	.....
Training aircraft mechanics	333	3	.....	.....	.....
National Selective Service program	11,098	11,268	11,230	[16] —	[16] —
Removal of enemy aliens from protected areas	2,137	2,203	3,161	.....	.....
Vocational training for discharged members of the Canadian Armed Forces	602	4,365	13,049	6,405	3,310
Vocational Schools—Payments to Provinces	—	607	2,442	3,264	[17] —
Sundry	3,877	3,712	2,757	1,723	1,768
	19,664	*22,859*	*32,654*	*11,392*	*5,078*
Mines and Resources—					
Prince Rupert — Terrace — Cedarvale Highway	2,499	8	.....	.....	.....
Employment of Japanese	511	262	45	.....	.....
Aerial Photography	51	572	944	726	1,140
Sundry	2,753	2,633	1,509	1,086	233
	5,814	*3,475*	*2,498*	*1,812*	*1,373*
National War Services—					
War Charities—Auxiliary services	15,933	13,070	.....	.....	.....
Censorship	1,856	859	.....	.....	.....
Sundry	8,193	316	29	.....	.....
	25,982	*14,245*	*29*	.....	.....
National Health and Welfare—					
Old Age Pensions, increased benefits	[18] —	9,103	9,517	996	[17] —
Sundry	1,340	2,135	157	107	30
	1,340	*11,238*	*9,674*	*1,103*	*30*
Privy Council—					
Canadian Information Service (formerly Wartime Information Board)	1,700	1,229	.....	.....	.....
Sundry	58	43	45	8	.....
	1,758	*1,272*	*45*	*8*	.....
Public Works	*6,500*	*6,205*	*3,651*	*1,242*	.....
Royal Canadian Mounted Police	*3,709*	*4,775*	*1,896*	*1,627*	.....
Trade and Commerce—					
Gift of wheat to Greece	6,749	.....	.....	.....	.....
Administration	—	—	—	—	993

[12] Included in ordinary expenditure.
[13] Included in special expenditure.
[14] See Department of Reconstruction and Supply.
[15] See Department of National Health and Welfare.
[16] Included in ordinary expenditure (Unemployment Insurance administration).
[17] Included in ordinary expenditure.
[18] See Department of Finance.

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS—*Continued*

(Thousands of Dollars)

—	1944–45	1945–46	1946–47	1947–48	Estimated 1948–49
	$	$	$	$	$
WAR, DEMOBILIZATION AND RECONVERSION EXPENDITURE—*Con.*					
Trade and Commerce—*Con.*					
Administration, reconversion and operation of Crown Companies and/or Crown Plants	—	—	—	—	2,900
Production and transportation subsidies for Canadian steel producers, etc.	—	—	—	—	7,500
Research and development of jet engines and aircraft	—	—	—	—	2,000
Sundry	670	1,772	682	126	5,344
	7,419	*1,772*	*682*	*126*	*18,737*
Transport	*16,433*	*15,013*	*9,723*	*6,387*	*1,823*
Acquisition of airfields and works from United States Government	*18,661*	.....	.....	.....	.....
Veterans Affairs—					
Treatment—Defence Forces	11,449	26,298	50,982	27,130	([17]) —
Pensions—Defence Forces	11,939	22,200	33,763	40,517	([17]) —
Additions, alterations and improvements to departmental hospitals, including land purchases	5,738	7,371	8,334	6,805	4,969
Post-discharge rehabilitation benefits	2,468	32,131	96,762	78,323	47,475
War service gratuities and re-establishment credits	([17]) —	239,585	318,325	84,175	36,161
Sundry	1,165	774	273	418	174
	32,759	*328,359*	*508,439*	*237,368*	*88,779*
Other Departments	*2,960*	*2,453*	*2,181*	*805*	*596*
Write-off of Air Training Plan Loans and Advances as per United Kingdom Financial Agreement Act, 1946	.....	*425,000*	.....	.....	.....
Mutual Aid (excluding administration)	*792,200*	*766,862*	.....	.....	.....
Military Relief	*50,199*	*34,463*	.....	.....	.....
Canada's Contribution to UNRRA	*11,093*	*142,852*	.....	.....	.....
Total War, Demobilization and Reconversion Expenditures	4,418,446	4,002,949	1,314,798	634,421	434,361
SPECIAL EXPENDITURE					
Agricultural and Other Projects	3,869	4,423	4,432	5,253	9,666
Prairie Farm Assistance Act, 1939—					
Administration	188	327	333	450	501
Advances to Prairie Farm Emergency Fund	1,295	12,052	6,597	10,744	8,905
Wheat acreage reduction plan—					
Administration	261	159	.....	.....	.....
Payments of awards to farmers	1,707	397	2	.....	.....
Deficits—Canadian Wheat Board	([19]) —	.....	20,562	31,450	4,454
Provision of reserve to meet deficits resulting from the operations of the Canadian Wheat Board not previously provided for	186	.....	.....	.....	.....
Subsidies on oats and barley used as feed for live stock—Dept. of Agriculture	.....	.....	.....	13,963	.....
Reimbursement to Canadian Wheat Board for expenses of regulating deliveries of grain—					
Dept. of Trade and Commerce	.....	.....	.....	733	128
Reimbursement to Canadian Commercial Corporation for expenses in purchasing materials, etc., on behalf of Dept. of National Defence—Dept. of Trade and Commerce	.....	.....	.....	548	768

([17]) Included in ordinary expenditure.
([19]) Deficits charged to the War Appropriation in 1944-45.

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS—*Concluded*

(Thousands of Dollars)

—	1944–45	1945–46	1946–47	1947–48	Estimated 1948–49
	$	$	$	$	$
SPECIAL EXPENDITURE—*Con.*					
Fraser Valley, B.C., Flood Area—					
Repairing and reconstructing dykes	.....	.....	.....	.....	4,500
Grant for emergency relief and rehabilitation	.....	.....	.....	.....	5,000
Repairs to Federal Government structures and telegraph and telephone lines	.....	.....	.....	.....	461
Total Special Expenditure	7,506	17,358	31,926	63,141	34,383
GOVERNMENT OWNED ENTERPRISES					
Losses charged to Consolidated Deficit Account—					
Prince Edward Island Car Ferry and Terminals	773	688	888	932	1,220
Canadian National Railways	.....	.....	8,962	15,885	33,533
Trans-Canada Airlines	.....	.....	.....	1,370	2,933
National Harbours Board	59	86	114	137	238
Total Charged to Consolidated Deficit Account	832	774	9,964	18,324	37,924
Loans and advances non-active—					
National Harbours Board	526	560	718	371	1,743
Total government owned enterprises	1,358	1,334	10,682	18,695	39,667
OTHER CHARGES					
Write-down to assets chargeable to Consolidated Deficit Account—					
Reduction of soldier and general land settlement loans	325	36	232	3	.....
Reduction of Veterans' Land Act loans	.....	.....	129	2,097	1,150
Yearly established losses in seed grain and relief accounts—					
Department of Mines and Resources	36	45	54	63	60
Cancellation of Canadian Farm Loan Board Capital Stock	1	1	.....	.....	.....
Canadian National Railways Securities Trust Stock—reduction due to retirement of equipment	.....	.....	1,308	1,885	.....
Provision for reserve for possible losses on ultimate realization of Active Assets	25,000	25,000	25,000	75,000	75,000
Provision for reserve for conditional benefits under Veterans' Land Act	.....	464	2,663	4,505	5,728
Canadian National Railways Securities Trust Stock—					
Net changes in Dominion's equity in Canadian National Railways	22,400	22,631	.....	.....	.....
Transfer from Capital Accounts—Airways and Airports, to Consolidated Deficit Account (Airways facilities, State of Michigan, U.S.A.)	—	—	—	158	.....
Total other charges	47,762	48,177	29,386	83,711	81,938
Grand Total Expenditures	5,245,612	5,136,228	2,634,227	2,195,626	2,193,214

ANNUAL CHANGES IN ACTIVE LOANS AND ADVANCES AND INVESTMENTS FOR THE LAST FIVE FISCAL YEARS

(Thousands of Dollars)

	Fiscal Years Ended March 31				
	1945	1946	1947	1948	Estimated 1949
	$	$	$	$	$
Loans and Advances					
RAILWAY AND STEAMSHIP COMPANIES—					
Canadian National Railways	83,608	43,614	Cr. 20,521	81,717	4,100
Canadian National (West Indies). Steamships, Ltd	.....	Cr. 450	.....	.....	.....
Net Total, Railway and Steamship Companies	83,608	43,164	Cr. 20,521	81,717	4,100
SUNDRY GOVERNMENT AGENCIES—					
Canadian Broadcasting Corporation	.....	.....	2,000	.....	1,200
National Harbours Board	8	Cr. 66	151	Cr. 26	200
Soldier Settlement and Veterans Land Act	3,948	18,677	55,202	37,522	20,700
Central Mortgage and Housing Corporation	.....	.....	.....	22,500	70,500
Sundry Crown Companies	Cr. 16,774	Cr. 20,087	Cr. 49,948	Cr. 14,686	Cr. 11,600
Sundry Crown Plants, privately managed	Cr. 10,909	Cr. 4,997	Cr. 41,100	.....	.....
Other	38	Cr. 40	23,932	Cr. 6,549	Cr. 4,800
Net Total, Sundry Government Agencies	Cr. 23,689	Cr. 6,513	Cr. 9,763	38,761	76,200
Provincial and Municipal Governments	15,599	Cr. 4,350	Cr. 2,530	Cr. 63,629	Cr. 5,200
UNITED KINGDOM AND OTHER GOVERNMENTS—					
United Kingdom, loan under The War Appropriation (U.K. Financing) Act, 1942	Cr. 55,098	Cr. 63,946	Cr. 95,800	Cr. 111,285	Cr. 34,400
Union of Soviet Socialist Republics—Loan for purchase of wheat	.....	Cr. 2,500	Cr. 5,000	Cr. 2,500	.....
United Kingdom, Australia and New Zealand—Air Training accounts	81,586	Cr. 249,504	Cr. 2	.....	.....
United Kingdom—British Commonwealth Air Training Plan—Settlement	.....	Cr. 200,000	.....	.....	.....
United Kingdom, food advance accounts	10,613	Cr. 9,311	Cr. 21,301	.....	.....
Export Credits Insurance Act	.....	67,412	267,983	130,934	68,200
United Kingdom Financial Agreement Act, 1946	.....	.....	640,000	368,000	37,000
War Supplies, Ltd	Cr. 71,158	.....	.....	.....	.....
Other (U.K. and Other Governments)	Cr. 4,215	123,308	Cr. 139,114	Cr. 3,212	2,000
Net Total, U.K. and Other Governments	Cr. 38,272	Cr. 334,541	646,766	381,937	72,800
MISCELLANEOUS—					
Dominion and National Housing Acts	Cr. 1,240	Cr. 14,721	.....	.....	.....
Sundry munitions contractors, etc., (Department of Reconstruction and Supply)	7,975	Cr. 757	Cr. 10,868	Cr. 1,781	.....
Sundry Loans and Advances	Cr. 74	Cr. 74	Cr. 4	653	Cr. 800
Net Total, Miscellaneous	6,661	Cr. 15,552	Cr. 10,872	Cr. 1,128	Cr. 800
Net Total, All Loans and Advances	43,907	Cr. 317,792	603,080	437,658	147,100

ANNUAL CHANGES IN ACTIVE LOANS AND ADVANCES AND INVESTMENTS FOR THE LAST FIVE FISCAL YEARS—*Concluded*

(Thousands of Dollars)

	Fiscal Years Ended March 31				
	1945	1946	1947	1948	Estimated 1949
Investments					
Central Mortgage and Housing Corporation Capital Stock	.....	25,000	.....	.....	.....
Canadian Farm Loan Board	Cr. 5,001	Cr. 2,401	Cr. 600	99	1,100
Canada's subscription to capital of International Bank for Reconstruction and Development	.....	36	48,750	16,250	.....
Canada's subscription to capital of International Monetary Fund	.....	33	299,970	.....	.....
Central Mortgage Bank Capital Stock	.....	Cr. 250	.....	.....	.....
Export Credits Insurance Corporation Capital Stock	500	2,000	.....	2,500	.....
Polymer Corporation, Ltd	.....	.....	42,886	.....	.....
Balances receivable under agreements of sale of Crown assets	.....	.....	13,503	Cr. 1,972	Cr. 300
Other Investments	1,754	770	4,297	Cr. 28	.....
Net Total, Investments	Cr. 2,747	25,188	408,806	16,849	800
Net Total of changes in Loans and Advances and Investments(1)	41,160	Cr. 292,604	1,011,886	454,507	147,900

(1) Does not include advances to the Foreign Exchange Control Board nor amounts temporarily invested by the Government in its own securities.

UNMATURED FUNDED DEBT AND TREASURY BILLS AS AT MARCH 31, 1949, AND ANNUAL INTEREST THEREON

Date of Maturity	Rate per Cent	Where Payable	Amount of Loan	Annual Interest Charge
			$ cts.	$ cts.
1949, May 1	5/8	Canada	200,000,000 00	1,250,000 00
July 1	4	Canada	33,293,470 85	1,331,738 83
Sept. 1	3/4	Canada	550,000,000 00	4,125,000 00
Nov. 1	1½	Canada	267,800,000 00	4,686,500 00
1950, Feb. 1	3½	Canada	49,991,850 00	1,624,735 13
Mar. 1	1½	Canada	325,000,000 00	4,875,000 00
Nov. 1	1½	Canada	335,690,000 00	5,874,575 00
Nov. 1	1¾	Canada	400,000,000 00	7,000,000 00
1951, Feb. 1	3¼	Canada	(1) 50,250,000 00	1,625,000 00
June 15	3	Canada	(2) 649,969,592 50	19,306,027 50
Nov. 1	1¾	Canada	500,000,000 00	8,750,000 00
1952, Feb. 1	3¼	Canada	(3) 50,500,000 00	1,625,000 00
Oct. 1	3	Canada	324,945,700 00	9,748,371 00
1954, Mar. 1	3	Canada	(4) 676,355,489 00	20,089,767 00
1955, May 1	3¼	London	3,833,893 18	124,601 53
June 1	3	Canada	40,000,000 00	1,200,000 00
June 1	3	Canada	55,000,000 00	1,650,000 00
1956, Nov. 1	3	Canada	(5) 855,607,410 50	25,414,081 50
Nov. 1	2¾	Canada	*327,055,000 00	8,994,012 50
1957, May 1	3	Canada	1,111,261,650 00	33,337,849 50
Nov. 1	2¾	Canada	*186,710,000 00	5,134,525 00
1958, June 1	3	Canada	88,200,000 00	2,646,000 00
Sept. 1	4	London	2,574,936 32	102,997 45
Nov. 1	2¾	Canada	*236,064,000 00	6,491,760 00
1959, Jan. 1	3	Canada	1,197,324,750 00	35,919,742 50
Nov. 1	4½	Canada	289,693,300 00	13,036,198 50
1960, June 1	3	Canada	1,165,300,350 00	34,959,010 50
Oct. 1	4	New York	100,000,000 00	4,000,000 00
1961, Jan. 15	3¼	New York	48,000,000 00	1,560,000 00
1962, Feb. 1	3	Canada	1,315,639,200 00	39,469,176 00
1963, July 1	3¼	London	2,847,428 94	92,541 44
Aug. 1	3	New York	150,000,000 00	4,500,000 00
Oct. 1	3	Canada	1,295,819,350 00	38,874,580 50
1966, June 1	3¼	Canada	54,703,000 00	1,777,847 50
Sept. 1	3	Canada	1,691,796,700 00	50,753,901 00
Perpetual	3	Canada	55,000,000 00	1,650,000 00
1949, April 8 Treasury Bills	·411	Canada	75,000,000 00	308,250 00
April 22 Treasury Bills	·411	Canada	75,000,000 00	308,250 00
May 6 Treasury Bills	·412	Canada	75,000,000 00	309,000 00
May 27 Treasury Bills	·415	Canada	75,000,000 00	311,250 00
June 10 Treasury Bills	·424	Canada	75,000,000 00	318,000 00
June 24 Treasury Bills	*·424	Canada	75,000,000 00	318,000 00
Sept. 2 Deposit Certificates	·75	Canada	100,000,000 00	750,000 00
1950, June 15 Non-Interest Bearing Certificates	.....	Canada	*268,300 00	.....
War Savings Certificates	3	Canada	*175,041,000 00	5,251,230 00
			15,411,536,371 29	411,474,519 88
Refundable portion of excess profits tax (estimated)	.....	Canada	*173,500,000 00	.....
			15,585,036,371 29	411,474,519 88
Payable in Canada	.....	.....	15,277,780,112 85	98·01%
Payable in New York	.....	.....	298,000,000 00	1·93%
Payable in London	.....	.....	9,256,258 44	0·06%
			15,585,036,371 29	100·00%

(1) Redeemable at 100½ per cent. Amount outstanding includes $ 250,000.00 redemption bonus.
(2) Redeemable at 101 per cent. Amount outstanding includes $6,435,342.50 redemption bonus.
(3) Redeemable at 101 per cent. Amount outstanding includes $ 500,000.00 redemption bonus.
(4) Redeemable at 101 per cent. Amount outstanding includes $6,696,589.00 redemption bonus.
(5) Redeemable at 101 per cent. Amount outstanding includes $8,471,360.50 redemption bonus.
* Estimated.

HOUSE OF COMMONS

Wednesday, March 23, 1949

The house met at eleven o'clock.

HOUSE OF COMMONS

THE BUDGET—DAILY EDITION OF DEBATES OF MARCH 22—TRIBUTE TO PRINTERS

Mr. Jean François Pouliot (Temiscouata): Mr. Speaker, as chairman of the debates committee of the House of Commons I rise to say a word about a noncontentious matter, namely, the publication of *Hansard* of yesterday, with the full speech of the Minister of Finance and a lengthy appendix. Every hon. member has before him this morning the English text of *Hansard* in book form, including the speech of the Minister of Finance, with seven tabulations, an appendix, fifty-two other tabulations and eleven full pages of supplementary detailed tables.

It is my great pleasure to pay a special tribute to the king's printer and to the whole staff. Sometimes we have to complain about certain things, but at this time the whole personnel of the printing bureau deserves special praise. The work could not have been done anywhere else except in the printing department of the New York *Times*—and my remark applies to the whole of North America. I know of no other place where such a piece of work could have been done so well and so expeditiously. I do not pay a tribute only to the higher-ups of the printing bureau—they deserve it; but I have in mind also the humble typesetter and proofreader. I know what it is to publish books, and this book, sir, is a credit to the members of the staff of the printing bureau. I hope that the minister will tell them it is the desire of the house to praise them and to encourage them to continue to do such fine work in the future.

Hon. Colin Gibson (Secretary of State): I thank the hon. member for Temiscouata (Mr. Pouliot) for bringing to the attention of the house the splendid work which is being done by the employees of the printing bureau. I shall be glad to inform them of his comments in that regard. I have often felt that hon. members do not realize that the members of the night staff of the printing bureau work month after month from ten o'clock until eight in the morning, at very high pressure and in difficult surroundings. The hon. member's word of tribute to these men will be appreciated.

Mr. M. J. Coldwell (Rosetown-Biggar): The *Hansard* staff should be included as well for the remarkable job they do.

Mr. J. T. Richard (Ottawa East): I want to join in the remarks made by the hon. member for Temiscouata. We should add the translators, who are also the unsung heroes in a historical document of this kind.

PRIVILEGE, MR. DIEFENBAKER—REFERENCE TO NOTICE OF MOTION OF MR. LACROIX—STATEMENT OF MR. SPEAKER

Mr. Speaker: I should like to make a statement to the house following the remarks made by the hon. member for Lake Centre (Mr. Diefenbaker) who raised a question of privilege which will be found in the official report of the debates of the House of Commons of Tuesday, March 22, 1949, at page 1745. I call the attention of hon. members to the following paragraph:

> My point of privilege is this, sir. Did you, in your position as Speaker, consent to the alteration of this resolution? Was it placed before the house, or was the alteration made at the request of the government?

The hon. member for Quebec-Montmorency (Mr. LaCroix) gave notice on Friday, March 18, that he would move the following resolution:

> That, in the opinion of this house, the government should seek the co-operation of the provinces with the view of the adoption by parliament of a new constitution for Canada and Canadians which would be a statute of Canada repealing the British North America Acts, 1867 to 1946, resulting in the making of Canada a truly sovereign and independent nation, a separate republic outside of the British commonwealth of nations, free of economic or other commitments, whether in peace or in war.

This notice of motion appeared word for word on the order paper of Monday, March 21, but it was altered on the hon. member's instruction, and appears with material changes on the order paper of Tuesday, March 22. The hon. member for Lake Centre drew attention to the fact that the proposed resolution had been mutilated to read as follows:

> That, in the opinion of this house, the government should seek the consent of the provinces with the view of the adoption by parliament of a new constitution for Canada and Canadians which would be a statute of Canada repealing the British North America Acts, 1867 to 1946, resulting in the making of Canada a truly sovereign and independent nation, a separate republic, free of economic or other commitments toward the British commonwealth of nations, whether in peace or in war.

The question has arisen whether or not the alteration was so material that it could not be made before the motion was taken up by the house. Mr. Speaker Lemieux decided on March 26, 1928, that a motion which differs materially from the terms of the notice can only be proposed with the consent of the house, or upon the renewal of the notice. I agree with that ruling.

The change was made at the request of the hon. member for Quebec-Montmorency, but outside my knowledge. My own opinion is that the notice of motion should not have been placed on the order paper at all. Its proposal that this parliament, constituted under the British North America Act, take upon itself to adopt a new constitution resulting in making Canada a separate republic outside of the British commonwealth of nations comes in direct conflict with the oath taken by members of this house, which oath is as follows:

I do swear that I will be faithful and bear true allegiance to His Majesty King George VI.

May says, as quoted in citation 365 of Beauchesne's second edition, that:

When a notice, publicly given, is obviously irregular or unbecoming, the Speaker has interposed and the notice has not been received in that form. He has also directed that a notice of motion should not be printed as being obviously designed to give annoyance.

I have no doubt in saying the notice of motion should not appear on the order paper, and, using my authority as the custodian of our procedure, I have given the necessary instructions to strike it out of the order paper.

ARRANGEMENTS FOR DEBATE ON NORTH ATLANTIC TREATY

On the orders of the day:

Mr. George A. Drew (Leader of the Opposition): Is the Prime Minister in a position to indicate on what day the debate is to open on the North Atlantic treaty?

Right Hon. L. S. St. Laurent (Prime Minister): No, not this morning. I had hoped it might be possible to reach it this week, although now that does not appear to be probable. There is the emergency legislation which has to be dealt with if it is not to be allowed to expire by lapse of time. Just as soon as that is disposed of, I think we should provide an opportunity for an initial debate on the North Atlantic treaty in accordance with the terms of the motion which is on the order paper. I should like to have that matter discussed as soon as we have disposed of these emergency measures.

Mr. Drew: The subject matter is of considerable importance, and hon. members will wish to arrange to be here. They all have their own arrangements which they are making from time to time. I think the time for the debate can best be arranged between the party whips by setting a definite date a few days in advance. I suggest therefore that the debate should not come on without due warning; hon. members should have an opportunity to make appropriate arrangements.

Mr. St. Laurent: I shall bear in mind the observations of the hon. member, and try to arrange it so that there will be due notice to all members of the time at which the debate will begin.

Mr. MacInnis: Is it not a fact that members of the house are paid $6,000 a year to be here?

SITTING ON SATURDAY, MARCH 26

On the orders of the day:

Mr. Solon E. Low (Peace River): I should like to ask the Prime Minister whether it is the intention to have the house sit on Saturday if we finish the emergency legislation by Friday night.

Right Hon. L. S. St. Laurent (Prime Minister): No. The form of the motion indicated that it was only for the purpose of disposing of matters which had to be dealt with before the expiry date of the existing legislation that this departure from the standing orders was requested. If we are successful in disposing of that legislation by Friday night, there will be no reason for asking hon. members to sit on Saturday.

Mr. Knowles: The order would lapse.

Mr. St. Laurent: The order would lapse.

AUDIBILITY OF DEBATE—QUESTION OF USE OF PUBLIC ADDRESS SYSTEM

On the orders of the day:

Mr. George A. Drew (Leader of the Opposition): I should like to raise a question that was raised earlier in the session, and the importance of which I think was emphasized again only yesterday when one of the members—I feel sure quite sincerely—indicated that he could not hear your voice, Mr. Speaker. Your voice, sir, carries particularly well through this chamber. It is a matter of concern to everyone here that members who speak cannot be heard—perhaps not because of their voices, but because when one speaks from under the galleries there is a deadening effect which muffles the voice to such an extent that it cannot be heard, although it may be a perfectly strong and resonant voice.

I suggest that serious consideration be given to a suggestion made earlier, that amplifying

devices be installed in this chamber, which unquestionably has acoustic dead spots. The legislature of Manitoba has had much success with small microphones which are put on each desk. They are relatively inexpensive, and they carry the voice of the speaker to every part of the chamber.

In raising this point again, may I remind you, Mr. Speaker, that, in addition to the microphones on the table in front of the Speaker of the House of Commons in London, there are microphones suspended by wires to carry voices throughout the house. The acoustic properties there are infinitely better than they are here. In fairness to the members, and in the interests of proper debate, I strongly urge that you consider the installation, even if only experimentally, of some system which will enable the voices of members to be heard in all parts of the house. I feel sure that one of the companies which handles equipment of this kind would be glad to do it on an experimental basis.

Mr. Speaker: I should like to say to the house that I have discussed the matter with the best firms in Canada who have to do with equipment of this kind. They agree with me that so far we have not reached a conclusion which would result in a method satisfactory to the house. It is with pleasure, however, that I say to hon. members that I hope that during the Easter recess certain experiments will be made in the house to see if we cannot succeed in providing a system which will give satisfaction.

PUBLIC ACCOUNTS

AUDITOR GENERAL'S REPORT—REFERENCE TO STANDING COMMITTEE

Hon. Douglas Abbott (Minister of Finance) moved:

That the public accounts of Canada for the fiscal year ended March 31, 1948, and the report of the auditor general, be referred to the public accounts committee.

Motion agreed to.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 88 for the relief of Gordon Aylmer Thistle Shirres.—Mr. Winkler.

Bill No. 89 for the relief of Walter Jasper Blake.—Mr. Winkler.

Bill No. 90 for the relief of Margaret Murray McKinnon Trenholm.—Mr. Winkler.

Bill No. 91 for the relief of Walter Wilson McBroom.—Mr. Winkler.

Bill No. 92 for the relief of Mabel Florence Dunk Wright.—Mr. Winkler.

Bill No. 93 for the relief of Thomas Somerville.—Mr. MacLean.

Bill No. 94 for the relief of Joseph Wilfrid Leon Desrosiers.—Mr. Winkler.

Bill No. 95 for the relief of June Lucille Odell Woolnough.—Mr. Winkler.

Bill No. 96 for the relief of Christopher Edmond Cobham.—Mr. Winkler.

Bill No. 97 for the relief of Jack Zelinsky. —Mr. Emmerson.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

IMMIGRATION—DISPLACED PERSONS—EMPLOYMENT BY RESEARCH COUNCIL

Mr. Fraser:

1. Have any displaced persons with university degrees been employed by the National Research Council?

2. If so, what are their (a) names; (b) date of arrival in Canada of each employee; (c) date that employment commenced in each case; (d) salary paid to each of these employees?

Mr. McIlraith:

1. No.

2. Answered by No. 1.

*CANADIAN COMMERCIAL CORPORATION

Mr. Fulton:

What is the total of (a) all advances made to the Canadian Commercial Corporation since it was first set up; (b) all moneys advanced by the Canadian Commercial Corporation since it commenced operation?

Mr. McIlraith: Mr. Speaker, it has been difficult to understand clearly what is meant by the second part of this question. I have taken the liberty of discussing it with the hon. member for Kamloops (Mr. Fulton), and I understand that by the word "advances" in paragraph (a) of the question he is referring to the amount of money on deposit with the corporation from the Minister of Finance. That amount is $3,500,000.

Part (b) of the question which asks for the total of all moneys advanced by the Canadian Commercial Corporation since it commenced operation, is, I take it, concerned with the revenues of the corporation. The gross operating revenues received with respect to purchases made on behalf of the Department of National Defence amounted to $1,170,264 as of December 31, 1948. With respect to purchases made on behalf of others, as of the same date the amount is $1,303,798, making a total of $2,473,972.

Mr. Speaker: Answered.

PRAIRIE FARM ASSISTANCE—SASKATCHEWAN

Mr. Campbell:

What farmers received Prairie Farm Assistance Act payments in township 45, ranges 27 and 28, west of the 3rd meridian, in the years 1946, 1947 and 1948?

Questions

Mr. Gardiner: I would ask the hon. member, if he does not mind, to drop this question. We have taken great care to avoid publishing payments made to individuals under the Prairie Farm Assistance Act, the reason being that in the beginning strong pressure was brought to bear to permit of these payments being garnisheed. We have had requests from time to time to make public the names and amounts, and have always objected to doing so. We would have no objection to an hon. member getting the information, and I believe such information could be given as to individual cases, or even as to groups. We have always contended, however, that it would not be in the interests of individuals to have these lists of names published.

Mr. Campbell: I received a complaint from one farmer in my area to the effect that his name had been left off the list to receive payments. My reason for asking the question was to determine the accuracy of his statement that his name had been left off.

Mr. Gardiner: We will give the hon. member the information about that one individual.

Mr. Speaker: Dropped.

MOUNTED POLICE—MUSICAL RIDE

Mr. Black (Cumberland):

1. In what places in Canada has the Royal Canadian Mounted Police musical ride given performances in each of the fiscal years 1946-47, 1947-48, 1948-49?
2. What was the cost of giving each of these performances?
3. What were the receipts from each performance?

Mr. Garson:

1. In 1946-47, none; 1947-48, none; 1948-49, Toronto, Ontario.

2. 1946-47, 1947-48, 1948-49, nil.

3. 1946-47, 1947-48, 1948-49, nil.

MOUNTED POLICE—MILITARY BAND

Mr. Black (Cumberland):

1. In what places in Canada has the Royal Canadian Mounted Police military band given performances in each of the fiscal years 1946-47; 1947-48, 1948-49?
2. What was the cost of giving each of these performances?
3. What were the receipts from each performance?

Mr. Garson:

1. During 1946-47: Ottawa; Montreal; Shawbridge, P.Q.; Cornwall, Ont.; Hull, P.Q.

During 1947-48: Ottawa; Alfred, Ont.; Shawbridge, P.Q.; Aylmer, P.Q.; Montreal.

During 1948-49: Ottawa; Alfred, Ont.; Montreal and a recruiting drive at Edmonton, Red Deer, Calgary, High River, Macleod, Lethbridge and Medicine Hat in Alberta. At Maple Creek, Swift Current, Moose Jaw, Regina, Weyburn, Saskatoon, North Battleford, Prince Albert and Yorkton in Saskatchewan. At Dauphin, Wasagaming, Brandon, Portage la Prairie and Winnipeg in Manitoba.

2. 1946-47, nil; 1947-48, nil; 1948-49, nil, except for the recruiting drive, which cost $5,600.21.

3. Nil.

CROWN COMPANIES—NORTHERN TRANSPORTATION COMPANY

Mr. Merritt:

1. When did Northern Transportation Company become a crown company?
2. As at date of acquisition and at December 31, 1948, what was (a) the value of the fixed assets of the company; (b) the amount of its reserve for depreciation; (c) the rate of depreciation permitted to the company, and by what authority was such rate paid or approved?
3. What is the total of advances of public funds to this company directly or through its parent company Eldorado Mining and Refining Company since acquisition as a crown company to December 31, 1948?
4. What is the total revenue of the company in each year since acquisition as a crown company attributable to (a) government contracts; (b) contracts with its parent company; (c) private contracts?
5. Does the company carry on any business other than a transportation business, and if so, what other business?

Mr. McIlraith:

1. The shares of Eldorado Mining and Refining Limited were appropriated by His Majesty the King in the right of Canada as of January 28, 1944. As of that date, all of the outstanding shares of Northern Transportation Company, with the exception of directors' qualifying shares, were owned by Eldorado Northern Transportation Company Limited, and as of that date therefore came under the control of the government.

2. The value of the fixed assets of the company and the amount of its reserve for depreciation as of January 1, 1944, and as of December 31, 1948, was as follows:

	Jan. 1, 1944	Dec. 31, 1948
Fixed assets ...	$785,463 08	$3,823,216 01
Depreciation Reserve	360,688 85	1,403,073 08
	$424,774 23	$2,420,142 93

The rates of depreciation used by the company vary according to the type of assets to be depreciated. Such rates are in conformity with income tax regulations with respect to depreciation.

3. $1,859,015.07.

4. Northern Transportation Company (1947) Limited is a carrier licensed by the board of transport commissioners, and operates under the jurisdiction of the board with respect to

rates and tariffs. As the company's tariffs are published, it does not carry freight under contract.

5. No.

STARCH—PRODUCTION AND IMPORTS

Mr. Blackmore:

1. What is the total amount in tons of (a) starch; (b) flour, manufactured from potatoes in Canada in each of the years 1946, 1947, 1948?

2. What is the total amount in tons of starch made from corn imported into Canada from dollar areas, during each of the years 1946, 1947, 1948?

Mr. McIlraith:

1. (a) and (b) cannot be shown separately. Production of potato starch and flour in Canada: 1946, 2,326 tons; 1947, 6,387 tons; 1948, not yet available.

2. Information not available.

CANADIAN PACIFIC RAILWAY—KEELER, SASK., STATION

Mr. Thatcher:

1. Has any request been made to the board of transport commissioners, to keep the C.P.R. station at Keeler, Saskatchewan, opened throughout the year?

2. Has this action been agreed upon?

3. If not, for what reasons?

Mr. Chevrier:

1. Yes.

2. No.

3. The earnings at this station do not warrant the appointment of a full-time agent at the present time.

ROYAL COMMISSION ON PRICES

Mr. MacInnis:

1. Who are the members of the royal commission on prices for 1948?

2. How much was paid to each for (a) salary; (b) traveling and living expenses; (c) what was the per diem rate of remuneration?

3. How many persons were employed by the royal commission on prices for 1948?

4. What are the names of such persons?

5. How much was paid to each for (a) salary; (b) traveling and living expenses; (c) what was the per diem rate of remuneration?

6. Has the commission finished its work? If so, when?

7. Has the commission made a report?

Mr. Reid:

1 and 2.	2 (a)
Professor C. A. Curtis	$4,800.00
Mrs. T. W. Sutherland	4,215.00
Mr. H. C. Bois	2,820.00

	2 (b)	2 (c)
Professor C. A. Curtis	$1,078.01	$40.00
Mrs. T. W. Sutherland	2,282.30	30.00
Mr. H. C. Bois	524.68	30.00

3. Thirteen persons.

4 and 5.	5 (a)
A. G. S. Griffin	(*)
Miss M. A. Mosley	(†)
H. A. Dyde	$14,250.00
J. G. Dubroy	1,210.00
Marcel Caron	5,425.00
J. R. Wilson	2,540.00
Mrs. Pearl Edey	961.70
Mrs. Muriel Dowe	961.70
Mrs. Louise Gratton	749.30
Miss Jennie Johnstone	684.40
Miss Monique Lafontaine	938.10
Leo Lascelle	938.10
Mrs. Mabel E. Unger	926.30

(*) On loan to the royal commission on prices from the Department of External Affairs.

(†) On loan to the royal commission on prices from the Department of Secretary of State.

	5 (b)	5 (c)
A. G. S. Griffin	$ 562.71	Nil
Miss M. A. Mosley	Nil	Nil
H. A. Dyde	2,263.86	$125.00
J. G. Dubroy	Nil	10.00
Marcel Caron	1,226.40	70.00
J. R. Wilson	657.92	125.00
Mrs. Pearl Edey	Nil	5.90
Mrs. Muriel Dowe	Nil	5.90
Mrs. Louise Gratton	Nil	5.90
Miss Jennie Johnstone	Nil	5.90
Miss Monique Lafontaine	Nil	5.90
Leo Lascelle	Nil	5.90
Mrs. Mabel E. Unger	Nil	5.90

6. The last session of the commission was held December 16, 1948. Since that time the members have been occupied in writing the final report.

7. The report is in process of printing.

HOUSING—FORT ST. JOHN AIRPORT, B.C.

Mr. Irvine:

1. How many houses are being built for the federal government at the Fort St. John airport in British Columbia?

2. Were tenders called for the contract to build these houses?

3. If so, how many tenders were submitted and by whom?

4. What was the amount of the contract as awarded?

5. If tenders were not called, why were they not called?

6. If tenders were not called, on what basis was the contract awarded?

Mr. McIlraith:

1. 20.

2. No.

3. Answered by No. 2.

4. $302,925 (including water service, sewers, roads and electric hook-up).

Questions

5. It was apparent in the latter part of 1948 that every effort should be made to complete as many of these houses as possible before winter. Because of this and of the inaccessibility of the site it was considered expedient to negotiate for their construction with a firm in the general vicinity known to have had experience in construction in this territory and believed to be most capable of carrying out the work satisfactorily within a minimum of time.

6. Contract awarded on a cost plus, a fixed fee basis. Estimated cost of work to be $288,500, fixed fee based on 5 per cent of estimated cost=$14,425.

PUBLIC WORKS—CADOMIN BUILDING, WINNIPEG

Mr. Miller:

1. What are the names of the employees or other persons who acted on behalf of the Department of Public Works in connection with the leasing of the Cadomin building, Main street, Winnipeg, Manitoba, in July and August, 1947?

2. What are the terms of this lease?

Mr. Fournier (Hull):

1. W. F. Cherry, Ottawa.

2. Premises, Cadomin building, 276-286 Main street, Winnipeg, Man.

Area, 25,518 square feet.

Rent, $40,046 per annum.

Term, ten years from February 1, 1948.

Lessor, United Realty Limited, C.P.R. building, Winnipeg, Man.

Lessor attends to large repairs, pays taxes, water rates, heating and provides toilet accommodation.

Crown attends to minor repairs, provides lighting, cleaning and janitor service.

PUBLIC WORKS—NEW POST OFFICE BUILDING, WINNIPEG

Mr. Miller:

1. What are the names of the employees or other persons who acted on behalf of the Department of Public Works in connection with the purchase of a site for the proposed new post office in the city of Winnipeg, Manitoba?

2. What properties have been purchased by the government for such post office?

3. From whom were such purchases made and at what price or prices?

Mr. Fournier (Hull):

1. W. F. Cherry, Ottawa; H. R. Veals, Winnipeg; David Slater Limited, Winnipeg; F. E. Ernst, Winnipeg; Hugh Phillips, K.C., Winnipeg.

2. Order in council P.C. 1024 dated March 11, 1948, authorized expropriation of the city block bounded by Graham avenue, Smith street, St. Mary's avenue and Garry street as the site for the proposed new post office building.

[Mr. McIlraith.]

3. Three properties purchased as follows: Mrs. Rose Bendman, Winnipeg, $10,000; Carlton Realty Co., Limited, Winnipeg, $85,000; Hon. H. A. Mullins, Toronto, $8,500. Negotiations not completed on the remaining thirteen properties.

HOUSING—RURAL CONDITIONS IN THE MARITIMES

Mr. MacLean:

1. Is the federal government assisting in any program to study rural housing conditions in the maritime provinces, with a view to improving them?

2. If so, what is the nature of the assistance?

Mr. Winters:

1. The Central Mortgage and Housing Corporation is assisting in a program for the study of rural housing conditions in the maritime provinces.

2. Under the terms of part V of the National Housing Act the Central Mortgage and Housing Corporation has made a grant of $2,915 towards the expenses of the program of the maritime rural housing committee for 1949. This sum is 55 per cent of the budget of the maritime rural housing committee, the remaining 45 per cent being contributed by the provinces of New Brunswick, Nova Scotia and Prince Edward Island.

The program of the maritime rural housing committee is modeled on that of the prairie rural housing committee whose work has proved so useful. The committee is composed of representatives of the three maritime governments together with one representative from the federal Department of Agriculture, one representative of the farm women's institute in each of the three provinces and the maritime supervisor of Central Mortgage and Housing Corporation.

In addition to the grant made for the research being done by the committee the Central Mortgage and Housing Corporation also makes available the services of its regional secretary to act as secretary-treasurer of the maritime rural housing committee.

SOLDIER SETTLERS—MINERAL RIGHTS

Mr. Diefenbaker:

1. Are restrictions being imposed or payments being demanded in connection with the return of mineral rights on lands held by the soldier settlers?

2. If so, what terms are being imposed and what is the justification or authority therefor?

Mr. Mutch: No restrictions are imposed. The only lands affected are those where at the time of acquirement of surface rights by the soldier settlement board, the mines and mineral rights were also acquired. In cases where title to the land has already been transferred to a soldier settler or his heirs, the mineral rights are being transferred on payment of $25; where the settler has not yet

obtained title to the land, transfer of the mineral rights is subject to payment of his outstanding indebtedness to the director plus a nominal fee of $1. Mines and minerals are conveyed to the soldier settler or his heirs under authority in each case of an order in council pursuant to the Public Lands Grants Act.

TRADE WITH GERMANY, JAPAN AND ITALY

Mr. Thatcher:

1. What was the dollar value of Canadian exports during 1948 to (a) Germany; (b) Japan; (c) Italy?
2. What steps, if any, have been taken by the government to re-establish trade with the above three countries?

Mr. McIlraith:

1. (a) Germany, $13,214,116; (b) Japan, $8,000,548; (c) Italy, $32,378,709.

2. See statements below.

Germany

The Department of Trade and Commerce has had a trade official resident in Germany since February 1946. The present officer is located in Frankfurt, with a staff of four. The department recently sent in several of its officers to advise what further steps should be taken to strengthen our commercial representation.

The government, in October 1948, extended to Germany most-favoured-nation treatment in customs duties.

The department has sponsored many Canadian businessmen wishing to visit Germany and continues to make every effort to develop close liaison with the military authorities and German business firms in the interest of two-way trade.

Italy

The Department of Trade and Commerce reopened its trade office in September 1946. The present staff, consisting of a commercial secretary, assistant commercial secretary, and six clerks, are doing their utmost to promote two-way trade between Italy and Canada. The government extended to Italy in April 1948 most-favoured-nation treatment in order to assist trade, and reciprocal treatment has been accorded to Canada.

Japan

A commercial representative from the Department of Trade and Commerce was attached to the Canadian mission in Tokyo in June 1946, and he has endeavoured to develop a close liaison with the occupying military authorities and Japanese firms. The Department of Trade and Commerce continues to assist Canadian businessmen to enter Japan in the interest of trade promotion.

PUBLIC WORKS—SENIOR SUPERVISING ARCHITECT

Mr. Hodgson:

1. Who is senior supervising architect of the Department of Public Works?
2. What is his salary?
3. Was he appointed by order in council or through competitive examination by the civil service commission?
4. Is he a returned soldier?

Mr. Fournier (Hull):

1. Andrew Kaye Mills.

2. $5,700 per annum.

3. By the civil service commission through competitive examination.

4. No.

RAILWAY CONSTRUCTION IN ALBERTA

Mr. Dechene:

1. Have any steps been taken by the Canadian National Railways to undertake railway construction in Alberta in the current year?
2. If so, what projects are contemplated?
3. Do they comprise the closing of the gaps Heinsburg, Alberta to Frenchman's Butte, Saskatchewan, and Beaver Crossing in Alberta, to St. Walburg, Saskatchewan?

Mr. Chevrier:

1. The management of the Canadian National Railways advises that it has no intention to undertake new railway construction during the coming fiscal year. The management has made a review of the various branch line extensions and has come to the conclusion that with present-day wages, scarcity of steel and high cost of materials, none of the projects can be entertained economically.

2. See answer to No. 1.

3. See answer to No. 1.

PUBLIC BUILDINGS—CHARLOTTETOWN, P.E.I.—APPRAISAL OF PROPERTIES

Mr. McLure:

1. How many properties, in the area appropriated for the site of the new dominion building at Charlottetown, Prince Edward Island, have been appraised and paid for?
2. What is the street number of said properties; who were the owners; what was appraisal price paid?
3. How many properties remain to be appraised?

Mr. Fournier (Hull):

1. Twenty-one properties involved, all of which have been appraised but none paid for.

2. No properties paid for as yet.

3. None.

NEW GLASGOW-CAVENDISH, P.E.I., HIGHWAY

Mr. McLure:

1. Has any arrangement or agreement been arrived at between the Prince Edward Island government and the national parks department regarding the

hard-surfacing of the Mayfield highway from New Glasgow to national parks beach at Cavendish?

2. If so, will this work be completed early this year 1949?

Mr. Maybank:

1. No.

2. Answered by No. 1.

LOBSTER FISHING, P.E.I.—RUNNING OF LINES AND PLACE TRAPS

Mr. McLure:

1. Has the opening hour definitely been set for the lobster fishermen to run their lines and place traps for the open seasons of Prince Edward Island?

2. If so, what hour has been set?

Mr. MacNaught:

1. Yes.

2. 5 a.m. standard time.

RUSTICO BAY, P.E.I., DREDGING

Mr. McLure:

What action has been taken by the government or any department thereof to proceed with the dredging of Rustico bay during 1949?

Mr. Fournier (Hull): Two dredging projects in Rustico bay, involving removal of 9,600 cubic yards, have been arranged for 1949 on the schedule for dredge D.P.W. No. 17.

NATIONAL PARKS—BEACH ROAD FROM CAVENDISH, P.E.I.

Mr. McLure:

Who is responsible for repairs to the beach road from Cavendish leading down to national parks beach, Prince Edward Island?

Mr. Maybank: The provincial government of Prince Edward Island for that section of the road outside national park boundary; the federal government for that section within the park.

FRED ROSE

Mr. Low:

1. Has Fred Rose, former communist member of this parliament, been given a position as "educator" in the library of St. Vincent de Paul penitentiary near Montreal?

2. If so, what duties does his position involve, and how did he secure the position?

Mr. Garson:

1. No. This convict is employed in fitting and repairing covers for library books under the supervision of the penitentiary librarian and other custodial officers.

2. Answered by No. 1.

COUNTY COURT JUDGES—YORK COUNTY, ONT.

Mr. Church:

1. How many county court judges of the county court of York, Ontario, have been appointed during the past five years from outside places in the province of Ontario?

[Mr. McLure.]

2. What practice has been adopted by the government during this time in making these appointments?

3. Were they all members of the bar at the time of their appointment, in actual practice or not, or in what other capacity were they when so appointed?

4. Were not local men appointed in several other cities and towns in Ontario, such as Ottawa, Hamilton, London and other places?

5. If so, in what other places?

Mr. Garson:

1. One (former resident of Toronto).

2. The adopted practice is to appoint members of the legal profession who are in good standing at the bar and fully qualified to assume the judicial duties.

3. All appointees are members of the bar.

4. Local men have been appointed in Ottawa, Hamilton, Windsor, Brockville, Cornwall, Stratford, Picton and Guelph, but not in London, Walkerton, St. Thomas, Windsor (junior judge), Belleville, Woodstock, Welland, Sarnia, Simcoe and L'Orignal.

5. Answered by No. 4.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PENITENTIARIES—BORSTAL SYSTEM

Mr. McKay:

What steps have been taken by the government to call a conference of dominion-provincial officials for the purpose of establishing a Borstal institution in the dominion as recommended by the royal commission of 1938, investigating the penal system?

Mr. Garson: Return tabled.

INCOME AND TAXES PER CAPITA

Mr. Coldwell:

1. What was the population of Canada during each of the years 1926 to 1948 inclusive?

2. What was the personal income per capita in Canada for each of the years 1926 to 1948 inclusive?

3. What were the personal direct taxes per capita in Canada for each of the years 1926 to 1948 inclusive?

4. What was the personal disposable income per capita in Canada for each of the years 1926 to 1948 inclusive?

5. What was the personal income per capita in Canada for each of the years 1926 to 1948 inclusive based on the dollar fixed at the 1935 to 1939 level?

6. What were the personal direct taxes per capita in Canada for each of the years 1926 to 1948 inclusive based on the dollar fixed at the 1935 to 1939 level?

7. What was the personal disposable income per capita in Canada for each of the years 1926 to 1948 inclusive based on the dollar fixed at the 1935 to 1939 level?

Mr. McIlraith: With respect to parts 5, 6 and 7 of this question and parts 5 and 6 of the following question, the information is not available to complete the answers as requested. Information is available for the first four parts of each question, and I am

quite prepared to have the questions passed as orders for returns and to table the returns at this time.

Mr. Coldwell: The hon. member explained the situation to me this morning, and I am quite prepared to accept his suggestion.

Mr. McIlraith: Return tabled.

PERSONAL CONSUMER EXPENDITURE, SAVINGS AND DISPOSABLE INCOME

Mr. Coldwell:

1. What was the total personal consumer expenditure in Canada for each of the years 1926 to 1948 inclusive?

2. What was the total amount of personal saving in Canada in each of the years 1926 to 1948 inclusive?

3. What was the total amount of personal disposable income in Canada during each of the years 1926 to 1948 inclusive?

4. What was the total personal consumer expenditure in Canada for each of the years 1926 to 1948 inclusive based on the dollar fixed at the 1935 to 1939 level?

5. What was the total amount of personal saving in Canada in each of the years 1926 to 1948 inclusive based on the dollar fixed at the 1935 to 1939 level?

6. What was the total amount of personal disposable income in Canada during each of the years 1926 to 1948 inclusive based on the dollar fixed at the 1935 to 1939 level?

Mr. McIlraith: Return tabled.

MOTIONS FOR PAPERS

SHIPS OPERATING FROM PACIFIC PORTS—RADIO EQUIPMENT AND WATCH KEEPING

Mr. MacInnis:

For a copy of all reports received by the Department of Transport, the Minister of Transport or any official of the department, since January 1, 1946, relating to the efficiency of radio equipment and the adequacy of radio watch keeping on ships operated from Pacific coast ports.

Mr. MacInnis: I had a word with the Minister of Transport about this motion, and as I was not able to convince him that these documents should be produced, I would ask that the motion be dropped, without prejudice.

Mr. Speaker: Motion dropped.

IMMIGRATION—ORDER IN COUNCIL P.C. 4233

Mr. Diefenbaker:

For a copy of all letters, telegrams and other documents received by the Department of Mines and Resources leading up to or connected with the issue of order in council P.C. 4233 dated September 13, 1948.

WARTIME HOUSING—AJAX, ONT.—COOKSTOVES

Mr. Williams:

For a copy of vouchers and receipts in connection with the purchase, rental, maintenance and sale of cookstoves by Wartime Housing at Ajax, Ontario.

NATIONAL DEFENCE—POLICE AND FIRE PROTECTION

Mr. Church:

For a copy of the requests of Major General Worthington to the Ontario government and the mayor of the city of Toronto, as to the fire and police protection in case of war.

Mr. Claxton: I can answer this by saying that there is no such correspondence.

Mr. Church: I should like to have the motion stand until I confer with the minister. The question has not been answered.

Mr. Claxton: The motion may carry as an order for return, or be dropped. There is no correspondence.

Mr. Church: Toronto has always co-operated with this government in fire and police matters, on a standard plan. I raised this question last December of reviving the home guard—

Mr. Speaker: As the minister is ready to answer, the motion should be either adopted or not adopted.

Motion agreed to.

NANTON, ALTA., POST OFFICE

Mr. Hansell:

For a copy of all communications, letters, wires, correspondence and other documents exchanged between the government and any person or persons during the past seven years in respect to post office accommodation in the town of Nanton, Alberta.

VETERANS AFFAIRS

STATUS OF CIVILIAN MEMBERS OF R.A.F. TRANSPORT COMMAND

On the orders of the day:

Mr. H. O. White (Middlesex East): I should like to ask the Minister of Veterans Affairs if veterans status has been accorded to the civilian members of the R.A.F. transport command, and, if not, is it expected that such status will be accorded this year?

Hon. Milton F. Gregg (Minister of Veterans Affairs): It is not expected that such status will be accorded this session.

LABOUR CONDITIONS

PRINTING BUREAU—WAGE RATES OF EMPLOYEES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): I should like to ask a question of the Secretary of State. In view of the well-deserved tribute which was paid this morning to the staff of the printing bureau, and in which I heartily join, can the Secretary of State say what progress is being made to

bring the wages paid to employees at the printing bureau up to the levels prescribed in the act?

Hon. Colin Gibson (Secretary of State): The wages paid to printers are dependent upon the average wage paid in Toronto and Montreal. At intervals we ask the Department of Labour to secure this information and pass it on to the Secretary of State. The wages are then put in line with the wages being paid in those cities.

Mr. Knowles: Is the Secretary of State aware of the fact that there is usually a lag of a year or two in bringing up the bureau's wages to those levels?

Mr. Gibson (Hamilton West): That is not correct. I may say that negotiations take place with the various trades in both Montreal and Toronto, and when agreement has been reached with the printers in those two areas the Department of Labour is in a position to give us the average wage that should be paid here.

NATIONAL DEFENCE

REPORTED DISTURBANCE ABOARD H.M.C.S. "CRESCENT"

On the orders of the day:

Mr. John O. Probe (Regina City): I should like to direct a question to the Minister of National Defence. Will the minister please inform the house of the background of the reported disturbance aboard H.M.C.S. *Crescent*, indicating what seems to be dissatisfaction on the part of naval ratings? Will the minister indicate the extent to which disciplinary action has been invoked, and whether it is the intention of the government to investigate conditions in the naval service with a view to their improvement?

Hon. Brooke Claxton (Minister of National Defence): The reports I have received would indicate that this was a disturbance of a minor character and rather similar to that which occurred on board the H.M.C.S. *Athabaskan*. Disciplinary action was taken by the commanding officer on the spot, and since then the work of the vessel has proceeded without interruption. A full investigation will be held into the causes of these difficulties.

Mr. Probe: As a supplementary question, I should like to ask the Minister of National Defence to indicate the type of disciplinary action that has been taken in relation to disturbances on Canadian destroyers that have been referred to occasionally.

Mr. Claxton: I shall have to make further inquiries to ascertain what it was, but there was no serious action taken. I think some men were charged with the offence of slackness—which I understand is a minor offence, suitable for these incidents—and that the cases were disposed of.

ROYAL CANADIAN MOUNTED POLICE

ESQUIMALT DOCKYARDS—REPLACEMENT BY OTHER PERSONNEL

On the orders of the day:

Mr. G. R. Pearkes (Nanaimo): Is the Minister of Justice able to give me a reply to the question I asked him on the 21st of March as to the R.C.M.P. guards at Esquimalt?

Hon. Stuart S. Garson (Minister of Justice): I will look into the matter.

INQUIRY FOR RETURN

EXPORTS AND IMPORTS, 1946-48—EXPORT OF CANNED MEATS

On the orders of the day:

Mr. Patrick H. Ashby (Edmonton East): I should like to direct an inquiry to the Minister of Finance or the appropriate minister. On February 9 a number of questions asked by me were passed as orders for returns. I received an answer to the first two, but not to the others; I was informed that they would be answered elsewhere. I should like the minister to see that I am provided with correct answers to the questions that were not answered.

Hon. Douglas Abbott (Minister of Finance): I will ask my colleague the Secretary of State to look into the matter and see what the situation is.

TRANS-CANADA AIR LINES

FIFTEEN PER CENT INCREASE IN FARES—SUSPENSION OF TRAVEL TAX

Mr. J. G. Diefenbaker (Lake Centre): To clarify something that took place last night, I should like to ask the Minister of Trade and Commerce a question. Last evening in his budget speech the Minister of Finance announced the elimination of the fifteen per cent tax on air travel tickets. Almost at the same time an announcement came over the air that Trans-Canada Air Lines had increased the cost of its tickets to the extent of the reduction announced by the Minister of Finance. When did the directors of Trans-Canada Air Lines come to know that this reduction was to take place, or did they meet after the minister made his budget speech?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The decision to increase Trans-Canada Air Lines fares, by a scale which has been on file for some time with the

Board of Transport Commissioners for Canada, was made at least six weeks ago—certainly before there was any knowledge of the proposed budget action. I myself learned only last Monday about the budget action.

Mr. Fraser: Who arranged the timing?

IMMIGRATION

INQUIRY AS TO REGULATIONS PROTECTING CANADIAN ORCHESTRAS

On the orders of the day:

Mr. N. J. M. Lockhart (Lincoln): I should like to direct a question to the Minister of Mines and Resources and ask him to take it as notice. Based on information I have received, may I ask him if there are any immigration regulations in effect which would protect the interests of Canadian orchestras against an invasion of their rights by United States orchestras? I have received a telegram or two objecting to that.

Hon. J. A. MacKinnon (Minister of Mines and Resources): From my knowledge of the regulations I think I can say these matters would be dealt with individually. If a person were coming in from another country for the purpose mentioned by the hon. member, that would be taken into account in dealing with the application.

Mr. Lockhart: There used to be immigration restrictions.

FOREIGN EXCHANGE CONTROL ACT

CONTINUATION IN FORCE UNTIL SIXTY DAYS AFTER OPENING OF FIRST SESSION OF PARLIAMENT IN 1951

Hon. Douglas Abbott (Minister of Finance) moved the third reading of Bill No. 85, to amend the Foreign Exchange Control Act.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, there has been no recorded vote on this bill at any stage, and it is my purpose to seek a recorded vote. Before doing so I wish to refer to two considerations which I think should be in the minds of hon. members in regard to this matter.

It has been pointed out already, and I think it should be emphasized, that every leading expert actively associated with the international exchange problem at the highest level has stated that if there is to be a return to normal trading among nations a solution must be found which will give some measure of freedom of movement to the exchanges of the world. As I mentioned yesterday, Mr. Paul Hoffman, who administers ECA and is also mainly concerned with the allocation of Marshall funds, has stated that there must be a solution this year of the problem of convertibility. If that is so, there is every reason why parliament should not extend beyond one year legislation which gives extraordinary powers going far beyond the control of exchange itself.

That, Mr. Speaker, is something which has been overlooked or disregarded in any of the very limited explanations that have been given from the government side of the reasons for carrying forward this bill in its present form. This is not merely a bill to control exchange; it is a bill to control import and export as well. The argument originally presented was that the additional features were only for the purpose of supporting the effective operation of government action to control exchange, and were not intended as devices to deal with the export and import of goods, though that effect was clearly covered by the wording of the act. Later the Minister of Finance announced that he had been informed by his experts that under the provisions of the act he could control import and export, and since then this has been an important feature of the act itself.

If the optimistic viewpoint expressed by the Minister of Trade and Commerce and the Minister of Finance in regard to trade is in fact borne out, then there is every reason why a bill of this kind, which carries forward arbitrary controls over trading which can have no meaning once our exchange operates as a normal instrument of balancing accounts between countries, should not be approved by this house. If in fact the statements of the secretary of the treasury of the United States and Mr. Hoffman are based upon sound information—and I think we should assume they are—they look for a decision in this matter during the present year. Therefore the government should be under the compulsion of immediate action; and if this legislation is extended for only one year there will be more reason for the government to act immediately and initiate the appropriate action to return to actual convertibility between the pound and the dollar. Until there is a return to that convertibility, this country faces possible disaster, no matter what optimistic statements may be made in this house or elsewhere.

We have it within our power to give leadership in something which relatively is of more concern to Canada than to any other nation in the world. Surely we have the trained brains; surely we have men of sufficient mental vigour and confidence in themselves to give leadership in breaking the log jam which is backing up international trade between western nations whose ability to defend their freedom will depend very largely in the years that lie ahead upon their ability

to extend their trading strength and their economic interdependence and co-operation. Therefore it is not only something that is in the interests of Canada; it is a challenge to Canada's maturity and capacity to deal with international problems.

For that reason, Mr. Speaker, I do not believe this bill should go forward in its present form, covering a two-year period. For that reason I believe it should not get third reading, and the government should take appropriate steps to reduce the life of the bill to one year.

In addition to the reasons I have given as to why that should be done in any event, reasons related to the statements made publicly by those best informed in the matter of international exchange, may I point out another reason why this house should refuse to extend the life of a bill of this kind, which in addition to controlling import and export has such a profound effect upon our whole economy. Our system of parliamentary control of expenditure is based upon an annual review of the action of the government. For hundreds of years that basic principle has been firmly imbedded in our parliamentary system. We should not disregard it when we have placed before us a bill which can affect the whole domestic and external economy of Canada in the years immediately ahead.

Out of the surplus collected in the form of taxes in 1948, more than $400 million had been lent for the purpose of dealing with the operations under this fund. That system again is contrary to our established methods of handling the public revenues. Other countries deal with similar exchange operations by setting up a fund for the purpose, to which money is voted in the ordinary way by parliament at the time the estimates are dealt with. That, I submit, is the way it should be done here. At the end of the year, in the usual way, there should be an opportunity to review the act itself as well as the results of the operation of the act. It is not enough to say, as has been said, that the accounting must come before this house every year. The bills that are dealt with by this house should be related to the accounting and should be amended from time to time to adjust them to the circumstances which that accounting discloses.

In this particular case we are told that our exchange is as strong as any other in the world, that our dollar is as sound a money unit as any other in the world. If that is so, why should we carry forward for two years, let alone for one year, emergency measures which in themselves suggest that that statement is not correct? The adoption of these additional measures covering the operation of exchange indicates a belief in another method than the historic device of the normal balancing of trade. If our exchange is as strong as it is claimed, and as strong as it certainly has a right to be, with our enormous resources and raw materials, we should not give to this or any other government that arbitrary day-by-day power by order in council over the import and export trade of this country.

There are so many inconsistencies, Mr. Speaker, in the statements made in support of the procedure which is being followed that it is difficult to understand exactly what argument the government has put forward in favour of the contention that these measures should be extended for two years. The Minister of Finance has said that if we returned to something in the nature of a free dollar we would then have an addition to our cost of living of some seven or eight per cent. At the same time he says that our dollar is worth as much as the United States dollar, so I do not know how he arrives at that conclusion. Moreover, although he says he is greatly concerned about the addition to the cost of living of the seven or eight per cent which might result from having a free dollar, he has at the same time been placing a twenty-five per cent excise tax on many of the daily requirements of the people. If a matter of seven or eight per cent is of so much concern in the one case, it is difficult to understand why a twenty-five per cent increase on other necessities can be regarded as unimportant simply because it happens to be something that is imposed by the government itself. Yet that is the only reason one can find for the difference between the two situations.

Let me sum up in this way. If we believe that exchange is really what the word implies, and that exchange, given a realistic relationship to the actual value at the moment, of the unit of currency, does act as a measure which will balance international trade; if we believe that it is not necessary for the government to have these powers which go far beyond exchange; if we believe that bills covering matters of this kind should not give by order in council the arbitrary authority conferred here for a period of more than one year, then I submit that the members of this house should vote against the third reading of the bill which carries all these objectionable features into effect.

Let there be no doubt about one point. We have made it clear that we believe there must be some measure of reference to the international monetary fund during a period when the adjustments are made. By an amendment which was proposed and which was ruled out of order, we advocated the taking of steps—

within a year, or if possible within a shorter period, during which exchange control would still operate—to restore something in the nature of convertibility. Whether this bill is passed or not, but particularly if it passes, our position is that this government should without delay take the initiative in seeking a return to convertibility, which means so much to the future advancement of Canada.

Mr. M. J. Coldwell (Rosetown-Biggar): Since we are going to vote for this measure, may I say a word? I agree with the leader of the opposition (Mr. Drew) that there is some incompatibility between the minister's statement about exchange and the incidence of excise tax. I agree that the excise tax has the effect which devaluation of the currency or inflation of prices might have. But I submit that to take the initiative in bringing about convertibility, as suggested by the leader of the opposition, is not in the best interests of this country.

A few years ago the United States did something of this kind. The effect was to impede the efforts that were being made for recovery, particularly in the United Kingdom. I believe convertibility is desirable, but in view of the circumstances I do not think the time has arrived when that can be safely undertaken. The bill upon which we are about to vote grants powers to the government for the period that will be required in order to bring about a measure of economic stability among some of the nations of the world.

We know, for example, that the customer upon whom we must rely for a great deal of our trade and commerce believes it will be 1952 before she is able to approach the required balance in her economy. If it is suggested that the government does not need the powers granted by this bill for two years, I think it is likely that no government would endeavour to carry on a policy of this kind if it was unnecessary to do so.

An hon. Member: You do not know them.

Mr. Coldwell: I do not know, no; but I do know that in a democracy governments must pay some attention to public opinion. If public opinion did not support a measure such as this because it was believed to be unnecessary, I do not think any government would dare to fly in the face of public opinion. That is the safeguard that we as a parliament have in passing upon this measure, and indeed upon many others.

If I were criticizing the government for the general policy that has recently been placed before this house I would say that the dropping of controls brought about an inflationary condition that has worked to the detriment of the great masses of the Canadian people. I do not want to discuss the budget, but last night when it was proposed to remove the subsidy on flour and reduce the tax on chocolate bars, in which I concur, it seemed to me the effect of that might be to increase the price of bread, and, to paraphrase what Marie Antoinette said, if you cannot buy bread, you will be able to buy chocolate bars. I believe beneficial controls were dropped far too quickly, and the public regretted it.

To force Canada to take the initiative now in this regard would be a mistake. I agree with the leader of the opposition in the tribute he paid those who are advising the minister in these matters. If that tribute is sincere, then I have no doubt that the advice which the minister is getting, and upon which he bases the proposals he has made to this house, is advice which the whole House of Commons might well consider and approve. Consequently, Mr. Speaker, we should pass this bill, because it is in the interests of Canada, the Canadian economy and the customers upon whom we rely for our trade and commerce.

Mr. Speaker: If the minister speaks now he will close the debate.

Mr. Abbott: I have no intention of making any extended remarks. I set out my position in the statement which I made on the resolution stage of this measure. I then gave the reasons why the government considers it necessary that the Foreign Exchange Control Act be extended for a period of two years.

The government is just as much interested in the restoration of convertibility of currency as anybody in this country, but it is something which cannot be done alone. No single nation can do it. The leader of the C.C.F. party (Mr. Coldwell) is perfectly right when he says that world and trading conditions today are such that it is useless to expect or to count on a return to full convertibility of currencies for some little time yet.

Mr. Macdonnell (Muskoka-Ontario): Why not make a beginning?

Mr. Abbott: We shall do our share. I also thank the hon. member for Rosetown-Biggar for the reference which he and the leader of the opposition have made to the advisers of the government on foreign exchange matters. My judgment is that the persons upon whom we rely for technical advice in these matters are among the most competent experts in that field to be found in the world today, and I have the most complete confidence in the advice which I receive from them in matters of this kind.

Foreign Exchange Control

I have just one other thing to say. In looking over *Hansard* of yesterday and the replies which I gave to some hon. members in connection with the change of residential status to the United States, I am afraid that, contrary to my usual practice, I was not quite as clear as I might have been. With the permission of the house I should like to place on *Hansard*, for the information of hon. members an official circular of the foreign exchange control board which outlines the full requirements with respect to change of residential status:

Foreign Exchange Control Board
Ottawa

January 10, 1949

Change of Residential Status

Definition of resident.

1. Under the Foreign Exchange Control Act any person who was or is ordinarily resident in Canada on or after September 15, 1939, is deemed to be a "resident" for the purposes of transactions to which the act applies, unless the foreign exchange control board determines that he is a "nonresident".

Application for change of residential status.

2. A resident individual desiring that the board determine him to be a nonresident is required to apply to the board through his bank on form 107—application for change of status from resident to nonresident for foreign exchange control purposes.

When application approved.

3. The present policy administered by the board is, upon application, to designate as a nonresident an individual who is making a bona fide change of permanent residence from Canada to another country and has obtained any necessary permission from the country concerned to take up permanent residence there. Authority to transfer his funds and other assets from Canada is then granted as outlined below.

Transfer of assets to United States dollar area countries.

4. (a) Where the total assets of an emigrant to a United States dollar area country do not exceed $5,000 he may transfer the total amount from Canada in the form of Canadian dollar bank drafts or cheques which he is free to negotiate in the United States at the rate of exchange prevailing there.

(b) Where such an emigrant's total assets exceed $5,000, the transfer is permitted in the manner described in (a) up to 50 per cent of the total, with a minimum limit of $5,000 and a maximum limit of $12,500, during the first year after leaving Canada. Assets which are not authorized for transfer during this period continue to be regarded as those of a Canadian resident and the board may require that they be placed under the control of a resident agent or trustee. At the end of one year from his departure from Canada and at annual intervals thereafter, the owner may apply to the board for authority to make additional transfers from Canada from these resident assets. Subject to changes in policy in the meantime, such applications are normally approved for the same amount and in the same manner as on the original change of status application.

(c) A United States citizen resident in Canada desiring to return to the United States to live is normally authorized to transfer all of his assets to the United States at the time of departure provided that the excess over the amount authorized for transfer in Canadian dollars under (b) above is invested in Canadian domestic securities having a term to maturity or earliest call date of not less than three years and the transfer of the excess if made in that form.

(d) Assets authorized for transfer on approval of a change of status application may be retained in Canada and income from them may be transferred at the official rate of exchange. Any subsequent disposal of the assets in Canada is subject to the prevailing rules governing nonresident-owned assets, e.g., a nonresident may ordinarily sell securities in Canada only where the proceeds are being immediately reinvested in other similar Canadian securities.

(e) In addition to assets which may be transferred in accordance with the preceding paragraphs, the export of normal household and personal effects is permitted.

To sterling area and special arrangement countries.

5. An emigrant to a sterling area or special arrangement country is ordinarily authorized to transfer all of his assets to such a country at the time of his departure in the form of a Canadian dollar bank draft or cheque or in Canadian securities. These countries include the United Kingdom, the British commonwealth and empire, France, Belgium, Netherlands and Norway.

In-transit traveling expenses.

6. At the time of departure an emigrant to whom change of status has been granted is authorized to obtain up to $150 (with a maximum of $400 per family) in foreign exchange at the official rate in Canada to meet in-transit expenses. In addition, he may buy his transportation in Canada with Canadian dollars.

Mr. Speaker: Is the house ready for the question?

The house divided on the motion (Mr. Abbott) which was agreed to on the following division:

YEAS

Messrs:

Abbott
Archibald
Argue
Arsenault
Baker
Beaudoin
Belzile
Benidickson
Bentley
Bertrand (Laurier)
Bertrand (Prescott)
Black (Chateauguay-Huntingdon)
Blackmore
Blanchette
Boivin
Bonnier
Boucher
Bourget
Bowerman
Bradette
Breithaupt
Brown
Brunelle
Bryce
Burton
Campbell
Caouette
Castleden
Chevrier
Clark
Claxton
Cloutier
Coldwell
Coté (Matapedia-Matane)
Coté (Verdun)
Cournoyer
Croll
Cruickshank
Dechene
Dickey
Dion (Lake St. John-Roberval)
Dionne (Beauce)
Douglas
Emmerson
Eudes
Fair
Fontaine
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Gardiner
Gariépy
Garson
Gauthier (Nipissing)
Gauthier (Portneuf)
Gibson (Comox-Alberni)
Gibson (Hamilton West)
Gillis
Gingues

Golding
Gour (Russell)
Gourd (Chapleau)
Grant
Gregg
Hallé
Hansell
Harris (Grey-Bruce)
Healy
Herridge
Howe
Irvine
Isnor
Jaenicke
Jean
Johnston
Jones
Jutras
Knight
Knowles
Lafontaine
Langlois
Laurendeau
Lesage
Little
Low
McCann
McCuaig
McCubbin
McCulloch (Pictou)
McCullough (Assiniboia)
Macdonald (Brantford City)
McDonald (Parry Sound)
McGarry
McIlraith
MacInnis
McIvor
McKay
MacKinnon
MacLean
MacNaught
Maloney
Marier
Marshall
Martin
Matthews (Brandon)
Matthews (Kootenay East)
Maybank
Mayhew
Michaud
Mitchell
Moore
Mullins
Mutch
Nicholson
Nixon
Parent
Pearson
Picard
Pinard
Probe
Quelch
Raymond (Wright)
Reid
Richard (Gloucester)
Richard (Ottawa East)
Rinfret
St. Laurent
Shaw
Sinnott
Smith (York North)
Stewart (Winnipeg North)
Stuart (Charlotte)
Strum, Mrs.
Thatcher
Townley-Smith
Tremblay
Viau
Warren
Weir
Whitman
Williams
Winkler
Winters
Wright
Wylie
Young
Zaplitny—146.

NAYS

Messrs:

Adamson
Aylesworth
Barrett
Black (Cumberland)
Black (Yukon)
Blair
Bracken
Bradshaw
Brooks
Cardiff
Case
Charlton
Cockeram
Coyle
Daniel
Desmond
Diefenbaker
Drew
Drope
Ferguson
Fraser
Fulton
Graydon
Green
Hackett
Harkness
Harris (Danforth)
Hatfield
Hazen
Henderson
Hodgson
Homuth
Lennard
Lockhart
Macdonnell (Muskoka-Ontario)
McGregor
McLure
McMaster
MacNicol
Manross
Merritt
Miller
Murphy
Nowlan
Pearkes
Robinson (Bruce)
Ross (St. Paul's)
Ross (Souris)
Rowe
Smith (Calgary West)
Stanfield
Stephenson
Stokes
Timmins
Tustin
White (Hastings-Peterborough)
White (Middlesex East)—57.

Mr. Marquis: I was paired with the hon. member for Charlevoix-Saguenay (Mr. Dorion). Had I voted I would have voted for the motion.

Bill read the third time and passed.

CANADIAN COMMERCIAL CORPORATION

ADVANCES BY WAY OF LOANS—EXTENSION OF LIFE OF THE CORPORATION

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved that the house go into committee to consider the following resolution:

That it is expedient to present a bill to amend the Canadian Commercial Corporation Act to provide authority for advances to the corporation by way of loan out of the consolidated revenue fund and to extend the time of operation of the act.

Mr. Graydon: Mr. Speaker, I think it would be advisable for the minister to make his statement at this stage of the proceedings. The whole matter would be clarified and the debate could be proceeded with on that basis.

Mr. Howe: Mr. Speaker, the bill to be based on this resolution has a threefold purpose: first, to extend the life of the Canadian Commercial Corporation; second, to authorize borrowings by the corporation; third, to provide that when its services are used by a department or agency of the government, the corporation may recover its proper out-of-pocket expenses and proportionate overhead from the department or agency concerned.

The corporation was established in 1946 to take over the functions of the Canadian export board—an agency established under wartime powers to facilitate the procurement in Canada by other countries of civilian type supplies. These supplies were financed in large part, though not entirely, from the proceeds of post-war loans and grants then being arranged. It was recognized at that time that not only would other governments and relief agencies need assistance in procurement in Canada, but that international allocations and controls exercised by other countries would make necessary some Canadian government organization that could act as procurement agent for certain Canadian import requirements. At that time, much of such Canadian procurement was being handled by Commodity Prices Stabilization Corporation, another wartime agency whose life was of limited duration but whose main purpose was connected with subsidies then being paid on imported goods. The Canadian Commercial Corporation

was not to be an agency for the payment of subsidies, but simply a piece of machinery that could be used to fill a need in carrying through foreign trade transactions that for one reason or another had to be handled through a government agency. Since it was established the corporation has made purchases in Canada for foreign governments and relief agencies to the total value of $272 million, a figure, incidentally, that is far in excess of the relative amount of credit or grants made by the people of Canada.

In the field of assisting in procurement of imports, the corporation's powers and organization have enabled it to be used with advantage on many occasions where the participation of a government buying or selling agency was essential. For example, in 1947, sisal being subject to world allocation, it was only through the auspices of the Canadian Commercial Corporation that Canadian cordage manufacturers were able to obtain their requirements of fibre from British East Africa. In another case the services of the corporation made it possible for the Department of Agriculture to obtain 5,000 tons of potash from the Russian zone of Germany. There is every reason to believe that the exigencies of foreign trade will continue to require the use of the corporation's facilities.

When the original act was passed and the corporation established in 1946, it was recognized that the need for the corporation's services in respect of foreign trade might well be required for some considerable time, but because the full useful life could not be forecast, the act was given a short term, it being understood that at the end of that term a review of the purposes and usefulness of the corporation would be made. Section 19 of the act provides that the act shall expire sixty days after the opening of the first session of parliament commencing in the year 1949. The legislation now before the house will permit the Canadian Commercial Corporation to continue to carry out its functions in the future.

In July 1947, the Canadian Commercial Corporation Act was amended in order to give the corporation the power to carry out for and on behalf and under the direction of the Minister of Trade and Commerce certain duties in connection with the acquisition of munitions and supplies required by the Department of National Defence, which duties had been previously transferred to the Minister of Trade and Commerce from the Minister of Reconstruction and Supply. This amendment was effective February 1, 1947, and since that time all purchasing for the Department of National Defence has been conducted by the corporation, acting in the name of the Minister of Trade and Commerce. This work has entailed the placing of more than 113,000 contracts, to the value of about $200 million.

One of the primary purposes of this corporate agency of government is to meet the needs of international trade. It has been, and continues to be, the policy of the government to provide for the procurement of the needs of the defence services by a civilian department rather than direct procurement by the services themselves. This purchasing function could be performed by a department of government rather than a corporate body, although the corporate form provides certain positive advantages, not only to the government but also to those who supply the requirements. However, a corporate form is almost essential in connection with certain foreign trade transactions, and it has obvious advantages to have but one buying agency rather than two separate organizations, one a branch of the Department of Trade and Commerce and the other a crown company. By establishing a single agency with corporate powers, real savings in costs of administration and in general efficiency were possible and were made.

In its work in the interest of national defence, the corporation has proven itself to be an efficient and economical procurement agency. It has in its service an experienced staff, many of whom were drawn from the wartime purchasing staff of the departments of munitions and supply and national defence.

The legislation also provides authority to the Minister of Finance to advance up to $10 million to the corporation by way of loan on such terms and conditions as the governor in council may determine. Occasions will arise where unforeseen developments affecting the supply of commodities essential to our civilian requirements or to our national security may require us to take immediate procurement action. This may involve the use of funds in excess of those made available to the corporation under the act. A case in point was the action taken by the corporation between October, 1948, and January, 1949, to relieve the threatened shortage of butter in Canada. The Canadian Commercial Corporation undertook the importation, handling, and financing of purchases of 15,680,000 pounds of butter from Australia, Denmark, and New Zealand, at a total cost at Canadian port, including ocean freight, of $11,348,741.80. The butter was quickly sold to packers and creameries on the basis of allocations recommended by the wartime prices and trade board at official ceiling prices. In this particular case the corporation was able to finance the transaction because payments were

promptly received from the Canadian purchasers. If there are transactions in the future of a similar nature for essential commodities, we cannot be sure that payments will be forthcoming with sufficient promptness to enable the corporation to finance them.

There is also always present the possibility that a sudden change in the international situation may confront us with the urgent necessity of procuring immediately supplies essential to our national security. We may, for example, be threatened with the loss of an important source of supply of a critical material. It seems prudent that the corporation be put in a position to deal with unforeseen emergencies of this kind should they arise.

Provision is also made in the proposed legislation under which it will be possible for the corporation to recover from departments and agencies of the government of Canada proportionate shares of the corporation's costs of operation. Such provision is calculated to place upon those departments and agencies proper financial responsibility with respect to services rendered to them by the corporation.

In this connection, the amounts up to $10 million provided for in section 8 were never regarded as a spending appropriation but were regarded as constituting a revolving fund, disbursements from which for the purposes of a particular department were to be recovered from that department out of its appropriation. Until May, 1948, the operating expenses were recovered on a prorated scale settled with the departments concerned and approved by the treasury office. In that way the corporation's funds were not depleted. On a question raised, however, the deputy minister of justice gave it as his opinion that, in the absence of special statutory provision, the corporation could not recover any of its operating expense from departments for which it acted as agent. Consequently the Department of Trade and Commerce had to get a supplementary appropriation to cover the corporation's operating expense incurred in transactions for the Department of National Defence. The view was expressed at that time by some hon. members that the costs of procurement should be borne by the appropriate departments rather than centralized in the Department of Trade and Commerce.

That, Mr. Speaker, outlines the purpose of the bill, and the provisions which will be contained in it.

Mr. J. M. Macdonnell (Muskoka-Ontario): I should like to make a few observations on the resolution before it goes to the committee stage.

The minister has given us what I think is a clear picture of the scope of the work of the corporation. I should like to refer briefly to a few aspects of it. I shall read from the resolution introduced in 1946 by the then minister of trade and commerce, to be found at page 1930 of *Hansard* of that year:

> That it is expedient to present a bill to establish a corporation to be known as the Canadian Commercial Corporation empowered to assist in the development of trade between Canada and other nations and to assist persons in Canada to obtain goods and commodities from outside Canada and to dispose of goods and commodities that are available for export from Canada.

As the minister has pointed out, on the 5th of February, 1947, the authority was extended, and the extension was confirmed by chapter 51 of the statutes of that year. At that time, as the report of the corporation for 1947 shows, the function vested in the member for Port Arthur (Mr. Howe) as Minister of Reconstruction and Supply was transferred to the member for Port Arthur as Minister of Trade and Commerce. This was a measure to give the corporation power to act as purchasing agent for the Department of National Defence. I will read the pertinent section, which is to be found in chapter 51 of the statutes of 1947:

> The corporation may, as directed by the minister, exercise and perform on behalf of the minister, the power, duty and function vested in the minister to buy or otherwise acquire and manufacture or otherwise produce munitions of war or supplies for, and to construct or carry out projects required by the Department of National Defence.

I do not think we should overlook the fact that there is this very wide power because of the simple word "produce". I think we will want to ask certain questions in committee to assure ourselves as to where the corporation is taking us. The minister will not be surprised if I say that we are always a little shy of the extension of powers of crown corporations. I shall not say any more on that point.

It seems perfectly clear from reading the report of the corporation for the year 1948—and of course that only brings us down to March, 1948, so that we are almost a year behind—that the business of the corporation was changing very substantially even at that time, and that its duties as purchasing agent for the Department of National Defence were becoming more important. It was doing more along that line while its other duties were diminishing to a very considerable extent.

I can quite understand the force of what the minister said about the disturbed conditions immediately after the war, particularly on the continent of Europe, and that a government agency could probably do things which a private agency could not do. The minister gave us two instances, sisal in 1947, and potash, I am not sure in what year; and I can quite understand that situations do

arise in which it would be important and useful to have a government agency operating. But we are now asked to provide more money for this corporation and in general to enable it to increase its operations.

It would seem to me that on the evidence of this second annual report for the year ended March 31, 1948, there is no reason to believe that the business of the corporation, other than that of acting as agent for the defence department, is on the increase. Rather the evidence is that it is on the decrease, and that seems to me to be quite proper; because I should have thought that as we got further away from the war, and as the abnormal situation became slightly more normal, people would be better able to look after their own business and would not have to rely so much on a government corporation. So we shall wish to ask a good many further questions on this point and others when we are in committee.

The report for 1948 states:

> There has, however, been a substantial change in the activities of the corporation, resulting from the tapering off of foreign government purchasing operations in Canada, which, however, has been offset by an increase in purchasing activities on behalf of the Department of National Defence.

Another thing one observes, at which perhaps one is not surprised but a little disappointed, is that the report of 1947 expressed the hope that as time went on the corporation would be able to do with a smaller staff; but if my memory serves me correctly, actually between 1947 and 1948 the staff of the corporation was increased by a very small number—I think only two.

I do believe this house is entitled to have the fullest evidence given it as to the work of this corporation: first of all, that it needs more money. As I say, its operations are contracting on that side of its business other than acting as purchasing agent for the Department of National Defence, and so far as I can see, in that capacity it does not need any capital moneys at all, because it is merely acting as an agent and, as I understand it, the accounts are sent directly to the Department of National Defence. The corporation therefore needs no funds for that, except for its ordinary operating expenses.

As to the service of the corporation to the Department of National Defence, it seems to me the minister makes a prima facie case there. One can understand that people who are in the defence department may not be businessmen, and that it may be a sensible arrangement to have this plan continue. But we want a great deal of information from the minister as to the nature of the import and export business which it carries on now. This brings us back to our old question of control.

[Mr. Macdonnell (Muskoka-Ontario).]

While I give the government credit for abandoning certain controls, nevertheless it seems to me that under a measure of this kind what goes out by one door comes in by another, and if the Canadian Commercial Corporation is going to play an important part in the import and export business, then it does in fact exercise in that way a considerable control over business.

As I have said, the report makes it clear that a great deal of the corporation's work for foreign countries, and for UNRRA, which it did immediately after the war, is coming to an end; and it is hoped that its activities in the import and export business will continue to decrease. In view of the fact that the latest information we have is almost a year old, I think the minister should give us figures which would bring us up to date and give us an indication of the course of business of the corporation in the last year. Otherwise we are rather in the dark.

It is getting close to one o'clock, and I suggest that when we come back at three the minister should be able to bring us up to date in that matter so we can get a better picture of the trend or tendency of the corporation's activities. My hope would be that in this past year, with a greater amount of normality returning to business, the tendency which is described in the 1948 report would be still further advanced; and I would certainly hope that the need for governments to enter into the import and export business would be lessened.

By the sheerest coincidence I met a man in this building last evening who told me he was in the export business, and by accident he mentioned the corporation. I am not able to give the details of this, and to that extent this portion of my remarks loses some effect; nevertheless this businessman—a bright, active fellow—did not seem to think the Canadian Commercial Corporation was helping him very much. In fact I think he would have been very much inclined to agree with the remark made by Winston Churchill in speaking about the socialists, that what the people wanted was to have the government get out of their way and let them carry on their own affairs. I do not wish to emphasize that or to be unduly critical of the corporation, because I think in certain ways it has performed a useful function; but just before resuming my seat I suggest to the minister that at three o'clock he should give us the fullest possible statement of last year's operations by the corporation. I should like him to indicate exactly the volume of the financial transactions it has carried out, as compared with the previous year. He should also indicate to what extent it has been acting for foreign governments, and in what particular

ways it has been able to serve the individual Canadian importer and exporter; because speaking for myself, and I think generally for members of the Progressive Conservative party, we do not want to take lightly the continuation and extension of commercial corporations.

The minister made the point that the corporation rather than a government department was needed in respect of various transactions which are to be carried out. That may well be; nevertheless we feel—and this has often been expressed in the house—that when things get into a government department that is a fine way of having them done without scrutiny, and a way of exercising almost without limit, powers which cannot be exercised if they have to be submitted to the scrutiny of this house. Indeed we shall have certain questions to ask on that very point—whether one of the incidental by-products, if I may put it in that way—I will not say one of the aims—may not be to enable the minister to wield a power which I do not think he entirely dislikes, and to do it in a way in which he could not do it directly as Minister of Trade and Commerce.

I noticed one thing in the report that interested me. Evidently the writer has a great respect for the minister, for this is what he says:

> During the year the corporation, acting at the request and in the name of the Minister of Trade and Commerce . . .

And so on.

Mr. Howe: That was a different minister.

Mr. Macdonnell (Muskoka-Ontario): Well, I am not so sure. This is the report for 1948. The minister will know better than I do how long he has been in this department. He will agree that it is very difficult to keep track of just what he is and what he is not. At any rate it is the officer we are talking about; and if the minister is right in saying he was not minister of trade and commerce at this time —though I think he is wrong—I should think he would exercise just as much control as any other minister, and therefore I think the point still stands. There is an old saying that a rose by any other name would smell as sweet. The minister, I am sure, enjoys power just as much when he exercises it through a crown corporation as he does when he exercises it direct. We like to see the minister exercise power directly rather than indirectly, because we feel we are better able to understand what he is doing and we can keep track of him better. There is then more chance for us to catch up with him some day, whereas when he is back of these commercial corporations no one knows what is happening.

I do not intend to prolong this debate, but I suggest to the minister that it will expedite this matter if, after the luncheon recess, he can bring us up to date on the operations of the corporation. As always, we have an open mind, but there are a good many questions we want to have answered before this measure is passed.

Mr. Stanley Knowles (Winnipeg North Centre): At the outset, Mr. Speaker, I wish to say that in general I support the principle of the bill that is on the statute book as well as the principle of the amending bill to be based on this resolution.

I noted with interest the reference that the hon. member for Muskoka-Ontario (Mr. Macdonnell) made to a remark of Winston Churchill, to the effect that people would like the government to get out of the way and let them carry on their own business. That remark applies in a good many cases, particularly in relation to small businesses. I would also point out, however, to the member for Muskoka-Ontario that there are a good many things that are the people's business that the people will never get an opportunity to do except through their government.

My reason for rising to say a few words about this resolution is to call attention, calmly but firmly, to certain abuses that have occurred in connection with the activities of the Canadian Commercial Corporation. This does not detract from my support of the principle. I feel that full publicity should be given to something that was done about a year ago in connection with the affairs of this corporation. One of the purposes in calling attention to this abuse is to provide a basis for preventing a recurrence of it.

In my hand I hold copies of the five orders in council referred to in paragraph 9 of the most recent auditor general's report. I find that those orders in council refer to transactions of the Canadian Commercial Corporation. The transactions to which I refer—and I submit, Mr. Speaker, that it is in order to deal with them at this point—are transactions mentioned in the orders in council of March, 1948, which authorized payments in advance for certain supplies for the Department of National Defence which were to be purchased by the Canadian Commercial Corporation. These supplies were not to be delivered until after the end of the fiscal year. As some hon. members are aware, the Auditor General has called attention to this as a serious irregularity. He points out:

> A constitutional reason for the lapsing and writing off of unused balances in appropriations at the year end is to ensure that the executive be ever in a state of dependency on parliament for funds.

Canadian Commercial Corporation

He goes on to say that there were certain appropriations voted during the fiscal year ended March 31, 1948, which, according to the proper practice, should have lapsed if it was not possible to spend them in that fiscal year for the goods the department desired to purchase. The Auditor General notes that sums of money approximating $680,000 were spent on the authority of a series of orders in council passed in the month of March, 1948.

Mr. Howe: Who signed them?

Mr. Knowles: The orders in council were passed by the governor in council on the recommendation of the Minister of Trade and Commerce (Mr. Howe). Did the minister forget them?

Mr. Isnor: May I ask the hon. member a question?

Mr. Knowles: Certainly.

Mr. Isnor: Were these not payments made as progress payments in connection with contracts?

Mr. Fulton: No.

Mr. Isnor: The member for Winnipeg North Centre (Mr. Knowles) is capable of answering.

Mr. Knowles: In one case it was a contract for changing certain snowmobiles, in other cases they were contracts for the purchase of new equipment. In all cases the Auditor General makes it clear that the government realized it was an irregular practice, and it was because of that irregularity the orders in council were passed in an attempt to regularize payments in the fiscal year ending March 31, 1948. These payments were for goods or services that would not be delivered until some time in the next fiscal year.

At one o'clock the house took recess.

The house resumed at three o'clock.

Mr. Knowles: Just before the noon recess, Mr. Speaker, I had made reference to certain contracts entered into by the government at the instigation of the Canadian Commercial Corporation. I pointed out that in the case of a number of these contracts the Auditor General has given the government quite a severe reprimand. That reprimand is found in paragraph 9 of the auditor general's report appended to the Public Accounts for the year ended March 31, 1948.

As hon. members are aware, the Auditor General's criticism relates to the fact that certain money had been voted in that fiscal year, but the goods and services which the government sought to buy could not be delivered before the end of that fiscal year. Accordingly the government recognized that it was irregular to pay for these goods and services which could not be delivered before March 31, 1948, out of that year's vote. I submit that the government recognized that irregularity in the fact that it found it necessary to pass five orders in council to authorize these payments, which came to a total of over $600,000.

Mr. Howe: May I clear up that point at this time. An order in council is passed for every purchase of the Canadian Commercial Corporation of over $5,000 in value.

Mr. Knowles: The minister's quarrel is not with me. His quarrel is with the Auditor General, who points out that none of these five orders in council indicated any authority on which reliance was placed in order to give directions to pay the amounts. The Auditor General does not criticize the Canadian Commercial Corporation for the hundreds of orders in council which may be passed to authorize payments of over $5,000. That is not the reason for the Auditor General's criticism. The Auditor General criticizes these five orders in council because they authorized payment in March, 1948, before the end of the fiscal year, for goods or services not to be delivered until the next fiscal year. I have no doubt that when the Auditor General looked over these five orders in council—and I suggest to hon. members that they send for a copy of sessional paper 171D, brought down in response to a motion of the hon. member for Kamloops (Mr. Fulton), so that they can look these interesting documents over for themselves—he noted that each of the five orders in council attempted to give some basis for passing the order. The basis which is stipulated in each of the five is in these words:

That the proposed contract is in the public interest.

Mr. Speaker, those of us who have been here for a few years remember the many occasions during the war when we were denied information because it was not in the public interest. Now we have a new doctrine of executive power, namely, that when, in the view of the government, something is in the public interest they have the authority to pass an order in council giving effect to that decision whether or not there is any legislative authority for it.

I do not get excited, as do my hon. friends to the right, when the government exercises powers given to it by this parliament. In fact, time and again I have criticized the government for not fully exercising some of the powers voted to it by parliament; but I do take strong objection when the government

seeks to exercise power to pass an order in council for which there is no legislative authority.

The phrase which I have already mentioned runs through all five of these orders in council: P.C. 859 of March 2, 1948; P.C. 938 of March 6, 1948; P.C. 1051, of March 16, 1948; P.C. 1101 of March 16, 1948; and P.C. 1186 of March 23, 1948. I may say that all five of them were passed by the governor in council on the recommendation of the Minister of Trade and Commerce who, of course, is the present minister. I believe he assumed that position in the month of January, 1948.

It is possible that a case could be made for the desirability of changing our practice so that advance payments of this nature could be made; but that change has not been made, and the Auditor General has done a service to this parliament, and indeed a service to the government, in calling attention to this irregularity.

May I take just a moment to read a few quotations regarding the exercise of legislative power by the executive branch of the government? I have in my hand a well-known volume dealing with these matters, Law of the Constitution, by A. V. Dicey. On pages 50 and 51, and on a few additional pages, this matter is discussed. I find, for example, that in the year 1539, in the reign of Henry VIII, an act was passed giving the crown power to legislate by means of proclamation. Dicey says:

> This enactment marks the highest point of legal authority ever reached by the crown, and, probably because of its inconsistency with the whole tenor of English law, was repealed in the reign of Edward the Sixth.

Dicey admits that some difficulties have arisen in modern times, and that probably the executive branch should have a little more authority than we give to it; but whether such is desirable or not, it is not the case. Executive legislative authority simply does not exist. Dicey says, for example:

> For the repeal of 31 Henry VIII, rendered governmental legislation, with all its defects and merits, impossible, and left to proclamations only such weight as they might possess at common law.

I submit, Mr. Speaker, that the practice in our parliamentary way of doing things is very clear. The government can do by order in council such things as acts passed by this parliament give them power to do. When they exercise those powers they will get no criticism from me; but when they exercise, by order in council, powers not accorded to them in legislation I intend to raise my voice in protest.

May I read another sentence or two from this work by Dicey, which is found on pages 326 and 327:

> The minister or servant of the crown who thus takes part in giving expression to the royal will is legally responsible for the act in which he is concerned, and he cannot get rid of his liability by pleading that he acted in obedience to royal orders. Now supposing that the act done is illegal, the minister concerned in it becomes at once liable to criminal or civil proceedings in a court of law.

I myself will not endeavour to take the minister to court. Rather I am raising the case in this high court of parliament, and I suggest strongly to the government that they should not pass off too lightly the criticisms made by the Auditor General, but that they should be very careful as to the powers they exercise by order in council.

It is not so very long ago, Mr. Speaker, since we had another example of this, in which the same minister was involved. I refer to the Aeronautics Act, and to certain changes which were made in it in 1946. At that time this act had certain provisions in it. Some of us discovered that these provisions had been circumvented. When I asked the minister why, his reply was that it had been done by order in council. When we pressed the point that surely it was not possible to amend an act of this parliament by order in council, another answer was given; but in the end the whole intent of the act of parliament was circumvented by still another means. This was done by the same minister. I repeat, Mr. Speaker, from this group there is no objection to the government using the powers which are accorded to them by legislation, but I submit that they should stay within the legislation passed by this parliament. And while as I indicated at the beginning of my remarks I support the measure before the house and the idea behind the Canadian Commercial Corporation, I hope that those in charge of it will hew a little closer to the line.

Mr. Gordon B. Isnor (Halifax): Mr. Speaker, I rise, not to support the thought expressed by the hon. member for Winnipeg North Centre (Mr. Knowles) in regard to bringing the Minister of Trade and Commerce (Mr. Howe) into court in connection with what the hon. member has termed irregularities with respect to these amounts, but rather to express some of my views in the matter, and to answer from a common-sense point of view the observations made by the hon. member who has just taken his seat.

Mr. Knowles: Answer the Auditor General at the same time.

Mr. Isnor: And in doing so I feel I am making a proper approach to dealing with a

matter of this kind. As I recall, the hon. member referred to four distinct transactions.

Mr. Knowles: Five.

Mr. Isnor: Yes, five distinct transactions, the hon. member says. Each of these is covered by the same principle, a principle which we in everyday business practice follow. It is a principle which I am sure the hon. member would follow if he contracted for the building of a house, in which event the contractor from time to time would approach him for progress payments. That would be along the same lines exactly, except in the present instance in some cases applications were made for payments because of the necessity of bringing from the United States into Canada certain parts for manufacturing purposes.

Mr. Nicholson: Why did the Auditor General comment upon it, then?

Mr. Isnor: I am not answering for the Auditor General. I am answering the criticism as it is advanced by the hon. member for Winnipeg North Centre. I point out to him that from a business standpoint the procedure followed is that which would be followed by the average businessman; and the C.C.C. has acted no differently from the average businessman in that respect. It will be noted I did not say C.C.F.; I said C.C.C. I say therefore that I do not see any great difference in the manner in which the Canadian Commercial Corporation has carried on its business from that which would be followed by a reliable business concern.

Let us deal with these cases. The first dealt with a well-known firm, RCA Victor Corporation, and had reference to a progress payment. They had a contract totaling $226,597. Before the end of March they pointed out that because they had completed a certain part of the work they were asking for a progress payment. The amount of $93,852.50 was advanced to them at that time, leaving a balance of $132,744.50.

The next case to which the hon. member referred, having to do with Canadian Arsenals, was much similar in detail. In August, 1947, they received a contract for about $800,000. They had completed prior to March 31, 1948, work to a value of $435,000, and with that in mind asked for a progress payment of that amount. It was paid; receipts were accepted and vouchers shown. Proper records were made of the transaction. There can be no criticism in any way so far as that case is concerned.

The next one was similar in detail, where the Department of National Defence required certain equipment, certain portions of which were manufactured in the United States. In this instance an advance of $15,000 was made on a contract of $34,000. Other cases were similar in detail. Therefore I say there is no need for the hon. member for Winnipeg North Centre to become greatly concerned or excited when these transactions are carried on in a businesslike way, and proper records are kept.

The only fault I would find is that the facts were not set out by the Auditor General as they appeared in the return made later to us. I would not set myself up as an authority in the matter of auditing, when compared with Mr. Watson Sellar; but I do say that one must take into consideration the facts and figures supporting the case. The hon. member for Lake Centre (Mr. Diefenbaker) in his usual critical fashion at once pounced upon this, as did other hon. members inclined to study public accounts. I took notice of it, and received a return similar to that tabled for the hon. member for Kamloops (Mr. Fulton). This return covers almost all the cases in question. After having read it I recognized these as regular business transactions.

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

Mr. Isnor: I would be very pleased to do so.

Mr. Knowles: Would it not have been possible for the government to put an item in the estimates of the succeeding year, thus meet the terms of the contracts in that way, and at the same time stay within the law?

Mr. Isnor: Yes, and no. In the first place, the hon. member would be one of the first to criticize a government for placing in the estimates of 1949 an account which had already been paid in 1948—and would be justified in his criticism.

Mr. Knowles: We see revotes every year in the estimates.

Mr. Isnor: I beg the hon. member's pardon; revotes are for balances. This is for an unexpended amount.

Mr. Knowles: Is that the way you run private business?

Mr. Isnor: We set out every item of expenditure so that when the auditor comes along he will be able to go into our books, see the entries, and look at the vouchers and receipts; and he would see that we are not including in 1948 expenditures which rightly belong to 1949. This is the answer I would make to the hon. member.

I was about to make some comment with respect to the general functions and the principle behind this organization. Like the hon. member for Muskoka-Ontario (Mr. Macdonnell), I recognize the generally good work

this organization is doing. I am pleased that it is operating under the Department of Trade and Commerce. I would also agree with the financial critic of the opposition when he says that there should be not only a report but a tie-up with the report of the Department of Trade and Commerce, so that we would be able to place these accounts before parliament, and in turn before the public accounts committee for careful scrutiny. In this way we would be able to make a careful study as to whether the expenditures have been made along proper lines.

Then there is one other feature of particular concern to the area from which I come. I would draw to the attention of the Minister of Trade and Commerce the fact that the operations of this organization seem to centre to a large extent around this industrial province of Ontario. Most of the purchases are made here because of the close contact the organization has with the buyers and sellers in these Ontario organizations. While the minister might say that these organizations have their local representatives in the various sections of the country, the fact is we believe that sections outside Ontario are not given the same opportunity. I would urge upon the minister, under whose jurisdiction this organization comes, that greater consideration be given to the different sections of the country, particularly the very fine province of Nova Scotia, and the maritime provinces in general. We believe that many of the contracts given to other sections of the country rightly belong to the maritime provinces. Not only could we supply the goods, but we could supply them in a more efficient manner. I have in mind particularly supplies to the armed forces—the army, navy and air force. For instance, who would think of buying butter in Ontario or Quebec to serve troops in Nova Scotia? But deliveries of butter are being made daily from areas outside the maritime provinces to serve the forces in Halifax. It is almost ridiculous. But that is what has happened recently. I pointed out at the time that I did not think it would work to the satisfaction of the department or of the organization which was doing the buying. Of course the results were what I expected they would be. They were unable to supply eggs and butter in sufficient quantities to meet the daily requirements. I think greater interest should be shown by this organization in the purchase of local requirements from local concerns, and I urge the Minister of Trade and Commerce (Mr. Howe) to consider this matter.

One other glaring example of lack of knowledge shown by certain officials was drawn to my attention only today. I do not suppose the average member of the house knows what a wharf fender is. A wharf fender is made up of some sixty to eighty small logs which are tied together and used to protect both the wharf and the ship coming into the wharf. Only recently a local concern which had been supplying these fenders for years were told that logs were going to be brought in from British Columbia for this purpose. We have every respect for the type of lumber and logs produced in British Columbia, but we feel there is no justification for bringing logs from British Columbia to Nova Scotia when we have quantities of that type of log available.

I am not saying this in harsh criticism because I am in accord with the work being carried out. However, I wanted to bring these matters to the attention of the minister and the organization because I believe this organization should be concerned, not with the economy of one or two particular provinces but with the economy of the country as a whole. I intend to support this resolution.

Mr. E. G. Hansell (Macleod): Mr. Speaker, I suppose that we in this group will have to support this measure because it simply provides for the extension of these powers for a short time. We have no particular criticism to make of the operations of this corporation. However, I would like to put on the record my personal views with regard to crown companies generally. I am inclined to think that these companies simply take responsibility out of the government's hands, thus giving the government a way of escape. However, I do not think the government can altogether escape responsibility for the operations of crown companies generally.

Personally I am a private enterpriser, and I am proud of that. Crown companies are usually costly. They do not necessarily have to show a favourable balance because, generally speaking, they can take the position that it does not matter very much if they are in the red, the taxpayer will be there to foot the bill. I think the minister will admit that this bill is designed to help private industry and I think because of its very nature that it does help private industry.

The difference between crown corporations and private industry is that private industry must be efficient; it must provide service because it is competitive and it must show a profit or it will go broke. But if it does go broke that is its own business; it cannot call upon the taxpayers to foot the bill. Crown companies do not have to do these things. Even though they do not do them, they can still remain in business.

We have some glaring examples in Canada of crown companies that are sapping a good

deal from the taxpayers in order to remain in business. They may be providing service, but they are providing that service at the expense of the taxpayer. Having stated these personal views, I am prepared to vote for the bill providing for a further extension of time for this corporation.

Mr. W. Ross Thatcher (Moose Jaw): Mr. Speaker, I should like to make a very few comments on this resolution and in doing so I shall detain the house for only several minutes. My criticism of the resolution is the opposite to that of my hon. friends of the Conservative party. I contend that during the past two years sufficient use has not been made of this corporation. As was pointed out this morning, the Canadian Commercial Corporation was set up in 1946 for certain specific reasons. In a nutshell, the objects of the corporation as set out in section 4, chapter 40, of the 1946 statutes are to assist in the development of Canadian trade, first, by encouraging imports and, second, by encouraging exports. When introducing the resolution to the house the then Minister of Trade and Commerce said, as reported on page 472 of *Hansard* of April 2, 1946:

> For some time it has been clear that there are many transactions in international trade which cannot be handled entirely by private enterprise—

The minister then went on to state that the corporation would be used for three specific purposes: First, to make purchases in Canada for foreign governments and UNNRA; second, to assist Canadian companies to obtain essential supplies from former enemy territories; third, to provide the machinery for making bulk purchases of such short supply commodities as sugar, oils, fats, et cetera.

Even in 1946, the Minister of Trade and Commerce estimated that there was some need in Canada for an organization which could carry out trading at a state level. I suggest that if there was that need in 1946, with world conditions as they are today and with bilateral trade agreements so much more prevalent, there is an even greater need for the corporation today.

In 1946 the C.C.F. supported the bill in principle and our reasons for doing so were set out clearly in *Hansard* at page 4324, where the hon. member for Vancouver East (Mr. MacInnis) is reported as follows:

> We support the bill, first, because in our opinion it is an attempt not only to expand our trade but also to bring about orderly marketing.

And again:

> —this may well be the first step toward setting up export and import boards.

The bill passed parliament and the corporation was set up. This morning the Minister of Trade and Commerce (Mr. Howe) told us some of the things which the corporation has done in the past several years, and he referred specifically to the handling of Australian butter. I think it has done some excellent work, but nevertheless the proportion of Canadian trade which the corporation has handled has been almost negligible. In view of recent trade developments our group is somewhat worried and disappointed over that fact.

Since the beginning of the session there has been a good deal of discussion about the deteriorating position of our trade with Great Britain. We are concerned especially with the way that markets in Great Britain for our primary products are evaporating. Our exports to Great Britain have been shrinking despite the fact that we have made very substantial loans to them, and despite the fact that the United States has made large ERP loans to Great Britain to finance purchases in Canada. We know that sooner or later ERP is going to end, and when it does we are concerned lest the whole bottom should fall out of our British market.

Recently, as has been pointed out several times in the house, Great Britain concluded a substantial barter deal with Poland, and the products which were obtained from Poland in that barter deal were livestock and farm products. Great Britain has concluded dozens of these barter deals in the last few months, and in almost every case the products which Great Britain is obtaining are products which she formerly obtained from Canada. In other words, our markets in Great Britain for primary products are apparently shrinking fairly rapidly. Sir Stafford Cripps warned us a few weeks ago as to what was happening. I should like to refer now, as I did about two weeks ago, to a Canadian Press dispatch from London concerning what Sir Stafford Cripps had to say about the question. The heading of the dispatch is:

> Canada to lose exports unless it "buys British"

The article reads:

> Britain will buy less food from Canada unless Canada buys more from Britain, Sir Stafford Cripps, Chancellor of the Exchequer, said Tuesday. He said the crux of the post-war Anglo-Canadian trading problem is expansion of British exports to Canada.

I know that the minister knows that. He knows that if we are to continue to have British markets we will have to find some way of increasing British imports into Canada. Time and again one minister after another has said that he does not believe in bilateral trade agreements. I myself think that bilateral trade agreements are a retrogressive step in most instances. If we had any choice in the matter I believe that most

Canadians would prefer to remain on a multilateral basis. Today, however, it is beginning to appear that we have not that choice. In Europe there are between 100 and 150 recently concluded bilateral deals, and if we want to trade with Great Britain it appears that we may be forced to trade in the way the British desire. I think we will be shortsighted if we do not keep that fact in mind.

I suggest that today it is not a question whether or not we like bilateral trade agreements. It is a question whether or not, in order to retain the British market, indeed in order to survive economically, we are prepared to adopt that kind of trading if forced to do so by the British. Rightly or wrongly, we of this group believe that in the immediate future there is going to be a good deal more of bilateral trading. Rightly or wrongly, we also believe that this parliament, whether it wants to or not, is going to have to adopt that kind of trading to at least a limited degree.

If we use bilateral trading, a company such as the Canadian Commercial Corporation might prove invaluable. We cannot see, for instance, why the corporation could not take our surpluses of apples in British Columbia and Nova Scotia, and on a state level try to make a barter deal with Great Britain for some product they have. We cannot see why this corporation could not take other agricultural products which may be in surplus supply, and make barter deals with them. In other words, we think the Canadian Commercial Corporation should be expanded, that its staff possibly should be increased, and that its powers should be made more comprehensive. If Canada is going to be forced into bilateral trading, we think that the corporation should be prepared to play some role in it. We support the bill, but we would like to see it extended.

Mr. G. R. Pearkes (Nanaimo): In July, 1947, an amendment was moved to the Canadian Commercial Corporation Act so that provision might be made for purchases to be carried out on behalf of the Department of National Defence through the corporation. At that time I stated that I could appreciate the advantages of having a central purchasing agency for the Department of National Defence. Then I went on to say that I could not understand the reason why the corporation should take over the construction of buildings for the Department of National Defence. At that time the Minister of National Defence said that they were in the housing business in a very large way, and that the Canadian Commercial Corporation was handling the building and construction of a large number of married quarters for the personnel of the active army and the active navy. I want to stress that in doing so the corporation did not have the facilities to carry out a thorough inspection of the work which was being done, and that the effect was to set up a new department of public works when it would have been very much better if the construction of these houses had been carried out through the Department of Public Works, or by the service personnel themselves.

I have seen press reports that the corporation is to discontinue building houses for the active services. I do not know if that is true, but I hope that it is because for once the government will have taken my advice.

Mr. Howe: If I may interrupt, the Canadian Commercial Corporation has never built anything. It is a purchasing department. We took your advice before you gave it.

Mr. Pearkes: No, not according to the Minister of National Defence. I do not say that these houses were actually built by the corporation, but the contracts were let through it.

Mr. Howe: Yes, but the planning and the supervision were carried out by the armed forces.

Mr. Pearkes: I will quote what the Minister of National Defence said at that time. At page 4958 of *Hansard* of 1947 there is the following:

> The Canadian Commercial Corporation was created, not only for the purposes of purchasing for the Department of National Defence, but for the other purposes that parliament or the government might provide for it.

Later at page 4960 he says:

> This is a very large housing project involving the conversion or construction of some hundreds of dwelling units this year.

Then there is a reference by the minister on the same page to the fact that a great many men will be employed. He refers definitely to the Canadian Commercial Corporation, and then he says:

> There would be presumably about that number in the Department of National Defence if we were not getting the Canadian Commercial Corporation to do that job.

I questioned the policy at that time. I know that I have not made a mistake in saying that it seemed to be the intention then that the contracts for these buildings should be let through the Canadian Commercial Corporation.

Mr. Howe: That is correct. The contracts were placed by the Canadian Commercial Corporation, but all supervision and planning are carried out by the services themselves. We simply act as purchasing agents for placing the contracts.

Mr. Pearkes: Has that policy been changed? Have they ceased to act as an agency for the letting of contracts?

Mr. Howe: No. The only change is that in the current year's program a good deal of the work in connection with housing has been turned over to the Central Mortgage and Housing Corporation. In the program of last year tenders were called by the Canadian Commercial Corporation and contracts were placed, but the planning and supervision were carried out entirely by the armed services.

Mr. Pearkes: There is to be a change in that policy now, and the Minister of Reconstruction and Supply (Mr. Winters), through the Central Mortgage and Housing Corporation, will take over the work from the Canadian Commercial Corporation?

Mr. Howe: A certain amount of it.

Mr. Pearkes: I am very pleased to hear that; it seems to me a step in the right direction. Will the act be amended to eliminate the powers now given to the corporation? I have not the words before me, but I think in the amendment of 1947 it said "to construct". Will that be removed?

Mr. Howe: We place the contracts for these projects; and when I say "we" I am talking of the Canadian Commercial Corporation. When we place contracts with Central Mortgage and Housing Corporation we have carried out our duty under the act. That may be our way of awarding the work. If we should decide to place such contracts with private contractors, that is also within the orbit of the corporation. The Canadian Commercial Corporation does not itself build; it has no building or supervisory staff. It simply places contracts for the services.

Perhaps I should clear up just one point, and in doing so close the debate. A good deal has been said about the five orders in council.

Mr. Speaker: I understand the minister is closing the debate.

Mr. Howe: These five contracts have nothing to do with parliamentary appropriations. The Canadian Commercial Corporation works on the authority of a financial encumbrance. In other words, when a requisition comes to the corporation it is accompanied by a financial encumbrance, which states that a certain vote has been encumbered for a certain amount of money required to make this purchase.

The first order in council I have in my hand is P.C. 1186. The requisition came with the usual financial encumbrance, for the purchase of two helicopters. They are built in the United States; and the only way I know to purchase anything from the United States aircraft industry is to follow the practice of that industry, which is to accompany the order with a down payment. That is done even by the United States government itself when buying from its own contractors, and it is done by the government of Canada if it is buying aircraft from Canadian contractors. It is a practice of the trade. If it is impossible to follow the practice it is impossible to purchase the aircraft.

What happened? The requirement in this case was that a twenty per cent down payment accompany the order for the two helicopters. That was made, in the amount of $33,979.80. It was a condition of the contract, the best contract that could be made. What is the government to do? I shall explain presently the technicality that has been advanced by the Auditor General. We have been buying aircraft for the last eight years, following this same practice exactly, but since purchasing has been under the authority of the War Measures Act the Auditor General has never called the matter to our attention. In this case the practice of the trade was followed; the order for these two helicopters was accompanied by the down payment required by the aircraft manufacturing plant. Then there was a further provision in the contract that when the planes were completed and ready for shipment to Canada a further amount was required, and that when the two helicopters were delivered to the forces the final payment was to be made.

Mr. MacNicol: Two or one?

Mr. Howe: Two. The technical point raised by the Auditor General is that when the down payment was made, nothing had been delivered. That is true. The transaction took place in the United States; but the same practice has been and must be followed in placing an aircraft contract in Canada. The order is always accompanied by a down payment. I do not think anyone can see anything very vicious in that. If anyone can show how the Canadian Commercial Corporation could have carried out its duty to purchase these two helicopters for the services without making a down payment, then they may show where the corporation did not carry out its obligations; but I suggest that it followed the practice of the trade. It is a pure technicality that the contract happened to be with a United States manufacturer and therefore no delivery was made. If it had been with a Canadian manufacturer the point never would have arisen, because then the payment would have been in order.

The next order in council I have is P.C. 1101, covering the supply and installation of 54 rhombic antennae. These have a large

United States content, as set out in the order in council. These were not a standard product; the antennae were made to order. The contract provided that the order be accompanied by a down payment sufficient to cover the cost of the United States imports. The Canadian Commercial Corporation made the best deal it could, and the contract was passed accordingly. The transaction went through in the ordinary way.

Mr. Knowles: These were purchased in Canada?

Mr. Howe: Yes, but with a large United States content. This order in council does not state that United States content, but I happen to know that the Canadian Marconi Company got this equipment from its American associate of the same name.

The next order in council is P.C. 1051 covering a quantity of teletype equipment consisting of fifteen items, as set out herein, with an expenditure of United States funds estimated at $22,750 as against a total price of $34,326. Here again the contract required an advance of $15,000. That was the best deal that could be made. The purchase was made in the ordinary way and the payment was made in accordance with the contract. As far as the Canadian Commercial Corporation was concerned, it could have refused to make the purchase; or it could have waited until next fiscal year to make the purchase or, alternatively, it must necessarily have carried out the terms required by the manufacturer.

The next one concerns a purchase from Canadian Arsenals Limited. Certain tooling up had to be completed and certain equipment purchased. It was getting towards the end of the year and the appropriation from the funds of Canadian Arsenals Limited, which is a government-owned company, was not sufficient to purchase the parts required for the tooling up. An advance payment was, therefore, requested from the Department of National Defence. There is nothing very serious about that, as I see it.

Then, there was the purchase of items of equipment from RCA Victor. The purchase price of this equipment was $226,597, of which $51,244 was an expenditure of United States dollars. In other words, the equipment was largely made in the United States. In this case, too, a down payment was required as one of the terms of the contract. This down payment was made.

The last one is the purchase of RCA Victor diversity communications equipment, a United States product. This purchase was made through the RCA Victor Company of Canada from its American affiliate. There was an expenditure in United States dollars of $51,224, and the usual down payment was required. The down payment was made. These are all ordinary purchases. The only significant fact is that part of the purchase price fell in one fiscal year and the remainder in another fiscal year. If the purchases had been made two or three months later no question of procedure could have been involved. I suggest that no special concern need be felt about these ordinary transactions that occurred in the usual course of business.

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

Mr. Fulton: The minister has been good enough to explain in some detail what was behind the transactions to which attention has been drawn by the Auditor General. However, as the one who obtained a copy of these orders in council to which reference has already been made by the member for Winnipeg North Centre (Mr. Knowles), I think it is quite fair to say that no one is suggesting there was anything underhanded or in any sense discreditable about what was done. Certainly the Auditor General did not say that. He did call attention, however, to the fact that this method of payment involved a departure from the normal method of financing government purchases. As I understand the normal method, it is that moneys can only be paid over to suppliers if, in fact, the goods or articles were supplied during the fiscal year in which the payment of money was authorized.

In this case, as a result of the orders in council, the money was paid over although the goods were not delivered in that fiscal year. In fact, an answer to a question of mine which appeared in *Votes and Proceedings*, No. 27, indicates that some of this equipment has not yet been delivered. This equipment was purchased under the authority of order in council P.C. 938, which was the contract with Canadian Arsenals Limited. Twenty-two snowmobiles remain to be delivered, fifteen of which are to be delivered on March 31 of this year and the others on April 30 of this year. It is over a year since the payment was made under this order in council.

As the Auditor General points out:

> A constitutional reason for the lapsing and writing off of unused balances in appropriations at the year end is to ensure that the executive be ever in a state of dependency on parliament for funds.

If that principle is not followed, then the executive need not come before parliament for authorization of expenditures. When that happens, the fundamental principle of responsible government has disappeared. I can see this as one objection to the proposal to increase the power of the Minister of Finance to make these advances from the consolidated revenue fund to the Canadian

Commercial Corporation. If contracts can be financed and deliveries obtained merely by descending on the consolidated revenue fund without the specific authority of this house, then certainly such operations could be continued, as long as there was money in the fund, without coming to parliament. This is one more stage in the progressive loss by this house of its control over the expenditures made by the executive.

Instead of the minister having to place an item in the estimates, in this case, of the Department of National Defence, and obtain approval of the expenditure, he was simply given $10 million which he could obtain from the consolidated revenue. He is now asking for another $2,500,000 which would make $12,500,000 that he could spend without the specific authority of parliament. I suggest that is a serious step for us to take. It is going to require considerably more justification by the minister before I personally would be prepared to accept this amendment.

If one examines the balance sheet appearing in the annual report of the Canadian Commercial Corporation for 1948, one will see that there had been advances under section 8 of the Canadian Commercial Corporation Act at that time of $2,500,000. In reply to a question, the parliamentary assistant to the Minister of Trade and Commerce today gave an answer from which it appears that up to the present moment the net advances made under section 8 of the act have been $3,500,000, so it varies slightly from time to time. If I am correct in my interpretation of how this works, it means there is a balance on hand still to be advanced of $6,500,000. If any portion of that were repaid, suppose $3 million of that were repaid, then a further $3 million could be advanced so long as there was not more than $10 million outstanding at any one time. Mr. Chairman, $10 million is a great deal of money, particularly when it comes out of the pockets of the taxpayers. I cannot see why the minister needs another $2,500,000.

Operations have been conducted for three years, and there is a sum outstanding of $3,500,000. If that is not the case, I hope the minister will correct me. He may tell us if there has ever been the whole $10 million outstanding and, if so, how long it has taken to repay it so that the corporation would be in a position to get more. For instance, the fact that he was able to finance this purchase of butter and repay it with only $3,500,000 outstanding at the moment is quite a strong argument to indicate that they do not need this $2,500,000 extra. And when one sees what has been happening—as was pointed out in the auditor general's report, the money was paid to contractors over a year ago for goods which have not yet been delivered—I think it is going to take considerable justification for coming to us and asking for a further $2,500,000 of advances to be paid out for projects without the authority of parliament; that is to say, advances which may be made without the house knowing anything about it.

Mr. Howe: I think I can relieve my hon. friend's mind regarding two or three matters. The first is that no money under the control of the Canadian Commercial Corporation is involved in defence purchases. The moneys referred to in this order in council were not paid by the Canadian Commercial Corporation; they were not paid out of any fund of theirs. They were paid directly by the services. No money is involved in purchasing for the services other than the actual cost of purchasing, which I think ran last year about six-tenths of one per cent of the value of the purchases, the lowest cost of purchasing that I know of in all Canada. Therefore the question of capitalization is not wrapped up with defence purchasing. The capital was arranged for originally so that the Canadian Commercial Corporation would be able to purchase goods required for UNRRA or for governments abroad, pay for them, ship them and recover the funds later from UNRRA or from governments. It is still doing that business, and we have certain transactions—I mentioned sisal from India and potash from inside the iron curtain, and butter from Denmark. This financing required large sums of money. Money has to be paid when the purchase is made in the country of origin. Certain purchases can only be liquidated after the goods have been landed in Canada and resold to the Canadian trade. Around the end of the year we had drawn down from the Minister of Finance the full $10 million which we were authorized to draw, and it was only because of the fact that the shipments were fairly well spaced and goods were sold immediately on arrival that we were able to keep our funds sufficiently liquid to carry out the undertakings into which we had entered.

These undertakings are growing larger. We have had to finance a large purchase of tin. That transaction was entered into for reasons which were urgent. The reason that we are asking for more capital is that we have a full appreciation of the fact that in order to take care of situations which arise, temporary situations, we may require more than $10 million. We may require more than the $10 million capital that we have today. We drew the $10 million which we were entitled to draw from the treasury, and as we finished the transactions, we paid $6 million of it back a few

weeks ago. Of course the entire use of the funds, both capital funds and any authorized loans, is subject to treasury control.

Mr. Fulton: Is it not a fact that most of the expenditures in the future will be on behalf of the Department of National Defence? I have particularly in mind stock piling. Between the time we last met and the time this session convened we have seen in the press numerous references to stock piling. My understanding is that these purchases of strategic metals are made on behalf of the Department of National Defence. If not, perhaps the minister will tell us on whose behalf they are made. One feature which strikes me as being significant is this. In the balance sheet of the corporation I cannot find any place where these purchases are carried as an asset. I do not recall any provision being made in last year's estimates, either in the minister's department or in the defence department, for funds to take care of these purchases. Surely the minister does not propose that the stock piling of strategic metals should be done out of the $10 million or $12,500,000 which he may have authority to obtain from the consolidated revenue fund. Will that not be done by items in the estimates and not in contracts of the Canadian Commercial Corporation?

Where are these stock piles? How are these stock piles reflected in the financial figures of the dominion? Where are they carried as an asset? Are they in the corporation balance sheet or in the department concerned?

Mr. Howe: Stock piling is a civilian operation, and the funds will be voted by parliament. The only stock pile we are carrying at the moment is a considerable quantity of tin, purchased on the strong recommendation of the defence department. At the moment that is being financed by the Canadian Commercial Corporation. When the further estimates for the year 1948-49 are placed before parliament, as they will be in a few days, there will be an item in these estimates to cover the cost of that stock pile, and the stock pile will then appear in the books of the government as an investment.

Mr. Fulton: In the Department of Finance?

Mr. Howe: Yes. The funds of the Canadian Commercial Corporation are not for permanent investment or semi-permanent investment. They are to finance current transactions. The transactions which they are used to finance are transactions which will liquidate themselves in a matter of months.

Mr. Fulton: In the estimates of what department will this provision for stock piling appear?

Mr. Howe: It will appear in the estimates of the Department of Trade and Commerce.

Mr. Knowles: Just a brief word; I certainly do not intend to berate the government at length over the matter about which I spoke a moment ago; because I imagine that in view of the attention which has been called to this practice by the Auditor General, and by hon. members on the floor of parliament and in the press, it will not be repeated. I just want to say to the minister that we do not feel that his answers really explained away the abuse of power which the government has exercised in this case. The minister says that this is the practice of the trade. I remind the minister that he is a member of parliament and that it is important to follow parliamentary practices. The minister said that the government did this all through the war years under the authority of the War Measures Act. That was exactly the point that was offensive to some of us, namely, the powers which they properly exercised under the War Measures Act and which they still think they have the authority to exercise.

The minister said that it was only a technicality to which the Auditor General drew attention. That is right; it is only a technicality. I quite agree with him as to the common-sense approaches he sought to make to this whole matter, but I suggest that in parliamentary and governmental procedure technicalities are important, and I hope that the government will pay attention to the criticism which has been made in this respect.

Mr. Howe: I should like to say one word. I do not think my hon. friend understands yet what the technicality is. There was a vote for this equipment in the estimates of 1947-48 and also in the estimates of 1948-49. The goods were paid for partly out of the estimates of one year, and they were paid for partly out of the estimates of the next year. My hon. friend seems to think that somehow we evaded the provisions of the estimates; that we purchased without a proper provision being made in the estimates for the item. That is not so.

Mr. Knowles: The Auditor General thinks so.

Mr. Howe: No; he does not say that at all.

Mr. Knowles: He certainly does.

Mr. Howe: No.

Mr. Knowles: He says that amounts were charged to the votes of 1947-48 for goods and services not delivered until the next year.

Mr. Howe: That is true enough.

Mr. Knowles: I will wager that you won't do it again.

Mr. Howe: No! We do it every day. I did it just the other day. You cannot buy otherwise.

Mr. Knowles: The minister is very nonchalant about this thing. He is a great businessman, a great organizer, but he does find parliament an awful nuisance, doesn't he?

Mr. Howe: No, no.

Mr. Pearkes: Before the house moved into committee the minister did say this was a purchasing agency, not a construction agency.

Mr. Howe: Yes.

Mr. Pearkes: There is some justification for misunderstanding in that respect, because the amendment assented to on July 17, 1947, makes reference to constructing and carrying out projects as required by the Department of National Defence. I understand that no construction work has been done by the C.C.C., and that any projects which have been carried out for the Department of National Defence have been through the letting of contracts to some outside firms.

Mr. Howe: That is right.

Mr. Pearkes: I understand that policy is now to be discontinued, and that the Central Mortgage and Housing Corporation will carry out those duties. Would the minister consider amending that amendment, eliminating the words "construct and carry out projects"? That was the expression to which I objected in 1947. I think it is unsound, and that the present policy where you have a central department doing all construction work is the sound one. If I remember correctly, the explanation of that paragraph given a year ago when the bill was presented referred even to the possible construction of fortifications.

I believe that is wrong in principle, and if it could be removed from the text there would be no doubt in the minds of people as to the correct functions of this purchasing agency.

Mr. Thatcher: I have one suggestion which seems feasible to me. My understanding is that today this corporation does business only when some private company or foreign state approaches it. Why would it not be feasible to use the corporation when we have surplus primary products? For instance, I understand that today our apple-growers in British Columbia and Nova Scotia are facing disaster. Why could not this corporation try to arrange barter agreements with some other state, whereby it would take the produce received in return for the apples and sell it in Canada? There may be some reason why it cannot be done, but at the moment it is not clear to me. And if in the future other agricultural products are in surplus supply it could perform a useful function at that time.

Mr. Howe: I would not want the hon. member to see disaster on all sides; I can assure him the apple crop of British Columbia has been largely sold, and at a good price.

Mr. Thatcher: How about Nova Scotia?

Mr. Howe: There is in Nova Scotia a surplus of a certain quality of apple not marketable in this country. Britain has said it does not want them—would not even take them as a gift. We offered to give Britain certain apples. What can you get in barter for something which people will not take as a gift?

Mr. Thatcher: If the corporation, on its own initiative, would try to search the world for markets, I should think we would get results. That is why we have a dominion corporation of this kind. I do not see why it should not try.

Mr. Howe: It is exactly for that purpose that the Department of Trade and Commerce has trade commissioners in every country of the world searching for markets.

Mr. Fulton: With respect to stockpiling, if it is decided to obtain certain commodities for that purpose, do I understand that the $12,500,000 which will be available if this amendment passes would be used for that purpose, and that later provision would be made in the estimates to repay an equivalent amount? Or will a general item be inserted in the estimates to provide for an estimated amount to be spent for stockpiling in the coming year, and that amount drawn on from time to time as necessary?

Mr. Howe: We hope the latter procedure will be possible. As my hon. friend knows, conditions arise, such as threatened trouble in Malaya, which might easily have cut off our supply of tin, and which may make it necessary to take on commitments without the authority of parliament, in the belief that under the circumstances parliament would be sure to give approval when the time comes. But ordinarily we will anticipate the action and provide for it in advance, rather than ask Canadian Commercial Corporation to finance it.

Mr. Fulton: Do I understand the minister to say that the only material stock pile thus far is that of tin?

Mr. Howe: Yes; I believe, though, that there are orders out for one or two other materials which may be provided for later.

Mr. Fulton: The details will be included in the estimates?

Mr. Howe: Yes.

Mr. Gillis: I had not intended saying anything in this debate, but I am not exactly satisfied with the answer just given by the minister to the hon. member for Moose Jaw in connection with the marketing of Nova Scotia apples. The hon. member for Winnipeg North Centre has said we are supporting the principle of the bill—and we are. But we are not supporting it merely as an agency to regulate, assist and help private enterprise when they get stuck. The basis of our support is that this is a government agency which steps in where private enterprise has fallen down, and that it will market the products of this country as a government agency, with any benefits or profits going to the government.

The apple industry of Nova Scotia is just another industry that has been siphoned off owing to the failure of private enterprise in the field of marketing. Only three or four months ago the hon. member for Rosetown-Biggar was in England. He stated in the house, and I believe accurately, that the people of Britain want Nova Scotia apples, but they cannot get them. I believe the chief reason for their not being able to get them is the difference in currency. We have depreciated the British pound to the point where they cannot afford to trade with us.

Unless some financial arrangement is made by the government for the marketing of Nova Scotia apples that industry will die out. Government policy is scrapping it. I have heard hon. members to my right make reference to the last by-election in the Annapolis valley. In my view the chief reason for the government's candidate having lost was the government's attitude toward scrapping the main industry of the valley. They are now paying for the uprooting of that industry by tearing up the trees and going into mixed farming.

If the government is to use the taxpayers' money for the maintenance of this commercial organization, I see no reason in the world why the government should not use it to support that industry. The hon. member for Rosetown-Biggar has said that our market is there, but that Britain cannot take our apples because of the difference in currency. That being so, I say it should be the responsibility of this agency to barter our apples for something from the old country which could be sold in Canada, thus getting around the currency difficulty.

I thought the minister spoke too quickly when he said our apples were not wanted in Britain. I am sure they are wanted. But until we get around the currency difficulty we will not market them; and the way to get around that difficulty is to barter Nova Scotia apples for something we can use in Canada.

Mr. Nowlan: Mr. Chairman, I had not intended taking part in this debate, but since the minister raised the question of Nova Scotia apples and some facetious remarks were made, I believe one or two points should be cleared up in this connection. In so far as the remarks of the hon. member for Cape Breton South are concerned, I hope he is not suggesting that the failure of marketing in the Annapolis valley was due entirely to the failure of private enterprise. As a matter of fact, I think most hon. members know that the marketing was carried out by a board upon which were represented all branches of the industry. Although there have been difficulties in marketing, and very real difficulties, those were due to the exchange restrictions and not to the failure of private enterprise.

I notice the minister says that apples could not be given away, but I would ask his co-operation in clearing up any misunderstanding in this regard. I am surprised to know that the Canadian Commercial Corporation had any apples to give away. I think the minister will be ready to state that the corporation never at any time took over any apples. During the past year the marketing was carried on by the government agency. We did not ask the corporation to take it over, nor did the corporation take it over.

I would like to know when the corporation did offer apples to Great Britain and when the British refused them. I ask that in view of the fact that we were able to sell apples at a low price to Belgium, despite what the Minister of Agriculture said the other day, and at the same time Belgium was selling an inferior product to Great Britain at a higher price. I understand also that Great Britain imported apples of a poor quality from Italy, a former belligerent, a country with which I understand we have not yet arranged terms of peace. I rose simply to suggest that this misunderstanding should be cleared up.

Mr. Howe: The Canadian Commercial Corporation does not deal in apples. I was referring to the government who had conveyed an offer of apples which had been received from one of the co-operatives, not the Nova Scotia co-operative. That offer was conveyed to England but was turned down.

Mr. Nowlan: It was the British Columbia co-operative, I presume.

Mr. Howe: We sent to the United Kingdom a good supply of Nova Scotia applesauce and dried apples which was delivered free on board ship. I think these two transactions indicate that there is not a great market for apples in England.

Canadian Commercial Corporation

Mr. Thatcher: Is it government policy that the corporation shall not take part in such transactions? If it is, will the minister not consider changing that policy so that the corporation can dispose of some of our surplus produce if necessary?

Mr. Howe: The corporation is not the agency for that purpose unless arrangements are made to use it as a selling agency.

Mr. Jaenicke: The annual report of the Canadian Commercial Corporation states that the corporation acted as the agency for the government in placing contracts to a total value of $55,795,419 to the end of March, 1948. Would it be too much trouble for the minister to give us a breakdown up to date, including contracts that have been negotiated since that time? I would like to know the commodity involved in each contract.

Mr. Howe: I have not the list here but I suggest that it might be more convenient to discuss this when the bill is in committee.

Mr. Jaenicke: Could not the list be placed on *Hansard* so that we could peruse it?

Mr. Howe: This table that I have includes national defence purchases as well as purchases for other governments. I could have a table prepared and distributed tomorrow.

Mr. Fulton: Will the minister not acquiesce in the request made by the hon. member for Muskoka-Ontario (Mr. Macdonnell) that the balance sheet be carried out to December 31 between now and the time the bill is up for second reading? We could then make up our minds whether there is a real need for this extra $2,500,000.

Mr. Howe: The figures will all be available.

Mr. Thatcher: Does the corporation have representatives abroad or are the trade commissioners the only representatives of the government abroad?

Mr. Howe: The corporation does not have representatives abroad except in London and Washington.

Mr. Thatcher: Does the corporation do any advertising abroad?

Mr. Howe: No. The foreign trade service of the Department of Trade and Commerce is the agency that is used to obtain commercial intelligence in all parts of the world. Anything that the Canadian Commercial Corporation needs to know about foreign markets can be obtained from the foreign trade service.

Mr. Thatcher: What representatives or agents has the corporation across Canada? Are efforts made to sell some of these products domestically?

[Mr. Howe.]

Mr. Howe: No, the corporation is not a selling agency in that sense. In other words, it is not in the retail business. It is not a Loblaws. The corporation has offices in Halifax, Quebec, Montreal, Ottawa, Toronto, Winnipeg, Calgary, Edmonton, Vancouver, Victoria, Washington, D.C., and London, England.

Mr. Gibson (Comox-Alberni): The minister said that one reason why timber control was being retained was that the British government were still making bulk purchases. Would it not be possible for the Canadian Commercial Corporation to undertake that work and act as purchasing agent for the British government? What policy would be followed if purchases were made in that way? Would there be an allocation as between the various producers, or would they be on a competitive basis?

Mr. Howe: As my hon. friend knows, throughout the war years, lumber was one commodity that was bought through the lumber controller. That was because the specifications were so important. Over-all arrangements were made and continue to be made through the timber controller's office.

Mr. Hatfield: Was it the Canadian Commercial Corporation that traded British Columbia apples for Brazilian oranges?

Mr. Howe: No.

Mr. Thatcher: Is the corporation still trying to make deals with UNRRA or other relief organizations to dispose of some of the surplus horse meat in Saskatchewan?

Mr. Howe: The horse meat that Saskatchewan sold outside the country was sold by a government agency.

Mr. Case: Is that horse meat to be consumed in Saskatchewan or is it just for export?

Resolution reported, read the second time and concurred in. Mr. Howe thereupon moved for leave to introduce Bill No. 122, to amend the Canadian Commercial Corporation Act.

Motion agreed to and bill read the first time.

NATIONAL PARKS ACT

BANFF—EXCLUSION OF AREA REQUIRED FOR SPRAY LAKES POWER AND STORAGE PROJECT

Hon. J. A. MacKinnon (Minister of Mines and Resources) moved the second reading of Bill No. 81, to amend the National Parks Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Golding in the chair.

On section 1—*Short title.*

Mr. Knowles: Mr. Chairman, for the record, will the minister make a statement as to the purposes of the bill?

Mr. MacKinnon: Hon. members will recall that in 1929 the natural resources of the province of Alberta were transferred by the government of Canada to that province, and as appears in section 16 of the Alberta natural resources transfer agreement it was intended that that portion of Banff national park necessary for the proper development of the Spray lakes storage and power development project would be excluded from Banff national park. This is made clear by the debates in the house on the second reading of the bill approving the said agreement. Pursuant to the said agreement 630 square miles were excluded from the park in 1930.

The government of Alberta has now arrived at an agreement with the Calgary Power Company for a licence to develop the said project. It is proposed to dam the Spray river twenty-three miles above its mouth, and from the north end of the reservoir so created to divert the stored water through a system of canals, pipe lines and power houses down Goat creek valley and out through the pass opposite Canmore to the Bow river. The project will add 90,000 horsepower to the 110,000 horsepower now developed in the Bow river and its tributaries.

Strong representations have been made to me by the premier of Alberta as a result of which I am satisfied that the area excluded from Banff national park in 1930 is insufficient for the proper development of the project, and that it is necessary in the public interest that the further area of 21·2 square miles proposed to be withdrawn from Banff national park by section 2 of the present bill be excluded from the park in order that the proposed project may proceed. The said further area is all on the edge of Banff national park, and contains no features making essential its retention for park use. The natural flow into the Spray river from the watersheds emptying into it below the site of the proposed dam is usually adequate for scenic purposes.

In order to ensure an adequate flow of water for scenic and fire-fighting purposes, I have required the government of Alberta to enter into an agreement with me by exchange of letters between myself and the Hon. David A. Ure, the minister in charge of water resources and irrigation for the province. By this exchange of letters the province has agreed that it will not reduce, and that it will not permit any licensee from it, by works outside the boundaries of Banff national park, to reduce the flow of water in the Spray river at its junction with the Bow river in the said park to an amount less than 200 cubic feet per second during the months of June, July and August in each year hereafter; that it and any licensee from it will during the month of September in each year hereafter supply such amount of water as may reasonably be required by Banff Springs hotel for essential sewage and water supply, and that it and any licensee from it will provide additional water for fire fighting within the said park as required at the rate of 100 cubic feet per second. I consider that these provisions amply safeguard the scenic beauties of that portion of the Spray valley lying within Banff national park.

In order to protect fishing in the Spray river, the proposed licensee from the province of Alberta has agreed to provide 20,000 acre feet of storage more than was originally contemplated and to release the additional water into the Spray river below the dam at the rate of 100 cubic feet per second as and when required for the maintenance of a flow in the river sufficient to protect the fish therein.

Section 3 of the bill withdraws from Elk island national park, in the province of Alberta, a narrow strip of land on the north side of Alberta provincial highway No. 16 with a total area of 20·6 acres. The withdrawal of this area has been requested by the government of Alberta in order that the highway may be widened. I am satisfied that the withdrawal of this small area will in no way affect the park, and that such withdrawal is in the public interest.

Section 4 of the bill changes the name of New Brunswick national park. The new name, Fundy national park, has been suggested by the Hon. J. B. McNair, K.C., LL.D., premier of New Brunswick, and was selected as a result of an essay competition conducted throughout the New Brunswick schools.

Section agreed to.

Sections 2 and 3 agreed to.

On section 4—*Heading repealed.*

Mr. Brooks: I wish to ask the minister a question with reference to section 4. I notice that the name is being changed from New Brunswick national park. Is that because another national park is to be established in the province of New Brunswick and they do not wish to have confusion of names? Is this park to be called Fundy owing to the fact that possibly another park will be established in that province along the Saint John river? I may say that the site which was first selected for the national park was up the Saint John river, and it was the one which was most highly recommended. It occurred

to me that possibly the department intends to develop another national park on the Saint John river. Can the minister give me any information on that?

Mr. MacKinnon: There is no intention at the moment to establish immediately another national park in the province of New Brunswick. The name Fundy was selected, as I said, after a competition among the schools of the province, and was recommended by the government of New Brunswick.

Mr. Nowlan: As to the question which was raised by the member for Royal about the use of the name Fundy, will that include the national park which I understood was to be established in Nova Scotia? Certainly it is rather a surprise to me to know that the province of New Brunswick has a monopoly on the name Fundy. After all, there is as much of the bay of Fundy adjoining Nova Scotia as there is adjoining New Brunswick. I do not want to start an internecine feud between two of the three maritime provinces, but I want to register my protest now against the province of New Brunswick claiming any exclusive title, right or interest in the name Fundy.

Having made that preliminary statement, I now want to ask the minister a question. I noticed in a press report of something that had occurred in another place the fact that the federal government has taken steps to establish a national park near Blomidon. Certainly that is on the bay of Fundy. I had presumed that the amendment included that park, and I should like to know if it only applies to New Brunswick. I should like the minister to say what steps have been taken to set up a park in Nova Scotia at Blomidon, which should be included within the name Fundy and to which reference has been made by his department. I should like to know if the boundaries have been delimited.

Mr. MacKinnon: If I understand the hon. gentleman's question correctly, I would say in reply that this bill does not attempt to include the land in Nova Scotia referred to. There have been investigations by the parks branch officials of the department concerning the area of Blomidon, and at the moment I am not quite sure whether or not a decision has been reached.

The Deputy Chairman: Shall the section carry?

Mr. Church: On division.

Section agreed to.

Schedule A agreed to.

[Mr. Brooks.]

Schedule B agreed to.

Title agreed to.

Bill reported, read the third time and passed.

NEWFOUNDLAND

UNION WITH CANADA—ANNOUNCEMENT OF ROYAL ASSENT IN UNITED KINGDOM—CEREMONIES ON APRIL 1

Right Hon. L. S. St. Laurent (Prime Minister): Might I have the consent of the house to revert for a moment to motions, in order to inform hon. members that the royal assent has been given in the parliament at Westminster to the legislation providing for the union of Newfoundland with Canada.

Some hon. Members: Hear, hear.

Mr. St. Laurent: The applause with which this announcement has been greeted will not appear in *Hansard*, but I do wish to state that it is very satisfactory to find that, although there may have been diverging views as to the proper procedure, there is no divergence whatsoever as to the pleasure with which we receive the news that all the legal formalities have now been completed to make this union effective as from the expiration of March 31, 1949.

Some hon. Members: Hear, hear.

Mr. St. Laurent: May I add just a word to answer a question asked some time ago by the hon. member for Prince Edward-Lennox (Mr. Tustin). He asked whether the government was giving consideration to declaring March 31 a national holiday so that all Canada might join in celebrating the entry of Newfoundland into confederation. I replied that it would be premature to announce a celebration at that time, the bill then being still before the United Kingdom parliament.

Now I may say that owing to the very short time remaining before the end of March, and in view of weather conditions at this time of year, and other considerations, the government has decided that no holiday could conveniently be arranged for March 31 or April 1. However, it is planned to hold a simple ceremony here in Ottawa and in St. John's on April 1, and to broadcast these ceremonies over the Canadian Broadcasting Corporation system and the Newfoundland stations. A more detailed announcement of the program will be made later on. Should the provincial government of Newfoundland wish to hold a celebration there later in the season, which might perhaps coincide with the opening of their legislature after their provincial election, the Canadian government will be happy to co-operate.

Mr. Gordon Graydon (Peel): Does this mean there will not be a joint celebration in St. John's, Newfoundland, but rather separate celebrations in both the capital of Canada and the capital of Newfoundland.

Mr. St. Laurent: It is planned to have a part of the celebration take place in St. John's and a part take place here on parliament hill, and to have them so arranged that they will be consecutive and form part of the same broadcast over the radio systems of Canada, as it is now, and of the new province of Newfoundland.

Mr. Graydon: The Prime Minister is not going down?

Mr. St. Laurent: No, not at this time.

MAIL CONTRACTS

AMENDMENT TO MAKE SUPPLEMENTAL PAYMENTS APPLICABLE TO RENEWAL CONTRACTS

Hon. Ernest Bertrand (Postmaster General) moved that the house go into committee to consider the following resolution:

That it is expedient to present a bill to amend the Mail Contracts Supplemental Payments Act to make supplemental payments authorized under the said act applicable to renewal contracts.

Mr. Gordon Graydon (Peel): I hope I may not be prevented from taking some part in the debate on this resolution, if I consider that necessary, by reason of the fact that I suggest to the minister now that he should make a full statement and explanation of the purposes of the resolution before Mr. Speaker leaves the chair.

Mr. Bertrand (Laurier): For the last two years, Mr. Speaker, we have passed bills to authorize the Postmaster General to supplement the payments under rural mail delivery contracts to take care of increased costs. The provision was made effective for one year; then in June, 1948, there was an extension for another year. This year the officers of my department have come to the conclusion that it is not necessary to have further increases, but that it is better to get authority from parliament to merge the increases already given with the cost of the contracts when they came up for renewal. We do not intend to give further supplements, but when we renew contracts under which supplements have been paid we are asking permission from parliament to include those supplements in the prices of the contracts. When we have to ask for tenders the low tender, if the applicant has the facilities to fulfil the contract, will be the price of the contract; there will be no further supplements.

It was useful to have this legislation for the last two years, because costs were continually rising. When we asked for tenders the figures were so high that often we had to refuse to accept the lowest tender, and had to call for tenders all over again or ask those who had tendered to lower their prices. In other cases, concerning renewals, we gave supplements wherever we thought it was useful and just to do so.

Mr. Fraser: You only gave the supplement where it was asked for, did you not?

Mr. Bertrand (Laurier): When there was a request for a supplemental payment we studied the matter and quite often granted the request because, with the cost of living increasing, it was usually found that the price was too low.

Now I want to give the house the pro rata of the different contracts in which we gave supplements as compared with the contracts in which we had to ask for tenders. There are about twelve thousand rural mail contracts in operation in Canada today. As of March 28, 1947, the Postmaster General was given authorization to pay supplements and war allowances to contractors. On June 30, 1948, we extended to March 31, 1949, the period during which these supplements might be granted. The present bill is asking for the incorporation of these supplements into the contract, just as if they appeared in the original contract. If this permission is not granted by parliament, whenever a contract expires we could not grant a supplement and the contractor would have to take the contract at the price that obtained a year ago or we would have to ask for tenders.

As of 30th September, 1948, the mail contracts with supplements in force represented 54 per cent of the total 11,933 contracts in force on that date. This meant that 6,485 contractors received the supplement. The original contract rates on these 6,485 contracts called for a total payment of $4,993,735 per annum. The supplementary payments, as of 30th September, 1948, in respect of those contracts amounted to $1,537,108, making total payments on these 6,485 contracts of $6,530,843. The increase in cost due to supplements, therefore, amounts to 30·78 per cent.

Certain contracts under which we could not grant supplements, because the contractor had disappeared, died or resigned his contract, had to be sent out for tenders. There were 1,143 such contracts. As of September, 1948, the payments to be made under the old contract rates amounted to $765,651. After tenders were called, the new contract rates

for those contracts amounted to $1,052,905 per annum. The per annum increase on these 1,143 contracts is, therefore, $287,254. The increased cost of the contracts which resulted from tendering amounts to 37·5 per cent as compared with 30·78 per cent for the contracts under which supplements were given.

During the coming year it is calculated there will be approximately 1,600 mail contracts that will expire. We have not the right to grant supplements to those contractors and we are not asking for it. We will have to call for tenders. If there is a supplement payable, the contract will include the supplement if this legislation is accepted by this house.

Mr. T. L. Church (Broadview): These renewal contracts come under a public utility, the Post Office Department, and are no doubt very necessary. Rural mail deliveries are necessary. I wish to ask the minister a few questions, but I shall not take up more than two or three minutes. Would it not be well for the minister to follow a different method of financing these renewals? The Post Office Department has a surplus. In the city of Toronto, it is over $16 million and in the city of Montreal approximately $15 million. No doubt the mail order stores contribute to that to some extent.

This is a public utility with a large surplus. Would it not be better to return some of this money to the people? Would it not be well to follow the example of the present Minister of Finance (Mr. Abbott), who last night did something for the working class of the country in the announcement he made? There may be a difference in how it was done, but at least something was done. The minister has done fine work under the present contracts. There is a surplus and I think the minister should put it in the estimates. Whenever other public utilities such as the Bell Telephone Company, the City Gas Company or any of the others have a surplus the people are entitled to some reduction in rates. Since the Post Office Department has a surplus, I think the people are entitled to a reduction in postage rates. The benefit of the surplus has not been passed along.

There should be some other functions for the Post Office Department to perform. In England this department has many additional functions which are of benefit to the people. I appreciate what the minister has accomplished, but after all, the post office is a public utility. Service should be given to the people at cost and they are not getting it. If there is another way of financing it, it should be put in the tax rate so that the people would receive the benefit of improvement all along the line.

[Mr. Bertrand (Laurier).]

Mr. Bertrand (Laurier): Mr. Speaker, for many years the Post Office Department has had a large surplus. I am sorry to say that this year the surplus is evaporating. We were very happy to do it, but this year we have been obliged to increase salaries—

Mr. Deputy Speaker: I should point out that we are not in committee, and I do not think the minister wishes to close the debate at this moment. I would suggest that the minister either close the debate or answer questions when we are in committee.

Mr. Gordon Graydon (Peel): In accordance with your ruling, Mr. Speaker, that the minister should not answer questions on second reading, since if he did he might close the debate, I want to take this opportunity of saying a word about the legislation now being considered. The question of the rural mail courier has been a vexing one during the years in which most of us have sat in this parliament. It has, of course, become an even more vexing one owing to the economic situation and the changes in Canada during the period of the war as well as to the increased cost of living.

I have no doubt that the Postmaster General has on his record hundreds of cases in which, had there not been some method of increasing the revenue to the rural mail courier for the carrying of mail to the rural residents of Canada, many of the bondsmen of those contractors would have found that they had a rural mail route on their hands. The minister, in his great wisdom or otherwise, decided that a supplementary sum should be paid to certain contractors when it was shown that those contractors could not proceed with the work under the present contract for which they had tendered and which had been accepted.

At this stage I want to refer to the conditions which made this legislation necessary. It was the failure of Postmasters General to face up to the problem of the rural mail courier. Since I came into the house in 1936 that problem has never been faced. I am wondering whether this bits-and-pieces legislation, which has been brought down from time to time, is not in a sense an attempt to cover up the mistakes of previous years. The mistakes to which I am referring are these. We have allowed to develop in the rural areas a condition which seems, strangely enough, to be overlooked by the government. It has been neglected all through these years, and we have allowed His Majesty's mail to be carried at a ridiculous price, particularly at a time when other people in the government service are well paid. That is the bedrock foundation of all the problems which make this legislation necessary.

Time after time we on this side of the house have asked the ministry, even if they did not want to change their policy, to go so far as to set up a committee to investigate the question how best to handle the rural mail-carrying situation in the country. But at no time, either in war or in peace, has this government seen fit to accept that proposal. What could possibly be in the minds of the government when they refuse to accept the suggestion? Are they afraid to have a committee set up? Are they afraid of the evidence which would be adduced by the rural mail couriers and by the people whom they are serving? Are they afraid of the evidence that would be brought out showing the disgraceful conditions under which the rural mail couriers have operated all during those years? I have never been quite able to see the government's point of view in dealing with rural mail couriers.

Last night the Minister of Finance (Mr. Abbott) used such words as "intelligence" and "prudence", which he applied to himself and no doubt to the government, because I am sure that he would not want to monopolize these words himself.

Mr. Abbott: No, indeed.

Mr. Graydon: I am sure he would not. I am sure he had the Postmaster General in mind when he used those words.

Mr. Abbott: He certainly did.

Mr. Graydon: If he did not he should have had.

Mr. Abbott: Put him right at the top of the list.

Mr. Graydon: I do not think I would have done that. Nevertheless, he must be near the top because I am sure they are all in the same grab bag over there at the moment. In view of the fact that this government has chosen to interpret its actions as intelligent and prudent, the minister should not have taken such an adamant attitude to the setting up of a committee to deal with this question. Surely there can be no reason why the rural mail couriers problem should not have been investigated. If we take the government's word for it, in other lines of endeavour they are able to solve great problems in a masterly way.

Mr. Michaud: Hear, hear.

Mr. Graydon: Just a minute; I did not think you were following me very closely. The government say that they have been able to handle some problems in a masterly way, but they have not been able to solve the problem of the rural mail couriers in Canada, and I think that is a pretty good indication of how they do handle problems in general.

This arrangement for supplementary contracts is a necessary thing. It is a necessary thing not because we like the idea of the principle and method involved. It is necessary because of the failure of the government to face up to the whole problem and solve it on a proper basis. I want to leave one suggestion with the minister. I have always felt that there was an injustice in connection with these supplemental payments. I could never understand why the rural mail courier, or someone in his behalf, should have had to make a complaint or to make a suggestion to the government, in the first instance, that he should have more money for his contract. There never seemed to be any justification for that. I could never understand why the government should single out the rural mail courier again and say to him, unless you ask for the money we will not bother giving it to you. I ask the government if there is any other single employee of theirs who has to come to them and ask for the pay that he is to get. Why single out the rural mail courier for that kind of treatment? That is what he has had to do.

Mr. Bertrand (Laurier): Because he had a contract.

Mr. Graydon: The minister can explain it in that way if he likes, after I am through. The point is that every one of the mail couriers should have been told that a supplemental grant is available for them under certain conditions, having regard to the contractual position in which they find themselves. The government never did that; the government never notified a single rural mail courier in Canada that he was entitled to a supplementary grant on his contract. I have no doubt that in Canada there are hundreds of mail couriers who have received less than they should have because they have not known that they could get a supplemental grant from the government. The minister dare not deny that.

Mr. Bertrand (Laurier): Yes, I do.

Mr. Graydon: I am sure that that situation has existed. I am hopeful that the minister will see that those who are entitled to this extra grant will be told that they are entitled to it and that the department will calculate what they are getting for the mileage and the conditions of the route, so that they will receive that to which they are entitled.

I have nothing more to add except to appeal again to the minister. I do not like to be hard on the minister. He has a genial disposition. It must be the fault of somebody else on the government benches because I cannot imagine the minister and his department not trying to do the best they can for

the rural mail couriers. I am going to ask the minister fairly and honestly this afternoon why we cannot set up a committee in this parliament to deal once and for all with this vexed problem of the rural mail courier. He is entitled to a square deal, and even though these supplementals do go a considerable distance to give him a better deal, he is entitled to the same kind of treatment as other servants of the government who are paid under the various contracts which they have entered into in the public service. It is not fair to single out the rural mail courier and treat him differently from other people in the service who are getting a much better deal.

I leave that suggestion with the minister in the hope that, in addition to the legislation which is now being brought down, he will consider the rural mail courier's position and bring in some legislation which will permanently solve the difficulty. When he does that he will be entitled to join that great throng to which the Minister of Finance referred last night as the intelligent and prudent part of the national community. Until the minister does that, I am afraid that we shall have to defer judgment on him.

Mr. Deputy Speaker: Order. Before the hon. member for Red Deer (Mr. Shaw) speaks, may I refer to the interruption which I made a few moments ago when I stopped the Postmaster General replying to questions which are put to him? I think I was correct in suggesting that he should not answer questions at this time. However, I stated that he would have the right to reply. I was under the impression that we were on the second reading of the bill. Of course we are not on the second reading of the bill. The motion is that I do now leave the chair for the house to consider this resolution. There is no reply on that motion. I suggest that if there are questions to be asked the minister could answer them when we reach the committee stage.

Mr. F. D. Shaw (Red Deer): Mr. Speaker, unfortunately it was difficult if not quite impossible for us at this end of the chamber to hear what the minister said when he spoke briefly a moment ago. It is my understanding that the resolution now before us will enable his department to continue the payment of supplemental bonuses to those mail couriers who have been receiving them during the past few years, and where renewals are necessary a continuation of such bonuses will be provided.

However, one point troubles me. I believe the minister said that about 1,600 contracts would expire in the coming year. Many of those will be simple renewals, while in other cases it will be necessary to call for contracts. Is it the intention of his department to call for contracts, where such procedure is necessary, and then to pay the bonus on top of those contract rates?

Mr. Bertrand (Laurier): I would not be allowed to do that. The right expires on March 31. We had the right to pay a supplement only when the contract had been in force for at least one year.

Mr. Shaw: I just wished to be clear on the point. Were that not so we would be introducing a dangerous principle. I agree with the hon. member for Peel (Mr. Graydon) that concrete action should be taken soon to clear up once and for all the numerous conditions which do prevail and have prevailed for a long time with respect to rural mail couriers. It is one of the most unhappy activities in which one could engage. On the other hand, I do not know of any group of persons in the public service who have to contend with as many difficulties, unless one were to mention rural postmasters. However, I do not wish to go into that field at the present time.

We agree with the hon. member for Peel that a useful purpose could be served if a committee of the house were set up to enable hon. members to examine into the matter most carefully. I know last year there was considerable discussion of the suggestion made in some quarters that mail couriers should be appointed rather than placed in a position where they bid on contracts. However, before I would support that suggestion I would have to insist upon the clarification of certain conditions which at present surround the appointment of postmasters in many of our rural post offices. I am not at all happy about some of the conditions of which I am aware. Possibly before too long we will have an opportunity in the house to refer to some of those conditions.

Meantime may I repeat that, as in the past, we continue to support the payment of bonuses where they are necessary, and would also support the establishment of a committee so that we might consider this matter in greater detail.

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

Mr. Bentley: As usual, when the minister was making his statement he did not take into his confidence those of us who are at this end of the chamber. It was difficult to hear what he said. There is a certain type of mail contractor in whom I am particularly interested, because I hear about his diffi-

culties. I refer to those people in the urban centres who carry the mail from the post office to the railway trains, and back again.

From year to year these people have found their operating costs increasing at a tremendous rate. When they have bid on contracts expecting those costs to be a certain amount, they have found that before many months the costs have increased to a point much greater than had been expected. I am not clear whether these people are included in the bill, the resolution of which we are now considering. Would the minister assure the committee of that?

Mr. Bertrand (Laurier): Mr. Chairman, the purpose of this legislation is to get authority, upon the renewal of a contract in which there has been payment of a supplement, to include such supplement. We do not intend to give more supplements. It is understood that they were given in the last two years because of the rapid increase in the cost of living. Contractors who believed that their contract rates were no longer commensurate with the cost of the work they were performing asked for this supplement. As a result of careful examination we gave the supplements wherever the officers of the department thought they might reasonably be given—and I might say that this applied to the vast majority of cases.

This law expires on March 31. Therefore in order to renew contracts now in existence we must renew with the added supplement; and in order to add the supplement we are asking for the passage of this legislation. The purpose of the legislation is to secure the privilege of including the supplement which was paid last year in the contract price for the coming year.

Mr. Bentley: It will exclude any new contracts?

Mr. Bertrand (Laurier): Yes; contracts cannot be for more than four years. If we were to renew a contract today it would be on a basis without the supplement, because it was to apply only for 1947 and 1948. Therefore we are asking permission to add the supplement to the original contract rates when renewals are made. I should suppose that those who are going to tender today would tender at rates which would seem profitable under present circumstances.

Mr. Brooks: As there are many rural mail routes in my constituency, I am interested in this resolution.

One condition which has been causing much dissatisfaction in recent months in rural areas has been the curtailment of daily mail deliveries. I believe the department regulation requires four boxes to the mile. Many of the districts do not average this number, with the result that, instead of continuing the daily mail delivery which has been in operation for many years, the minister's department is cutting down the deliveries to three days a week.

Mr. Bertrand (Laurier): Might I point out that that has nothing to do with this measure.

Mr. Brooks: I understand that. My question is this: When these supplementary payments have been made to rural mail couriers who we consider have not been paid enough, why would it not be possible to pay a supplementary sum in back areas so as to maintain in those districts daily mail deliveries where, in present circumstances, those deliveries are being reduced? I think it is most necessary that people in the country receive their mail each day. I should like to have the minister's reaction to that suggestion.

Mr. Bertrand (Laurier): Any hon. member could get up and make an interesting speech about rural mail contracts, because each contract in the different sections of the country is different from the others. It is almost impossible to arrive at a unit price per mile. If we could do so, we would gladly adopt such a system. The matter has been studied for some time. These contracts have been in force ever since the Hon. Mr. Lemieux established rural mail deliveries back in 1908, I believe.

The officers of the department have done considerable thinking about this matter. I would have no objection to a committee studying this, but it has been studied before and I am sure that the members of such a committee would come to the conclusion that it is almost impossible to establish a unit price.

In certain places deliveries have been reduced from six a week to three a week, but this was done because of the small amount of mail that was being delivered. It is not efficient to spend money to deliver mail to points seven or eight miles from the railroad when there is only a little to deliver. The other day the hon. member for Mackenzie asked how many post offices had a yearly revenue of less than $25. It is hard to understand that a post office could have a revenue of less than $25 per year, but the fact is that there are thirty-four such post offices in one province. Surely when such a post office is located ten or fifteen miles from the railroad it is not wise to give deliveries six times a week, because there would be practically no mail to carry. The man would have to go to pick up the mail when there was practically no mail.

We are ready to give six deliveries a week wherever we can. For some time the Post Office Department has had considerable revenue owing to the increase in business and

the tax that was put on during the war. It is impossible to take off that tax at this time and it might be noted that for the coming year our huge surplus will completely disappear.

Mr. Cardiff: I think the Postmaster General is one of the most genial ministers we have. I come from a county where the mail carriers have perhaps one of the hardest jobs to do in the country. We are in a snow belt and I can understand that it is impossible to set a mileage rate. On the other hand, I would not like to agree to these supplementary rates without knowing when they are going to stop. Suppose we give the minister another year or two, what will he do at the end of that time?

Mr. Bertrand (Laurier): I am not asking for an extension. Last year we asked for an extension of one year but this year we took the stand that we could not ask for an extension. All we are asking is that wherever a supplementary payment has been made we be permitted to merge it with the original contract price, should the contract be renewed. There are rural mail contractors whose contracts will expire this year. If a mail carrier has done his duty properly and asks for a renewal for another four years, without this legislation we would be unable to renew the contract at the contract price plus supplementary payment.

Mr. Cardiff: Why could you not let another contract? Why could you not call for tenders?

Mr. Bertrand (Laurier): Perhaps we could do that, but the department has always felt that where a contractor has given good service, where he has purchased the necessary equipment such as an automobile and perhaps horses and sleigh for winter work, it is not fair at the end of his four years to call for tenders. Under the tender system we would have to accept the lowest tender and some other man might bid just a few dollars lower. It has been felt that it would be unjust to the man who has given good service if he were forced to tender every time his contract expired.

Mr. Cardiff: I am not opposing this, because I think these men deserve the supplementary payment; but I cannot figure where it is going to stop.

Mr. Bertrand (Laurier): We are stopping this year; we cannot go any further except by asking for tenders.

Mr. Drew: That is a frank admission of what the minister expects.

[Mr. Bertrand (Laurier).]

Mr. Bradshaw: Do I understand the minister to say that he will not pay any more supplementary payments?

Mr. Bertrand (Laurier): Not after March 31.

Mr. Bradshaw: A new contract would not include supplementary payments?

Mr. Bertrand (Laurier): A contract would be renewed if a contractor asked for its renewal at the old price plus supplementary payment which had been made this year. If a contractor does not wish to renew we will have to call for tenders.

Mr. Case: I have tried to follow the minister and I understand that he now intimates that no one can apply for a supplementary payment.

Mr. Bertrand (Laurier): After March 31.

Mr. Case: Could anyone apply for a supplement between now and March 31?

Mr. Bertrand (Laurier): The law is here.

Mr. Case: That gives a little different picture. If these men know in advance they may be anxious to have supplements to their contracts.

Mr. Bertrand (Laurier): They have to be reasonable in their demands.

Mr. Case: I understand that if a contract is being renewed it will include the contract price plus the bonus.

Mr. Bertrand (Laurier): That is all we are asking for.

Mr. Case: There is no method by which you can make an adjustment later on if the costs of operation are lower?

Mr. Bertrand (Laurier): We are coming back to normal times. I have been told quite often by members of the opposition that we are approaching normal times.

Mr. Case: The rural mail carriers are not satisfied even yet. They feel that their equipment should be considered, that certain amounts should be set up for depreciation, and so on. Personally my sympathies are with the rural mail carriers, and therefore I am not likely to oppose anything that sounds reasonable. Like the policeman on the beat, they turn out in all kinds of weather, and they bring a great deal of comfort to rural people by delivering their mail to them. With that clarification, knowing that they have from now until March 31 to apply for an increase supplemental to their contract, I will not oppose the measure.

Mr. Reid: There is an angle to the giving of a bonus that is not generally recognized

in the house. I rise to mention it, and then to make one suggestion. In so far as the rural mail carriers in my district are concerned, in the New Westminster constituency there are seven rural routes. There is nothing comparable in any other constituency because, of those seven routes, the smallest has not less than 480 boxes, and the largest route has 687 boxes. There is a reason why, in cases such as that in my constituency, it is advisable to grant a bonus, and I will explain it in a moment.

Bids are called on contracts to deliver mail over a mileage route, and at the time they bid on the contract there may be only 250 boxholders on the route. British Columbia is expanding rapidly in population, and especially the districts of Vancouver, New Westminster and the lower Fraser valley. These seven routes were put into operation two years ago, and they are now going to double the number and have fourteen routes. Where a man bids on 250 boxes, shall we say, and finds in two years' time that there are 600 in the same mileage, and that he has to stop almost every few feet to deliver mail, surely in that instance he is entitled to more money.

What I suggest to the minister is that the rules and regulations of his department should be examined and revised because some of the regulations in the postal department are inadequate. They go away back to the early days, and they have not been brought up to date. When we suggest to the officials that, instead of a man handling 687 persons on one route, the people on that route should be provided with door to door delivery, the officials say, "Oh, the regulations will not allow it because the main post office in the constituency is not one that has enough revenue to warrant door to door delivery going out from that post office." I suggest to the minister that he and his officials should take note of the conditions in certain parts of Canada where the rural mail system should be changed, and thus relieve the heavy work of the rural mail carriers. I suggest that in the congested areas door to door delivery should be established even though they have not the up-to-date and modern conditions of the cities. It is far too much to expect any man to pick up mail in the morning and serve 685 boxes in a day.

Mr. Shaw: The minister stated a moment ago that in some instances the frequency of service to rural areas had been reduced. He gave as the reason for that the fact that the volume of mail had fallen off in many cases. That is undoubtedly true, but here is the situation which confronts us, in my part of the country anyway. In some instances the frequency of the delivery service has been reduced from three days to two days a week, and there is an increase in the volume of mail delivered in every instance. That leads me to an intriguing question. What yardstick is used by the post office authorities in determining whether or not a tender is reasonable? I think that probably persons living in a district, knowing the conditions of the roads from season to season, are often in a better position to ascertain the problems and the costs involved than are persons who reside in the cities. As I say, I am very anxious to know just what yardstick is used in determining whether or not a tender is reasonable.

People become incensed when, after having had mail delivery to their boxes along the road three times a week for a period of many years, they find that the service has been reduced to once or twice a week, and are told that the reason for it is that all tenders were too high. I believe the minister owes us an explanation as to what standard is used when determining whether a bid is reasonable. I favour the principle of renewing contracts where the carriers are giving service. It takes quite a long time for these men to secure adequate equipment in order to give service in a highly efficient manner. It seems rather unfortunate, as the minister has stated, that in certain cases after a man has built up his equipment to a satisfactory state he has lost the contract simply because his tender happened to be $5 more than that of somebody else who probably was not familiar with the problems encountered. My first question, however, is the important one.

Mr. Ferguson: I have had a great deal to do with the Post Office Department. It is not very often that it is humanly possible for a person to contact a member of the present government, but I want to say that I have taken many problems to the Postmaster General personally, and he has looked into them and remedied mistakes that have been going on for years, particularly as to rural deliveries. In the town of Barrie there was an old practice that no mail could be delivered to a house that did not have a sidewalk in front of it. I brought that to the attention of the Postmaster General and he could hardly believe it was a fact, but when it was established as a fact he agreed that it was a ridiculous practice. Immediately 170-odd people in the town of Barrie received mail delivery who had not been receiving it before because they had been denied it by a postmaster who apparently was not using his head, or was too much inclined to follow an old practice which should have been obsolete years ago.

I have known of rural mail carriers who have contended that they were not receiving enough money, but when I investigated I

found that these men simply believed that they would like to deliver mail, that it was an easy job, and they tendered so low that they took the business away from some other man who was doing a good job. I have also brought these situations to the attention of the Postmaster General and they have been remedied. In his department there are many old practices which through usage have become almost indispensable to the officials. I recommend to him that he inject a little of his fairness and farsightedness into the other members of his department. If he does that there will be very little to be desired from his particular department. I must say that.

Mr. Herridge: I want to add a few brief words. I listened with a great deal of interest to the statement of the Postmaster General because I was interested in the figures on awards supplemental to contracts, and the figures given with regard to the cost of contracts issued during the same period. If I heard him correctly, it appeared to me that the officials who were responsible for making the final decision on the awards supplemental to contracts in force must have used very sound judgment. If I heard him correctly, supplemental awards were some five to six per cent less in cost than contracts given during the same period.

Mr. Bertrand (Laurier): Seven per cent.

Mr. Herridge: I think that indicates very sound judgment on the part of the officials concerned. I was interested in that aspect of it, because I remember when this legislation was up in the first instance hon. members to my right stressed very strongly that this was more or less a method of handing out political plums, and so on. The record as given by the minister indicates that this criticism has not proved to be correct.

At one time, Mr. Chairman, I thought this whole system of contracts was somewhat unsound, and had the idea that rural mail carriers should be under the civil service, or at least should be on a salary or wage basis. But the more I learn about the situation, the more I realize the difficulties with which the department has to deal, the more I appreciate the problems of climate, different road conditions, winter and summer conditions and all the rest of it, the more I believe that on the whole the rural mail system is handled very efficiently in this country.

Before resuming my seat I want to support the proposal put forward by the hon. member for Peel in regard to having this matter brought before a committee. It is not that such a committee would solve all the questions involved or that any great changes would be made, but if this question were referred to a committee I believe hon. members would be much better informed as to the difficulties that must be faced in connection with rural mail delivery throughout Canada, and out of the discussion might come some recommendations, perhaps on a regional basis, which would do something toward standardizing the cost of rural mail delivery in this country.

Just before concluding I want to refer to the fact that some previous speaker mentioned that mail was delivered every two days on some routes in the maritimes. As a matter of fact at the present time the Post Office Department is calling for bids on a rural mail delivery in my constituency that takes place once every two weeks, and when the minister's estimates are up I am going to have more to say on that matter.

Mr. Fulton: I want to bring a case to the attention of the committee and the minister because I cannot help feeling that it has not had adequate consideration. I have taken it up with the minister previously by correspondence, but it seems to me that it cannot have been brought to his attention by his officials, or he cannot have realized from the correspondence just what was happening. I shall be very brief, because I know it is not customary to bring forward individual cases at this stage; but this does involve some matters to which some other hon. members have referred.

This is the case of a route on which delivery was being increased from once a week to twice a week, as the result of extended negotiations with the department. The contractor who had the service on a once a week basis was a veteran who at considerable expense, and as a matter of fact only by means of loans, had built up his equipment to be able to carry out the once a week delivery. When it was increased to twice weekly, bids were called and his was not the lowest tender. There are certain features of the award of the new contract which I shall mention in a factual manner. When I asked who was the successful tenderer, I was given the name on February 9, in confidence. On February 10 the name of the successful tenderer was published in the local newspaper out at Williams Lake, British Columbia. It appears to me that someone somewhere in the department gave the information in such a way that it could be repeated in the press—and I have seen the article—while at the same time it was given to me only in confidence, as a member interested, because the contract had not then been executed.

Those facts, unfortunately, have aroused a great deal more feeling with respect to the awarding of this contract than otherwise would have been the case. The successful tenderer is not a veteran. The Williams Lake legion feels that the interests of veterans have been prejudiced. It is all very well to say that the contract must be awarded to the lowest tenderer, but in this respect I would point out two features to the Postmaster General. The first is that the previous holder of the contract was a veteran who had placed himself in a position to fulfil the contract by purchasing equipment by means of loans. He knew the conditions, knew what it would cost to perform a twice weekly service. The second point is that those in the area, members of the legion and other responsible citizens, tell me that the bid of the successful tenderer was for an amount considerably less than that for which he can actually perform the service. So not only does the veteran who formerly held the contract now find himself out of that work and with an unpaid loan on his hands, but it is very doubtful whether the present tenderer can perform the contract at the rate specified.

That raises the question whether he is to be allowed to apply for a bonus. I have no hesitation in saying that it would be quite improper to award a bonus in that case, when the contract has been given the present tenderer at a rate lower than the previous contract. I suggest that the Postmaster General should look into this case, because there are surrounding it features which to say the least are questionable. There is the leakage of information—

Mr. Bertrand (Laurier): What is the name of the contract?

Mr. Fulton: It is the Williams Lake-Horsefly mail route. I conclude by saying that the case should be reviewed and the opinion of those on the spot should be sought as to whether in fact the present contractor, the lowest tenderer, can carry out the contract at the amount of his bid. I believe the whole matter should be reviewed and possibly a chance given to re-submit tenders; and that the award should be made having in mind all the facts of the case and the cost of carrying out that contract. I hope the Postmaster General will look into this before anything is done.

Mr. Wright: I want to bring just one other point to the attention of the minister. I believe the discussion has shown the great diversity of conditions throughout Canada as far as rural mail routes are concerned. In our area our position is the opposite to that of the hon. member for New Westminster. Ours are long routes with few people on them, and we find that from most post offices only one rural route is being operated, and that on the basis of two deliveries a week. The man who has the contract must keep a car for summer deliveries and a team of horses for the winter. He can only use his car and his team twice a week, which means that his costs are very high. If on the other hand there were two or three routes operating from each of these post offices he could bid on two or three contracts; he would be able to perform them at a lower cost, and still make a reasonable living. I wish the minister would take that point into consideration, because in the area from which I come some of the routes are being closed simply because the men who have the contracts are not getting enough to cover their expenses. If such a contractor had two routes, which would give him four days' work a week, the routes could be maintained, and in my opinion that is the only way we are going to be able to continue these routes in some parts of Saskatchewan.

Mr. Miller: A few moments ago the Postmaster General said that bonus applications would be received up to March 31 of this year. My recollection of these things from year to year is that there has been a deadline every year these matters have been before the house. What I want to know, Mr. Chairman, is this. How long, during the calendar year of 1948 and the calendar year of 1949, has it been open to contractors to apply for this bonus or payment supplementary to his contract?

Mr. Bertrand (Laurier): It was permissible for the contractor to apply each year in which it was permissible to give the supplement. Last year permission to grant the supplement was renewed on June 30. In the previous year, by paragraph 3 of subsection 4, no supplementary payment could be authorized under the act later than sixty days after the commencement of the next session of parliament following the coming into force of that act. That was in 1947. In 1948 the power to grant supplementary payments was renewed until the 31st of March of this year. While the law was in force any contractor had the right to submit his request for supplementary payment.

Mr. Miller: Might I call the attention of the Postmaster General to the contractors in my own constituency of Portage la Prairie. Last year I sat here and heard speaker after speaker commend to the Postmaster General the couriers in his constituency, as being entitled to increases by reason of the snow. In no part of the country are there couriers who have more difficulties in winter than the couriers in the prairie provinces. I have no recollection, Mr. Chairman, of any occasion on which any of them have applied from my

area, with one exception, when bonuses or supplementary payments have been granted by the department.

I should like to know whether all these applications are considered in Ottawa or whether they are referred to the officers in the city of Winnipeg, for instance. If they are referred to Winnipeg, do you know whether the officials in Winnipeg make any inquiry outside the city of Winnipeg to ascertain whether a man is entitled to a bonus?

Mr. Bertrand (Laurier): I wish to say a word or two in answer. There is no doubt that the argument advanced by the member for Portage la Prairie (Mr. Miller) is one which proves that we cannot apply the same rule in every part of the country. I understand that around Portage la Prairie the snow is very deep and the weather very cold. Distances are great. Rural mail carriers are working in every part of Canada, and the officer in charge of this branch of the service has many assistants. This officer usually compares what is being paid in that district in which the rural mail couriers are requesting a supplement. A contractor always makes a point of having to climb a hill when his fellow contractors have no hills to climb. The department receives reports from the officers in this district, and in the case of Portage la Prairie that would be Winnipeg.

I do not know the names of all the inspectors because there are so many. Great care is taken to see that there is justification for refusal if the request is refused. The granting of supplements for fifty-four per cent of the contracts is, I believe, a good indication of that.

Resolution reported, read the second time and concurred in. Mr. Bertrand (Laurier) thereupon moved for leave to introduce Bill No. 123, to amend the Mail Contracts Supplemental Payments Act.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will take up the resolution in the name of the Minister of Agriculture, and then consider second reading of the bill to amend the Canadian Commercial Corporation Act. Then we will consider the bill to amend the Mail Contracts Supplemental Payments Act.

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

END OF VOLUME II